

# Agriauto Industries Limited

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## 2022 annual report



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





# agriauto

Stamping Company (Pvt.) Ltd.



*Turning Challenges into*

**Opportunities**

# The Company

Agriauto Industries Limited is a public limited company incorporated in 1981 and quoted on the Pakistan Stock Exchange.

The company is one of the leading automotive components manufacturers in the private sector and the first company in Pakistan to acquire TS-16949 Certification.

Technical Collaborations with leading international companies have added to the company's technical versatility. The product range covers both Original Equipment Manufacturers (OEM's) and the after market.

## Our Customers



## Our Global Partners



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# Vision

A world class manufacturer and supplier of high entry barrier automotive components providing competitive returns to all stakeholders.

# Company Information

## BOARD OF DIRECTORS

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

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

## AUDIT COMMITTEE

Muhammad Ali Jameel  
Sohail P. Ahmed  
Ayesha T. Haq

Chairman  
Member  
Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Chairman  
Member  
Member  
Member  
Member

## CHIEF FINANCIAL OFFICER

Hassan Ali Ghazi

## COMPANY SECRETARY

Tariq Iqbal Bawani

## AUDITORS

EY Ford Rhodes  
Chartered Accountants

## SHARE REGISTRAR

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

## BANKERS

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

## FACTORY

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

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

## REGISTERED OFFICE

5th Floor, House of Habib 3 JCHS, Main Shahrah-e-Faisal, Karachi.

**Website:** [www.agriauto.com.pk](http://www.agriauto.com.pk)

**Email:** [info@agriauto.com.pk](mailto:info@agriauto.com.pk)

**Phone:** 92-021-34541540-43

## CREDIT RATING\*

Short Term A-1  
Long Term A-

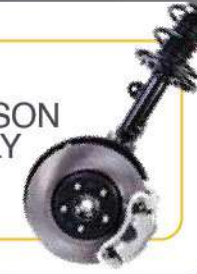
\*From: JCR-VIS Credit Rating Company Limited

# Strength in Adversity



# Our Products

MCPHERSON ASSEMBLY



STRUTS ASSEMBLY



SHOCK ABSORBERS



MOTORCYCLE SHOCK ABSORBERS COMPONENTS



FRONT SUSPENSION FOR MOTORCYCLE



CATALYTIC CONVERTERS



FUEL TANK PASSENGER CAR



INSTRUMENT PANEL & DOOR IMPACT BEAM



POWER WINDOW REGULATOR



DOOR HINGES



STEERING BOX - TRACTORS



CAMSHAFTS-TRACTORS



# Sheet Metal Parts

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





# Notice of the Annual General Meeting

**NOTICE is hereby given that the 41st Annual General Meeting of the Members of the Company will be held on Thursday, October 20, 2022 at 11:00 AM at ICAP Auditorium, Karachi to transact the following business:**

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2022, together with the Chairman's Review Report, Directors' and Auditors' Report thereon.

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

<https://www.agriauto.com.pk/pdf/jun-22/ail-annual-report-2022.pdf>



2. To appoint Auditors for the year 2022-23 and to fix their remuneration. The present auditors – M/s EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for reappointment.

## SPECIAL BUSINESS

3. To consider and, if thought fit, to pass with or without modification(s), the resolution appearing below as ordinary resolutions for the capitalization of reserves to issue bonus shares as recommended by the Directors.

**"RESOLVED THAT** a sum of Rs. 36,000,000 be capitalised out of the reserves of the Company and applied towards issue of 7,200,000 ordinary shares of Rs. 5 each as 25% fully paid bonus shares i.e. in the proportion of one (01) ordinary share for every four (04) ordinary shares held by the members of the Company whose names appear in the Members' Register as at the close of the business on October 13, 2022".

**"FURTHER RESOLVED THAT** the bonus shares shall rank pari passu in all respects with the existing shares of the Company as regards to future entitlements and in all other respects".

**"FURTHER RESOLVED THAT** member fractional entitlement, as a result of their entitlement to a fraction of a bonus share due to their respective shareholdings shall be deposited into the account of the charitable institution for the Flood Relief after the approval of the Shareholders in the Annual General Meeting on October 20, 2022".

**"FURTHER RESOLVED THAT** the Chief Executive and Company Secretary of the Company, be and are hereby jointly and / or severally authorised to give effect to above resolutions and to do and cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of the said bonus shares and the deposit of sale proceeds of the fractional shares into aforementioned account".

Karachi  
Dated: August 26, 2022

By Order of the Board  
Tariq Iqbal Bawani  
Company Secretary

## NOTES:

### 1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from October 14, 2022 to October 20, 2022 (both days inclusive) and the bonus shares will be issued to the Members whose names will appear in the Register of Members on October 13, 2022. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. FAMCO Associates (Private) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Sharaf Faisal Karachi. Tel: +92-21-34380101-5, +92-21-34384621-3 (Ext-103) Fax: +92-21-34380106. All the Members holding the shares through the CDC are requested to update their addresses and Zakat statuses with their Participants.

### 2. Participation in the AGM via physical presence or through video conferencing

In light of the continuing threats posed due to COVID-19 pandemic and to protect wellbeing of the shareholders, the Securities and Exchange Commission of Pakistan ("SECP") has, vide its Circulars issued from time to time, directed the listed companies to hold their general meetings virtually in addition to the requirements of holding physical meetings. In order to facilitate the shareholders, the Company in addition to convening a physical meeting has also arranged attendance of shareholder virtually via video link facility.

The shareholders interested in attending the AGM virtually are requested to get themselves registered by sending their particulars at the designated email address [agm@agriauto.com.pk](mailto:agm@agriauto.com.pk) for their appointment and proxy's verification by close of business October 18, 2022. Video conference link details and login credentials will be shared with ONLY those Shareholders, whose particulars are received on or before October 18, 2022, from their registered email addresses.

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

The login facility will be opened at 10:00 a.m. on October 20, 2022 enabling the participants to join the proceedings which will start at 11:00 a.m. sharp.

Members wishing to attend the meeting in person must also provide a copy of their vaccination certificates by using the above given email address. Shareholders can also provide their comments and questions for the agenda items of the AGM on [secretary@agriauto.com.pk](mailto:secretary@agriauto.com.pk) by October 18, 2022.

Members whose names appearing in the Register of Members as of October 13, 2022, are entitled to attend and vote at the Meeting. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a Member of the Company.

An instrument of proxy applicable for the Meeting is being provided with the Notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: [www.agriauto.com.pk/investor-info/](http://www.agriauto.com.pk/investor-info/).

An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and notify immediately changes, if any, in their registered address to our Share Registrar, FAMCO Associates (Pvt) Ltd.

### 3. Guidelines for Central Depository Company of Pakistan Limited ('CDC') Account Holders

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

#### A. For Attending the Meeting

- I. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC/SNIC or original passport at the time of attending the Meeting.
- II. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

#### B. For Appointing Proxies

- I. In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the requirement.
- II. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- III. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- IV. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- V. In case of corporate entities, Board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.
- VI. Form of proxy is enclosed.

#### 4. Electronic Transmission of Annual Report

In compliance with section 223(6) of the Companies Act, 2017, the Company has electronically transmitted the Annual Report 2022 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. However, in cases, where email addresses are not available with the Company's Share Registrar, printed copies of the notices of AGM along-with the QR enabled code/weblink to download the Annual Report 2022 (containing the financial statements), have been dispatched.

Notwithstanding the above, the Company will provide hard copies of the Annual Report 2022, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request. Further, Members are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited if the Member holds shares in physical form or, to the Member's respective Participant/Investor Account Services, if shares are held in book entry form.

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

#### 5. Submission of CNIC/SNIC/NTN (Mandatory)

Pursuant to the directives of the SECP, the dividend of shareholders whose CNIC/SNIC or NTN (in case of corporate entities), are not available with the Share Registrar could be withheld. Shareholders are therefore, requested to submit a copy of their valid CNIC/SNIC (if not already provided) to the Company's Share Registrar, FAMCO Associates (Pvt.) Ltd. 8-F, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.

#### 6. Dividend Mandate (Mandatory)

In accordance with the provisions of Section 242 of the Companies Act 2017, and Regulation 4 of the Companies (Distribution of Dividends) Regulations 2017, a listed company is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

In compliance with the above law, in order to receive dividends directly in your bank account, you are requested to provide the information mentioned in the Form placed at the Company's website <http://www.agriauto.com.pk> otherwise the Company would be constrained to withhold payment dividend (if any) in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations 2017. Shareholders shall submit the information directly to their brokers / Central Depository Company Ltd. If the shares are held in the electronic form or to the Company's Share Registrar if the shares are held in physical form.

#### 7. Deposit of Physical Shares in CDC account

As per section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book-entry form. Therefore, the shareholders having physical shares requested to convert the shares into book entry.

#### 8. Withholding Tax on Dividend

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

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

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

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

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

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

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

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

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

9. Availability of Annual Audited Financial Statements on the Company's website

In accordance with the provisions of Section 223(7) of the Companies Act 2017, the audited financial statements of the Company for the year ended June 30, 2022, are available on the Company's website ([www.agriauto.com.pk](http://www.agriauto.com.pk)).

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

ISSUE OF BONUS SHARES BY CAPITALISATION OF RESERVES

The Board of Directors in their meeting held on August 26, 2022, have recommended capitalisation of a sum of Rs. 36,000,000 out of reserves of the Company for issue of 7,200,000 ordinary shares of Rs. 5 each, as 25% fully paid bonus shares. The Directors are of the view that the Company's financial position and its reserves justify the capitalisation of reserves.

The Directors of the Company have not, direct or indirect interest in this special business, except to the extent of their entitlements of bonus shares and their relatives who are also shareholders of the Company.

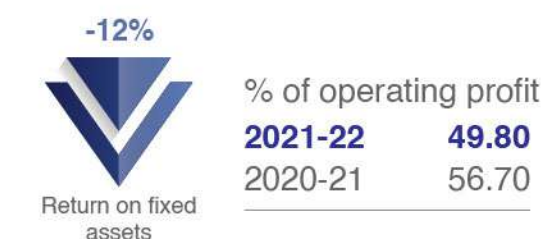
# Key Performance Indicators

## Consolidated

### Statement of Profit or Loss



### Ratios



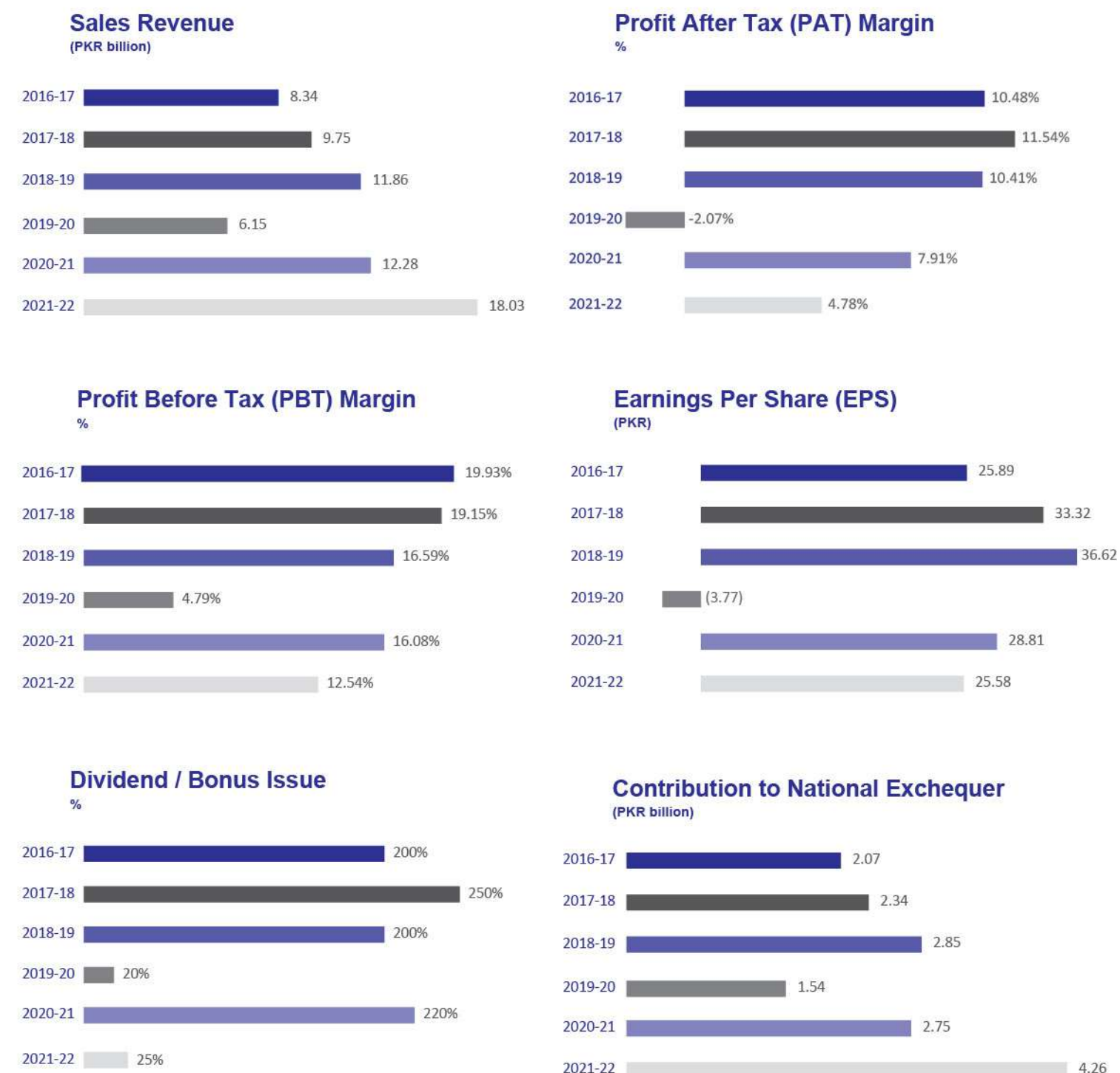
# Six Years at a Glance

## Consolidated

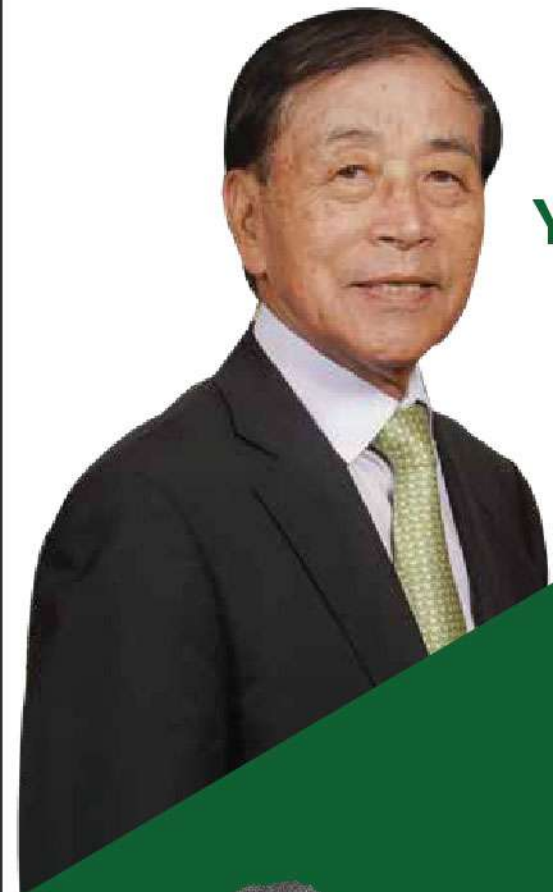
	2022	2021	2020	2019	2018	2017
<b>Operating Results</b>						
Net Sales (Rs. in '000')	15,397,684	10,485,027	5,244,651	10,128,569	8,315,021	7,115,296
Gross Profit (Rs. in '000')	1,931,301	1,685,479	251,466	1,681,151	1,592,200	1,418,241
Profit Before Tax (Rs. in '000')	1,104,635	1,203,265	(24,969)	1,256,752	1,207,756	1,033,367
Profit / (Loss) After Tax (Rs. in '000')	736,821	829,664	(108,438)	1,054,698	959,717	745,629
Earnings / (Loss) per share (Rs.)	25.58	28.81	(3.77)	36.62	33.32	25.89
Cash Dividend	-	220%	20%	200%	250%	200%
Bonus Issue	25%	-	-	-	-	-
<b>Financial Position</b>						
Current Ratio	2.18 : 1	3.89 : 1	3.91 : 1	6.18 : 1	6.89 : 1	5.78 : 1
Paid-up Share Capital (Rs. in '000')	144,000	144,000	144,000	144,000	144,000	144,000
Res. & Unappropriated Profit (Rs. in '000')	6,191,025	5,627,004	4,970,140	5,280,178	4,556,680	3,928,163
Shareholders' Equity (Rs. in '000')	6,335,025	5,771,004	5,114,140	5,424,178	4,700,680	4,072,163
Breakup Value Per Share (Rs.)	219.97	200.38	177.57	188.34	163.22	141.39
Return on Equity (Rs.)	11.63%	14.38%	-2.12%	19.44%	20.42%	18.31%

# Financial Highlights

## Consolidated



# Board of Directors



**Yutaka Arae**  
Chairman



**Salman Burney**  
Non Executive  
Director



**Sohail P. Ahmed**  
Non Executive  
Director



**Fahim Kapadia**  
Chief Executive



**Hamza Habib**  
Non Executive Director



**Muhammad Ali Jameel**  
Independent Director

**Ayesha T. Haq**  
Independent Director



# Chairman's Review

I am pleased to present the review on Annual Report of the Company for the year ended June 30, 2022.

During the period under review, Pakistan has recorded real GDP growth of 5.97% in FY 2022 as a result of favorable policies and initiatives by the Government. The automobile industry witnessed all time high demand on back of positive economic environment, introduction of new models and new entrants.

In FY 2021-22, on a consolidated basis the Company has achieved highest ever sales representing a growth of 47% compared to last year. Consolidated profit for the year is Rs 1.1 billion. The Board has recommended issuance of bonus shares in the proportion of 1 share for every 4 shares held i.e. 25%.

The Automobile sector outlook for the year 2022-23 remains challenging on the back of balance of payment distress in the country, which culminated into restrictions on CKD imports and depreciation of Pakistan Rupee. The Company is fully aware of the challenges and taking all possible measures to steer through it.

I am grateful to the Board for its contributions which is reflected in the performance of the Company during the year.

The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework. The Board is also cognisant of its strategic role in achieving the Company's key objectives and is focused on enriching the returns for its shareholders and other stakeholders and shall continue contributing through sustained supply of quality products to its valued Customers.

Yutaka Arae  
Chairman

August 26, 2022



## چیئر مین کا جائزہ

میں کمپنی کی سالانہ رپورٹ برائے مالیاتی سال 30 جون 2022 پر جائزہ پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔

حکومت کی سازگار پالیسیوں اور اقدامات کے نتیجے میں زیر جائزہ مدت یعنی FY 2021-22 میں پاکستان کی حقیقی GDP نمو 5.97 فیصد رہی۔ مثبت معاشی ماحول، نئے ماڈلز کے تعارف اور صنعت میں نئے داخل ہونے والوں کی وجہ سے آٹوموبائل انڈسٹری میں بلند ترین طلب کا مشاہدہ کیا گیا۔

مالیاتی سال 2021-22 میں آپ کی کمپنی کی مجموعی فروخت بلند ترین رہی یعنی اس میں گزشتہ سال بہ نسبت 47 فیصد اضافہ ہوا۔ سال کا مجموعی منافع 1.1 بلین روپے رہا۔ بورڈ نے ہر چار حصص کی ملکیت پر 1 حصص یعنی 25 فیصد کے حساب سے بونس حصص جاری کرنے کی سفارش کی ہے۔

ملک میں توازن ادائیگی کے دباؤ کے نتیجے میں CKD درآمدات پر پابندیوں اور پاکستانی روپے کی قدر میں کمی کی وجہ سے 2022-23 میں آٹوموبائل سیکٹر کا منظر نامہ دشوار گزار ہے۔ کمپنی ان مشکلات سے بخوبی آگاہ ہے اور ان سے نمٹنے کے لئے تمام ممکنہ اقدامات کر رہی ہے۔

میں بورڈ کی معاونت پر اس کا مشکور ہوں جس کی عکاسی سال کے دوران کمپنی کی کارکردگی سے ہوتی ہے۔

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

یوتاکا آراے  
چیئر مین

26 اگست 2022



**Directors' Report  
To The Shareholders**

# Directors' Report to the Shareholders

FOR THE YEAR ENDED JUNE 30, 2022

Directors of Agriauto Industries Limited (the "Company" or "AGIL") are pleased to present the Directors' Report, along with the audited financial statement (hereinafter referred to as the "financial statements") for the year ended June 30, 2022.

## PRINCIPAL ACTIVITIES OF THE COMPANY

Agriauto Industries Limited is a public limited company incorporated in 1981 and quoted on the Pakistan Stock Exchange. The Company is one of the leading automotive components manufacturers in the private sector and the first company in Pakistan to acquire TS16949 certification.

## PAKISTAN'S ECONOMY

Pakistan's economy recovered from the pandemic and posted a real GDP growth of 5.97% in FY 2022, after contracting by 1% in FY 2020. Growth was achieved on back of broad-based expansion in large-scale manufacturing, improved crop production and initiatives taken by the government, which included national cash transfer programs, accommodative macroeconomic policies and supportive measures for the financial sector. International commodity prices responded abruptly to the economic rebound coupled with supply chain disruptions resulted in accelerated inflation in most parts of the world including Pakistan.

Pakistan's economy grew on account of excess demand and substantial increase in the imports of capital and energy. In an effort to cool down the economy, State Bank of Pakistan (SBP) increased the policy rate from 6.5% in September 2021 to 15% by end of June 2022.

The main driver is supply-side inflation owing to supply disruptions from the Russia-Ukraine conflict which elevated global commodity prices, bringing energy importing countries like Pakistan under financial stress and further raised domestic inflation rates.

Consequently, Pakistan's foreign exchange reserves started to erode and the rupee depreciated significantly. SBP has taken temporary administrative measures to contain the import bill, requiring prior approval before importing automobiles, mobile phones and machinery.

## FINANCIAL & BUSINESS PERFORMANCE

On consolidated basis, the Company achieved its highest ever annual sales of Rs. 15.4 billion in FY 2021-22, a growth of 47% compared to last year. In the current year, profit after tax was Rs. 736.8 million compared to Rs. 829.7 million last year.

Rs in "000"

	2021-22	2020-21
Turnover	15,397,684	10,485,027
Gross Profit	1,931,301	1,685,479
Profit before Taxation	1,104,635	1,203,265
Taxation	(367,814)	(373,601)
Profit after Taxation	736,821	829,664
Earnings Per Share (Rs.)	25.58	28.81

On a standalone basis, the Company achieved its highest ever sales of Rs. 8.96 billion in FY 2021-22 (FY 2020-21: Rs. 6.97 billion), a growth of 29% over last year on account of increasing passenger car demand during the current year. However, profit after tax was lower at Rs. 304 million, compared to Rs. 651.4 million last year mainly due to adverse impact of highly volatile foreign exchange, higher financial charges and super tax charge of 4% levied vide Finance Act 2022.

Turnover	8,957,545	6,969,981
Gross Profit	1,018,464	988,581
Profit before Taxation*	458,428	834,049
Taxation	(154,419)	(182,651)
Profit after Taxation	304,009	651,398
Earnings Per Share (Rs.)	10.56	22.62

\* Includes dividend from subsidiary company of Rs. Nil in 2021-22 (2020-21: Rs. 228 million)

## DIVIDEND AND APPROPRIATION OF PROFIT

Given the results, the Board of Directors is pleased to recommend the issuance of bonus shares in the proportion to one share for every four shares held i.e. 25% for the approval of the shareholders at the Annual General Meeting of the Company to be held on October 20, 2022. The Board has also recommended transferring Rs. 300 million to the general reserve from unappropriated profits.

## AUTOMOBILE SEGMENT

FY 2021-22 was an exceptional year for the automotive sector, giving customers a range of new models to choose from. The last auto policy (ADP 2016-21) was largely successful in achieving its objective of increasing overall car production capacity in the country through induction of new original equipment manufacturers ("OEM"), thereby increasing customer choice and competition.

Automotive sales remained robust in the first 10 months of FY 2021-22 on back of all-time high passenger car demand, despite volatile forex and consequent increase in prices. The momentum was disrupted by intervention by the SBP, in an effort to preserve diminishing foreign exchange reserves, through a circular on May 19, 2022 which requires prior approval on import of completely knocked down ("CKD") units. The delays in approvals have disrupted the supply chain cycle and forced OEMs to restrict production, leading to a reduction of sales in the month of June 2022.

Other measures undertaken by SBP to curtail the current account deficit includes, gradually increasing the policy rate, imposing a 100% cash margin on opening of letters of credit ("LC"), amendments in prudential regulations for consumer financing by increasing the minimum down payment, limiting the maximum loan amount and reducing the maximum tenure of auto finance.

The automobile sector outlook for FY 2022-23, therefore remains uncertain due to the balance of payment

Rs in "000"

	2021-22	2020-21
Turnover	8,957,545	6,969,981
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Taxation	(154,419)	(182,651)
Profit after Taxation	304,009	651,398
Earnings Per Share (Rs.)	10.56	22.62

pressures on the economy, hampering the growth of the sector and auto part makers.

## NEW INITIATIVES

The Board is pleased to share the new initiatives taken by the Company during the FY 2021-22 amounting to over Rs. 700 million, for the following:

### EXPANSION OF PRESS SHOP AT HUB

The Company has undertaken an expansion of the 'Press Shop' to cater expected future demand. This is expected to come into production by the second quarter of this financial year.

### AUTO CHROME FACILITY

AGIL is on track for the installation of an auto chrome plant. This facility will result in improvement of product quality, process efficiency and comply with the latest health and safety regulations.

### SOLAR POWER ENERGY PROJECT

During the year the Company, achieved a significant milestone towards our goal of a "sustainable future" by successfully completing 2MWh (megawatt hours) solar power generation project. This project would offset around 31,500 tons of greenhouse gases, annually. This is equivalent to planting 741,100 trees. We, at AGIL firmly believe, "what is good for the community is good for the Company".

### SAP HANA MIGRATION

During the year, the Company successfully migrated from 'SAP ECC 6.0' to 'SAP HANA 2.0' and completely replaced hardware from 'IBM Blade Servers' to 'IBM Power 9 System'. The upgrade was essential for keeping the technological footprint of the Company up-to-date and opening the possibility of incorporating mobile applications, business intelligence tools, consolidation of operations etc. according to requirements.



## PRODUCT RANGE

The Company is in the process of developing shock absorbers, struts, and press parts for new models planned by the OEMs. The Company is confident that all development plan will be completed within the agreed master plan between the Company and OEM.

## PROCESS IMPROVEMENT ACTIVITIES

Continuous process improvement activities are part of the culture at AGIL, following the kaizen philosophy. In order to manage the manufacturing operations, daily *asakai* (morning meetings) are conducted where all department heads come together to discuss current operational issues & progress related to safety, quality, production, maintenance, supply chain, projects, etc. and take immediate action.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Company remains cognisant of the changing internal and external environment, which may bring challenges to the business. We have put in place a thorough risk management practices through which the Company identifies various risks and uncertainties and develops mitigating actions for those risk and uncertainties. The key identified risk(s) along with their mitigating plans are presented and reviewed by the Board of Directors. We are mindful of our responsibility to ensure protection of business operations from potential disruption.

The Board is of the view that the current highly volatile foreign exchange and pressure on import bill owing to higher commodity prices and eroding of foreign exchange reserves carries a high risk. Moreover, resultant high inflation and policy rate may have an adverse impact on the automotive industry in Pakistan.

## HEALTH, SAFETY AND ENVIRONMENT (HSE)

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

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

A 'Safety & Fire Prevention Week' was organised from 21st to 26th February, 2022. The focus of this event was

to enhance the awareness level on hazard identification, fire safety, behavioral safety and first aid treatment.

All equipment including racks, overhead cranes, scissor lifts etc. were inspected by a competent third party.

All environmental monitoring, e.g. effluents, gaseous emissions, drinking water, etc. testing was carried out in accordance with government regulations and requirements.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

AGIL believes in giving back to society and committed to improve the quality of life of our stakeholders, communities and the underprivileged members of the society. We allocated Rs. 7.48 million in 2021-22. Various activities were conducted spanning across all our business segments. Primary focus of these measures was on healthcare, education, environment, employee's welfare and community development.

Contributions made to includes Indus Hospital, Murshid Hospital & Health Care Centre, Kidney Centre and Burhani Medical Welfare Association.

AGIL understands the need to uplift educational facilities and supported in sponsoring education fees, provided laboratory equipment as well as school bags and notebooks to Iqra University (Hub), Government Girls School Akram Colony, Government Girls School (Hub) and Roshan Pakistan Academy (Abdullah Goth School).

The Company distributes ration hampers to all its workers every year on the 1st day of Ramadan to support the well-being of workers and their families.

## AWARDS & RECOGNITION

### MAP'S 36TH CORPORATE EXCELLENCE AWARDS

AGIL received Best Corporate Excellence Award 2021 in "Automobile and Parts Accessories category" by Management Association of Pakistan.

### EXCELLENCE AWARD IN 16TH EFP OCCUPATIONAL SAFETY, HEALTH & WELLBEING OSHW

AGIL won the 2nd Position at the "Excellence Award" from the Honorable President of Pakistan Dr. Arif Alvi in the Engineering, Automobile, Spare Parts and Component Sector at the 16th Employers Federation of Pakistan (EFP) Occupational Safety, Health & Wellbeing (OSHW) Conference.

## HUMAN RESOURCES

AGIL values its team and is committed to provide a culture of inclusiveness and excellence, mutual respect and encourage professionalism.

A variety of training and development opportunities were offered to employees in-house and external.

## CONTRIBUTION TO THE NATIONAL EXCHEQUER

During the year under review, the Company contributed Rs. 4.3 billion (2021: Rs. 2.8 billion) to the National Exchequer.

## REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

The fee of the non-executive and independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

## PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2022 is annexed.

## RELATED PARTY TRANSACTIONS

All transactions with related parties have been carried out in normal course of business at agreed terms and have been disclosed in the financial statements under relevant notes.

## CORPORATE AND FINANCIAL REPORTING

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

- The financial statements prepared by management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act), and provisions of and directives under the Act, have been followed in the preparation of financial statements.
- The Board has outsourced the internal audit function to M/s. Noble Computer Services (Pvt.) Ltd., who are

considered suitably qualified and experienced for the purpose and are conversant with the policies and procedure of the Company.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- All members of the Audit Committee are independent/non-executive Directors.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The key operating & finance data for the last 6 years are annexed to the report.

## AUDITORS

The existing Auditors; M/s. EY Ford Rhodes, Chartered Accountants retired and have offered themselves for re-appointment. The reappointment has also been recommended by the Audit Committee of the Board.

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

ASC is a wholly owned subsidiary of AIL and is involved in the stamping of sheet metal parts, jigs and accessories, primarily for the automotive sector.

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

During the year, ASC completed its expansion project, paving the way for the installation of presses to improve efficiencies divided to AGIL.

ASC's board has also approved a capital expenditure of over Rs. 900 million which includes the purchase of two new presses. After the completion of project, ASC will have two full tandem lines. This expansion project will increase the plant capacity of press parts and will be able to accommodate additional business in future.

## THE BOARD OF DIRECTORS

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

### Name of Director

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

Total 7 Directors, out of which 1 female Director.

During the year, 5 Board of Directors meetings were held and attendance of the Directors is given below:

SL #	Name of Director	Meetings Attended
1	Mr. Yutaka Arae	3
2	Mr. Fahim Kapadia	5
3	Mr. Hamza Habib	5
4	Mr. Sohail P. Ahmed	5
5	Mr. Salman Burney	5
6	Ms. Ayesha Tammy Haq	5
7	Mr. Muhammad Ali Jameel	4

During the year, 4 Audit Committee meetings were held and attendance of the Directors was as follows:

SL #	Name of Audit Committee Member	Meetings Attended
1	Mr. Muhammad Ali Jameel (Chairman)	3
2	Mr. Sohail P. Ahmed	4
3	Ms. Ayesha Tammy Haq	4

During the year, the Human Resource and Remuneration Committee (HRRC) held 2 meetings and attendance of the Directors was as follows:

SL #	Name of HRRC Member	Meetings Attended
1	Mr. Muhammad Ali Jameel (Chairman)	2
2	Mr. Sohail P. Ahmed	2
3	Mr. Yutaka Arae	1
4	Mr. Salman Burney	2
5	Mr. Fahim Kapadia	2

## FUTURE OUTLOOK

Economic growth of Pakistan is projected to slow down in FY 2022-23 in line with global recession environment. Rising commodity prices and large fiscal deficit continues its toll.

Initial projected volumes of FY 2022-23 from OEMs were quite encouraging on back of robust demand, despite higher policy rates and economic challenges. However, momentum was disrupted due to SBP restrictions on import of CKD. If the situation persist, volumes would be lower and will impact financial performance of the Company adversely.

The rampant price increase of the vehicles due to rupee devaluation coupled with inflationary pressures has impacted the auto industry volumes, which will affect the profitability of the business. Furthermore, the speed of fiscal consolidation and political stability are critical factors going forward. It is expected that the government will be able to secure the international funding soon which will ease import restrictions and normalize the business.

## ACKNOWLEDGMENT

We would like to express our sincere appreciation to all our employees for their untiring efforts and through a cordial and positive relationship during the year which helped us in meeting and overcoming our challenges due to which the company continued its year on year growth and we expect the same level of support from our employees in the year ahead.

On behalf of the Board of Directors, we would like to place on record our appreciation to all our patrons, dealers, suppliers and employees for their valuable help, continuous support and contribution to the Company. We are also thankful to all our overseas technical collaborators, M/s Ride Control, LLC. USA, M/s KYB Corporation, Japan, M/s Aisin Seiki Co. Ltd., Japan, M/s. Shiroki Corporation, Japan, M/s. Sannou Riiken Co Ltd., Japan, M/s KMS (KYB Motorcycle Suspension, Japan) and M/s. Ogihara (Thailand) Co. Ltd. for their technical assistance and advice.

On behalf of the Board of Directors.



Fahim Kapadia  
Chief Executive



Salman Burney  
Director

KARACHI  
DATED: 26 August 2022

# MANAGEMENT TEAM



## بورڈ آف ڈائریکٹرز

ختم شدہ سال پر کمپنی کا بورڈ آف ڈائریکٹرز درج ذیل ہے:

۱۔	جناب یونا کا آرائے۔ چیئر مین	نان ایگزیکٹو ڈائریکٹر
۲۔	جناب فہیم کپاڈیا۔ چیف ایگزیکٹو	ایگزیکٹو ڈائریکٹر
۳۔	جناب حمزہ حبیب	نان ایگزیکٹو ڈائریکٹر
۴۔	جناب سہیل پی. احمد	نان ایگزیکٹو ڈائریکٹر
۵۔	جناب سلمان برنی	نان ایگزیکٹو ڈائریکٹر
۶۔	مس عائشہ بی. حق	آزاد ڈائریکٹر
۷۔	جناب محمد علی جمیل	آزاد ڈائریکٹر

کل سات (۷) ڈائریکٹران میں سے ایک (۱) ڈائریکٹر خاتون ہیں۔

سال کے دوران بورڈ آف ڈائریکٹرز کے ۱۵ اجلاس ہوئے اور جن میں ڈائریکٹران کی حاضری درج ذیل رہی:

نمبر شمار	نام	حاضر اجلاس کی تعداد
۱۔	جناب یونا کا آرائے	۳
۲۔	جناب فہیم کپاڈیا	۵
۳۔	جناب حمزہ حبیب	۵
۴۔	جناب سہیل پی. احمد	۵
۵۔	جناب سلمان برنی	۵
۶۔	مس عائشہ بی. حق	۵
۷۔	جناب محمد علی جمیل	۴

سال کے دوران آڈٹ کمیٹی کے ۱۴ اجلاس ہوئے اور جن میں ڈائریکٹران کی حاضری درج ذیل رہی:

نمبر شمار	نام	حاضر اجلاس کی تعداد
۱۔	جناب محمد علی جمیل (چیئر مین)	۳
۲۔	جناب سہیل پی. احمد	۴
۳۔	مس عائشہ بی. حق	۴

سال کے دوران انسانی وسائل و معاوضہ کمیٹی کے ۱۲ اجلاس ہوئے اور جن میں ڈائریکٹران کی حاضری درج ذیل رہی:

نمبر شمار	نام	حاضر اجلاس کی تعداد
۱۔	جناب محمد علی جمیل (چیئر مین)	۲
۲۔	جناب سہیل پی. احمد	۲
۳۔	جناب یونا کا آرائے	۱
۴۔	جناب سلمان برنی	۲
۵۔	جناب فہیم کپاڈیا	۲

## مستقبل کی پیش بینی

پاکستان کی معاشی نمو FY 2022-23 میں عالمی ست روی کے ماحول کی وجہ سے کم ہو سکتی ہے۔ ایشیائے صرف کی بڑھتی ہوئی قیمتیں اور مالیاتی خسارہ سے مزید معاملات خراب ہو سکتے ہیں۔

بلند پالیسی نرخوں اور معاشی مشکلات کے باوجود مضبوط طلب کی وجہ سے OEM میں ابتدائی اندازاً حجم FY 2022-23 حوصلہ افزاء تھے۔ تاہم اس تسلسل میں SBP کی CKD کی در آمد پر پابندی عائد کرنے کی وجہ سے رکاوٹ آگئی ہے۔ اگر یہی صورتحال جاری رہی تو حجم کم رہیں گے اور اس سے کمپنی کی مالیاتی کارکردگی پر ناموافق اثرات مرتب ہو سکتے ہیں۔

روپے کی قدر میں کمی کے ساتھ افراط زر کے دباؤ کی وجہ سے گاڑیوں کی بڑھتی ہوئی قیمتیں آٹو انڈسٹری کے حجم پر اثرات ڈالیں گی، جس سے کاروبار کا منافع متاثر ہوگا۔ مزید برآں مالیاتی ایشیائیت کی رفتار اور سیاسی استحکام مستقبل میں بنیادی عوامل ہونگے۔ توقع ہے کہ جلد ہی حکومت عالمی قرضہ حاصل کرنے کے قابل ہو جائے گی جس سے در آمدی پابندیوں میں نرمی ہوگی اور کاروبار معمول پر آ جائے گا۔

## اعتراف

سال کے دوران اپنے ملازمین کی انتھک محنت اور ان کے مہذبانہ اور مثبت تعلقات پر ہم انہیں اپنی مخلصانہ تہنیت پیش کرتے ہیں جس سے چیلنجز کو پورا کرنے اور قابو کرنے میں مدد ملی جس کی وجہ سے سال بہ سال تسلسل کے ساتھ کمپنی میں نمو جاری رہی اور ہمیں توقع ہے کہ ہمارے ملازمین کی طرف سے اسی طرح کا تعاون مستقبل میں بھی جاری رہے گا۔

بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام سرپرستوں، ڈیلروں اور ملازمین کے قابل قدر تعاون، مسلسل تائید اور مدد پر انہیں ستائش پیش کرتے ہیں۔ ہم بیرون ملک اپنے تمام تکنیکی مددگاروں میسرز رائڈ کنٹرول، ایل ایل سی، یو ایس اے، میسرز کے وائی بی کارپوریشن، جاپان، میسرز ایس بی کولمبیا، جاپان، میسرز شری او کی کارپوریشن، جاپان، میسرز سانو راکن کولمبیا، جاپان، میسرز کے ایم ایس (KYB موٹر سائیکل سپنشن) اور میسرز اوگھیرا (تھائی لینڈ) کولمبیا کو تکنیکی مدد اور مشوروں پر ان کے مشکور ہیں۔

برائے وختیاج



سلمان برنی  
ڈائریکٹر



فہیم کپاڈیا  
چیف ایگزیکٹو

کراچی

مورخہ: ۲۶ اگست ۲۰۲۲

AIL کو آٹوموبیل اور پارٹس ایسوسی ایشن میں بیسٹ کارپوریٹ ایکسیلنس ایوارڈ 2021 ملا جسے منجمنٹ ایسوسی ایشن آف پاکستان نے دیا تھا۔

16 ویں EFP اور کیو پشٹل سیفٹی ہیلتھ اینڈ ویل پیگ OSH میں ایکسیلنس ایوارڈ

AIL نے 16 ویں ایسپلائز فیڈریشن آف پاکستان (EFP) اور کیو پشٹل سیفٹی، ہیلتھ اینڈ ویل پیگ (OSHW) کانفرنس میں دوسری پوزیشن جیت کر عزت مآب جناب صدر پاکستان ڈاکٹر عارف علوی سے ”ایکسیلنس ایوارڈ“ حاصل کیا۔

### انسانی وسائل

AIL اپنی ٹیم کی قدر کرتا ہے اور یہاں پر اجتماعیت اور شاندار ندریت، باہمی تکریم کی ثقافت فراہم کی جاتی ہے اور پیشہ ورانہ طرز عمل کی حوصلہ افزائی کی جاتی ہے۔

مختلف اقسام کی تربیت و ترقیاتی مواقعوں کی ملازمین کو اندر اور باہر پیشکش کی گئی۔

### قومی خزانے کو معاونت

جائزہ سال کے دوران آپ کی کمپنی نے 4.3 بلین (2021 میں 2.8 بلین روپے) کی قومی خزانے میں معاونت فراہم کی۔

نان ایگزیکٹو ڈائریکٹران کے معاوضہ کی پالیسی

نان ایگزیکٹو ڈائریکٹران کے لئے کمپنی کے بورڈ اور کمیٹیوں کے اجلاس میں حاضری کی فیس کا تعین بورڈ وقتاً فوقتاً کرتا ہے۔

### حصص داری کی ساخت

30 جون 2022 کی حصص داری کی ساخت منسلک کی گئی ہے۔

### متعلقہ فریقین کے لین دین

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

### ادارتی اور مالیاتی رپورٹنگ نظام پر ادارتی نظم و ضبط کی ضابطہ کی پاسداری کا بیان

☆ کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔

☆ کمپنی میں حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔

☆ درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔

☆ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ (IASB) کے جاری کردہ عالمی مالیاتی رپورٹنگ معیارات جن کا تذکرہ کمپنیز ایکٹ 2017 (ایکٹ) میں کیا گیا ہے اور ایکٹ کی شقوں اور ہدایات کو مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے۔

☆ بورڈ نے انٹرنل آڈٹ کافنکشن ایک بیرونی فریق نوبل کمپیوٹر سروسز (پرائیویٹ) لمیٹڈ کو سونپا گیا ہے جنہیں اس مقصد کے لئے موزوں تعلیم یافتہ اور تجربہ کار خیال کیا گیا ہے اور وہ کمپنی کی پالیسیوں اور طریقہ کار سے آگاہ ہیں۔

☆ اندرونی کنٹرول کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔

☆ کمپنی کی آڈٹ کمیٹی کے تمام ممبران آزاد/نان ایگزیکٹو ڈائریکٹران ہیں۔

☆ کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔

☆ لسٹنگ ریگولیشنز میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی بھی بڑا انحراف نہیں کیا گیا ہے۔

☆ گزشتہ 6 سالوں کے کاروباری اور مالیاتی اعداد و شمار رپورٹ کے ساتھ منسلک ہیں۔

### آڈیٹرز

موجودہ آڈیٹرز میسرز EY فورڈ روڈز (چارٹرڈ اکاؤنٹنٹس) سبکدوش ہو چکے ہیں اور انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ کی آڈٹ کمیٹی نے دوبارہ تقرری کی سفارش کی ہے۔

### ادارتی نظم و ضبط کے ضابطہ کی پاسداری سے متعلق بیان

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

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

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

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

سال کے دوران ASC نے توسیعی پروجیکٹ مکمل کیا جس سے AIL کی تقسیم شدہ استعداد میں بہتری لانے کے لئے پریس کی تنصیب کی راہ ہموار ہو گئی۔

ASC کے بورڈ نے 900 ملین روپے کے سرمایہ جاتی اخراجات کئے جن میں نئے پریسوں کی خریداری شامل ہے۔ اس پروجیکٹ کی تکمیل کے بعد ASC کو دو مکمل ٹینڈم لائنیں دستیاب ہو گئی۔ اس توسیعی پروجیکٹ سے پریس پارٹس کی پیداواری گنجائش میں اضافہ ہوگا اور مستقبل کی اضافی کاروباری ضروریات کو پورا کر سکے گی۔

سال 2021-22 کے دوران کمپنی کی جانب سے لئے گئے نئے اقدامات کو بھرپور ڈالتے ہوئے اظہار مسرت محسوس کرتا ہے۔

### حسب میں واقعہ پریس شاپ میں توسیع

کمپنی نے مستقبل کی توقعات کو پورا کرنے کے لئے 'پریس شاپ' میں توسیع کی۔ توقع ہے کہ مالیاتی سال کی دوسری سہ ماہی میں اس توسیع سے پیداوار شروع ہو جائے گی۔

### آٹو کروم کی سہولت

آٹو کروم پلانٹ کی تنصیب کا عمل درست سمت میں چل رہا ہے۔ اس سہولت سے مصنوعات کے معیار، پیداواری استعداد میں بہتری اور صحت اور تحفظ کے جدید ضوابط کی پاسداری ہوگی۔

### شمسی توانائی کا پروجیکٹ

سال کے دوران کمپنی نے 'پائیدار مستقبل' کے ہدف کے حصول کے لئے شمسی توانائی کے 2MWh (میگا واٹ گھنٹے) پیداواری پروجیکٹ کی کامیاب تکمیل کا ہدف مکمل کر کے ایک قابل ذکر سنگ میل حاصل کیا۔ اس پروجیکٹ سے تقریباً 31,500 ٹن سالانہ ماحولیات کے لئے مضرگیسوں کے اثرات زائل ہوں گے جو کہ تقریباً 741,100 درخت لگانے کے برابر ہے۔ ہم اس بات پر مکمل یقین رکھتے ہیں کہ "جو کچھ معاشرے کے لئے بہتر ہے وہی ہماری کمپنی کے لئے بہتر ہے"۔

### SAPA HANA پر منتقلی

سال کے دوران کمپنی کامیابی کے ساتھ 'SAP ECC 6.0' سے 'SAPHANA 2.0' پر منتقل ہو گئی اور مکمل طور پر 'IBM بلیڈ سرور' سے 'IBM پاور 9 سسٹم' پر منتقل ہو گئی۔ یہ آپ گریڈ ضروری تھا تا کہ کمپنی کی تکنیکی صلاحیت جدید رکھی جاسکے۔ اس منتقلی کے بعد موبائل ایپلی کیشنز، کاروباری دانشوری کے آلات اور آپریشنز کی جامعیت کے ٹول استعمال کئے جاسکیں گے، جو کہ کمپنی کی ضروریات کے مطابق ہیں۔

### مصنوعات کی وسعت

کمپنی OEMs کے منصوبہ شدہ نئے ماڈلز کے لئے شاک ایبزر، اسٹریٹس اور پریس پارٹس کی ترویج کے عمل میں مصروف ہے۔ کمپنی پر اعتماد ہے کہ ہم OEM کے ساتھ طے شدہ ماسٹر پلان کے مطابق تمام ترویج مکمل کر لیں گے۔

### پیداواری عمل میں بہتری کی سرگرمیاں

پیداواری عمل میں بہتری کی سرگرمیاں ایگری آٹو کی ثقافت کا حصہ ہیں جس میں KAIZEN کے فلسفہ کو ملحوظ خاطر رکھا جاتا ہے۔ پیداواری آپریشنز کے انتظام کے لئے روزانہ (صبح کے اجلاس) ASAKI (صبح کے اجلاس) منعقد کی جاتی ہے جن میں تمام شعبوں کے سربراہ مل کر تحفظ، معیار، پیداوار، دیکھ بھال و مرمت، رسد، پروجیکٹس وغیرہ سے متعلق مسائل اور ترقیاتی کاموں پر گفت و شنید کرتے ہیں اور فوری اصلاحی اقدامات کرتے ہیں۔

### بنیادی خطرات اور غیر یقینی صورتحال

کمپنی بدلتے ہوئے اندرونی اور بیرونی ماحول سے آگاہ ہے جو کہ کاروبار کے لئے مشکلات پیدا کر سکتا ہے۔ ہمارے پاس خطرات کے انتظام کے جامع طریقے ہیں جن کے ذریعے کمپنی مختلف خطرات اور غیر یقینی صورتحال کی نشاندہی کرتی ہے اور ان خطرات اور غیر یقینی صورتحال کو کم کرنے کے لئے لائحہ عمل ترویج کرتی ہے۔ اہم شناخت شدہ خطرات کے ساتھ ان کے ازالہ کے منصوبہ بورڈ آف ڈائریکٹرز کے جائزہ کے لئے پیش کئے جاتے ہیں۔ ہم کاروباری افعال کو مکمل رکاوٹوں سے تحفظ کو یقینی بنانے کے لئے کوشاں ہیں۔

بورڈ کی رائے ہے کہ موجودہ انتہائی متزلزل زرمبادلہ اور ایشیائے صرف کی بلند قیمتوں کی وجہ سے درآمدی بل پر دباؤ اور زرمبادلہ کے ذخائر میں کمی ایک بڑا خطرہ ہے، جس کے نتیجے میں بلند افراط زر اور پالیسی نرخ پاکستان کی آٹو موٹو صنعت پر ناموافق اثرات ڈال سکتے ہیں۔

### تحفظ، صحت اور ماحول (HSE)

ایگری آٹو کاروبار کو پائیدار اور سماجی ذمہ داری کے ساتھ انجام دینے کے لئے مکمل کوشاں ہے۔ لہذا ہم اپنے ملازمین، ماحول اور ہماری سرگرمیوں سے متاثر دیگر لوگوں بشمول جس علاقے میں ہم کاروبار کرتے ہیں، کی صحت اور تحفظ کی مکمل نگہداشت کرتے ہیں۔

ملازمین، ٹھیکیداروں، ملاقاتیوں اور دیگر متعلقین کی مناسب وسائل، تربیت اور آگاہی تک رسائی کے ذریعے کمپنی معیار، صحت اور تحفظ کی ثقافت کو پروان چڑھاتی ہے۔ انتظامیہ HSE سے متعلق معاملات پر تمام ملازمین سے موثر مشاورت اور شرکت کی حوصلہ افزائی کرتی ہے اور متعلقہ قوانین و ضوابط کی پاسداری کو یقینی بناتی ہے۔

کمپنی میں 'تحفظ اور آگ سے بچاؤ کا ہفتہ' 21 تا 26 فروری 2022 منعقد کیا گیا۔ اس تقریب کا بنیادی مقصد خطرات کی تشخیص، آگ سے تحفظ، رویہ جاتی تحفظ اور ابتدائی طبی امداد سے متعلق آگاہی تھا۔

تمام آلات بشمول ریک، اوور ہیڈ کرین، سیزر لفٹ وغیرہ کا معائنہ ایک مجاز تیسرے فریق نے کیا۔

تمام ماحولیاتی نگرانی مثلاً صنعتی فضلہ، گیس کا اخراج، پینے کے پانی وغیرہ کی ٹیسٹنگ سرکاری ضوابط و تقاضوں کے مطابق انجام دی گئی۔

### ادارتی سماجی ذمہ داری (CSR)

AIL میں ہم تمام معاشرے کو دینے اور اپنے متعلقین، معاشروں اور معاشرے کے پسماندہ افراد کے معیار زندگی میں بہتری کے لئے کوشاں ہیں۔ ہم نے 7.48 ملین روپے FY2021-22 میں شخص کئے جس سے متعدد سرگرمیاں ہمارے تمام شعبوں میں انجام دی گئیں۔ ان اقدامات کا بنیادی مقصد طبی نگہداشت، تعلیم، ماحولیات، ملازمین کی بہبودی اور معاشرے کی ترقی تھا۔

انڈس ہاسپٹل، مرشد ہاسپٹل اینڈ ہیلتھ کیئر سینٹر، کڈنی سینٹر اور برہانی میڈیکل ویلفیئر ایسوسی ایشن کو معاونت فراہم کی گئی۔

AIL میں ہم تعلیمی سہولیات میں بہتری کی ضرورت کو سمجھتے ہیں اور اقراء یونیورسٹی (حب)، گورنمنٹ گرلز اسکول اکرم کالونی، گورنمنٹ گرلز اسکول (حب) اور روشن پاکستان اکیڈمی (عبداللہ گوٹھ اسکول) میں تعلیمی فیسوں کی کفالت کی ہے اور لیباری آلات کے ساتھ ساتھ اسکول کے بسے اور نوٹ بک فراہم کئے ہیں۔

کمپنی اپنے تمام ملازمین کو ہر سال یکم رمضان کو ملازمین اور ان کے خاندانوں کی بہبود کے لئے راشن کے تھیلے تقسیم کرتی ہے۔

# ڈائریکٹرز رپورٹ - شیئر ہولڈرز کے لئے

برائے ختم شدہ سال 30 جون 2022

محترم شیئر ہولڈرز!

ایگری آٹو انڈسٹریز لمیٹڈ (کمپنی یا AGIL) کے ڈائریکٹران اپنی رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشوارے (مابعد "مالیاتی گوشوارے" کہلائیں گے) برائے ختم شدہ سال 30 جون 2022 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## کمپنی کی بنیادی سرگرمیاں

ایگری آٹو انڈسٹریز لمیٹڈ ایک پبلک لمیٹڈ کمپنی ہے جس کی تشکیل 1981 میں ہوئی اور پاکستان اسٹاک ایکسچینج میں رجسٹرڈ ہے۔ کمپنی نجی شعبہ میں گاڑیوں، موٹرسائیکلوں اور زرعی ٹریکٹروں کے پرزوں کی ایک نمایاں تیار کنندہ ہے اور TS 16949 تصدیق حاصل کرنے والی پہلی پاکستانی کمپنی ہے۔

## پاکستان کی معیشت

پاکستان کی معیشت کی صورت حال بعد از کرونا بتدریج بہتری کی طرف گامزن رہی اور GDP کی شرح نمو FY2020 میں 1 فیصد سکڑنے کے بعد FY2022 میں 5.97 فیصد رہی۔ یہ نمو بڑے پیداواری شعبہ میں قابل ذکر اضافہ، کپاس کی بہتر پیداوار اور حکومت کے کئے گئے موافق اقدامات کی وجوہات سے عمل میں آئیں جن میں نیشنل کیش ٹرانسفر پروگرام، بہتر معاشی پالیسیوں اور مالیاتی شعبہ میں معاون اقدامات شامل ہیں۔ اقتصادی بحالی کی رفتار بڑھتے ہی دنیا میں اجناس کی قیمتیں اچانک غیر مستحکم ہو گئیں اور فراہمی کے سلسلے میں خلل اور رکاوٹوں کے نتیجے میں بین الاقوامی اشیائے زر کی قیمتیں متزلزل ہو گئیں جس کی وجہ سے دنیا کے زیادہ تر ممالک بشمول پاکستان میں افراط زر میں اضافہ ہوا۔

پاکستان کی معیشت میں زیادہ طلب، مشینری اور توانائی کی درآمدات میں اضافے کی وجہ سے قابل ذکر ترقی ہوئی۔ افراط زر کو کم کرنے کے لئے اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی نرخ ستمبر 2021 میں 6.5 فیصد تھا جس کو بڑھا کر جون 2022 کے اختتام تک 15 فیصد کر دیا۔

روس - یوکرین کے تنازعہ رسد کی افراط زر جو کہ اصل وجہ بنی جو کہ فراہمی میں رکاوٹوں کے باعث ہوئی جس سے اشیائے صرف کی قیمتیں بڑھ گئیں اور خاص طور پر توانائی درآمد کرنے والے ممالک جیسے پاکستان شدید مالی دباؤ میں آ گئے اور مہنگائی بڑھ گئی۔

نتیجتاً پاکستان کے زرمبادلہ کے ذخائر کم ہونا شروع ہو گئے اور روپے کی قدر میں قابل ذکر کمی ہوئی۔ SBP نے درآمدی بل کو کم کرنے کے لئے عارضی انتظامی اقدامات کئے جن کے تحت آٹوموبائل، موبائل فون اور مشینری کی درآمدات کے لئے پیشگی منظوری لینا ضروری کر دیا گیا۔

## مالیاتی اور کاروباری کارکردگی

مجموعی بنیاد پر FY 2021-22 میں آپ کی کمپنی کی فروخت 15.7 بلین روپے کے ساتھ بلند ترین رہی جو کہ گزشتہ سال کی بہ نسبت 47 فیصد اضافی ہے۔ موجودہ سال منافع بعد از ٹیکس 736.8 بلین روپے رہا جبکہ گزشتہ سال 829.7 بلین روپے تھا۔

روپے ہزاروں میں

2020-21	2021-22	
10,485,027	15,397,684	فروخت
1,685,479	1,931,301	خام منافع
1,203,265	1,104,635	قبل از ٹیکس منافع
(373,601)	(367,814)	ٹیکس
829,664	736,821	بعد از ٹیکس منافع
28.81	25.58	فی حصص آمدن (روپے)

انفرادی بنیاد پر FY 2021-22 میں کمپنی کی فروخت 8.96 بلین روپے کے ساتھ بلند ترین رہی (FY 2020-21: 6.97 بلین روپے) جو کہ گزشتہ سال کی بہ نسبت 29 فیصد زیادہ ہے جس کی بنیاد ہی وجہ موجودہ مالی سال کے دوران مسافر کاروں کی بڑھتی ہوئی طلب تھی۔ تاہم منافع بعد از ٹیکس گزشتہ سال کے 651.4 بلین روپے کے مقابلے میں موجودہ سال کم ہو کر 304 بلین روپے رہا جس کی بنیاد ہی وجوہات میں انتہائی متزلزل زرمبادلہ کے ناموافق اثرات، زیادہ مالیاتی اخراجات اور فنانس ایکٹ 2022 کے ذریعے عائدہ کردہ 4 فیصد سپر ٹیکس شامل ہیں۔

روپے ہزاروں میں

2020-21	2021-22	
6,969,981	8,957,545	فروخت
988,581	1,018,464	خام منافع
834,049	458,428	قبل از ٹیکس منافع*
(182,651)	(154,419)	ٹیکس
651,398	304,009	بعد از ٹیکس منافع
22.62	10.56	فی حصص آمدن (روپے)

\* اس میں ذیلی کمپنی سے حاصل ہونے والی 2021-22 کی Nil روپے کی منافع منقسمہ کی آمدن شامل ہے۔ (2020-21 میں 228 بلین روپے)

## منافع منقسمہ اور مصارف منافع

نتیجہ کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز چار حصص کی ملکیت پر ایک حصص یعنی 25 فیصد کے حساب سے بونس حصص منافع کے اجراء کی سفارش کرتے ہوئے اظہار مسرت محسوس کر رہے ہیں جس کی منظوری 20 اکتوبر 2022 کے سالانہ اجلاس عام میں حصص یافتگان سے لی جائے گی۔ بورڈ نے غیر مصرف شدہ منافع سے 300 بلین روپے عمومی ذخائر میں منتقل کرنے کی بھی سفارش کی ہے۔

## آٹوموٹو سیکٹر کی کارکردگی

FY 2021-22 آٹوموٹو سیکٹر کے لئے ایک غیر معمولی سال تھا جس میں کسٹمرز کی پسند کو مد نظر رکھتے ہوئے کئی نئے ماڈل متعارف کروائے گئے۔ آخری آٹو پالیسی (ADP 2016-21) کاروں کی مجموعی پیداوار میں اضافہ کے حوالے سے اپنے مقاصد کے حصول میں انتہائی کامیاب رہی جس میں نئے گاڑیوں کے نئے تیار کنندگان داخل ہوئے جس سے کسٹمر کے انتخاب اور مارکیٹ کی مسابقت میں اضافہ ہوا۔

متزلزل فاریکس اور اس کے نتیجے میں بڑھتی ہوئی قیمتوں کے باوجود مسافر کاروں کی مسلسل بڑھتی ہوئی طلب کی وجہ سے آٹوموٹو کی فروخت FY 2021-22 کے پہلے دس ماہ میں بہترین رہی۔ یہ رفتار SBP کی مداخلت سے متاثر ہوا، جس نے گرتے ہوئے زرمبادلہ کے ذخائر کو بچانے کی کوشش کے تحت ایک سرکلر 19 مئی 2022 کو جاری کیا جس کے تحت مکمل ناک ڈاؤن یونٹوں کی درآمدات پر پیشگی منظوری ضروری ہے۔ منظور یوں میں تاخیر نے رسد میں رکاوٹ پیدا کی اور OEMs کی پیداوار محدود ہو گئی، جس کے نتیجے میں جون 2022 کے مہینے میں فروخت میں کمی ہوئی۔

رواں کھاتے کے خسارے کو کم کرنے کے لئے SBP کے دیگر اقدامات میں پالیسی نرخ میں بتدریج اضافہ، لیٹر آف کریڈٹ ("LC") کھولنے پر 100 فیصد کیش مارجن عائد کرنا، پروڈیونل ریگولیشنز میں ترمیم کے ذریعے صارفین کے قرضوں کے لئے کم از کم ڈاؤن پیمنٹ کو بڑھانا، زیادہ سے زیادہ قرضہ کی رقم کو محدود کرنا اور آؤٹ فنانس کی زیادہ سے زیادہ مدت کو کم کرنا شامل ہیں۔

FY 2022-23 میں معیشت پر توازن ادائیگی کے دباؤ کی وجہ سے آٹوموٹو سیکٹر کا منظر نامہ غیر یقینی صورتحال کا شکار رہے گا جس سے اس شعبہ اور آؤٹ پارٹ بنانے والوں کی نمو متاثر ہوگی۔

# Agriauto

## INDUSTRIES LIMITED



### SALES CONVENTION



THATTA



GUJRAT

### AWARDS & RECOGNITION



MAP's 36<sup>th</sup> Corporate Excellence Awards  
 Chief Guest, Syed Mohammad Shabbir, conferring the Best Award in Automobile Parts & Accessories Category Award to Agriauto Industries Ltd.

**MAP's 36th Corporate Excellence Awards**



Excellence Award in 16th EFP Occupational Safety, Health & Wellbeing OSHW



1st position at the 8th QCC Supplier Convention 2022 organized by Indus Motor Corporation Limited (IMC).

### TRAINING & DEVELOPMENT



Learning Fair



Director's Training Program



Leadership Expedition – Ranikot Sindh



Leadership Expedition – Galiyat KPK



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

## AGRIAUTO INDUSTRIES LIMITED FOR THE YEAR ENDED JUNE 30, 2022

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:

a. Male:	-	06
b. Female:	-	01

2. The composition of Board is as follows:

a) Independent Directors (including a female director)	-	02*
b) Other Non-Executive Directors	-	04
c) Executive Director	-	01

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

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- All the directors have either completed Directors' Training program or are exempt from doing so under these regulations. In addition, the Board has arranged Directors' Training Programs for the following heads of departments:

Name	Designation
Mr. Tariq Iqbal Bawani	Company Secretary
Mr. Hassan Ali Ghazi	Chief Financial Officer
Mr. Faisal Muneeb Khan	Head of Human Resources

- The Board has approved the change in remuneration of chief financial officer and company secretary. However, no new appointment or change in terms and conditions of chief financial officer, company secretary and head of internal audit took place during the year. The Board has complied with relevant requirements of the Regulations.

- Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

### a) Audit Committee

- Mr. Muhammad Ali Jameel	Chairman
- Mr. Sohail P. Ahmad	Member
- Ms. Ayesha T. Haq	Member

### b) HR and Remuneration Committee

- Mr. Muhammad Ali Jameel	Chairman
- Mr. Yutaka Arae	Member
- Mr. Fahim Kapadia	Member
- Mr. Salman Burney	Member
- Mr. Sohail P. Ahmed	Member

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following:

a) Audit Committee	- Four quarterly meetings
b) HR and Remuneration Committee	- Two meetings

- The Board has outsourced the internal audit function to M/s. Noble Computer Services (Private) Limited who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

- The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

- We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Fahim Kapadia  
Chief Executive



Salman Burney  
Non-Executive Director

Dated: August 26, 2022



EY Ford Rhodes  
Chartered Accountants  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Agriauto Industries Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Agriauto Industries Limited (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

*EY Ford Rhodes*  
Chartered Accountants

Place: Karachi  
Date: 07 September 2022  
UDIN: CR202210078ALZ3o8D4m



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## INDEPENDENT AUDITOR'S REPORT

To the members of Agriauto Industries Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Agriauto Industries Limited** (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

*EYFR*

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
<b>1. Existence and valuation of stock-in-trade</b>	
<p>As disclosed in note 14 to the accompanying unconsolidated financial statements, the stock-in-trade balance constitutes approximately 33% of total assets of the Company as at the reporting date. The cost of finished goods is determined on moving average basis including a proportion of production overheads.</p> <p>The Net Realisable Value (NRV) of stock-in-trade is determined mainly keeping in view the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale along with stock-in-trade usage and forecasted sales volume.</p> <p>We have considered this area to be a key audit matter due to its materiality and judgments involved in determining an appropriate costing basis and assessing its valuation as well as the management's judgment involved in estimating the NRV of underlying stock-in-trade.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's process with respect to purchase and consumption of raw and packing material. Also tested design and operating effectiveness of controls relevant to such process.</li> <li>• Observed stock counts to ascertain the condition and existence of stock-in-trade, and evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade.</li> <li>• Obtained confirmations from third parties in respect of stock held with them on behalf of the Company as at the reporting date.</li> <li>• Reviewed management's procedures for evaluating the NRV of stock-in-trade, performed testing on sample basis to assess the NRV and evaluated the adequacy of write down of stock-in-trade to NRV by performing a review of sales close to and subsequent to the reporting date and comparing with the cost for a sample of products.</li> <li>• Tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</li> <li>• Tested the accuracy of the ageing analysis of stock-in-trade, on a sample basis.</li> <li>• Reviewed the relevant documents, including but not limited to suppliers' invoices, letter of credits and shipping documentation to verify the valuation of goods-in-transit as at the reporting date as well as inspected subsequent goods receipt notes in this regard.</li> <li>• Assessed the appropriateness of management's basis for the allocation of cost and production overheads and recalculated per unit cost of finished goods, on a sample basis.</li> <li>• Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.</li> </ul>

*EY*

Key audit matters	How our audit addressed the key audit matter
<b>2. Short-term running finance obtained during the year</b>	
<p>As disclosed in note 24 to the accompanying unconsolidated financial statements, the short-term running finance balance constitutes approximately 34% of total liabilities of the Company as at the reporting date.</p> <p>The Company's key operating / performance indicators including liquidity, gearing and finance costs are directly influenced by the additions to its portfolio of borrowings. Further, financing arrangements entail financial and non-financial covenants that the Company is subject to compliance.</p> <p>The significance of new financing obtained during the year, along with the sensitivity of the compliance with underlying loan covenants, are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> <li>• Reviewed all the significant terms and conditions contained in the bank's facility letter and financing agreement executed during the year and also reviewed Company's compliance to related debt covenants.</li> <li>• Inquired from the management with respect to future compliance of the covenants and tested controls related to such compliance.</li> <li>• Circularized confirmations to the financing banks to confirm outstanding loan balances at the reporting date along with other terms and conditions.</li> <li>• Traced the finance cost for the year from respective bank statements, on a sample basis.</li> <li>• Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.</li> </ul>

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

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

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

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

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

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

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

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

*EY*

### Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

*EY*

### Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Riaz A. Rehman Chamdia**.

*EY Feroz Khan*

Chartered Accountants  
Place: Karachi  
Date: 07 September 2022  
UDIN: AR2022100781z6C3ceBn



# Financial Statements Unconsolidated

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	2022 ----- (Rupees in '000)-----	2021
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	1,235,589	964,476
Right-of-use assets	8	10,230	18,740
Intangible assets	9	75,730	36,225
Long-term investment	10	1,144,006	1,144,006
Long-term deposits	11	8,063	6,801
Deferred taxation - net	12	27,011	2,547
		<b>2,500,629</b>	<b>2,172,795</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	13	149,300	107,240
Stock-in-trade	14	2,221,450	1,056,905
Trade debts	15	742,883	792,502
Advances, deposits, prepayments and other receivables	16	645,165	552,299
Accrued profit		1,765	1,039
Short-term investments	17	39,164	122,323
Taxation – net		328,036	438,325
Cash and bank balances	18	67,147	165,517
		<b>4,194,910</b>	<b>3,236,150</b>
<b>TOTAL ASSETS</b>		<b>6,695,539</b>	<b>5,408,945</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 40,000,000 (2021: 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		4,377,207	4,245,998
		<b>4,521,207</b>	<b>4,389,998</b>
<b>NON CURRENT LIABILITIES</b>			
Lease liabilities	20	3,387	13,305
Long-term financing - secured	21	41,770	-
Deferred income	21	19,435	-
		<b>64,592</b>	<b>13,305</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	22	1,308,062	890,610
Current maturity of lease liabilities	20	8,795	7,425
Current maturity of long-term financing	21	4,020	-
Sales tax payable		11,049	36,449
Unpaid dividend	23	8,357	11,655
Unclaimed dividend	23	26,956	22,857
Short-term running finance	24	742,501	36,646
		<b>2,109,740</b>	<b>1,005,642</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	25		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,695,539</b>	<b>5,408,945</b>

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees in '000)-----	2021
Turnover – net	26	8,957,545	6,969,981
Cost of sales	27	(7,939,081)	(5,981,400)
<b>Gross profit</b>		<b>1,018,464</b>	<b>988,581</b>
Distribution costs	28	(133,611)	(115,981)
Administrative expenses	29	(241,946)	(195,519)
		<b>(375,557)</b>	<b>(311,500)</b>
<b>Operating profit</b>		<b>642,907</b>	<b>677,081</b>
Other expenses	30	(163,320)	(102,796)
Other income	31	31,843	262,894
Finance costs	32	(53,002)	(3,130)
		<b>(184,479)</b>	<b>156,968</b>
<b>Profit before taxation</b>		<b>458,428</b>	<b>834,049</b>
Taxation	33	(154,419)	(182,651)
<b>Net profit for the year</b>		<b>304,009</b>	<b>651,398</b>
		<b>----- (Rupees) -----</b>	
<b>Earnings per share – basic and diluted</b>	34	<b>10.56</b>	<b>22.62</b>

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	----- (Rupees in '000)-----	
<b>Net profit for the year</b>	<b>304,009</b>	651,398
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>304,009</b>	651,398

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

## UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

	Issued subscribed and paid-up capital	Reserves				Total equity
		Capital reserve	Revenue reserves		Total reserves	
	Share premium	General	Unappropri- ated profit			
----- (Rupees in '000) -----						
<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>
Final dividend for the year ended June 30, 2021 @ Rs. 6.0/- per share	-	-	-	(172,800)	(172,800)	(172,800)
Transfer to general reserve	-	-	200,000	(200,000)	-	-
Net profit for the year	-	-	-	304,009	304,009	304,009
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	304,009	304,009	304,009
<b>Balance as at June 30, 2022</b>	<b>144,000</b>	<b>12,598</b>	<b>3,965,000</b>	<b>399,609</b>	<b>4,377,207</b>	<b>4,521,207</b>

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.



DIRECTOR



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CHIEF FINANCIAL OFFICER



DIRECTOR



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## UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash (used in) / generated from operations</b>	35	<b>(234,535)</b>	473,466
Long-term deposits paid		(1,262)	(167)
Finance cost paid		(28,873)	(1,903)
Income tax adjusted / paid		(68,593)	(293,847)
<b>Net cash (used in) / generated from operating activities</b>		<b>(333,263)</b>	177,549
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(454,858)	(186,363)
Proceeds from disposal of intangible asset		-	14,054
Proceeds from disposal of operating fixed assets		11,507	35,185
Short-term investments in mutual fund redeemed		-	52,972
Profit received on short-term investments - term deposit receipts		4,229	7,576
Profit received on deposit accounts		1,305	6,011
Dividend received		-	228,802
<b>Net cash (used in) / generated from investing activities</b>		<b>(437,817)</b>	158,237
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(171,999)	(170,530)
Lease payments		(9,010)	(7,000)
Long-term financing obtained during the year		65,483	-
Long-term financing repaid during the year		(1,619)	-
<b>Net cash used in financing activities</b>		<b>(117,145)</b>	(177,530)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(888,225)</b>	158,256
<b>Cash and cash equivalents at the beginning of the year</b>		<b>250,871</b>	92,615
<b>Cash and cash equivalents at the end of the year</b>	36	<b>(637,354)</b>	250,871

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### 1 THE COMPANY AND ITS OPERATIONS

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

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

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

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

### 2 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 otherwise specified 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 AMENDMENTS AND IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS

#### 4.1 Amendments to approved accounting standards effective during the year

The Company has adopted the following amendments to IFRSs for financial reporting which became effective for the current year:



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



FOR THE YEAR ENDED JUNE 30, 2022

**Amendments to approved accounting standards**

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

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

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

**4.2 Amendments and improvements to approved accounting standards that are not yet effective**

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

**Amendments**

	<b>Effective date (annual periods beginning on or after)</b>
IFRS 3 Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1 Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1 Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8 Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12 Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
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	January 01, 2022
IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16 Leases: Lease incentives	January 01, 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, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

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

FOR THE YEAR ENDED JUNE 30, 2022

**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, less impairment, if any.

Depreciation on operating fixed assets is charged to the unconsolidated statement of profit or loss applying the reducing balance method at the rates specified in note 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 Intangible assets**

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

Costs in relation to intangible assets are only capitalised when it is probable that future economic benefits attributable to that asset will flow to the Company and the same is amortised applying the straight line method at the rate disclosed in note 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, 2022

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

#### Derecognition

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

#### 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.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

#### Derecognition

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

#### 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.

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

#### 5.10 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.

#### 5.11 Lease liabilities

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

The Company applies a single recognition and measurement approach for all leases, except for short-term leases, if any.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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.

#### 5.11.1 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.

#### 5.12 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.

#### 5.13 Taxation

##### Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001. The Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. The Group consists of Agriauto Industries Limited (the Holding Company) and Agriauto Stamping Company (Private) Limited - wholly owned subsidiary.

##### 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 each date of statement of financial position.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

#### 5.14 Provisions

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

#### 5.15 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".

#### 5.16 Contingent liabilities

Contingent liability is disclosed when:

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

#### 5.17 Foreign currency transactions and translation

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

#### 5.18 Deferred income

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

#### 5.19 Revenue recognition

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

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

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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.

#### 5.20 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.

#### 5.21 Unclaimed dividend

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

#### 5.22 Unpaid dividend

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

#### 5.23 Operating segments

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

#### 5.24 Share capital and reserves

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

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

#### 5.25 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.

#### 5.26 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.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

#### 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:

	Note
- 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
- provision for tax and deferred tax	5.13, 12 & 33
- warranty obligations	5.15 & 22.4
- leases	5.11 & 20
- contingent liabilities	5.16 & 25
- deferred income	5.18

		2022	2021
	Note	----- (Rupees in '000) -----	
Operating fixed assets	7.1	<b>919,292</b>	925,960
Capital work-in-progress	7.5	<b>316,297</b>	38,516
		<b>1,235,589</b>	964,476

#### 7 PROPERTY, PLANT AND EQUIPMENT

##### 7.1 Operating fixed assets

	COST		ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE	
	As at July 1, 2021	As at June 30, 2022	Depreciation rate	As at July 1, 2021	Charge for the year (Note 7.2)	On disposals	As at June 30, 2022	As at June 30, 2022
	----- (Rupees in '000) -----		%	----- (Rupees in '000) -----				
<b>Owned</b>								
Freehold land	1,652	1,652	-	-	-	-	-	1,652
Building on freehold land	288,764	303,836	10	130,807	15,921	-	146,728	157,108
		15,072*				-		
Plant and machinery	1,325,129	1,367,845	10 – 20	676,280	73,107	-	742,775	625,070
		32,549*				-		
		(8,554)				(6,612)		
Furniture and fittings	29,261	31,807	15	13,079	2,634	-	15,713	16,094
		1,000*				-		
Vehicles	116,375	121,853	20	32,413	17,401	-	45,935	75,918
		4,429*				-		
		(10,489)				(3,879)		
Office equipment	6,221	6,664	20	4,368	419	-	4,787	1,877
Computer equipment	29,378	33,721	33	25,830	1,941	-	27,474	6,247
		(379)				(297)		
Dies and tools	70,209	102,628	40	58,252	9,050	-	67,302	35,326
		29,349*				-		
<b>2022</b>	<b>1,866,989</b>	<b>1,970,006</b>		<b>941,029</b>	<b>120,473</b>	<b>-</b>	<b>1,050,714</b>	<b>919,292</b>
		<b>82,399*</b>				<b>-</b>		
		<b>(19,422)</b>				<b>(10,788)</b>		

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	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	-	676,280	648,849
		131,248*							
		(22,636)					(15,299)		
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	-	32,413	83,962
		3,905*							
		(46,224)					(23,279)		
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	-	25,830	3,548
		(2,312)					(2,174)		
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>-</b>	<b>941,029</b>	<b>925,960</b>
		223,677*							
		(71,172)					(40,752)		

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

Note **2022** (Rupees in '000) **2021**

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

Cost of sales	27	<b>108,523</b>	100,496
Distribution costs	28	<b>1,669</b>	1,583
Administrative expenses	29	<b>10,281</b>	7,574
		<b>120,473</b>	<b>109,653</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, 2022

### 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>							
Battery Stacker	1,226	805	200	(605)	Negotiation	M/s. Noorani Trading Co.	Independent Purchaser
Rectifier 5000 Amperes	1,276	656	1,355	699	Trade-in	M/s. Electro Dynamic Works (Pvt.) Ltd.	Independent Purchaser
<b>Vehicles</b>							
Toyota Corolla	1,864	763	874	111	Company Policy	Mr. Fahim Kapadia	Chief Executive Officer
Toyota Corolla	2,154	1,175	2,239	1,064	Company Policy	Mr. M. Kalimullah	Ex-Employee
Toyota Corolla	4,005	3,807	4,250	443	Negotiation	Mr. Maqsood Qadir	Independent Purchaser
	<b>10,525</b>	<b>7,206</b>	<b>8,918</b>	<b>1,712</b>			
Operating fixed assets having WDV less than Rs. 0.5 million	8,897	1,428	2,589	1,161	Various	Various	
<b>2022</b>	<b>19,422</b>	<b>8,634</b>	<b>11,507</b>	<b>2,873</b>			
<b>2021</b>	<b>71,172</b>	<b>30,420</b>	<b>35,185</b>	<b>4,765</b>			

Note **2022** (Rupees in '000) **2021**

### 7.5 Capital work-in-progress

Plant and machinery	<b>94,273</b>	38,516
Building on freehold land	<b>218,070</b>	-
Vehicle	<b>3,954</b>	-
	<b>316,297</b>	<b>38,516</b>

### 7.5.1 Movement in capital work-in-progress is as follows:

As at July 01	<b>38,516</b>	170,283
Capital expenditure incurred / advances made during the year	<b>360,980</b>	96,972
Transfer to operating fixed assets during the year	<b>(82,399)</b>	(223,677)
Charged off during the year	<b>(800)</b>	(5,062)
As at June 30	<b>316,297</b>	<b>38,516</b>

### 8 RIGHT-OF-USE ASSETS

As at July 01	<b>18,740</b>	15,351
Additions during the year	-	11,466
Depreciation charge for the year	<b>(8,510)</b>	(8,077)
As at June 30	<b>10,230</b>	<b>18,740</b>

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

Cost of sales	27	<b>6,142</b>	5,632
Distribution costs	28	<b>773</b>	781
Administrative expenses	29	<b>1,595</b>	1,664
		<b>8,510</b>	<b>8,077</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021
<b>9 INTANGIBLE ASSETS</b>			
<b>Cost</b>			
As at July 01		61,431	75,502
Additions / (disposal) during the year	9.1	53,838	(14,071)
As at June 30		115,269	61,431
<b>Accumulated amortisation</b>			
As at July 01		(25,206)	(15,916)
Charge for the year	9.2	(14,333)	(14,684)
Disposal during the year		-	5,394
As at June 30		(39,539)	(25,206)
<b>Net book value as at June 30</b>		<b>75,730</b>	<b>36,225</b>
<b>Annual rate of amortisation</b>		<b>20%</b>	<b>20%</b>

9.1 During the year, the Company capitalised Rs. 26.96 million (2021: Rs. Nil) and Rs. 26.88 million (2021: Rs. Nil) with respect to development costs incurred in respect of parts for upcoming models of motor vehicles and SAP Hana software respectively.

	Note	2022 ----- (Rupees in '000) -----	2021
<b>9.2 Amortisation charge for the year has been allocated as follows:</b>			
Cost of sales	27	13,885	14,684
Administrative expenses	29	448	-
		14,333	14,684
<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

10.1 Represents investment in wholly owned subsidiary company incorporated on January 20, 2012.

### 11 LONG-TERM DEPOSITS

Security deposits - considered good	11.1	8,063	6,801
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11.1 Represent interest free deposits.

### 12 DEFERRED TAXATION - NET

Deductible temporary differences arising due to:			
- provisions		129,706	92,261
- lease liabilities and right-of-use assets		644	6,012
Taxable temporary differences arising due to:			
- accelerated tax depreciation		(103,339)	(95,726)
		27,011	2,547

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

		2022 ----- (Rupees in '000) -----	2021
<b>13 STORES, SPARES AND LOOSE TOOLS</b>			
Stores		91,108	50,612
Spares		54,129	52,668
Loose tools		4,063	3,960
		149,300	107,240
<b>14 STOCK-IN-TRADE</b>			
Raw material		1,635,844	660,254
Packing material		4,155	5,381
Work-in-process		121,728	98,076
Finished goods		83,991	74,310
Goods-in-transit		375,732	218,884
		2,221,450	1,056,905

14.1 Write down of stock-in-trade to NRV during the year amounted to Rs. 11.20 million (2021: Rs. Nil).

14.2 Reversal of write down of stock-in-trade to NRV during the year amounted to Rs. Nil (2021: Rs. 49.45 million).

	Note	2022 ----- (Rupees in '000) -----	2021
<b>15 TRADE DEBTS - unsecured</b>			
Considered good	15.1 & 15.2	742,883	792,502
Considered doubtful		23	-
Allowance for expected credit losses		(23)	-
		-	-
		742,883	792,502

15.1 This includes an amount of Rs. 3.96 million (2021: Rs. 15.58 million) and Rs. 5.04 million (2021: Rs. 1.95 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.

15.2 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. 27.66 million (2021: Rs. 31.08 million).

	Note	2022 ----- (Rupees in '000) -----	2021
<b>16 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Advances – unsecured, considered good</b>			
Contractors		6,493	2,877
Employees		381	513
Suppliers		2,337	3,281
		9,211	6,671
<b>Deposits</b>		<b>3,273</b>	<b>12,125</b>
<b>Prepayments</b>			
Insurance		4,619	3,881
Software maintenance		9,839	3,517
		14,458	7,398
<b>Other receivables - secured, considered good</b>	16.1	<b>618,223</b>	<b>526,105</b>
		645,165	552,299

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

16.1 Includes an amount of Rs. 391.06 million (2021: Rs. 299.31 million) against LC margin deposits. Additionally includes Rs. 226.77 million (2021: Rs. 226.77 million) with respect to claim against Additional Custom Duty (note 22) from a customer.

17	SHORT-TERM INVESTMENTS	Note	2022 (Rupees in '000)	2021
	<b>At amortised cost</b>			
	Term deposit receipts	17.1	38,000	122,000
	Accrued profit thereon		1,164	323
			<b>39,164</b>	<b>122,323</b>

17.1 Represents three months term deposit receipts with a commercial bank under conventional banking relationship carrying profit rates ranging from 12.75% to 13% (2021: 4.0% to 6.70%) per annum and having maturity latest by August 29, 2022.

18	CASH AND BANK BALANCES	Note	2022 (Rupees in '000)	2021
	<b>In hand</b>		13	20
	<b>With banks in</b>			
	- current accounts		574	128,708
	- deposit accounts	18.1 & 18.2	66,560	36,789
			<b>67,134</b>	<b>165,497</b>
			<b>67,147</b>	<b>165,517</b>

18.1 These carry profit rate of 12.25% (2021: 5.5% to 6%) per annum.

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

### 19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021	2022	2021
Number of shares in ('000)		(Rupees in '000)	
<b>22,800</b>	22,800	<b>114,000</b>	114,000
<b>6,000</b>	6,000	<b>30,000</b>	30,000
<b>28,800</b>	<b>28,800</b>	<b>144,000</b>	<b>144,000</b>

**Ordinary shares of Rs. 5/- each**

19.1 Voting rights and board selection are in proportion to the shareholding.

### 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% (2021: 8.08% to 14%) per annum.

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees in '000)	2021
Lease liabilities		<b>12,182</b>	20,730
Current maturity of lease liabilities	20.1	<b>(8,795)</b>	(7,425)
		<b>3,387</b>	<b>13,305</b>
<b>20.1 Movement of lease liabilities:</b>			
As at July 01		<b>20,730</b>	15,037
Additions during the year		-	11,466
Finance cost during the year		<b>462</b>	1,227
Payments during the year		<b>(9,010)</b>	(7,000)
As at June 30	20.2	<b>12,182</b>	20,730
Current maturity of lease liabilities		<b>(8,795)</b>	(7,425)
		<b>3,387</b>	<b>13,305</b>
<b>20.2</b> The maturity analysis of lease liabilities as at the reporting date is as follows:			
Up to one year		<b>8,795</b>	7,425
After one year		<b>3,387</b>	13,305
Total lease liabilities		<b>12,182</b>	<b>20,730</b>

20.3 Expenses relating to short term leases amounted to Rs. Nil (2021: Rs. 1.22 million) during the year.

	Note	2022 (Rupees in '000)	2021
<b>21 LONG-TERM FINANCING - SECURED</b>			
SBP refinance scheme for renewable energy	21.1 & 21.2	<b>45,790</b>	-
Current maturity of long-term financing		<b>(4,020)</b>	-
		<b>41,770</b>	-

21.1 This represents long-term financing facility obtained from a conventional bank under State Bank of Pakistan (SBP) refinance scheme for renewable energy, recognised initially at fair value. The total facility amounts to Rs. 90 million and carries mark-up at the rate of 2% plus 0.75% (2021: Nil) per annum payable quarterly. The facility is repayable in ten years from the date of disbursement. The facility is secured against first specific hypothecation charge over plant and machinery related to the solar power project for the disbursed amount in addition to margin of 15% to be secured against liquid collateral (Micro Products Division / Integrated Products Division or Government securities) held under lien. The incremental borrowing rate for the purposes of discounting adjustment for recognition at fair value is ranging from 10.02% to 15.60% (2021: Nil) per annum.

	Note	2022 (Rupees in '000)	2021
<b>21.2 Movement of long-term financing</b>			
As at July 01			
Financing received during the year		<b>65,483</b>	-
Repayment made during the year		<b>(1,619)</b>	-
Recognised as deferred income	21.3	<b>(19,435)</b>	-
Accretion of interest during the year		<b>1,361</b>	-
As at June 30		<b>45,790</b>	-

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

21.4 Subsequent to the reporting date, the Company has obtained long-term financing of Rs. 500 million (limit: Rs. 500 million) on August 3, 2022 at a markup rate of 3 months KIBOR + 30 bps payable on quarterly basis. The tenure of this facility is six years, including grace period of one year. This facility is secured by first pari passu hypothecation / first charge over present and future fixed assets (excluding land and building) of the Company with 25% margin.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees in '000)	2021
<b>22 TRADE AND OTHER PAYABLES</b>			
Creditors		<b>379,968</b>	120,417
Accrued liabilities	22.1	<b>404,165</b>	306,178
Royalty payable		<b>23,031</b>	19,404
Advance from customers		<b>3,949</b>	2,514
Additional custom duty payable	16.1	<b>291,103</b>	287,585
Payable to provident fund	22.2	<b>3,726</b>	2,273
Withholding tax payable		<b>447</b>	-
Workers' Profit Participation Fund	22.3	<b>24,344</b>	3,233
Workers' Welfare Fund	30	<b>11,202</b>	14,129
Warranty obligations	22.4	<b>138,293</b>	132,887
Accrued markup on borrowings		<b>22,568</b>	262
Others		<b>5,266</b>	1,728
		<b>1,308,062</b>	890,610

**22.1** Includes an amount of Rs. Nil (2021: Rs. 1.19 million) and Rs. 1.49 million (2021: Rs. 1.03 million) payable to Agriauto Stamping Company (Private) Limited, a wholly owned subsidiary and Habib Metro Pakistan (Private) Limited - a related party, respectively. Also includes an amount of Rs. 230.67 million (2021: Rs. 165.8 million) in respect of Sindh Infrastructure Development Cess.

**22.2** 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.

### 22.3 Workers' Profit Participation Fund

	Note	2022 (Rupees in '000)	2021
As at July 01		<b>3,233</b>	566
Allocation for the year	30	<b>24,344</b>	31,717
		<b>27,577</b>	32,283
Payment made during the year		<b>(3,233)</b>	(29,050)
As at June 30		<b>24,344</b>	3,233

### 22.4 Warranty obligations

	Note	2022 (Rupees in '000)	2021
As at July 01		<b>132,887</b>	113,285
Provision for the year		<b>35,830</b>	28,143
Provisions reversed during the year		<b>(21,917)</b>	-
	28	<b>139,133</b>	28,143
		<b>146,800</b>	141,428
Claims paid during the year		<b>(8,507)</b>	(8,541)
As at June 30		<b>138,293</b>	132,887

### 23 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.

### 24 SHORT-TERM RUNNING FINANCE

Represents short-term running finance obtained from various commercial banks amounting to Rs. 742.50 million (2021: Rs. 36.65 million). The total facility limit amounts to Rs. 990 million (2021: Rs. 170 million). The rate of mark-up on these finances ranges from 3 months KIBOR plus rates varying from 0.20% to 1.25% (2021: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%) per annum. The facilities are secured by way of pari passu hypothecation of the Company's stock-in-trade, stores, spares, loose tools and trade debts.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### 25 CONTINGENCIES AND COMMITMENTS

#### 25.1 Contingencies

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

#### 25.2 Commitments

**25.2.1** Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 965.80 million (2021: Rs. 707.17 million).

**25.2.2** Commitments in respect of capital expenditure amounting to Rs. 258.83 million (2021: Rs. 20.41 million).

**25.2.3** Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounting to Rs. 0.39 million (2021: Rs. 0.39 million).

### 26 TURNOVER – net

	2022 (Rupees in '000)	2021
Sales	<b>10,480,328</b>	8,154,966
Trade discount	-	(88)
Sales tax	<b>(1,522,783)</b>	(1,184,897)
	<b>(1,522,783)</b>	(1,184,985)
	<b>8,957,545</b>	6,969,981

**26.1** Revenue recognised from amounts included in advance from customers at the beginning of the year amounted to Rs. 1.19 million (2021: Rs. Nil).

#### 26.2 Disaggregation of revenue

	2022 (Rupees in '000)	2021
Sindh	<b>8,198,410</b>	6,309,875
Punjab	<b>759,135</b>	660,106
	<b>8,957,545</b>	6,969,981



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021
<b>27 COST OF SALES</b>			
<b>Raw material consumed</b>			
Opening stock		660,254	1,241,592
Purchases		7,486,154	4,315,423
		<b>8,146,408</b>	5,557,015
Closing stock	14	<b>(1,635,844)</b>	(660,254)
		<b>6,510,564</b>	4,896,761
<b>Manufacturing expenses</b>			
Salaries, wages and benefits		582,625	456,485
Stores, spares and loose tools consumed		336,980	264,570
Fuel and power		144,893	106,154
Amortisation of intangible assets	9.2	13,885	14,684
Royalty	27.1	36,170	37,158
Depreciation on operating fixed assets	7.2	108,523	100,496
Depreciation on right-of-use assets	8.1	6,142	5,632
Transportation and travelling		87,481	71,574
Repairs and maintenance		89,603	63,841
Packing material consumed		42,481	35,561
Rent, rates and taxes		275	652
Research and development costs		64	127
Insurance		3,368	2,920
Communications and professional fee		3,130	2,092
Printing and stationery		1,463	1,066
Others		4,767	6,747
		<b>1,461,850</b>	1,169,759
<b>Work-in-process</b>			
Opening stock		98,076	49,188
Closing stock	14	<b>(121,728)</b>	(98,076)
		<b>(23,652)</b>	(48,888)
<b>Cost of goods manufactured</b>		<b>7,948,762</b>	6,017,632
<b>Finished goods</b>			
Opening stock		74,310	38,078
Closing stock	14	<b>(83,991)</b>	(74,310)
		<b>(9,681)</b>	(36,232)
		<b>7,939,081</b>	5,981,400

27.1 Royalty paid during the year comprise of the following:

Company name	Address	Relationship with the Company	2022	2021
KYB Corporation	World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan	Technical Partner	28,187	25,405
Aisin Seiki Co., Ltd	2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan	Technical Partner	1,393	962
Ride Control LLC	750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA	Technical Partner	2,963	1,649

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021
<b>28 DISTRIBUTION COSTS</b>			
Salaries, wages and benefits		15,525	12,944
Advertisement and sales promotion		39,752	28,050
Carriage and forwarding		53,473	36,425
Travelling and conveyance		3,389	2,665
Depreciation on operating fixed assets	7.2	1,669	1,583
Depreciation on right-of-use assets	8.1	773	781
Provision for warranty claims net of reversal	22.4	13,913	28,143
Legal and professional charges		-	1,033
Communications		338	314
Insurance		2,764	2,404
Repairs and maintenance		1,292	324
Others		723	1,315
		<b>133,611</b>	115,981
<b>29 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits		104,394	84,897
Legal and professional charges		45,705	36,054
Travelling and conveyance		19,131	15,169
Repairs and maintenance		35,715	24,412
Depreciation on operating fixed assets	7.2	10,281	7,574
Depreciation on right-of-use assets	8.1	1,595	1,664
Amortisation of intangible assets	9.2	448	-
Security services		10,280	11,109
Communications and professional fee		1,383	2,490
Printing and stationery		1,913	1,275
Rent, rates and taxes		204	1,366
Utilities		1,511	1,798
Auditors' remuneration	29.1	2,407	2,390
Insurance		1,264	1,325
Others		5,715	3,996
		<b>241,946</b>	195,519
<b>29.1 Auditors' remuneration</b>			
Audit fee for standalone financial statements		1,080	1,080
Audit fee for consolidated financial statements		210	210
Fee for review of half yearly financial statements		120	120
Other certifications		725	735
Out of pocket expenses		272	245
		<b>2,407</b>	2,390
<b>30 OTHER EXPENSES</b>			
Exchange loss on foreign currency transactions - net		120,111	52,033
Workers' Profit Participation Fund	22.3	24,344	31,717
Workers' Welfare Fund	22	11,202	14,129
Donations	30.1 & 30.2	7,485	4,917
Allowance for expected credit losses		23	-
Miscellaneous expenses		155	-
		<b>163,320</b>	102,796

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

30.1 Donation to following parties exceeds 10% of the Company's total donations or Rs. 1 million, whichever is higher:

	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Muhammad Ali Habib Welfare Trust	1,950	2,325
Habib Education Trust	2,500	-
Jam Ghulam Qadir Hospital	-	1,024

30.2 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. Nil (2021: Rs. 0.2 million)

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
<b>31 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on:			
- short-term investments - term deposit receipts		5,070	7,608
- deposit accounts		2,031	6,871
	31.1	7,101	14,479
Gain on disposal of short-term investments - mutual funds		-	1,934
Reversal of expected credit losses		-	425
Dividend income from Agriauto Stamping Company (Private) Limited		-	228,802
		7,101	245,640
<b>Income from non-financial assets</b>			
Gain on disposal of operating fixed assets		2,873	4,765
Gain on disposal of intangible asset		-	5,377
Liabilities no longer payable - written back		-	1,085
Scrap sales		21,869	5,137
Miscellaneous income		-	890
		24,742	17,254
		31,843	262,894
31.1 Represents profit earned under conventional banking relationship.			
<b>32 FINANCE COSTS</b>			
Interest on:			
- short-term running finance		48,649	265
- long-term financing		1,777	-
- lease liabilities		462	1,227
Bank charges and commission		2,114	1,638
		53,002	3,130
<b>33 TAXATION</b>			
<b>Current</b>			
For the year		178,530	167,539
Prior		352	-
		178,882	167,539
<b>Deferred</b>		(24,463)	15,112
		154,419	182,651

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

33.1 Reconciliation between tax expense and accounting profit:

	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Accounting profit for the year before taxation	458,428	834,049
Tax at applicable rate of 33% (2021: 29%)	151,281	241,874
Non-deductible expenses for tax purpose	4,957	(32,478)
Adjustments in respect of previous years' tax charge	352	-
Carried forward business losses	-	(25,319)
Tax credit on donations	(2,171)	(1,426)
	154,419	182,651
Effective tax %	34%	22%

34 EARNINGS PER SHARE – basic and diluted

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

Net profit for the year (Rs. in '000)	304,009	651,398
Weighted average number of ordinary shares outstanding during the year (shares in '000)	28,800	28,800
Earnings per share (Rs.)	10.56	22.62

35 CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Profit before taxation		458,428	834,049
<b>Adjustments for:</b>			
Depreciation and amortisation	7, 8 & 9	143,316	132,414
Finance costs	32	53,002	3,130
Allowance / (reversal) for expected credit losses	15	23	(425)
Liabilities no longer payable - written back	31	-	(1,085)
Profit on short-term investments - term deposit receipts	31	(5,070)	(7,608)
Profit on deposit accounts	31	(2,031)	(6,871)
Dividend income	31	-	(228,802)
Capital work-in-progress charged off	7.5.1	800	5,062
Gain on disposal of operating fixed assets	31	(2,873)	(4,765)
Gain on disposal of intangible asset	31	-	(5,377)
Gain on disposal of short-term investments - mutual funds	31	-	(1,934)
		187,167	(116,261)
		645,595	717,788
<b>Decrease / (increase) in current assets</b>			
Stores, spares and loose tools		(42,060)	(488)
Stock-in-trade		(1,164,545)	328,408
Trade debts		49,596	(470,436)
Advances, deposits, prepayments and other receivables		(92,866)	(441,871)
Sales tax receivable		-	135,617
		(1,249,875)	(448,770)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		395,145	167,999
Sales tax payable		(25,400)	36,449
		(234,535)	473,466

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021
<b>36 CASH AND CASH EQUIVALENTS</b>			
Short-term investments - term deposit receipts	17	<b>38,000</b>	122,000
Cash and bank balances	18	<b>67,147</b>	165,517
Short-term running finance	24	<b>(742,501)</b>	(36,646)
		<b>(637,354)</b>	250,871
<b>37 FINANCIAL RISK MANAGEMENT</b>			
<b>37.1 FINANCIAL INSTRUMENTS BY CATEGORY</b>			
<i>Financial assets</i>			
<i>Debt instruments at amortised cost</i>			
Long-term deposits	11	<b>8,063</b>	6,801
Trade debts	15	<b>742,883</b>	792,502
Deposits and other receivables	16	<b>621,496</b>	538,230
Short-term investments	17	<b>39,164</b>	122,323
Accrued profit		<b>1,765</b>	1,039
Cash and bank balances	18	<b>67,147</b>	165,517
		<b>1,480,518</b>	1,626,412
<i>Financial liabilities at amortised cost</i>			
Lease liabilities	20	<b>12,182</b>	20,730
Long-term financing	21	<b>45,790</b>	-
Trade and other payables	22	<b>585,247</b>	265,299
Unpaid dividend	23	<b>8,357</b>	11,655
Unclaimed dividend	23	<b>26,956</b>	22,857
Short-term running finance	24	<b>742,501</b>	36,646
		<b>1,421,033</b>	357,187

### 37.2 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:

#### 37.2.1 Market risk

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

##### (i) Interest rate risk

Interest rate risk is the risk that the 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, term deposit receipts and short-term running finance. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's profit before tax for the year by Rs. 6.38 million (2021: Rs. 1.22 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 currencies. The company's exposure to foreign currency risk at the reporting date is as follows:

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (FCY in '000) -----	2021
<b>USD</b>			
Trade and other payables		<b>984</b>	400
<b>JPY</b>			
Trade and other payables		<b>39,161</b>	62,673
<b>EUR</b>			
Trade and other payables		<b>-</b>	3
<b>CNY</b>			
Trade and other payables		<b>563</b>	1,339

The following significant exchange rates were applied during the year:

	Statement of financial position date rate		Average rate	
	2022	2021	2022	2021
USD	<b>204.85</b>	157.54	<b>178.82</b>	160.33
JPY	<b>1.50</b>	1.43	<b>1.52</b>	1.51
EUR	<b>213.81</b>	187.27	<b>200.66</b>	191.16
CNY	<b>30.60</b>	24.39	<b>27.66</b>	24.21

A ten percent strengthening / weakening of the Pakistani Rupee against the above foreign currencies at the reporting date would increase / decrease profit before tax for the year by Rs. 27.75 million (2021: Rs. 18.57 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the previous year.

#### 37.2.2 Credit risk

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

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

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

	Note	2022 ----- (Rupees in '000) -----	2021
The maximum exposure to credit risk at reporting date is as follows:			
Long-term deposits	11	<b>8,063</b>	6,801
Trade debts	15	<b>742,883</b>	792,502
Deposits and other receivables	16	<b>621,496</b>	538,230
Short-term investments	17	<b>39,164</b>	122,323
Bank balances	18	<b>67,134</b>	165,497
		<b>1,478,740</b>	1,625,353

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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.

	2022	2021
	----- (Rupees in '000) -----	
<b>Trade debts</b>		
The analysis of trade debts is as follows:		
Neither past due nor impaired	731,648	712,572
Past due but not impaired		
- 30 to 90 days	11,235	78,411
- 91 to 180 days	-	1,519
	<u>742,883</u>	<u>792,502</u>

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

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

Bank	Rating agency	Rating	Rupees in '000
Habib Metropolitan Bank Limited	PACRA	A-1+	<u>66,560</u>
Habib Bank Limited	VIS	A-1+	<u>38,000</u>
National Bank of Pakistan	PACRA	A-1+	<u>574</u>

### 37.2.3 Liquidity risk

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

Management forecasts the liquidity of the Company on the basis of expected cashflow considering the level of liquid assets necessary to mitigate the liquidity risk. The table below summarises the maturity profile of the Company's financial liabilities at the following statement of financial position dates:

2022	On Demand	Not later than one year	Later than one year	Total
	----- (Rupees in '000) -----			
Trade and other payables	684,078	623,984	-	1,308,062
Lease liabilities	-	9,276	3,446	12,722
Long-term financing	-	8,220	64,341	72,561
Unpaid dividend	8,357	-	-	8,357
Unclaimed dividend	26,956	-	-	26,956
Short-term running finance	742,501	-	-	742,501
	<u>1,461,892</u>	<u>641,480</u>	<u>67,787</u>	<u>2,171,159</u>
<b>2021</b>	<b>On Demand</b>	<b>Not later than one year</b>	<b>Later than one year</b>	<b>Total</b>
	----- (Rupees in '000) -----			
Trade and other payables	606,748	283,862	-	890,610
Lease liabilities	-	9,008	12,722	21,730
Long-term financing	-	-	-	-
Unpaid dividend	11,655	-	-	11,655
Unclaimed dividend	22,857	-	-	22,857
Short-term running finance	36,646	-	-	36,646
	<u>677,906</u>	<u>292,870</u>	<u>12,722</u>	<u>983,498</u>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### 38 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. As of the statement of financial position date, the debt to equity ratio is as follows:

	2022	2021
	----- (Rupees in '000) -----	
Debt	<u>788,291</u>	36,646
Equity	<u>4,521,207</u>	4,389,998
Gearing ratio	<u>17%</u>	1%

### 39 FAIR VALUE MEASUREMENT

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

As of the statement of financial position date, the Company does not have any financial instruments measured at fair value.

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

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2021		
	Long-term financing - secured (including deferred income)	Unclaimed & Unpaid dividend (Rupees in '000)	Lease liabilities
As at July 01	-	32,242	15,037
<b>Changes from financing cash flows</b>			
Dividend paid during the year	-	(170,530)	-
Payments made during the year	-	-	(7,000)
	-	(170,530)	(7,000)
<b>Other changes</b>			
Dividend declared during the year	-	172,800	-
Additions during the year	-	-	11,466
Finance cost during the year	-	-	1,227
	-	172,800	12,693
As at June 30	-	34,512	20,730

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

41.1 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:

	2022		2021	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in '000)			
Managerial remuneration	26,503	66,299	22,918	56,382
Bonus	10,431	19,568	7,200	10,203
Retirement benefits	1,939	3,321	1,682	2,474
Utilities	654	198	649	150
Medical expenses	11	485	12	354
	39,538	89,871	32,461	69,563
Number of persons	1	18	1	14

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

41.3 Three non-executive directors (2021: Three) have been paid fees of Rs. 2.8 million (2021: Rs. 2.1 million) for attending board and other meetings.

### 42 TRANSACTIONS WITH RELATED PARTIES

42.1 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:

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Name of related party and relationship with the Company	Nature of transactions	Percentage of share holding in the Company %	2022	2021
			(Rupees in '000)	
<b>Subsidiary (wholly owned)</b>				
Agriauto Stamping Company (Private) Limited	Sales Dividend received Tax refund / (liability) paid under group taxation Expenses paid on behalf of subsidiary company	Nil	87,866 - 64,242 4,609	84,838 228,802 (128,879) -
<b>Associated companies (Common directorship)</b>				
Thal Limited	Dividend paid	7.35	12,694	12,694
Shabbir Tiles & Ceramics Limited	Purchases	Nil	-	3,375
Thal Boshoku Pakistan (Private) Limited	Sales	Nil	39,136	47,299
<b>Retirement benefits fund</b>				
Employees' Provident Fund	Contribution	Nil	13,527	10,913
<b>Key management personnel</b>				
	Remuneration and other benefits	Nil	52,271	44,009
	Sale of vehicle having net book value of Rs. 0.76 million (2021: Rs. 0.70 million) as per the Company's policy		875	806

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

42.3 Details of compensation to the key management personnel have been disclosed in the note 41 to the unconsolidated financial statements.

### 43 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.

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

The Board of Directors in its meeting held on August 26, 2022 (i) approved the transfer of Rs. 300 million (2021: Rs. 200 million) from unappropriated profits to general reserves, (ii) proposed to issue bonus shares in the proportion of 1 share for every 4 shares held i.e., 25% (2021: Nil), and (iii) proposed cash dividend of nil per share (2021: Rs. 6 per share) for the year ended June 30, 2022 amounting to nil (2021: Rs. 172.8 million) for approval of the members at the Annual General Meeting to be held on October 20, 2022.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### 45 NUMBER OF EMPLOYEES

	2022	2021
Total number of employees as at June 30	770	727
Average number of employees during the year	749	672

### 46 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 93.57% of the Company's total sales during the year (2021: 92.39%).

### 47 UNUTILISED CREDIT FACILITIES

As of reporting date, the Company has unutilised facilities for letter of credit, bonds and guarantees and terms of loan available from various banks amounted to Rs. 2,367.08 million (2021: Rs. 407.52 million). The facilities are secured by way of lien on import documents and pari passu hypothecation of the Company's specific fixed assets, stock-in-trade, stores, spares, loose tools and trade debts.

### 48 GENERAL

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

48.2 Certain prior years' figures have been reclassified for better presentation, wherever necessary. However, there are no material reclassifications to report except for exchange loss amounting to Rs. 52.03 million from cost of sales to other expenses.

### 49 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on August 26, 2022 by the Board of Directors of the Company.



DIRECTOR

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

## INDEPENDENT AUDITOR'S REPORT

### To the members of Agriauto Industries Limited

#### Opinion

We have audited the annexed consolidated financial statements of **Agriauto Industries Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matters

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

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Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
<p><b>1. Existence and valuation of stock-in-trade</b></p> <p>As disclosed in note 12 to the accompanying consolidated financial statements, the stock-in-trade balance constitutes approximately 40% of total assets of the Group as at the reporting date. The cost of finished goods is determined on moving average basis including a proportion of production overheads.</p> <p>The Net Realisable Value (NRV) of stock-in-trade is determined mainly keeping in view the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale along with stock-in-trade usage and forecasted sales volume.</p> <p>We have considered this area to be a key audit matter due to its materiality and judgments involved in determining an appropriate costing basis and assessing its valuation as well as the management's judgment involved in estimating the NRV of underlying stock-in-trade.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's process with respect to purchase and consumption of raw and packing material. Also tested design and operating effectiveness of controls relevant to such process.</li> <li>• Observed stock counts to ascertain the condition and existence of stock-in-trade, and evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade</li> <li>• Obtained confirmations from third parties in respect of stock held with them on behalf of the Group as at the reporting date.</li> <li>• Reviewed management's procedures for evaluating the NRV of stock-in-trade, performed testing on sample basis to assess the NRV and evaluated the adequacy of write down of stock-in-trade to NRV by performing a review of sales close to and subsequent to the year-end and comparing with the cost for a sample of products.</li> <li>• Tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</li> <li>• Tested the accuracy of the ageing analysis of stock-in-trade, on a sample basis.</li> <li>• Reviewed the relevant documents, including but not limited to suppliers' invoices, letter of credits and shipping documentation to verify the valuation of goods-in-transit as at the reporting date as well as inspected subsequent goods receipt notes in this regard.</li> <li>• Assessed the appropriateness of management's basis for the allocation of cost and production overheads and recalculated per unit cost of finished goods, on a sample basis.</li> <li>• Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.</li> </ul>

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Key audit matters	How our audit addressed the key audit matter
<b>2. Short-term running finance obtained during the year</b>	
<p>As disclosed in note 23 to the accompanying consolidated financial statements, the short-term running finance balance constitutes approximately 35% of total liabilities of the Group as at the reporting date.</p> <p>The Group's key operating / performance indicators including liquidity, gearing and finance costs are directly influenced by the additions to its portfolio of borrowings. Further, financing arrangements entail financial and non-financial covenants that the Group is subject to compliance.</p> <p>The significance of new financing obtained during the year, along with the sensitivity of the compliance with underlying loan covenants, are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> <li>Reviewed all the significant terms and conditions contained in the bank's facility letter and financing agreement executed during the year and also reviewed Group's compliance to related debt covenants.</li> <li>Inquired from the management with respect to future compliance of the covenants and tested controls related to such compliance</li> <li>Circularized confirmations to the financing banks to confirm outstanding loan balances at the year end along with other terms and conditions.</li> <li>Traced the finance cost for the year from respective bank statements, on a sample basis.</li> <li>Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.</li> </ul>

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

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

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

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

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

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

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

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

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#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

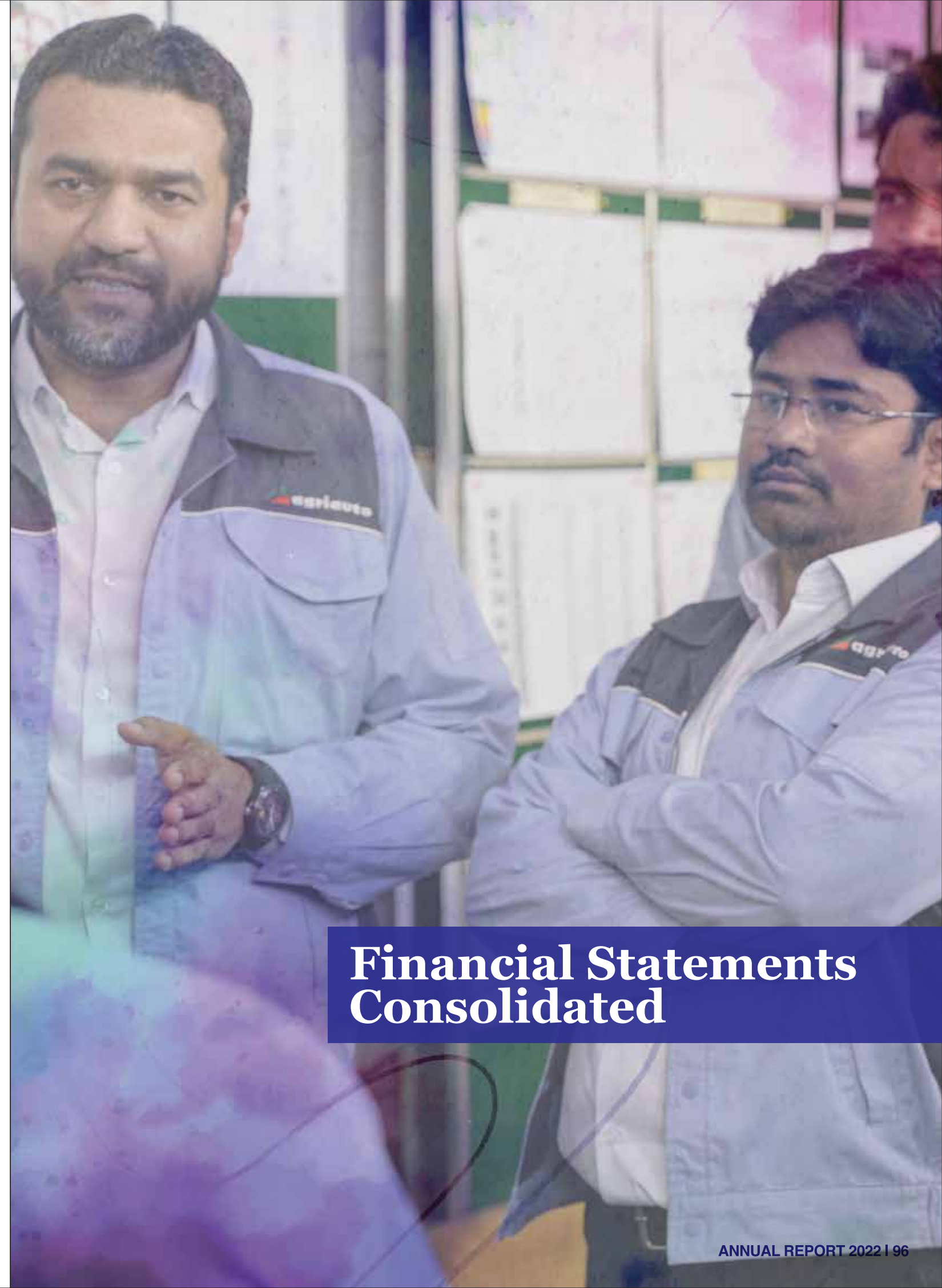
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From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these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

The engagement partner on the audit resulting in this independent auditor's report is **Riaz A. Rehman Chamdia**.

*EY Feroz Akhbari*  
Chartered Accountants  
Place: Karachi  
Date: 07 September 2022  
UDIN: AR202210078BAGqHI5gc



## Financial Statements Consolidated

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	2,835,452	2,281,986
Right-of-use assets	8	10,230	18,740
Intangible assets	9	75,730	36,225
Long-term deposits	10	15,517	13,605
		<b>2,936,929</b>	<b>2,350,556</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	11	171,494	129,991
Stock-in-trade	12	3,784,346	1,726,252
Trade debts	13	1,179,531	1,159,086
Advances, deposits, prepayments and other receivables	14	903,140	882,286
Accrued profit		1,879	1,295
Short-term investments	15	78,286	266,780
Taxation – net		238,672	346,860
Sales tax receivable		61,799	-
Cash and bank balances	16	170,029	225,861
		<b>6,589,176</b>	<b>4,738,411</b>
<b>TOTAL ASSETS</b>		<b>9,526,105</b>	<b>7,088,967</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 40,000,000 (2021: 40,000,000) ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital	17	144,000	144,000
Reserves		6,191,025	5,627,004
		<b>6,335,025</b>	<b>5,771,004</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred taxation - net	18	48,570	85,003
Lease liabilities	19	3,387	13,305
Long-term financing - secured	20	80,657	-
Deferred income	20	34,827	-
		<b>167,441</b>	<b>98,308</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	1,863,191	1,134,084
Current maturity of lease liabilities	19	8,795	7,425
Current maturity of long-term financing	20	10,270	-
Sales tax payable		-	6,988
Unpaid dividend	22	8,357	11,655
Unclaimed dividend	22	26,956	22,857
Short-term running finance	23	1,106,070	36,646
		<b>3,023,639</b>	<b>1,219,655</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	24		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,526,105</b>	<b>7,088,967</b>

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



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Turnover – net	25	15,397,684	10,485,027
Cost of sales	26	(13,466,383)	(8,799,548)
<b>Gross profit</b>		<b>1,931,301</b>	<b>1,685,479</b>
Distribution costs	27	(147,669)	(122,705)
Administrative expenses	28	(325,220)	(249,388)
		<b>(472,889)</b>	<b>(372,093)</b>
<b>Operating profit</b>		<b>1,458,412</b>	<b>1,313,386</b>
Other expenses	29	(306,320)	(173,508)
Other income	30	54,032	67,512
Finance costs	31	(101,489)	(4,125)
		<b>(353,777)</b>	<b>(110,121)</b>
<b>Profit before taxation</b>		<b>1,104,635</b>	<b>1,203,265</b>
Taxation	32	(367,814)	(373,601)
<b>Net profit for the year</b>		<b>736,821</b>	<b>829,664</b>
		----- (Rupees in '000) -----	
<b>Earnings per share – basic and diluted</b>	33	<b>25.58</b>	<b>28.81</b>

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	----- (Rupees in '000) -----	
<b>Net profit for the year</b>	<b>736,821</b>	829,664
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>736,821</b>	<b>829,664</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

	Issued subscribed and paid-up capital	Reserves				Total equity
		Capital reserve Share premium	Revenue reserves		Total reserves	
		General	Unappropri- ated profit			
	----- (Rupees in '000) -----					
<b>Balance as at June 30, 2020</b>	144,000	12,598	2,315,000	2,642,542	4,970,140	5,114,140
Final dividend for the year ended June 30, 2020 @ Re. 1.0/- per share	-	-	-	(28,800)	(28,800)	(28,800)
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	-	-	-	829,664	829,664	829,664
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	829,664	829,664	829,664
<b>Balance as at June 30, 2021</b>	<b>144,000</b>	<b>12,598</b>	<b>2,315,000</b>	<b>3,299,406</b>	<b>5,627,004</b>	<b>5,771,004</b>
Final dividend for the year ended June 30, 2021 @ Rs. 6.0/- per share	-	-	-	(172,800)	(172,800)	(172,800)
Transfer to general reserve	-	-	350,000	(350,000)	-	-
Net profit for the year	-	-	-	736,821	736,821	736,821
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	736,821	736,821	736,821
<b>Balance as at June 30, 2022</b>	<b>144,000</b>	<b>12,598</b>	<b>2,665,000</b>	<b>3,513,427</b>	<b>6,191,025</b>	<b>6,335,025</b>

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



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

Note	2022 ----- (Rupees in '000) -----	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash generated from operations</b>	34 <b>17,867</b>	589,390
Long-term deposits paid	<b>(1,912)</b>	(167)
Finance cost paid	<b>(58,610)</b>	(2,610)
Income tax paid	<b>(360,588)</b>	(238,835)
<b>Net cash (used in) / generated from operating activities</b>	<b>(403,243)</b>	347,778
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	<b>(881,909)</b>	(435,370)
Proceeds from disposal of intangible asset	-	14,054
Proceeds from disposal of operating fixed assets	<b>15,142</b>	39,916
Short-term investments in mutual fund redeemed	-	52,972
Profit received on short-term investments - term deposit receipts	<b>9,094</b>	28,865
Profit received on deposit accounts	<b>4,765</b>	10,335
<b>Net cash used in investing activities</b>	<b>(852,908)</b>	(289,228)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(171,999)</b>	(170,530)
Lease payments	<b>(9,010)</b>	(7,000)
Long-term financing obtained during the year	<b>127,226</b>	-
Long-term financing repaid during the year	<b>(4,322)</b>	-
<b>Net cash used in financing activities</b>	<b>(58,105)</b>	(177,530)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,314,256)</b>	(118,980)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>455,215</b>	574,195
<b>Cash and cash equivalents at the end of the year</b>	<b>(859,041)</b>	455,215

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



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### 1 THE GROUP AND ITS OPERATIONS

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

**1.2** The group comprises of the Holding Company and Agriauto Stamping Company (Private) Limited (the Subsidiary Company). The Subsidiary Company was incorporated in Pakistan on January 20, 2012 as a private limited company. The Subsidiary Company is engaged in stamping of sheet metal parts, dies, fixtures primarily for the automotive industry and has commenced its commercial operations on July 02, 2014. The registered office of the Subsidiary Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

**1.3** As of the reporting date, the Group's shareholding in its subsidiary is 100% (2021: 100%).

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

Location	Business unit
<b>Karachi</b> 5th Floor, House of Habib, Main Shahrah-e-Faisal.	Registered office
DSU-12B, Downstream Industrial Estate, Pakistan Steel Mills, Bin Qasim Town, Karachi, Karachi city, Sindh.	Manufacturing facility
<b>Hub</b> Mouza Baroot, Hub Chowki Distt. Lasbella, Balochistan.	Manufacturing facility

### 2 STATEMENT OF COMPLIANCE

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

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

- Provisions of and directives issued under the Act.

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

### 3 BASIS OF MEASUREMENT

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

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

### 4 AMENDMENTS AND IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS

#### 4.1 Amendments to approved accounting standards effective during the year

The Group has adopted the following amendments to IFRSs for financial reporting which became effective for the current year:

##### Amendments to approved accounting standards

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### 4.2 Amendments and improvements to approved accounting standards that are not yet effective

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

Amendments	Effective date (annual periods beginning on or after)
IFRS 3 Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1 Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1 Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8 Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12 Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 10 / IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
<b>Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)</b>	
IFRS 9 Financial Instruments – Fees in the ‘10 percent’ test for derecognition of financial liabilities	January 01, 2022
IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16 Leases: Lease incentives	January 01, 2022

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

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan are not expected to have any material impact on the Group’s consolidated 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	January 01, 2004
IFRS 17 Insurance Contracts	January 01, 2023

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company as at June 30, 2022, here-in-after referred to as “the Group”.

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to appoint or remove majority of its directors. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiary are prepared for the same reporting year as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiary have been changed to conform with accounting policies of the Group, where required.

The assets, liabilities, income and expenses of subsidiary company are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary company’s shareholders’ equity in the consolidated financial statements. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

#### 5.1.1 Subsidiaries

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

### 5.2 Property, plant and equipment

#### 5.2.1 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, less impairment, if any. Leasehold land is amortised in equal installments over the lease period.

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

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

#### 5.2.2 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.

### 5.3 Right-of-use assets

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

### 5.4 Intangible assets

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

Costs in relation to intangible assets are only capitalised when it is probable that future economic benefits attributable to that asset will flow to the Group and the same is amortised applying the straight line method at the rate disclosed in note 9 to these consolidated financial statements.

### 5.5 Stores, spares and loose tools

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

### 5.6 Stock-in-trade

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

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

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

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.

FOR THE YEAR ENDED JUNE 30, 2022

## 5.7 Trade debts and other receivables

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

## 5.8 Cash and cash equivalents

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

## 5.9 Financial instruments – initial recognition and subsequent measurement

### 5.9.1 Financial assets

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

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

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

#### Derecognition

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

### 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 Group does not have any financial liability at fair value through profit or loss.

#### Derecognition

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

### 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 Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

FOR THE YEAR ENDED JUNE 30, 2022

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

## 5.9.4 Offsetting of financial instruments

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

## 5.10 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 consolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

## 5.11 Lease liabilities

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

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

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

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

### 5.11.1 Short-term leases

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

## 5.12 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.

## 5.13 Taxation

### Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001. The Group has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. The Group consists of Agriauto Industries Limited (the Holding Group) and Agriauto Stamping Company (Private) Limited - wholly owned subsidiary.

FOR THE YEAR ENDED JUNE 30, 2022

**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 each date of statement of financial position.

**5.14 Provisions**

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

**5.15 Warranty obligations**

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

**5.16 Contingent liabilities**

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measure with sufficient reliability.

**5.17 Foreign currency transactions and translation**

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

**5.18 Deferred income**

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

**5.19 Revenue recognition**

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

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

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

FOR THE YEAR ENDED JUNE 30, 2022

Return on bank deposits / saving accounts is recognised on accrual basis.  
Return on short-term investments is recognised on accrual basis.  
Dividend income is recognised when the Group's right to receive the dividend is established.  
Other income, if any, is recognised on accrual basis.

**5.20 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.

**5.21 Unclaimed dividend**

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

**5.22 Unpaid dividend**

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

**5.23 Operating segments**

For management purposes, the activities of the Group are organised into one reportable operating segment. The Group operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure, and internal financial reporting systems.

**5.24 Share capital and reserves**

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

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

**5.25 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.

**5.26 Earnings per share**

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

**6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### Notes

- residual values, method of depreciation useful lives and impairment of assets
- valuation of stock-in-trade
- allowance for expected credit losses
- provision for tax and deferred tax
- warranty obligations
- leases
- contingent liabilities
- deferred income

5.2, 5.3, 5.4, 7.1, 8 & 9  
5.6  
5.7 & 5.9  
5.13, 18 & 32  
5.15 & 21.4  
5.11 & 19  
5.16 & 24  
5.18

### 7 PROPERTY, PLANT AND EQUIPMENT

	Note	2022 (Rupees in '000)	2021
Operating fixed assets	7.1	2,214,120	2,122,078
Capital work-in-progress	7.5	621,332	159,908
		<b>2,835,452</b>	<b>2,281,986</b>

#### 7.1 Operating fixed assets

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2021	Additions/transfer*/(disposals)	As at June 30, 2022	Depreciation rate	As at July 1, 2021	Charge for the year (Note 7.2) On disposals	As at June 30, 2022	As at June 30, 2022
	----- (Rupees in '000) -----			%	----- (Rupees in '000) -----			
<b>Owned</b>								
Freehold land	1,652	-	1,652	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	1.79	4,726	526	5,252	24,166
Building on freehold land	288,764	-	303,836	10	130,807	15,921	146,728	157,108
		15,072*						
Building on leasehold land	422,471	-	422,471	10	194,136	22,833	216,969	205,502
Plant and machinery	2,470,434	21,384	2,693,449	10 - 20	1,074,779	155,542	1,223,709	1,469,740
		210,185*						
		(8,554)					(6,612)	
Furniture and fittings	38,941	1,707	40,941	15	17,753	3,375	20,738	20,203
		1,000*						
		(707)					(390)	
Vehicles	165,797	25,816	186,197	20	40,956	27,248	64,049	122,148
		8,448*						
		(13,864)					(4,155)	
Office equipment	10,296	868	11,036	20	6,269	704	6,902	4,134
		(128)					(71)	
Computer equipment	38,241	8,152	83,892	33	33,101	3,952	36,286	47,606
		38,474*						
		(975)					(767)	
Dies and tools	396,115	3,070	480,231	40	237,524	80,846	318,370	161,861
		81,046*						
<b>2022</b>	<b>3,862,129</b>	<b>60,997</b>	<b>4,253,123</b>		<b>1,740,051</b>	<b>310,947</b>	<b>2,039,003</b>	<b>2,214,120</b>
		<b>354,225*</b>						
		<b>(24,228)</b>					<b>(11,995)</b>	

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	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	
	----- (Rupees in '000) -----			%	----- (Rupees in '000) -----			
<b>Owned</b>								
Freehold land	1,652	-	1,652	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	1.79	4,201	525	4,726	24,692
Building on freehold land	200,240	-	288,764	10	116,535	14,272	130,807	157,957
		88,524*						
Building on leasehold land	422,471	-	422,471	10	168,765	25,371	194,136	228,335
Plant and machinery	2,315,673	17,954	2,470,434	10 - 20	936,928	153,150	1,074,779	1,395,655
		159,443*						
		(22,636)					(15,299)	
Furniture and fittings	37,901	1,040	38,941	15	14,073	3,680	17,753	21,188
Vehicles	105,304	111,339	165,797	20	55,396	13,305	40,956	124,841
		3,905*						
		(54,751)					(27,745)	
Office equipment	9,107	1,189	10,296	20	5,555	714	6,269	4,027
Computer equipment	37,684	3,012	38,241	33	33,411	1,975	33,101	5,140
		(2,455)					(2,285)	
Dies and tools	319,563	-	396,115	40	177,239	60,285	237,524	158,591
		76,552*						
<b>2021</b>	<b>3,479,013</b>	<b>134,534</b>	<b>3,862,129</b>		<b>1,512,103</b>	<b>273,277</b>	<b>1,740,051</b>	<b>2,122,078</b>
		<b>328,424*</b>						
		<b>(79,842)</b>					<b>(45,329)</b>	

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

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

	Note	2022 (Rupees in '000)	2021
Cost of sales	26	288,812	261,492
Distribution costs	27	4,344	2,598
Administrative expense	28	17,791	9,187
		<b>310,947</b>	<b>273,277</b>

### 7.3 Particulars of immovable properties (i.e. freehold land, leasehold land, building on freehold land and building on leasehold land) in the name of the Group, are as follows:

Location	Use of immovable property	Total area
Mouza Baroot, Hub Chowki, Distt. Lasbella, Balochistan	Manufacturing Facility	18.4 acres
DSU-12B, Downstream Industrial Estate, Pakistan Steel Mills, Bin Qasim Town, Karachi, Karachi city, Sindh	Manufacturing Facility	6.08 acres



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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>							
Battery Stacker	1,226	805	200	(605)	Negotiation	M/s. Noorani Trading Co.	Independent Purchaser
Rectifier 5000 Amperes	1,276	656	1,355	699	Trade-in	M/s. Electro Dynamic Works (Pvt.) Ltd.	Independent Purchaser
<b>Vehicles</b>							
Toyota Corolla	1,864	763	874	111	Group Policy	Mr. Fahim Kapadia	Chief Executive Officer
Toyota Corolla	2,154	1,175	2,239	1,064	Group Policy	Mr. M. Kalimullah	Ex-Employee
Toyota Corolla	4,005	3,807	4,250	443	Negotiation	Mr. Maqsood Qadir	Independent Purchaser
Operating fixed assets having WDV less than Rs. 0.5 million	13,703	5,027	6,224	1,197	Various	Various	
<b>2022</b>	<b>24,228</b>	<b>12,233</b>	<b>15,142</b>	<b>2,909</b>			
<b>2021</b>	<b>79,842</b>	<b>34,513</b>	<b>39,916</b>	<b>5,403</b>			

7.5 Capital work-in-progress

	Note	2022	2021
		(Rupees in '000)	
Plant and machinery		356,651	152,816
Building on freehold land		218,070	-
Vehicle		3,954	-
Dies and tools	7.5.1	621,332	159,908

7.5.1 Movement in capital work-in-progress is as follows:

	Note	2022	2021
As at July 01		159,908	192,558
Capital expenditure incurred / advances made during the year		816,449	300,836
Transfer to operating fixed assets during the year	7.1	(354,225)	(328,424)
Charged off during the year		(800)	(5,062)
As at June 30		621,332	159,908

8 RIGHT-OF-USE ASSETS

	Note	2022	2021
As at July 01		18,740	15,351
Additions during the year		-	11,466
Depreciation charge for the year	8.1	(8,510)	(8,077)
As at June 30		10,230	18,740

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

	Note	2022	2021
Cost of sales	26	6,142	5,632
Distribution costs	27	773	781
Administrative expenses	28	1,595	1,664
		8,510	8,077

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

9 INTANGIBLE ASSETS

**Cost**

	Note	2022	2021
		(Rupees in '000)	
As at July 01		61,431	75,502
Additions / (disposal) during the year	9.1	53,838	(14,071)
As at June 30		115,269	61,431

**Accumulated amortisation**

	Note	2022	2021
As at July 01		(25,206)	(15,916)
Charge for the year	9.2	(14,333)	(14,684)
Disposal during the year		-	5,394
As at June 30		(39,539)	(25,206)

**Net book value as at June 30**

	75,730	36,225
--	--------	--------

**Annual rate of amortisation**

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

9.1 During the year, the Group capitalised Rs. 26.96 million (2021: Rs. Nil) and Rs. 26.88 million (2021: Rs. Nil) with respect to development costs incurred in respect of parts for upcoming models of motor vehicles and SAP Hana software respectively.

9.2 Amortisation charge for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in '000)	
Cost of sales	26	13,885	14,684
Administrative expenses	28	448	-
		14,333	14,684

10 LONG-TERM DEPOSITS

	Note	2022	2021
Security deposits - considered good	10.1	15,517	13,605

10.1 Represent interest free deposits.

11 STORES, SPARES AND LOOSE TOOLS

	2022	2021
Stores	97,858	58,840
Spares	65,003	63,517
Loose tools	8,633	7,634
	171,494	129,991

12 STOCK-IN-TRADE

	2022	2021
Raw material	2,719,194	1,193,542
Packing material	4,155	5,381
Work-in-process	121,728	98,076
Finished goods	172,415	136,623
Goods-in-transit	766,854	292,630
	3,784,346	1,726,252

12.1 Write down of stock-in-trade to NRV during the year amounted to Rs. 44.64 million (2021: Rs. Nil).

12.2 Reversal of write down of stock-in-trade to NRV during the year amounted to Rs. Nil (2021: Rs. 70.77 million).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021
Lease liabilities		<b>12,182</b>	20,730
Current maturity of lease liabilities		<b>(8,795)</b>	(7,425)
	19.1	<b>3,387</b>	13,305
<b>19.1 Movement of lease liabilities:</b>			
As at July 01		<b>20,730</b>	15,037
Additions during the year		-	11,466
Finance cost during the year		<b>462</b>	1,227
Payments during the year		<b>(9,010)</b>	(7,000)
As at June 30	19.2	<b>12,182</b>	20,730
Current maturity of lease liabilities		<b>(8,795)</b>	(7,425)
		<b>3,387</b>	13,305
<b>19.2</b> The maturity analysis of lease liabilities as at the reporting date is as follows:			
Up to one year		<b>8,795</b>	7,425
After one year		<b>3,387</b>	13,305
Total lease liabilities		<b>12,182</b>	20,730

**19.3** Expenses relating to short term leases amounted to Rs. Nil (2021: Rs. 1.22 million) during the year.

	Note	2022 ----- (Rupees in '000) -----	2021
<b>20 LONG-TERM FINANCING - SECURED</b>			
SBP refinance scheme for renewable energy	20.1 & 20.2	<b>90,927</b>	-
Current maturity of long-term financing		<b>(10,270)</b>	-
		<b>80,657</b>	-

**20.1** This represents long-term financing facility obtained from a conventional bank under State Bank of Pakistan (SBP) refinance scheme for renewable energy, recognised initially at fair value. The total facility amounts to Rs. 175 million and carries mark-up at the rate of 2% plus 0.75% (2021: Nil) per annum payable quarterly. The facility is repayable in ten years from the date of disbursement. The facility is secured against first specific hypothecation charge over plant and machinery related to the solar power project for the disbursed amount in addition to margin of 15% to be secured against liquid collateral (Micro Products Division / Integrated Products Division or Government securities) held under lien. The incremental borrowing rate for the purposes of discounting adjustment for recognition at fair value is ranging from 8.72% to 15.60% (2021: Nil) per annum.

	Note	2022 ----- (Rupees in '000) -----	2021
<b>20.2 Movement of long-term financing</b>			
As at July 01		-	-
Financing received during the year		<b>127,226</b>	-
Repayment made during the year		<b>(4,322)</b>	-
Recognised as deferred income	20.3	<b>(34,827)</b>	-
Accretion of interest during the year		<b>2,850</b>	-
As at June 30		<b>90,927</b>	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

**20.4** Subsequent to the reporting date, the Group further obtained long-term financing of Rs. 700 million (limit: Rs. 1,400 million) on August 3, 2022 at a markup rate of 3 months KIBOR + 30 bps payable on quarterly basis. The tenure of this facility is six years, including grace period of one year. This facility is secured by first pari passu hypothecation / first charge over present and future fixed assets (excluding land and building) of the Group with 25% margin.

	Note	2022 ----- (Rupees in '000) -----	2021
<b>21 TRADE AND OTHER PAYABLES</b>			
Creditors		<b>638,834</b>	155,704
Accrued liabilities	21.1	<b>525,743</b>	405,656
Royalty payable		<b>47,553</b>	36,062
Advance from customers		<b>3,949</b>	2,514
Additional custom duty payable	14.1	<b>365,519</b>	362,001
Payable to provident fund	21.2	<b>4,002</b>	2,547
Withholding tax payable		<b>447</b>	-
Workers' Profit Participation Fund`	21.3	<b>59,018</b>	4,073
Workers' Welfare Fund	29	<b>27,094</b>	27,811
Warranty obligations	21.4	<b>138,293</b>	132,887
Accrued markup on borrowings		<b>40,251</b>	550
Others		<b>12,488</b>	4,279
		<b>1,863,191</b>	1,134,084

**21.1** Includes an amount of Rs. 1.49 million (2021: Rs. 1.03 million) payable to Habib Metro Pakistan (Private) Limited - a related party, respectively. Also includes an amount of Rs. 350.35 million (2021: Rs. 221.07 million) in respect of Sindh Infrastructure Development Cess.

**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.

	Note	2022 ----- (Rupees in '000) -----	2021
<b>21.3 Workers' Profit Participation Fund</b>			
As at July 01		<b>4,073</b>	4,731
Allocation for the year	29	<b>59,018</b>	62,192
		<b>63,091</b>	66,923
Payment made during the year		<b>(4,073)</b>	(62,850)
As at June 30		<b>59,018</b>	4,073
<b>21.4 Warranty obligations</b>			
As at July 01		<b>132,887</b>	113,285
Provision for the year		<b>35,830</b>	28,143
Provisions reversed during the year		<b>(21,917)</b>	-
	27	<b>13,913</b>	28,143
		<b>146,800</b>	141,428
Claims paid during the year		<b>(8,507)</b>	(8,541)
As at June 30		<b>138,293</b>	132,887

### 22 UNPAID DIVIDEND / UNCLAIMED DIVIDEND

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 23 SHORT-TERM RUNNING FINANCE

Represents short-term running finance obtained from various commercial banks amounting to Rs. 1,106.07 million (2021: Rs. 36.65 million). The total facility limit amounts to Rs. 1,990 million (2021: Rs. 420 million). The rate of mark-up on these finances ranges from 3 months KIBOR plus rates varying from 0.20% to 1.25% (2021: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%) per annum. The facilities are secured by way of pari passu hypothecation of the Group'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 Group by certain vendors amounted to Rs. 5.44 million (2021: Rs. 5.44 million). Management of the Group is confident that no loss is likely to occur from these claims and accordingly no provision in this respect has been made in these consolidated financial statements.

**24.1.2** The Subsidiary Company received an Order from the Collector Adjudicator regarding the short payment of custom duties and taxes amounting to Rs. 890 million, alleging the application of incorrect tariff rate on certain components, imported since 2017. Based on valid grounds and legal arguments the Subsidiary Company filed an appeal with the Appellate Tribunal of Customs (ATC) along with an application seeking interim relief. ATC granted a stay order in favour of the Subsidiary Company. In July 2022, ATC upheld the decision of the Collector Adjudicator. Aggrieved with the decision of the ATC, the Subsidiary Company preferred an appeal before the Honourable High Court of Sindh (SHC). The SHC was pleased to grant interim relief, restraining customs from taking any coercive action against the Subsidiary Company. Based on the facts of the case and the legal advisor's opinion, the Group is confident that the ultimate outcome will be in favour of the Group and accordingly no provision is required to be recorded in these consolidated financial statements.

#### 24.2 Commitments

**24.2.1** Commitments in respect of outstanding letters of credit for raw material, stores, spares and loose tools amounting to Rs. 1,447.08 million (2021: Rs. 1,320.45 million).

**24.2.2** Commitments in respect of capital expenditure amounting to Rs. 782.22 million (2021: Rs. 80.47 million).

**24.2.3** Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounting to Rs. 0.39 million (2021: Rs. 0.39 million).

**24.2.4** Outstanding bank guarantees issued to Collector of Customs in respect of infrastructure cess, custom duty and non-deduction of withholding tax amounting to Rs. 103 million (2021: Rs. 49 million), Rs. 153.46 million (2021: Rs. Nil) and Rs. 8.62 million (2021: Rs. 7.60 million) respectively.

	2022	2021
----- (Rupees in '000) -----		

### 25 TURNOVER – net

Sales	<b>18,030,228</b>	12,281,992
Trade discount	-	(88)
Sales tax	<b>(2,632,544)</b>	(1,796,877)
	<b>(2,632,544)</b>	(1,796,965)
	<b>15,397,684</b>	10,485,027

**25.1** Revenue recognised from amounts included in advance from customers at the beginning of the year amounted to Rs. 1.19 million (2021: Rs. Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### 25.2 Disaggregation of revenue

	Note	2022	2021
		----- (Rupees in '000) -----	
Sindh		<b>14,314,923</b>	9,744,705
Punjab		<b>1,082,761</b>	740,322
		<b>15,397,684</b>	10,485,027

### 26 COST OF SALES

#### Raw material consumed

Opening stock		1,193,542	1,731,879
Purchases		<b>13,005,329</b>	6,772,237
		<b>14,198,871</b>	8,504,116
Closing stock	12	<b>(2,719,194)</b>	(1,193,542)
		<b>11,479,677</b>	7,310,574

#### Manufacturing expenses

Salaries, wages and benefits		760,415	589,982
Stores, spares and loose tools consumed		<b>351,319</b>	275,160
Fuel and power		<b>200,492</b>	146,423
Amortisation of intangible assets	9.2	<b>13,885</b>	14,684
Royalty	26.1	<b>79,804</b>	68,325
Depreciation on operating fixed assets	7.2	<b>288,812</b>	261,492
Depreciation on right-of-use assets	8.1	<b>6,142</b>	5,632
Transportation and travelling		<b>119,703</b>	98,634
Repairs and maintenance		<b>158,157</b>	87,253
Packing material consumed		<b>42,481</b>	39,031
Rent, rates and taxes		<b>1,633</b>	1,460
Research and development costs		<b>160</b>	144
Insurance		<b>5,620</b>	4,668
Communications and professional fee		<b>8,585</b>	5,209
Printing and stationery		<b>1,871</b>	1,449
Others		<b>7,071</b>	9,079
		<b>2,046,150</b>	1,608,625

#### Work-in-process

Opening stock		98,076	49,188
Closing stock	12	<b>(121,728)</b>	(98,076)
		<b>(23,652)</b>	(48,888)

#### Cost of goods manufactured

#### Finished goods

Opening stock		136,623	65,860
Closing stock	12	<b>(172,415)</b>	(136,623)
		<b>(35,792)</b>	(70,763)
		<b>13,466,383</b>	8,799,548

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

26.1 Royalty paid during the year comprise of the following:

Company name	Address	Relationship with the Group	2022	2021
			----- (Rupees in '000) -----	
KYB Corporation	World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan	Technical Partner	28,187	25,405
Aisin Seiki Co., Ltd	2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan	Technical Partner	1,393	962
Ride Control LLC	750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA	Technical Partner	2,963	1,649
Ogihara (Thailand) Company Limited	172 Ladkrabang Industrial Estate, Soi Chalongkrung 31, Chalongkrung Rd, Lamplathiw, Ladkrabang, Bangkok 10520	Technical Partner	35,770	29,582

### 27 DISTRIBUTION COSTS

	Note	2022	2021
Salaries, wages and benefits		15,525	12,944
Advertisement and sales promotion		39,752	28,050
Carriage and forwarding		60,084	40,065
Travelling and conveyance		3,389	2,665
Depreciation on operating fixed assets	7.2	4,344	2,598
Depreciation on right-of-use assets	8.1	773	781
Provision for warranty claims net of reversal	21.4	13,913	28,143
Legal and professional charges		-	1,033
Communication		338	314
Insurance		4,133	3,492
Repairs and maintenance		3,623	1,226
Others		1,795	1,394
		147,669	122,705

### 28 ADMINISTRATIVE EXPENSES

Salaries, wages and benefits		118,411	95,096
Legal and professional charges		86,836	67,425
Travelling and conveyance		23,239	16,732
Repairs and maintenance		45,493	28,151
Depreciation on operating fixed assets	7.2	17,791	9,187
Depreciation on right-of-use assets	8.1	1,595	1,664
Amortisation of intangible assets	9.2	448	-
Security services		13,200	13,763
Communications and professional fee		3,142	3,956
Printing and stationery		1,936	1,333
Rent, rates and taxes		204	1,366
Utilities		1,511	1,798
Auditors' remuneration	28.1	3,202	3,087
Insurance		1,889	1,834
Others		6,323	3,996
		325,220	249,388

#### 28.1 Auditors' remuneration

Audit fee for standalone financial statements	1,568	1,470
Audit fee for consolidated financial statements	210	210
Fee for review of half yearly financial statements	242	264
Other certifications	799	788
Out of pocket expenses	383	355
	3,202	3,087

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
----- (Rupees in '000) -----			
<b>29 OTHER EXPENSES</b>			
Exchange loss on foreign currency transactions - net		210,017	73,350
Workers' Profit Participation Fund	21.3	59,018	62,192
Workers' Welfare Fund	21	26,395	27,112
Donations	29.1	10,735	9,417
Allowance for expected credit losses	13.3	-	1,437
Miscellaneous expenses		155	-
		306,320	173,508

29.1 Donation to following parties exceeds 10% of the Group's total donations or Rs. 1 million, whichever is higher:

	2022	2021
----- (Rupees in '000) -----		
Habib Education Trust	2,500	2,500
Mohammed Ali Habib Welfare Trust	4,200	4,325
The Indus Hospital	1,000	-
Jam Ghulam Qadir Hospital	-	1,024

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. Nil (2021: Rs. 0.2 million).

	Note	2022	2021
----- (Rupees in '000) -----			
<b>30 OTHER INCOME</b>			

#### Income from financial assets

Profit on:			
- short-term investments - term deposit receipts		9,754	28,499
- deposit accounts		5,349	11,270
	30.1	15,103	39,769
Gain on disposal of short-term investments - mutual funds		-	1,934
Reversal of expected credit losses - net	13.3	1,928	-
		1,928	1,934

#### Income from non-financial assets

Gain on disposal of operating fixed assets	2,909	5,403
Gain on disposal of intangible assets	-	5,377
Liabilities no longer payable - written back	-	1,085
Scrap sales	34,092	13,054
Miscellaneous income	-	890
	37,001	25,809
	54,032	67,512

30.1 Represents profit earned under conventional banking relationship.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	----- (Rupees in '000) -----	
<b>31 FINANCE COSTS</b>		
Interest on:		
- short-term running finance	92,927	265
- long-term financing	3,994	-
- lease liabilities	462	1,227
Bank charges and commission	4,106	2,633
	<b>101,489</b>	<b>4,125</b>
<b>32 TAXATION</b>		
<b>Current</b>		
For the year	413,034	350,721
Prior	(8,788)	-
	<b>404,246</b>	<b>350,721</b>
<b>Deferred</b>	<b>(36,432)</b>	<b>22,880</b>
	<b>367,814</b>	<b>373,601</b>
<b>32.1 Reconciliation between tax expense and accounting profit</b>		
Accounting profit for the year before taxation	1,104,635	1,203,265
Tax at applicable rate of 33% (2021: 29%)	364,530	348,947
Non-deductible expenses for tax purpose	15,186	52,704
Adjustments in respect of previous years' tax charge	(8,788)	-
Carried forward business losses	-	(25,319)
Tax credit on donations	(3,114)	(2,731)
	<b>367,814</b>	<b>373,601</b>
Effective tax %	<b>33%</b>	31%
<b>33 EARNINGS PER SHARE – basic and diluted</b>		
There is no dilutive effect on the basic earnings per share of the Group, which is based on:		
Net profit for the year	736,821	829,664
Weighted average number of ordinary shares outstanding during the year (shares in '000)	28,800	28,800
Earnings per share (Rs.)	25.58	28.81
<b>34 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	1,104,635	1,203,265
<b>Adjustments for:</b>		
Depreciation and amortisation	333,790	296,038
Finance costs	101,489	4,125
(Reversal) / allowance for expected credit losses - net	(1,928)	1,437
Liabilities no longer payable - written back	-	(1,085)
Profit on short-term investments - term deposit receipts	(9,754)	(28,499)
Profit on deposit accounts	(5,349)	(11,270)
Capital work-in-progress charged off	800	5,062
Gain on disposal of operating fixed assets	(2,909)	(5,403)
Gain on disposal of intangible assets	-	(5,377)
Gain on disposal of short-term investments - mutual funds	-	(1,934)
	<b>416,139</b>	<b>253,094</b>
	<b>1,520,774</b>	<b>1,456,359</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2022	2021
	----- (Rupees in '000) -----	
<b>Decrease / (increase) in current assets</b>		
Stores, spares and loose tools	(41,503)	(9,175)
Stock-in-trade	(2,058,094)	210,953
Trade debts	(4,886)	(664,973)
Advances, deposits, prepayments and other receivables	(20,854)	(740,370)
Sales tax receivable	(61,799)	138,814
	<b>(2,187,136)</b>	<b>(1,064,751)</b>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	691,217	161,333
Sales tax payable	(6,988)	36,449
	<b>17,867</b>	<b>589,390</b>
<b>35 CASH AND CASH EQUIVALENTS</b>		
Short-term investments - term deposit receipts	15	77,000
Cash and bank balances	16	170,029
Short-term running finance	23	(1,106,070)
		<b>(859,041)</b>
<b>36 FINANCIAL RISK MANAGEMENT</b>		
<b>36.1 FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<b>Financial assets</b>		
Debt instruments at amortised cost		
Long-term deposits	10	15,517
Trade debts	13	1,179,531
Deposits and other receivables	14	877,504
Short-term investments	15	78,286
Accrued profit		1,879
Cash and bank balances	16	170,029
		<b>2,322,746</b>
<b>Financial liabilities at amortised cost</b>		
Lease liabilities	19	12,182
Long-term financing	20	90,927
Trade and other payables	21	870,917
Unpaid dividend	22	8,357
Unclaimed dividend	22	26,956
Short-term running finance	23	1,106,070
		<b>2,115,409</b>
<b>36.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES</b>		
The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 36.2.1 Market risk

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

#### (i) Interest rate risk

Interest rate risk is the risk that the 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 short-term running finance. Management of the Group estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Group's profit before tax for the year by Rs. 8.62 million (2021: Rs. 3.03 million) and a 1% decrease would result in the increase in the Group'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 currencies. The Group's exposure to foreign currency risk at the reporting date is as follows:

	2022	2021
	----- (FCY in '000) -----	
<b>USD</b>		
Trade and other payables	2,160	2,131
<b>JPY</b>		
Trade and other payables	45,686	62,673
<b>EUR</b>		
Trade and other payables	-	3
<b>CNY</b>		
Trade and other payables	563	1,339

The following significant exchange rates were applied during the year:

	Statement of financial position date rate		Average rate	
	2022	2021	2022	2021
USD	204.85	157.54	178.82	160.33
JPY	1.50	1.43	1.52	1.51
EUR	213.81	187.27	200.66	191.16
CNY	30.60	24.39	27.66	24.21

A ten percent strengthening / weakening of the Pakistani Rupee against the above foreign currencies at the reporting date would increase / decrease profit before tax for the year by Rs. 52.82 million (2021: Rs. 45.87 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the previous year.

### 36.2.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and causes 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		2022	2021
	Note	----- (Rupees in '000) -----	
The maximum exposure to credit risk at reporting date is as follows:			
Long-term deposits	10	15,517	13,605
Trade debts	13	1,179,531	1,159,086
Deposits and other receivables	14	877,504	864,370
Short-term investments	15	78,286	266,780
Bank balances	16	169,945	225,800
		<b>2,320,783</b>	<b>2,529,641</b>

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.

	2022	2021
	----- (Rupees in '000) -----	
<b>Trade debts</b>		
The analysis of trade debts is as follows:		
Neither past due nor impaired	1,141,812	1,070,870
Past due but not impaired		
- 30 to 90 days	37,643	85,396
- 91 to 180 days	76	1,519
- 181 to 360 days	-	1,301
	<b>1,179,531</b>	<b>1,159,086</b>

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

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

Bank	Rating agency	Rating	Rupees in '000
Habib Metropolitan Bank Limited	PACRA	A-1+	167,444
Dubai Islamic Bank Limited	VIS	A-1+	579
Habib Bank Limited	VIS	A-1+	77,000
National Bank of Pakistan	PACRA	A-1+	1,922

### 36.2.3 Liquidity risk

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

Management forecasts the liquidity of the Group on the basis of expected cashflow considering the level of liquid assets necessary to mitigate the liquidity risk. The table below summarises the maturity profile of the Group's financial liabilities at the following statement of financial position dates:

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2022	On Demand	Not later than one year	Later than one year	Total
	(Rupees in '000)			
Trade and other payables	765,836	1,097,355	-	1,863,191
Lease liabilities	-	9,276	3,446	12,722
Long-term financing	-	16,429	122,205	138,634
Unpaid dividend	8,357	-	-	8,357
Unclaimed dividend	26,956	-	-	26,956
Short-term running finance	1,106,070	-	-	1,106,070
	<u>1,907,219</u>	<u>1,123,060</u>	<u>125,651</u>	<u>3,155,930</u>

2021	On Demand	Not later than one year	Later than one year	Total
	(Rupees in '000)			
Trade and other payables	683,770	450,314	-	1,134,084
Lease liabilities	-	9,008	12,722	21,730
Long-term financing	-	-	-	-
Unpaid dividend	11,655	-	-	11,655
Unclaimed dividend	22,857	-	-	22,857
Short-term running finance	36,646	-	-	36,646
	<u>754,928</u>	<u>459,322</u>	<u>12,722</u>	<u>1,226,972</u>

### 37 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard the Group's ability to continue to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. As of the statement of financial position date, the total debt to equity ratio is as follows:

	2022	2021
	(Rupees in '000)	
Debt	<u>1,196,997</u>	<u>36,646</u>
Equity	<u>6,335,025</u>	<u>5,771,004</u>
Gearing ratio	<u>19%</u>	<u>1%</u>

### 38 FAIR VALUE MEASUREMENT

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

As of the statement of financial position date, the Group does not have any financial instruments measured at fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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

	2021		
	Long-term financing - secured (including deferred income)	Unclaimed & Unpaid dividend	Lease liabilities
	(Rupees in '000)		
<b>As at July 01</b>	-	32,242	15,037
<b>Changes from financing cash flows</b>			
Dividend paid during the year	-	(170,530)	-
Payments made during the year	-	-	(7,000)
	-	(170,530)	(7,000)
<b>Other changes</b>			
Dividend declared during the year	-	172,800	-
Additions during the year	-	-	11,466
Finance cost during the year	-	-	1,227
	-	172,800	12,693
<b>As at June 30</b>	<u>-</u>	<u>34,512</u>	<u>20,730</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

40.1 The aggregate amount charged in the consolidated financial statements for remuneration including certain benefits to the Chief Executive, directors and executives of the Group are as follows:

	2022		2021	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in '000)			
Managerial remuneration	26,503	78,350	22,918	63,505
Bonus	10,431	23,031	7,200	12,099
Retirement benefits	1,939	4,191	1,682	2,624
Utilities	654	1,029	649	175
Medical expenses	11	1,316	12	397
	<b>39,538</b>	<b>107,917</b>	<b>32,461</b>	<b>78,800</b>
Number of persons	<b>1</b>	<b>23</b>	<b>1</b>	<b>16</b>

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

40.3 Three non-executive directors (2021: Three) have been paid fees of Rs. 2.8 million (2021: Rs. 2.1 million) for attending board and other meetings.

### 41 TRANSACTIONS WITH RELATED PARTIES

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

Name of related party and relationship with the Group	Nature of transactions	Percentage of share holding in the Holding Company %	2022		2021	
			(Rupees in '000)			
<b>Associated companies (Common directorship)</b>						
Thal Limited	Dividend paid	7.35	<b>12,694</b>		12,694	
Shabbir Tiles & Ceramics Limited	Purchases	Nil	-		3,375	
Thal Boshoku Pakistan (Private) Limited	Sales	Nil	<b>93,944</b>		99,298	
<b>Retirement benefits fund</b>						
Employees' Provident Fund	Contribution	Nil	<b>15,525</b>		12,436	
<b>Key management personnel</b>						
	Remuneration and other benefits	Nil	<b>54,695</b>		44,009	
	Sale of vehicle having net book value of Rs. 0.76 million (2021: Rs. 0.70 million) as per the Group's policy		<b>875</b>		806	

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

### 42 PRODUCTION CAPACITY

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

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

The Board of Directors in its meeting held on August 26, 2022 (i) approved the transfer of Rs. 300 million (2021: Rs. 200 million) from unappropriated profits to general reserves, (ii) proposed to issue bonus shares in the proportion of 1 share for every 4 shares held i.e., 25 % (2021: Nil), and (iii) proposed cash dividend of nil per share (2021: Rs. 6 per share) for the year ended June 30, 2022 amounting to nil (2021: Rs. 172.8 million) for approval of the members at the Annual General Meeting to be held on October 20, 2022.

### 44 NUMBER OF EMPLOYEES

	2022	2021
Total number of employees as at June 30	<b>1,061</b>	990
Average number of employees during the year	<b>1,026</b>	907

### 45 OPERATING SEGMENTS

The activities of the Group are organised 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, organisational 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. Sales to five major customers of the Group are around 91.93% of the Group's total sales during the year (2021: 91.99%).

### 46 UNUTILISED CREDIT FACILITIES

As of reporting date, the Group has unutilised facilities for letter of credit, bonds and guarantees and terms of loan available from various banks amounted to Rs. 4,243.71 million (2021: Rs. 1,038.09 million). The facilities are secured by way of lien on import documents and pari passu hypothecation of the Group's specific fixed assets, stock-in-trade, stores, spares, loose tools and trade debts.

### 47 GENERAL

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

47.2 Certain prior years' figures have been reclassified for better presentation, wherever necessary. However, there are no material reclassifications to report except for exchange loss amounting to Rs. 73.35 million from cost of sales to other expenses.

### 48 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on August 26, 2022 by the Board of Directors of the Group.

  
DIRECTOR

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

# PATTERN OF SHAREHOLDING AS AT JUNE 30, 2022

No. of Shareholders	Size of Shareholding		Total Shares Held
	From	To	
1,685	1	100	48,390
788	101	500	192,729
322	501	1000	236,176
327	1001	5000	706,960
59	5001	10000	425,246
35	10001	15000	429,116
12	15001	20000	203,184
14	20001	25000	330,948
12	25001	30000	332,577
10	30001	35000	330,524
7	35001	40000	261,788
3	40001	45000	129,205
7	45001	50000	334,525
5	50001	55000	263,412
2	55001	60000	116,249
3	60001	65000	187,893
2	65001	70000	131,933
5	75001	80000	383,624
1	80001	85000	81,467
4	85001	90000	348,054
1	90001	95000	94,400
3	95001	100000	298,362
1	105001	110000	108,826
1	110001	115000	113,234
3	115001	120000	354,319
1	120001	125000	123,741
2	130001	135000	265,657
2	140001	145000	285,700
2	145001	150000	292,869
1	150001	155000	154,600
1	160001	165000	162,122
1	190001	195000	191,661
3	195001	200000	600,000
1	205001	210000	207,500
1	215001	220000	216,600
1	225001	230000	228,800
1	260001	265000	262,000
1	280001	285000	280,920
4	360001	365000	1,451,545
1	380001	385000	381,800
1	400001	405000	402,012
1	420001	425000	425,000
1	450001	455000	451,080
1	495001	500000	500,000
1	525001	530000	525,626
1	575001	580000	576,325
4	595001	600000	2,400,000
1	995001	1000000	997,020
1	1245001	1250000	1,248,139
1	1685001	1690000	1,687,000
1	2115001	2120000	2,115,600
1	5920001	5925000	5,923,542
<b>3,350</b>			<b>28,800,000</b>

# PATTERN OF SHAREHOLDING AS AT JUNE 30, 2022

S. No.	Categories of Shareholders	No. of Shares Held	Category-wise No. of Folios /CDC Accounts	Category-wise Shares Held	Percentage (%)
1	<b>Individuals</b>		3,226	9,539,457	33.12
2	<b>Investment Companies</b>		4	13,729	0.05
3	<b>Joint Stock Companies</b>		33	1,022,616	3.55
4	<b>Directors, Chief Executive Officer and Their Spouse and Minor Children</b>		7	9,000	0.03
	Yutaka Arae	1,000			
	Fahim Kapadia	3,000			
	Hamza Habib	1,000			
	Sohail P. Ahmed	1,000			
	Muhammad Salman Burney	1,000			
	Muhammad Ali Jameel	1,000			
	Ayesha T. Haq	1,000			
5	<b>Executives</b>	-	-	-	-
6	<b>Associated Companies, Undertakings and Related Parties</b>		1	2,115,600	7.35
	Thal Limited				
7	<b>Public Sector Companies and Corporations</b>		1	63,093	0.22
8	<b>Banks, DFI's , NBFIs, Insurance Companies, Takaful, Modarabas and Pension Funds</b>		18	2,053,634	7.13
	Financial Institutions	1,713,657			
	Insurance Companies	147,000			
	Modaraba	100			
	Pension Funds	192,877			
9	<b>Mutual Funds</b>		15	1,549,620	5.38
	Golden Arrow Selected Stocks Fund Limited	1,000			
	CDC - Trustee MCB Pakistan Stock Market Fund	154,600			
	CDC - Trustee Alhamra Islamic Stock Fund	47,500			
	CDC - Trustee Alhamra Islamic Asset Allocation Fund	56,400			
	CDC - Trustee Meezan Islamic Fund	140,700			
	CDC - Trustee NBP Stock Fund	7,000			
	CDC - Trustee NBP Islamic Sarmaya Izafa Fund	1,400			
	CDC - Trustee MCB Pakistan Asset Allocation Fund	54,100			
	CDC - Trustee NIT-Equity Market Opportunity Fund	2,500			
	CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	4,200			
	CDC - Trustee National Investment (Unit) Trust	997,020			
	CDC - Trustee NBP Islamic Stock Fund	200			
	CDC - Trustee NIT Islamic Equity Fund	76,000			
	CDC - Trustee NITIPF Equity Sub-Fund	3,000			
	CDC - Trustee NBP Islamic Regular Income Fund	4,000			
10	<b>Foreign Investors</b>		19	12,166,373	42.24
11	<b>Co-Operative Societies</b>		3	1,942	0.01
12	<b>Charitable Trust</b>		1	25	0.00
13	<b>Others</b>		22	264,911	0.92
	<b>TOTAL</b>		<b>3,350</b>	<b>28,800,000</b>	<b>100.00</b>

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

Name of Shareholder (s)	No. of Shares Held	Description	Percentage (%)
Thal Limited	2,115,600	Falls in Category # 6	7.35
National Bank of Pakistan	1,687,000	Falls in Category # 8	5.86
Robert Finance Corporation, AG.	7,171,681	Falls in Category # 10	24.90

### Detail of trading in the shares by the Directors, Executives and their spouses and minor children:

None of the Directors, Executives and their spouses and minor children has traded in the shares of the Company during the year, except for the following:

	Buy	Sell
Mr. Muhammad Salman Burney Non-executive Director	-	4,000

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# Form of Proxy

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

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
being a member of Agriauto Industries Limited and holder of \_\_\_\_\_  
\_\_\_\_\_ Ordinary shares as per Share Register Folio \_\_\_\_\_

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

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

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

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

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

who is/are also member/s of Agriauto Industries Limited as my/our proxy to vote for me/us and on my/our behalf at the 41<sup>st</sup> Annual General Meeting of the Company to be held on October 20, 2022 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

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

The signature should agree with specimen registered with the Company.

## WITNESS 1

Signature \_\_\_\_\_

Name \_\_\_\_\_

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

Address \_\_\_\_\_

## WITNESS 2

Signature \_\_\_\_\_

Name \_\_\_\_\_

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

Address \_\_\_\_\_

## Note:

1. This proxy form duly completed and signed, must be received at the Registered Office of the Company or Share Registrar of the Company, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself /herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

## For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
- iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

