



## FINANCIAL STATEMENTS (UNCONSOLIDATED)



# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	2021 ----- (Rupees in '000) -----	2020
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	964,476	923,248
Right-of-use assets	8	18,740	15,351
Intangible asset	9	36,225	59,586
Long-term investment	10	1,144,006	1,144,006
Long-term deposits	11	6,801	6,634
Deferred taxation - net	12	2,547	17,659
		<b>2,172,795</b>	2,166,484
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	13	107,240	106,752
Stock-in-trade	14	1,056,905	1,385,313
Trade debts	15	792,502	321,641
Advances, deposits, prepayments and other receivables	16	552,299	110,428
Accrued profit		1,039	179
Short-term investments	17	122,323	73,329
Sales tax receivable		-	135,617
Taxation – net		438,325	312,017
Cash and bank balances	18	165,517	70,615
		<b>3,236,150</b>	2,515,891
<b>TOTAL ASSETS</b>		<b>5,408,945</b>	4,682,375
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 40,000,000 (2020: 40,000,000) ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital	19	144,000	144,000
Reserves		4,245,998	3,767,400
		<b>4,389,998</b>	3,911,400
<b>NON CURRENT LIABILITIES</b>			
Lease liabilities	20	13,305	8,712
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	890,610	723,696
Current maturity of lease liabilities	20	7,425	6,325
Sales tax payable		36,449	-
Unpaid dividend	22	11,655	11,971
Unclaimed dividend	22	22,857	20,271
Short-term running finance	23	36,646	-
		<b>1,005,642</b>	762,263
<b>CONTINGENCIES AND COMMITMENTS</b>	24		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,408,945</b>	4,682,375

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



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 ----- (Rupees in '000) -----	2020
Turnover – net	25	6,969,981	3,768,756
Cost of sales	26	(6,033,433)	(3,598,810)
<b>Gross profit</b>		<b>936,548</b>	169,946
Distribution cost	27	(115,981)	(70,816)
Administrative expenses	28	(195,519)	(226,126)
		(311,500)	(296,942)
<b>Operating profit / (loss)</b>		<b>625,048</b>	(126,996)
Other expenses	29	(50,763)	(3,141)
Other income	30	262,894	143,544
Finance cost		(3,130)	(2,991)
		209,001	137,412
<b>Profit before taxation</b>		<b>834,049</b>	10,416
Taxation	31	(182,651)	(40,214)
<b>Net profit / (loss) for the year</b>		<b>651,398</b>	(29,798)
		----- (Rupees) -----	
<b>Earnings / (loss) per share – basic and diluted</b>	32	<b>22.62</b>	(1.03)

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



DIRECTOR



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# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
<b>Net profit / (loss) for the year</b>	<b>651,398</b>	(29,798)
Other comprehensive income	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>651,398</b>	<b>(29,798)</b>

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# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid-up capital	Reserves				Total reserves	Total equity
		Capital reserve	Revenue reserves				
			Share premium	General	Unappropri- ated profit		
(Rupees in '000)							
<b>Balance as at June 30, 2019</b>	<b>144,000</b>	<b>12,598</b>	<b>3,465,000</b>	<b>521,200</b>	<b>3,998,798</b>	<b>4,142,798</b>	
Final dividend for the year ended June 30, 2019 @ Rs. 7.0/- per share	-	-	-	(201,600)	(201,600)	(201,600)	
Transfer to general reserve	-	-	300,000	(300,000)	-	-	
Net loss for the year	-	-	-	(29,798)	(29,798)	(29,798)	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive loss for the year	-	-	-	(29,798)	(29,798)	(29,798)	
<b>Balance as at June 30, 2020</b>	<b>144,000</b>	<b>12,598</b>	<b>3,765,000</b>	<b>(10,198)</b>	<b>3,767,400</b>	<b>3,911,400</b>	
Final dividend for the year ended June 30, 2020 @ Re. 1.0/- per share	-	-	-	(28,800)	(28,800)	(28,800)	
Interim dividend for the year ended June 30, 2021 @ Rs. 5.0/- per share	-	-	-	(144,000)	(144,000)	(144,000)	
Net profit for the year	-	-	-	651,398	651,398	651,398	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	651,398	651,398	651,398	
<b>Balance as at June 30, 2021</b>	<b>144,000</b>	<b>12,598</b>	<b>3,765,000</b>	<b>468,400</b>	<b>4,245,998</b>	<b>4,389,998</b>	

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



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CHIEF FINANCIAL OFFICER

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	33	473,466	348,507
Long-term deposits paid		(167)	-
Finance cost paid		(1,903)	(850)
Income tax paid		(293,847)	(37,706)
<b>Net cash generated from operating activities</b>		<b>177,549</b>	<b>309,951</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(186,363)	(327,719)
Proceeds from disposal of intangible asset		14,054	-
Proceeds from disposal of operating fixed assets		35,185	20,958
Short-term investments in mutual fund redeemed		52,972	1,491
Profit received on short-term investments - term deposit receipts		7,576	7,794
Profit received on deposit accounts		6,011	10,202
Dividend received		228,802	120,283
<b>Net cash generated from / (used in) investing activities</b>		<b>158,237</b>	<b>(166,991)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(170,530)	(199,624)
Lease payments		(7,000)	(8,669)
<b>Net cash used in financing activities</b>		<b>(177,530)</b>	<b>(208,293)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>158,256</b>	<b>(65,333)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	34	<b>92,615</b>	157,948
<b>Cash and cash equivalents at the end of the year</b>	34	<b>250,871</b>	92,615

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



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# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

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

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

	<b>Location</b>	<b>Business unit</b>
	<b>Karachi</b> 5th Floor, House of Habib, Main Shahrah-e-Faisal.	Registered office
	<b>Hub</b> Mouza Baroot, Hub Chowki Distt. Lasbella, Balochistan.	Manufacturing facility

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

## **2 STATEMENT OF COMPLIANCE**

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

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

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

## **3 BASIS OF MEASUREMENT**

**3.1** These unconsolidated financial statements have been prepared under the historical cost convention except for short-term investments in mutual fund classified at fair value through profit or loss and lease liabilities under present value as disclosed in respective notes to the unconsolidated financial statements.

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

## **4 NEW STANDARDS, AMENDMENTS, IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS AND THE FRAMEWORK FOR FINANCIAL REPORTING**

**4.1** **Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year**

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) and the framework for financial reporting which became effective for the current year:

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

### Amendment and Conceptual Framework

IFRS 3 - Business Combinations - Definition of a Business (Amendments)  
 IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)  
 IAS 1 / IAS 8 - Definition of Material (Amendments)  
 Conceptual Framework for Financial Reporting

The adoption of above amendments to the approved accounting standards and the conceptual framework for financial reporting did not have any material impact on the Company's unconsolidated financial statements.

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

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

Amendment or Improvement	Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment) 01 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments) 01 April 2021
IFRS 3	Reference to the Conceptual Framework (Amendments) 01 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments) 01 January 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments) 01 January 2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments) 01 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments) 01 January 2023
IAS 8	Definition of Accounting Estimates (Amendments) 01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments) 01 January 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) Not yet finalised

### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities 01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements 01 January 2022
IFRS 16	Leases: Lease incentives 01 January 2022

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

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

Standard	IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards 01 January 2004
IFRS 17	Insurance Contracts 01 January 2023



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

### 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Property, plant and equipment

##### 5.1.1 Operating fixed assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost.

Depreciation on operating fixed assets is charged to the unconsolidated statement of profit or loss applying the reducing balance method at the rates specified in note 7.1 to these unconsolidated financial statements. Depreciation on additions is charged from the month of addition and in case of disposal, prior to the month of disposal. Maintenance and normal repairs are charged to unconsolidated statement of profit or loss as and when incurred, while major renewals and improvements are capitalised. Gains or losses on disposals of operating fixed assets, if any, are included in unconsolidated statement of profit or loss.

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

##### 5.1.2 Capital work in progress

These are stated at cost less impairment in value, if any. Capital work in progress consist of expenditure incurred and advance made in respect of operating fixed assets in the course of their construction and installation.

#### 5.2 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as applicable. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated using straight line method over the lease term. Right-of-use assets are subject to impairment.

#### 5.3 Development costs or Intangible assets

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 9 to these unconsolidated financial statements.

#### 5.4 Stores, spares and loose tools

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

#### 5.5 Stock-in-trade

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

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

Stock-in-trade is regularly reviewed by the management and obsolete items, if any, are brought down to their NRV. NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 5.6 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for expected credit losses (ECL), if any. Allowance for expected credit losses is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts, if any, are written off when considered irrecoverable.

### 5.7 Investment in a subsidiary company

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

### 5.8 Cash and cash equivalents

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

### 5.9 Financial instruments

#### 5.9.1 Financial assets

The financial assets of the Company mainly include trade debts, loans, deposits, short-term investments, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Company, the financial assets of the Company are measured and classified under IFRS 9 as follows;

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

Short-term investments in mutual fund are designated at FVTPL at initial recognition. These are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss.

#### 5.9.2 Financial liabilities

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

#### 5.9.3 Impairment of financial assets - allowance for expected credit losses

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each date of statement of financial position, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

### 5.9.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 5.9.5 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the unconsolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

### 5.10 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

### 5.10.1 Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on such leases are recognised as expense on a straight-line basis over the lease term.

### 5.11 Employees' benefits

#### Provident fund

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

### 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 in accordance with the provisions of Income Tax Ordinance 2001. The Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. The Group consists of Agriauto Industries Limited (the Holding Company) and Agriauto Stamping Company (Private) Limited - wholly owned subsidiary.

#### Deferred

Deferred tax is recognised, using the liability method, on all temporary differences at the date of statement of financial position between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in future and taxable income will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each date of statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part for the deferred tax asset to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at date of statement of financial position.

### 5.13 Provisions

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

### 5.14 Warranty obligations

The Company recognises the estimated liability to repair or replace products under warranty at the year end on the basis of historical experience. The warranty provided by the company to the customer is assurance warranty and accordingly is accounted for under IAS 37 "Provision, contingent liabilities and contingent assets".

### 5.15 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are re-translated into rupees at the foreign exchange rates approximating those prevailing at the statement of financial position date. Exchange differences if any are taken to the unconsolidated statement of profit or loss.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

### 5.16 Revenue recognition

Revenue from contracts with customers is recognised when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods according to the negotiated contractual terms. The Company has generally concluded that it acts as a principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Performance obligations held by the Company are not separable, and are not partially satisfied, since they are satisfied at a point in time, when the customer accepts the products. Moreover, the payment terms identified in most sources of revenue are short term usually 30 to 60 days upon delivery, without any variable considerations, financing components and guarantees.

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

Return on bank deposits / saving accounts is recognised on accrual basis.

Return on short-term investments is recognised on accrual basis.

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

Other income, if any, is recognised on accrual basis.

### 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 capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 5.18 Dividends and appropriation to reserve

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

### 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 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following judgments and estimates which are significant to these unconsolidated financial statements:

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

	Notes
- residual values, method of depreciation useful lives and impairment of assets	5.1, 5.2, 5.3, 7.1.8 & 9
- valuation of stock-in-trade	5.5
- allowance for expected credit losses	5.6, 5.9.3 & 14.3
- provision for tax and deferred tax	5.12, 12 & 31
- warranty obligations	5.14 & 21.5
- leases	5.10 & 20

	Note	2021 ---- (Rupees in '000) ----	2020
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	<b>925,960</b>	752,965
Capital work-in-progress	7.5	<b>38,516</b>	170,283
		<b>964,476</b>	<b>923,248</b>

### 7.1 Operating fixed assets

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2020	Additions/ transfer*/ (disposals)	As at June 30, 2021	Depreciation rate	As at July 1, 2020	Charge for the year (Note 7.2)	(On disposals)	As at June 30, 2021	As at June 30, 2021
	----- (Rupees in '000) -----			%	----- (Rupees in '000) -----				
<b>Owned</b>									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	200,240	-	288,764	10	116,535	14,272	-	130,807	157,957
		88,524 *							
Plant and machinery	1,201,219	15,298	1,325,129	10 – 20	619,143	72,436	(15,299)	676,280	648,849
		131,248 *							
		(22,636)							
Furniture and fittings	28,761	500	29,261	15	10,267	2,812	-	13,079	16,182
Vehicles	87,083	71,611	116,375	20	45,500	10,192	(23,279)	32,413	83,962
		3,905 *							
		(46,224)							
Office equipment	6,179	42	6,221	20	3,911	457	-	4,368	1,853
Computer equipment	29,750	1,940	29,378	33	26,492	1,512	(2,174)	25,830	3,548
		(2,312)							
Dies and tools	70,209	-	70,209	40	50,280	7,972	-	58,252	11,957
<b>2021</b>	<b>1,625,093</b>	<b>89,391</b>	<b>1,866,989</b>		<b>872,128</b>	<b>109,653</b>	<b>(40,752)</b>	<b>941,029</b>	<b>925,960</b>
		223,677 *							
		(71,172)							

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

	COST				Depreciation rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2019	Additions / transfer* / (disposals)	As at June 30, 2020			As at July 1, 2019	Charge for the year (Note 7.2)	(On disposals)	As at June 30, 2020
	(Rupees in '000)					(Rupees in '000)			
<b>Owned</b>									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	192,420	1,212 6,608 *	200,240	10	107,307	9,228	-	116,535	83,705
Plant and machinery	1,117,642	77,538 16,953 * (10,914)	1,201,219	10 – 20	556,994	64,258	(2,109)	619,143	582,076
Furniture and fittings	18,898	6,522 4,261 * (920)	28,761	15	8,923	2,135	(791)	10,267	18,494
Vehicles	96,483	6,572 (15,972)	87,083	20	41,953	10,991	(7,444)	45,500	41,583
Office equipment	6,179	-	6,179	20	3,344	567	-	3,911	2,268
Computer equipment	29,318	825 (393)	29,750	33	25,348	1,487	(343)	26,492	3,258
Dies and tools	53,059	- 17,150 *	70,209	40	37,946	12,334	-	50,280	19,929
<b>2020</b>	<b>1,515,651</b>	<b>92,669 44,972 * (28,199)</b>	<b>1,625,093</b>		<b>781,815</b>	<b>101,000</b>	<b>(10,687)</b>	<b>872,128</b>	<b>752,965</b>

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

	Note	2021 ---- (Rupees in '000) ----	2020
<b>7.2</b> Depreciation charge for the year has been allocated as follows :			
Cost of sales	26	100,496	90,952
Distribution cost	27	1,583	1,971
Administrative expenses	28	7,574	8,077
		<b>109,653</b>	<b>101,000</b>

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

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

Particulars	Cost	Book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer	Relationship
	(Rupees in '000)						
<b>Plant and machinery</b>							
Piston Rod							
Longitudinal Buffing Machine	6,907	1,776	1,675	(101)	Auction	M/s. New ABC Neelam Ghar	Independent Purchasers
Spin Closing for IMV-640	8,424	4,900	1,400	(3,500)	Auction	M/s. New ABC Neelam Ghar	Independent Purchasers
<b>Vehicles</b>							
Toyota Corolla	2,303	705	806	101	Company policy	Mr. Fahim Kapadia	Chief Executive Officer
Toyota Corolla	1,753	570	695	125	Company policy	Mr. Hassan M. Khan	Employee
Toyota Corolla	1,753	603	1,950	1,347	Insurance claim	Habib Insurance Company Limited	Independent Purchasers
Suzuki Swift	1,375	559	756	197	Company policy	Mr. Mian Muhammad Saeed	Employee
Suzuki Cultus	1,391	585	768	183	Company policy	Mr. Amjad Elahi	Employee
Suzuki Cultus	1,250	544	627	83	Company policy	Mr. Shezan Ali Fareed	Employee
Suzuki Cultus	1,250	555	721	166	Company policy	Mr. Muhammad Sumair	Employee
Toyota Corolla	1,864	812	812	-	Negotiation	Mr. Taimoor Minwala	Independent Purchaser
Suzuki Cultus	1,250	601	695	94	Company policy	Mr. Shahid Sattar	Employee
Suzuki Cultus	1,250	601	708	107	Company policy	Mr. Minhajuddin Niazi	Employee
Suzuki Cultus	1,391	761	1,209	448	Negotiation	Mr. Farhan Siddiqui	Ex-Employee
Toyota Corolla	2,379	1,269	1,529	260	Company policy	Mr. Omar Razzaq	Employee
Corolla Altis	2,379	1,321	1,586	265	Company policy	Mr. Saeed Ahmed	Employee
Suzuki Cultus	1,340	790	890	100	Company policy	Mr. Nadeemul Haque	Employee
Suzuki Cultus	1,340	790	919	129	Company policy	Mr. Mushtaq Ahmed	Employee
Suzuki Cultus	1,340	805	919	114	Company policy	Mr. Aqueel Ahmed	Employee
Suzuki Cultus	1,461	878	1,040	162	Company policy	Mr. Muhammad Akhtar Jami	Employee
Suzuki Cultus	1,528	971	1,625	654	Insurance claim	Habib Insurance Company Limited	Independent Purchasers
Suzuki Cultus	1,568	942	1,133	191	Company policy	Mr. Azeem Saadat	Employee
Corolla Altis	1,949	1,217	1,379	162	Company policy	Mr. Syed Nasruddin	Employee
Suzuki WagonR	1,264	847	949	102	Company policy	Mr. Hassan	Employee
Suzuki Alto	1,101	826	886	60	Company policy	Mr. Shaikh Adnan Sarwar	Employee
Suzuki Alto	1,101	765	827	62	Company policy	Mr. Syed Mohib Azam	Employee
Suzuki Cultus	1,745	1,387	1,443	56	Company policy	Mr. Syed Waqas Talib	Employee
	<b>52,656</b>	<b>26,380</b>	<b>27,947</b>	<b>1,567</b>			
Operating fixed assets having WDV less than Rs. 0.5 million	18,516	4,040	7,238	3,198	Various	Various	
<b>2021</b>	<b>71,172</b>	<b>30,420</b>	<b>35,185</b>	<b>4,765</b>			
<b>2020</b>	<b>28,199</b>	<b>17,512</b>	<b>20,958</b>	<b>3,446</b>			



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 ---- (Rupees in '000) ----	2020
<b>7.5 Capital work in progress</b>			
Plant and machinery		38,516	121,488
Building on freehold land		-	48,795
	7.5.1	38,516	170,283
<b>7.5.1 Movement in capital work-in-progress is as follows:</b>			
As at July 01		170,283	52,768
Capital expenditure incurred / advances made during the year		96,972	170,284
Transfer to operating fixed assets during the year	7.1	(223,677)	(44,972)
Charged off during the year		(5,062)	(7,797)
As at June 30		38,516	170,283
<b>8 RIGHT-OF-USE ASSETS</b>			
As at July 01		15,351	-
Impact of initial application of IFRS 16		-	23,428
Additions during the year		11,466	-
Depreciation charge for the year	8.1	(8,077)	(8,077)
As at June 30		18,740	15,351
<b>8.1 Depreciation charge for the year has been allocated as follows :</b>			
Cost of sales	26	5,632	5,632
Distribution cost	27	781	781
Administrative expenses	28	1,664	1,664
		8,077	8,077
<b>9 INTANGIBLE ASSET</b>			
<b>Cost</b>			
As at July 01		75,502	10,736
(Disposal) / additions during the year		(14,071)	64,766
As at June 30		61,431	75,502
<b>Accumulated amortisation</b>			
As at July 01		(15,916)	(4,085)
Charge for the year	26	(14,684)	(11,831)
Disposal during the year		5,394	-
As at June 30		(25,206)	(15,916)
<b>Net book value as at June 30</b>		36,225	59,586
<b>Annual rate of amortisation</b>		20%	20%
<b>10 LONG-TERM INVESTMENT</b>			
<b>Investment in a subsidiary company - at cost</b>			
Agriauto Stamping Company (Private) Limited	10.1	1,144,006	1,144,006
<b>10.1</b> Represents investment in wholly owned subsidiary company incorporated on January 20, 2012.			

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 ---- (Rupees in '000) ----	2020
<b>11 LONG-TERM DEPOSITS</b>			
Security deposits - considered good	11.1	6,801	6,634
<b>11.1</b>			Represent interest free deposits.
<b>12 DEFERRED TAXATION - NET</b>			
Deductible temporary differences arising due to:			
- provisions and lease liabilities		98,273	95,120
- Unused tax losses		-	14,948
Taxable temporary differences arising due to:			
- accelerated tax depreciation		(95,726)	(92,409)
		<b>2,547</b>	<b>17,659</b>
<b>13 STORES, SPARES AND LOOSE TOOLS</b>			
Stores		50,612	66,012
Spares		52,668	36,774
Loose tools		3,960	3,966
		<b>107,240</b>	<b>106,752</b>
<b>14 STOCK-IN-TRADE</b>			
Raw material		660,254	1,241,592
Packing material		5,381	3,959
Work-in-process		98,076	49,188
Finished goods		74,310	38,078
Goods-in-transit		218,884	52,496
		<b>1,056,905</b>	<b>1,385,313</b>
<b>14.1</b>			Write down of stock-in-trade to net realisable value during the year amounted to Rs. Nil (2020: Rs. 49.78 million).
<b>14.2</b>			Reversal of write down of stock-in-trade to net realisable value during the year amounted to Rs. 49.45 million (2020: Rs. Nil).
<b>15 TRADE DEBTS - unsecured</b>			
Considered good	15.1 & 15.2	792,502	321,641
Considered doubtful		-	425
Allowance for expected credit losses	15.3	-	(425)
		<b>792,502</b>	<b>321,641</b>
<b>15.1</b>			This includes an amount of Rs. 15.58 million (2020: Rs. 3.32 million) and Rs. 1.95 million (2020: Rs. 1.91 million) receivable from Agriauto Stamping Company (Private) Limited, a wholly owned subsidiary and Thal Boshuku Pakistan (Private) Limited - associated company, respectively, against sales made by the Company.
<b>15.2</b>			The amount due from related parties is neither past due nor impaired. The maximum aggregate amount receivable from the related parties at the end of any month during the year was Rs. 31.08 million (2020: Rs. 8.43 million).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 ---- (Rupees in '000) ----	2020
<b>15.3 Movement in allowance for expected credit losses:</b>			
As at July 01		425	602
Reversal for the year	30	(425)	(177)
As at June 30		-	425
<b>16 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Advances – unsecured, considered good</b>			
Contractors		2,877	1,312
Employees		513	713
Suppliers		3,281	2,135
		6,671	4,160
<b>Deposits</b>		12,125	577
<b>Prepayments</b>			
Insurance		3,881	4,619
Others		3,529	6,010
		7,410	10,629
<b>Other receivables - secured, considered good</b>	16.1	526,093	95,062
		552,299	110,428

**16.1** This includes an amount of Rs. 299.31 million (2020: Rs. 21.42 million) and Rs. 226.77 million (2020: Rs. 73.64 million) receivable against LC margins and claim against Additional custom duty (note 21) from a customer respectively.

	Note	2021 ---- (Rupees in '000) ----	2020
<b>17 SHORT-TERM INVESTMENTS</b>			
<b>At amortised cost</b>			
Term deposit receipts	17.1	122,000	22,000
Accrued profit thereon		323	291
		122,323	22,291
<b>At fair value through profit or loss</b>			
Mutual funds - open ended			
Nil units (2020: 4,847,847 units) at NAV of Rs. Nil (2020: Rs. 10.52) each		-	51,038
		122,323	73,329

**17.1** Represents one to three months term deposit receipts with commercial banks under conventional banking relationship carrying profit rates ranging from 4.0% to 6.70% (2020: 6.70%) per annum and having latest maturity by July 26, 2021.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 ----- (Rupees in '000) -----	2020
<b>18 CASH AND BANK BALANCES</b>			
<b>In hand</b>		20	9
<b>With banks in</b>			
- current accounts		128,708	38,561
- deposit accounts	18.1 & 18.2	36,789	32,045
		165,497	70,606
		165,517	70,615

**18.1** These carry profit rates ranging from 5.5% to 6% (2020: 7.1% to 13.1%) per annum.

**18.2** Represents deposits and saving accounts placed with conventional banks under interest / mark-up arrangements.

## 19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		2021	2020
Number of shares in ('000)		Ordinary shares of Rs. 5/- each	----- (Rupees in '000) -----	
22,800	22,800	Fully paid in cash	114,000	114,000
6,000	6,000	Issued as bonus shares	30,000	30,000
28,800	28,800		144,000	144,000

## 20 LEASE LIABILITIES

The Company has certain lease arrangements for its offices and warehouse in which rentals are payable in advance. Incidental expense related to these leases are borne by the Company. The weighted average incremental borrowing rate of the Company ranges from 8.08% to 14% (2020: 14%) per annum.

	Note	2021 ----- (Rupees in '000) -----	2020
Lease liabilities		20,730	15,037
Current maturity of lease liabilities		(7,425)	(6,325)
	20.1	13,305	8,712
<b>20.1 Movement of lease liabilities:</b>			
As at July 01		15,037	-
Impact of initial application of IFRS 16		-	21,565
Additions during the year		11,466	-
Finance cost during the year		1,227	2,141
Payments during the year		(7,000)	(8,669)
As at June 30	20.2	20,730	15,037
Current maturity of lease liabilities		(7,425)	(6,325)
		13,305	8,712
<b>20.2</b> The maturity analysis of lease liabilities as at the reporting date is as follows:			
Up to one year		7,425	6,325
After one year		13,305	8,712
Total lease liabilities		20,730	15,037

**20.3** Expenses relating to short term leases amounted to Rs. 1.22 million (2020: Rs. 6.05 million) during the year.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 ---- (Rupees in '000) ----	2020
<b>21 TRADE AND OTHER PAYABLES</b>			
Creditors	21.1	120,417	77,077
Accrued liabilities	21.3	307,573	304,833
Royalty payable		19,455	10,313
Advance from customers		2,514	113,568
Additional custom duty payable	16.1	287,585	96,262
Payable to provident fund	21.2	2,273	2,542
Withholding tax payable		-	1,146
Workers' Profit Participation Fund	21.4	3,233	566
Workers' Welfare Fund	29	14,129	-
Warranty obligations	21.5	132,887	113,285
Others		544	4,104
		<b>890,610</b>	<b>723,696</b>

**21.1** This includes an amount of Rs. Nil (2020: Rs. 0.07 million) payable to Shabbir Tiles and Ceramics Limited, a related party of the Company.

**21.2** Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

**21.3** Includes an amount of Rs. 165.8 million (2020: Rs. 145.63 million) in respect of Sindh Infrastructure Development Cess.

	Note	2021 ---- (Rupees in '000) ----	2020
<b>21.4 Workers' Profit Participation Fund</b>			
As at July 01		566	3,140
Allocation for the year	29	31,717	566
		<b>32,283</b>	3,706
Payment made during the year		(29,050)	(3,140)
As at June 30		<b>3,233</b>	566
<b>21.5 Warranty obligations</b>			
As at July 01		113,285	102,127
Provision for the year	27	28,143	15,076
		<b>141,428</b>	117,203
Claims paid during the year		(8,541)	(3,918)
As at June 30		<b>132,887</b>	113,285

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

### 22 UNPAID DIVIDEND / UNCLAIMED DIVIDEND

The Company has opened separate bank accounts as required under the provision of section 244 of the Act and the required amounts have been transferred accordingly.

### 23 SHORT-TERM RUNNING FINANCE

Represents short-term running finance obtained from a commercial bank amounting to Rs. 36.65 million (2020: Rs. Nil). The total facility limit amounts to Rs. 170 million (2020: Rs. 160 million). The rate of mark-up on these finances ranges from 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25% (2020: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%) per annum. The facilities are secured by way of pari passu hypothecation of the Company's stock-in-trade, stores, spares, loose tools and trade debts.

### 24 CONTINGENCIES AND COMMITMENTS

#### 24.1 Contingencies

**24.1.1** As at the reporting date, total outstanding claims on the Company by certain vendors amounted to Rs. 3.63 million (2020: Rs. 4.53 million). Management of the Company is confident that no loss is likely to occur from these claims and accordingly no provision in this respect has been made in these unconsolidated financial statements.

#### 24.2 Commitments

**24.2.1** Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 707.17 million (2020: Rs. 178.89 million).

**24.2.2** Commitments in respect of capital expenditure amounting to Rs. 20.41 million (2020: Rs. 1.69 million).

**24.2.3** Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounting to Rs. 0.39 million (2020: Rs. 0.39 million).

### 25 TURNOVER – net

	2021 ---- (Rupees in '000) ----	2020
Sales	8,154,966	4,422,906
Trade discount	(88)	(161)
Sales tax	(1,184,897)	(653,989)
	(1,184,985)	(654,150)
	<u>6,969,981</u>	<u>3,768,756</u>

**25.1** Revenue recognised from amounts included in advance from customer at the beginning of the year amounted to Rs. Nil (2020: Rs. 1.06 million) as such advance was refunded back to the customer.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 ---- (Rupees in '000) ----	2020
<b>26 COST OF SALES</b>			
<b>Raw material consumed</b>			
Opening stock	14	1,241,592	781,482
Purchases		4,367,456	3,235,051
		<b>5,609,048</b>	4,016,533
Closing stock	14	(660,254)	(1,241,592)
		<b>4,948,794</b>	2,774,941
<b>Manufacturing expenses</b>			
Salaries, wages and benefits		456,485	368,215
Stores, spares and loose tools consumed		264,570	131,386
Fuel and power		106,154	72,928
Amortization	9	14,684	11,831
Royalty	26.1	37,158	20,830
Depreciation on operating fixed assets	7.2	100,496	90,952
Depreciation on right-of-use assets	8.1	5,632	5,632
Transportation and travelling		71,574	57,048
Repairs and maintenance		63,841	62,017
Packing material consumed		35,561	15,237
Rent, rates and taxes		652	251
Research and development costs		127	413
Insurance		2,920	2,896
Communications and professional fee		2,092	3,531
Printing and stationery		1,066	824
Others		6,747	3,749
		<b>1,169,759</b>	847,740
<b>Work-in-process</b>			
Opening stock	14	49,188	43,441
Closing stock	14	(98,076)	(49,188)
		<b>(48,888)</b>	(5,747)
<b>Cost of goods manufactured</b>		<b>6,069,665</b>	3,616,934
<b>Finished goods</b>			
Opening stock	14	38,078	19,954
Closing stock	14	(74,310)	(38,078)
		<b>(36,232)</b>	(18,124)
		<b>6,033,433</b>	3,598,810

26.1 Royalty paid during the year comprise of the following:

Company name	Address	Relationship with the Company	2021 ---- (Rupees in '000) ----	2020
KYB Corporation	World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan	Technical Partner	25,405	23,799
Aisin Seiki Co., Ltd	2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan	Technical Partner	962	972
Ride Control LLC	750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA	Technical Partner	1,649	2,786

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 ----- (Rupees in '000) -----	2020
<b>27 DISTRIBUTION COST</b>			
Salaries, wages and benefits		12,944	18,037
Advertisement and sales promotion		28,050	9,197
Carriage and forwarding		36,425	18,983
Travelling and conveyance		2,665	2,907
Depreciation on operating fixed assets	7.2	1,583	1,971
Depreciation on right-of-use assets	8.1	781	781
Provision for warranty claims	21.5	28,143	15,076
Legal and professional charges		1,033	-
Rent, rates and taxes		-	204
Communications		314	235
Insurance		2,404	1,784
Repairs and maintenance		324	1,442
Others		1,315	199
		<b>115,981</b>	<b>70,816</b>
<b>28 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits		84,897	80,086
Legal and professional charges		36,054	71,954
Travelling and conveyance		15,169	14,921
Repairs and maintenance		24,412	20,517
Depreciation on operating fixed assets	7.2	7,574	8,077
Depreciation on right-of-use assets	8.1	1,664	1,664
Security services		11,109	9,174
Communications and professional fee		2,490	2,396
Printing and stationery		1,275	1,532
Rent, rates and taxes		1,366	6,051
Utilities		1,798	2,028
Auditors' remuneration	28.1	2,390	2,091
Insurance		1,325	1,281
Others		3,996	4,354
		<b>195,519</b>	<b>226,126</b>
<b>28.1 Auditors' remuneration</b>			
Audit fee for standalone financial statements		1,080	900
Audit fee for consolidated financial statements		210	175
Fee for review of half yearly financial statements		180	100
Other certifications		675	671
Out of pocket expenses		245	245
		<b>2,390</b>	<b>2,091</b>
<b>29 OTHER EXPENSES</b>			
Workers' Profit Participation Fund	21.4	31,717	566
Workers' Welfare Fund	21	14,129	-
Donations	29.1	4,917	2,575
		<b>50,763</b>	<b>3,141</b>
<b>29.1 Donation to following parties exceeds 10% of the Company's total donations or Rs. 1 million, whichever is higher:</b>			
		2021 ----- (Rupees in '000) -----	2020
Muhammad Ali Habib Welfare Trust		2,325	-
Habib Educational Trust		-	2,000
Jam Ghulam Qadir Hospital		1,024	-



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

**29.2** None of the directors or their spouses had any interest in the donees except for Ms. Ayesha T. Haq (independent director) who is a member of the Board of Governors in Professional Education Foundation (PEF). Donation given to PEF during the year amounted to Rs. 0.2 million (2020: Rs. Nil).

	Note	2021 ---- (Rupees in '000) ----	2020
<b>30 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on:			
- short-term investments - term deposit receipts		7,608	8,032
- deposit accounts		6,871	9,400
	30.1	14,479	17,432
Gain / (loss) on disposal of short-term investments - mutual funds		1,934	(47)
Unrealised loss on short-term investments - mutual funds		-	(2,000)
Reversal of allowance for expected losses	15.3	425	177
Dividend income:			
- Agriauto Stamping Company (Private) Limited		228,802	114,401
- short-term investments - mutual funds		-	5,882
		228,802	120,283
		245,640	135,845
<b>Income from non-financial assets</b>			
Gain on disposal of operating fixed assets		4,765	3,446
Gain on disposal of intangible assets		5,377	-
Liabilities no longer payable - written back		1,085	403
Scrap sales		5,137	1,313
Miscellaneous income		890	2,537
		17,254	7,699
		262,894	143,544

**30.1** Represents profit earned under conventional banking relationship.

	2021 ---- (Rupees in '000) ----	2020
<b>31 TAXATION</b>		
<b>Current</b>		
For the year	167,539	57,413
Prior	-	6,346
	167,539	63,759
<b>Deferred</b>	15,112	(23,545)
	182,651	40,214

	2021 (Rupees in `000)
<b>31.1</b> Reconciliation between tax expense and accounting profit	
Accounting profit for the year before taxation	834,049
Tax at applicable rate of 29%	241,874
Expenses that are admissible in determining taxable profit	(113,974)
Expenses that are inadmissible in determining taxable profit	66,384
Deferred tax expense	15,112
Carried forward business losses	(25,319)
Tax credit	(1,426)
	182,651
Effective tax %	22%

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

**31.2** Provision for taxation for the prior year was based on Minimum Tax u/s 113 of the Income Tax Ordinance 2001. Accordingly, reconciliation between tax expense and accounting profit was not presented.

## 32 EARNINGS PER SHARE – basic and diluted

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

	Note	2021 ---- (Rupees in '000) ----	2020
Net profit / (loss) for the year		651,398	(29,798)
Weighted average number of ordinary shares outstanding during the year (shares in '000)		28,800	28,800
Earnings / (loss) per share (Rs.)		22.62	(1.03)

## 33 CASH GENERATED FROM OPERATIONS

		2021 ---- (Rupees in '000) ----	2020
Profit before taxation		834,049	10,416
<b>Adjustments for:</b>			
Depreciation and amortisation	7.2, 8 & 9	132,414	120,908
Finance costs		3,130	2,991
Reversal for expected credit losses		(425)	(177)
Liabilities no longer payable - written back	30	(1,085)	(403)
Profit on short-term investments - term deposit receipts	30	(7,608)	(8,032)
Profit on deposit accounts	30	(6,871)	(9,400)
Dividend income	30	(228,802)	(120,283)
Capital work-in-progress charged off	7.5.1	5,062	7,797
Gain on disposal of operating fixed assets	30	(4,765)	(3,446)
Gain on disposal of intangible asset	30	(5,377)	-
(Gain) / loss on disposal of short-term investments - mutual funds	30	(1,934)	47
		(116,261)	(9,998)
		717,788	418
<b>Decrease / (increase) in current assets</b>			
Stores, spares and loose tools		(488)	1,391
Stock-in-trade		328,408	(300,157)
Trade debts		(470,436)	347,758
Advances, deposits, prepayments and other receivables		(441,871)	152,667
Sales tax receivable		135,617	(87,641)
		(448,770)	114,018
<b>Increase in current liabilities</b>			
Trade and other payables		167,999	234,071
Sales tax payable		36,449	-
		473,466	348,507
<b>34 CASH AND CASH EQUIVALENTS</b>			
Short-term investments - term deposit receipts	17	122,000	22,000
Cash and bank balances	18	165,517	70,615
Short-term running finance	23	(36,646)	-
		250,871	92,615

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

## 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### 35.1 Market risk

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

#### (i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Company is exposed to interest rate risk in respect of bank deposits, short-term running finance and term deposit receipts. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's profits for the year by Rs. 1.22 million (2020: Rs. 0.54 million) and a 1% decrease would result in the increase in the Company's profits for the year by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

#### (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 reporting date, the Company does not have any financial assets or financial liabilities which are denominated in foreign currencies.

### 35.2 Credit risk

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

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

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

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.

	Note	2021 ---- (Rupees in '000) ----	2020
The maximum exposure to credit risk at reporting date is as follows:			
Long-term deposits	11	6,801	6,634
Trade debts	15	792,502	321,641
Deposits	16	12,125	577
Other receivables	16	526,093	95,062
Short-term investments	17	122,323	73,329
Bank balances	18	165,497	70,606
		<u>1,625,341</u>	<u>567,849</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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.

	2021	2020
	----- (Rupees in '000) -----	
<b>Trade debts</b>		
The analysis of trade debts is as follows:		
Neither past due nor impaired	712,572	302,008
Past due but not impaired		
- 30 to 90 days	78,411	11,787
- 91 to 180 days	1,519	7,769
- 181 to 360 days	-	77
	<u>792,502</u>	<u>321,641</u>
<b>Bank balances</b>		
<b>Ratings</b>		
AAA	-	7,294
AA+	-	63,312
A-1+	165,497	-
	<u>165,497</u>	<u>70,606</u>
<b>Short-term investments</b>		
<b>Ratings</b>		
A-1+	122,323	73,329
	<u>122,323</u>	<u>73,329</u>

### 35.3 Liquidity risk

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

2021	Not later than	Later than	1 to 5 years	Total
	3 months	3 months but not more than a year		
	----- (Rupees in '000) -----			
Trade and other payables	284,995	-	-	284,995
Lease liabilities	6,000	1,425	13,305	20,730
Unpaid dividend	11,655	-	-	11,655
Short-term running finance	36,646	-	-	36,646
Unclaimed dividend	22,857	-	-	22,857
	<b>362,153</b>	<b>1,425</b>	<b>13,305</b>	<b>376,883</b>

  

2020	Not later than	Later than	1 to 5 years	Total
	3 months	3 months but not more than a year		
	----- (Rupees in '000) -----			
Trade and other payables	434,271	75,000	-	509,271
Lease liabilities	6,000	325	8,712	15,037
Unpaid dividend	11,971	-	-	11,971
Short-term running finance	-	-	-	-
Unclaimed dividend	20,271	-	-	20,271
	<b>472,513</b>	<b>75,325</b>	<b>8,712</b>	<b>556,550</b>

## 36 CAPITAL RISK MANAGEMENT

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

## 37 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

### Fair value hierarchy

The different levels to analyse financial assets carried at fair value have been defined as follows:

- Level 1: Quoted market price
- Level 2: Valuation techniques (market observable); and
- Level 3: Valuation techniques (non-market observables)

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
Short-term investments - mutual funds	----- (Rupees in '000) -----			
June 30, 2021	-	-	-	-
June 30, 2020	51,038	-	-	51,038

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

	2021		2020	
	Unclaimed & Unpaid dividend	Lease liabilities	Unclaimed & Unpaid dividend	Lease liabilities
	---- (Rupees in '000) ----			
As at July 01	32,242	15,037	30,266	-
<b>Changes from financing cash flows</b>				
Dividend paid during the year	(170,530)	-	(199,624)	-
Payments made during the year	-	(7,000)	-	(8,669)
	(170,530)	(7,000)	(199,624)	(8,669)
<b>Other changes</b>				
Dividend declared during the year	172,800	-	201,600	-
Impact of initial application of IFRS 16	-	-	-	21,565
Additions during the year	-	11,466	-	-
Finance cost during the year	-	1,227	-	2,141
	172,800	12,693	201,600	23,706
As at June 30	34,512	20,730	32,242	15,037

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

39.1 The aggregate amount charged in the unconsolidated financial statements for remuneration including certain benefits to the chief executive, directors and executives of the Company are as follows:

	2021		2020	
	Chief Executive	Chief Executives	Chief Executive	Chief Executives
	---- (Rupees in '000) ----			
Managerial remuneration	22,918	56,382	19,600	51,153
Bonus	7,200	10,203	4,800	6,588
Retirement benefits	1,682	2,474	1,633	2,662
Utilities	649	150	-	187
Medical expenses	12	354	52	373
	32,461	69,563	26,085	60,963
Number of persons	1	14	1	13

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

**39.3** Three non-executive directors (2020: Three) have been paid fees of Rs. 2.1 million (2020: Rs. 1.4 million) for attending board and other meetings.

## 40 TRANSACTIONS WITH RELATED PARTIES

**40.1** Related parties of the Company comprise the subsidiary company, companies with common directorship, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Company. Detail of transactions with related parties during the year, other than disclosed elsewhere in the unconsolidated financial statements, are as follows:

Name of related party and relationship with the Company	Nature of transactions	Percentage of share holding in the Company	2021	2020
----- (Rupees in '000) -----				
<b>Subsidiary (wholly owned)</b>				
Agriauto Stamping Company (Private) Limited	Sales	Nil	84,838	15,253
	Dividend received		228,802	114,401
	Tax credit claimed		128,879	49,280
<b>Associated companies (Common directorship)</b>				
Thal Limited	Dividend paid	7.35	12,694	14,809
Shabbir Tiles & Ceramics Limited	Purchases	Nil	3,375	865
Thal Boshoku Pakistan (Private) Limited	Sales	Nil	47,299	4,636
<b>Retirement benefits fund</b>				
Employees' Provident Fund	Contribution	Nil	10,913	11,612
<b>Key management personnel</b>				
	Remuneration and other benefits	Nil	44,009	38,815
	Sale of vehicle having net book value of Rs. 0.705 million as per the Company's policy		806	-

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

### 41 PRODUCTION CAPACITY

The production capacity of the Company cannot be determined as this depends on the relative proportions of various types of vehicles and agricultural tractors produced by Original Equipment Manufacturers.

### 42 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on August 26, 2021 (i) approved the transfer of Rs. 200 million (2020: Rs. Nil) from unappropriated profits to general reserve and (ii) proposed cash dividend of Rs. 6 per share (2020: Re. 1 per share) for the year ended June 30, 2021 amounting to Rs. 172.8 million (2020: Rs. 28.8 million) for approval of the members at the Annual General Meeting to be held on October 21, 2021.

### 43 NUMBER OF EMPLOYEES

	2021	2020
Total number of employees as at June 30	<u>727</u>	<u>617</u>
Average number of employees during the year	<u>672</u>	<u>667</u>

### 44 OPERATING SEGMENTS

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

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

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

Sales to five major customers of the Company are around 92.39% of the Company's total sales during the year (2020: 92.78%).

### 45 UNUTILIZED CREDIT FACILITIES

As of reporting date, the Company has unutilized facilities for letter of credit, bonds and guarantees and terms of loan available from various banks amounted to Rs. 407.52 million (2020: Rs. 608 million). The facilities are secured by way of pari passu hypothecation of Company's stock-in-trade, stores, spares, loose tools and trade debts.

### 46 COVID-19 OUTBREAK

During the year, Company had to operate in the unprecedented context created by the COVID-19 pandemic, the resulting economic and social conditions including Government directives to prevent the spread of COVID-19. This situation posed a range of business and financial challenges across various sectors of the economy in Pakistan. However, Auto Sector has recovered and with the implementation of Standard Operating Procedures (SOPs), company has resumed its operations at normal levels. The management has assessed the accounting implications of these developments on these unconsolidated financial statements, including but not limited to the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets', the net realisable value of inventory under IAS 2, 'Inventories' used for the preparation of these unconsolidated financial statements.

Accordingly, there is no significant accounting and financial impact of the effects of COVID-19 on these unconsolidated financial statements.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2021

### 47 GENERAL

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

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

### 48 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on August 26, 2021 by the Board of Directors of the Company.



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER