

Balance Sheet

As at 30 June 2015

	Note	2015	2014
(Rs. in 000')			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	616,118	573,393
Long term investment	7	1,028,320	1,028,320
Long term deposits		6,234	6,234
		<u>1,650,672</u>	<u>1,607,947</u>
CURRENT ASSETS			
Stores, spares and loose tools	8	51,312	55,336
Stock-in-trade	9	699,597	442,487
Trade debts	10	511,947	246,250
Advances, deposits, prepayments and other receivables	11	8,237	67,361
Accrued profit		683	974
Sales tax receivable		-	7,619
Short term investments	12	390,524	510,410
Taxation – net		-	27,219
Cash and bank balances	13	232,213	135,344
		<u>1,894,513</u>	<u>1,493,000</u>
TOTAL ASSETS		<u>3,545,185</u>	<u>3,100,947</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 (2014: 40,000,000) Ordinary shares of Rs. 5/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	14	144,000	144,000
Reserves		<u>3,006,678</u>	<u>2,665,617</u>
		<u>3,150,678</u>	<u>2,809,617</u>
NON CURRENT LIABILITIES			
Deferred taxation	15	54,777	61,055
CURRENT LIABILITIES			
Trade and other payables	16	319,203	230,275
Taxation – net		16,299	-
Sales tax payable		4,228	-
		<u>339,730</u>	<u>230,275</u>
COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		<u>3,545,185</u>	<u>3,100,947</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

Profit & Loss Account

For the year ended June 30, 2015

	Note	2015	2014
		(Rs. in 000')	
Turnover - net	18	4,923,276	3,158,800
Cost of sales	19	(3,934,624)	(2,647,863)
Gross profit		988,652	510,937
Distribution costs	20	(83,263)	(56,556)
Administrative expenses	21	(140,238)	(118,245)
		(223,501)	(174,801)
Operating profit		765,151	336,136
Other expenses	22	(63,765)	(37,865)
Other income	23	33,742	105,383
Finance costs	24	(1,729)	(89)
		(31,752)	67,429
Profit before taxation		733,399	403,565
Taxation	25	(248,338)	(95,327)
Profit after taxation		485,061	308,238
		Rupees	Rupees
Earnings per share – basic and diluted	26	16.84	10.70

The annexed notes from 1 to 39 form an integral part of these financial statements.


Yutaka Arae
Chairman


Fahim Kapadia
Chief Executive

Statement of Comprehensive Income

For the year ended June 30, 2015

	2015	2014
	(Rs. in 000')	
Net profit for the year	485,061	308,238
Other comprehensive income		
Unrealized gain on change in fair value of available-for-sale investments arisen during the year – net of tax	-	24,476
Reclassification adjustment for gains included in profit and loss account upon disposal of investments	-	(24,517)
	-	(41)
Total comprehensive income for the year	485,061	308,197

The annexed notes from 1 to 39 form an integral part of these financial statements.

Cash Flow Statement

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	430,027	740,021
Finance costs paid		(1,729)	(89)
Income tax paid		(219,408)	(123,725)
Long term deposits		-	(520)
Net cash generated from operating activities		208,890	615,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(122,199)	(143,828)
Proceeds from disposal of property, plant and equipment		2,893	9,567
Proceeds from disposal of short term investment		-	474,519
Short term investments		-	(450,000)
Long term investments into subsidiary		-	(325,195)
Profit received on term deposit receipts		29,731	11,604
Profit received on deposit accounts		-	8,639
Net cash used in investing activities		(89,575)	(414,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(142,446)	(156,461)
Net cash used in financing activities		(142,446)	(156,461)
Net (decrease) / increase in cash and cash equivalents		(23,131)	44,532
Cash and cash equivalents at the beginning of the year		645,344	600,812
Cash and cash equivalents at the end of the year	28	622,213	645,344

The annexed notes from 1 to 39 form an integral part of these financial statements.


Yutaka Arae
Chairman


Fahim Kapadia
Chief Executive

Statement of Changes In Equity

For the year ended June 30, 2015

	Issued, subscribed and paid-up capital	R e s e r v e s				Gain / (loss) on changes in fair value of available- for-sale investments	Total	Total equity
		Capital reserve	Revenue reserves		Unapp- ropriated profit			
		Share premium	General					
(Rs. in 000')								
Balance as at June 30, 2013	144,000	12,598	2,160,000	343,181	41	2,515,820	2,659,820	
Final dividend for the year ended June 30, 2013 @ Rs. 5.50 /- per share	-	-	-	(158,400)	-	(158,400)	(158,400)	
Transfer to general reserve	-	-	175,000	(175,000)	-	-	-	
Profit after taxation for the year	-	-	-	308,238	-	308,238	308,238	
Other comprehensive loss	-	-	-	-	(41)	(41)	(41)	
Total comprehensive income for the year	-	-	-	308,238	(41)	308,197	308,197	
Balance as at June 30, 2014	144,000	12,598	2,335,000	318,019	-	2,665,617	2,809,617	
Final dividend for the year ended June 30, 2014 @ Rs. 5 /- per share	-	-	-	(144,000)	-	(144,000)	(144,000)	
Transfer to general reserve	-	-	170,000	(170,000)	-	-	-	
Profit after taxation for the year	-	-	-	485,061	-	485,061	485,061	
Other comprehensive loss	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	485,061	-	485,061	485,061	
Balance as at June 30, 2015	144,000	12,598	2,505,000	489,080	-	3,006,678	3,150,678	

The annexed notes from 1 to 39 form an integral part of these financial statements.


Yutaka Arae
Chairman


Fahim Kapadia
Chief Executive

Notes to the Financial Statements

For the year ended June 30, 2015

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, under the Companies Act, 1913 (now the Companies Ordinance, 1984), and is listed on the Karachi and Lahore stock exchanges of Pakistan since June 1984. 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.

These financial statements are separate financial statements of the Company in which investments in subsidiary is accounted for on the basis of direct equity interest and is not consolidated or accounted for using equity method.

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are as notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

- 3.1** These financial statements have been prepared under the historical cost convention except for available-for-sale investments which are valued as stated in note 5.5 to the financial statements.
- 3.2** These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 New / revised standards, interpretations and amendments

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

IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions
IAS 32 - Financial Instruments : Presentation - (Amendment) - Offsetting Financial Assets and Financial Liabilities
IAS 36 - Impairment of Assets - (Amendment) - Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment) (note 3 below)
- Novation of Derivatives and Continuation of Hedge Accounting

Improvements to Accounting Standards Issued by the IASB

IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method proportionate
restatement of accumulated depreciation / amortization
IAS 24 Related Party Disclosures - Key management personnel

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

Notes to the Financial Statements

For the year ended June 30, 2015

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

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

Standard or Interpretation	Effective date (accounting periods Beginning on or after)
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities (Amendment)	01 January 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The Company is currently evaluating the impact of the above standards and interpretation on the Company's financial statements in the period of initial application.

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

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

The preparation of 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.

Notes to the Financial Statements

For the year ended June 30, 2015

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

	Notes
- determining the residual values and useful lives of property, plant and equipment	5.1 & 6
- valuation of inventories	5.2, 5.3, 8 & 9
- provision against trade debts and other receivables	5.4, 7 & 10
- provision for tax and deferred tax	5.10, 25 & 15
- provision for employee's benefits	5.9 & 16.1
- warranty obligations	5.12 & 16.3

5.1 Property, plant and equipment

Owned

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

Depreciation on fixed assets is charged to the profit and loss account applying the reducing balance method at the rates specified in note 6 to the financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal. Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalised. Gains or losses on disposals of fixed assets, if any, are included in profit and loss account.

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

5.2 Stores, spares and loose tools

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

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

5.3 Stock-in-trade

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

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

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

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their NRV.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

5.4 Trade debts and other receivables

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

Notes to the Financial Statements

For the year ended June 30, 2015

5.5 Investments

Investment in subsidiary company

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

Held-to-maturity

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

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

Available-for-sale

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

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

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

5.6 Cash and cash equivalents

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

5.7 Financial instruments

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

5.8 Offsetting of financial assets and financial liabilities

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

5.9 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.

Compensated absences

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

Notes to the Financial Statements

For the year ended June 30, 2015

5.10 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance.

Deferred

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

5.11 Provisions

Provision is recognised in the balance sheet 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.

5.12 Warranty obligations

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

5.13 Foreign currency transactions

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

5.14 Revenue recognition

Sales are recorded when goods are dispatched to the customers.

Profit on term deposit receipts is recognised on constant rate of return to maturity.

Profit on deposit accounts is recognised on accrual basis.

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

5.15 Borrowing costs

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

5.16 Research and development costs

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

5.17 Dividends and appropriation to reserve

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

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
6. PROPERTY, PLANT AND EQUIPMENT			
Operating assets - tangible	6.1	615,428	570,428
Capital work-in-progress	6.4	690	2,965
		616,118	573,393

6.1 Operating assets - tangible

	C O S T			Depreciation rate %	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2014	Additions/ (disposals)	As at June 30, 2015		As at July 01, 2014	Charge for the Year	Disposals for the Year	As at June 30, 2015	As at June 30, 2015
	(Rs. in 000')				(Rs. in 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	127,410	33,405	160,815	10	60,449	6,974	-	67,423	93,392
Plant and machinery	748,668	68,597 (11,186)	806,079	10 – 20	305,924	51,384	(9,114)	348,194	457,885
Furniture and fittings	8,442	335 (35)	8,742	15	4,369	651	(34)	4,986	3,756
Vehicles	58,999	17,312 (2,496)	73,815	20	28,467	7,288	(974)	34,781	39,034
Office equipment	3,225	324 (99)	3,450	20	1,802	305	(96)	2,011	1,439
Computer equipment	27,553	1,991 (715)	28,829	33	19,698	2,825	(669)	21,854	6,975
Dies and tools	35,381	2,510	37,891	40	20,193	6,403	-	26,596	11,295
2015	1,011,330	124,474 (14,531)	1,121,273		440,902	75,830	(10,887)	505,845	615,428

	C O S T			Depreciation rate %	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2013	Additions/ (disposals)	As at June 30, 2014		As at July 01, 2013	Charge for the Year	Disposals for the Year	As at June 30, 2014	As at June 30, 2014
	(Rs. in 000')				(Rs. in 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	107,051	20,359	127,410	10	54,467	5,982	-	60,449	66,961
Plant and machinery	624,228	136,094 (11,654)	748,668	10 – 20	269,352	47,388	(10,816)	305,924	442,744
Furniture and fittings	8,042	400	8,442	15	3,682	687	-	4,369	4,073
Vehicles	58,301	9,554 (8,856)	58,999	20	24,734	7,838	(4,105)	28,467	30,532
Office equipment	2,897	328	3,225	20	1,524	278	-	1,802	1,423
Computer equipment	26,762	863 (72)	27,553	33	16,084	3,672	(58)	19,698	7,855
Dies and tools	20,667	14,714	35,381	40	16,484	3,709	-	20,193	15,188
2014	849,600	182,312 (20,582)	1,011,330		386,327	69,554	(14,979)	440,902	570,428

Notes to the Financial Statements

For the year ended June 30, 2015

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

	Note	2015	2014
		(Rs. in 000')	
Cost of sales	19	67,730	61,150
Distribution costs	20	753	872
Administrative expenses	21	7,347	7,532
		<u>75,830</u>	<u>69,554</u>

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

Particulars	Cost	Accumulated Depreciation	Book value (Rs. in 000')	Sales proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyer
Plant and machinery / Dies and tools							
Plant, machinery & equipment	11,186	9,114	2,072	841	(1,231)	Auction	Pioneer Auctioneers
Furniture and fittings							
File Cabinets	35	34	1	6	5	Auction	Pioneer Auctioneers
Office equipment							
Office equipment	99	96	3	13	10	Auction	Pioneer Auctioneers
Computer equipment							
Computers & Printers	715	669	46	58	12	Auction	Pioneer Auctioneers
Vehicles							
Suzuki Cultus	1,034	118	916	925	9	Negotiation	Ms. Zarina Begum
Toyota Corolla	1,462	856	606	1,050	444	Negotiation	Mr. Muhammad Faig
	<u>2,496</u>	<u>974</u>	<u>1,522</u>	<u>1,975</u>	<u>453</u>		
2015	<u>14,531</u>	<u>10,887</u>	<u>3,644</u>	<u>2,893</u>	<u>(751)</u>		
2014	<u>20,582</u>	<u>14,979</u>	<u>5,603</u>	<u>9,567</u>	<u>3,964</u>		

6.4 Capital work-in-progress

	Plant and machinery	Civil works	Dies and tools	Total
	(Rs. in '000')			
Balance as at July 01, 2014	2,965	-	-	2,965
Capital expenditure incurred / advances made during the year	-	33,405	-	33,405
Transfer to fixed assets during the year	(2,275)	(33,405)	-	(35,680)
Balance as at June 30, 2015	<u>690</u>	<u>-</u>	<u>-</u>	<u>690</u>

7. LONG TERM INVESTMENT

Investment in a subsidiary company - at cost

	2015	2014
	(Rs. in 000')	
Agriauto Stamping Company (Private) Limited	<u>1,028,320</u>	<u>1,028,320</u>

7.1 The subsidiary company was incorporated on January 20, 2012 and the Company has made an investment of Rs1,028.320 million (2014: Rs. 1,028.320 million) as at 30 June 2015. The Company holds 100 percent shares in the subsidiary company.

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		(Rs. in 000')	
8. STORES, SPARES AND LOOSE TOOLS			
Stores		19,639	19,727
Spares		27,315	30,690
Loose tools		4,358	4,919
		51,312	55,336
		2015	2014
		(Rs. in 000')	
9. STOCK-IN-TRADE			
Raw material		471,843	294,628
Packing material		6,077	4,419
Work-in-process		89,976	46,291
Finished goods		19,432	17,197
Goods-in-transit		112,269	79,952
		699,597	442,487
9.1	The amount of written down to NRV in respect of stock-in-trade was Rs 2.921 million (2014: Rs. 3.513 million).		
	Note	2015	2014
		(Rs. in 000')	
10. TRADE DEBTS – unsecured			
Considered good	10.1	511,947	246,250
Considered doubtful		445	1,526
Provision for impairment	10.2	(445)	(1,526)
		-	-
		511,947	246,250
10.1	This includes an amount of Rs. 5.473 million (2014: Rs. 0.282 million) due from a related party.		
	Note	2015	2014
		(Rs. in 000')	
10.2 Reconciliation of provision for impairment is as follows:			
Balance at the beginning of the year		1,526	931
(Reversal) / charge for the year	20	(1,060)	595
Write-offs during the year		(21)	-
Balance at the end of the year		445	1,526
11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances – unsecured, considered good			
Suppliers		238	68
Contractors		1,245	100
Employees		143	145
		1,626	313
Deposits		215	215
Prepayments			
Insurance		2,042	5,249
Rent		663	2,209
		2,705	7,458
Other receivables – unsecured, considered good			
Workers' Profit Participation Fund	16.2	-	10,123
Against sale of shares	24	-	49,252
Others		3,691	-
		3,691	59,375
		8,237	67,361

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
12. SHORT TERM INVESTMENTS			
Held- to- maturity			
Term deposit receipts	12.1	390,000	510,000
Accrued profit thereon		524	410
		<u>390,524</u>	<u>510,410</u>
12.1	Represents one month term deposit receipts with a commercial bank carrying profit rate 6.6% (2014: 8.5% to 9.5%) per annum and will mature by 21 August 2015.		
	Note	2015	2014
(Rs. in 000')			
13. CASH AND BANK BALANCES			
In hand		25	40
With banks in			
- current accounts	13.1	114,800	84,003
- deposit accounts		117,388	51,301
		<u>232,188</u>	<u>135,304</u>
		<u>232,213</u>	<u>135,344</u>
13.1	These carry profit rates ranging from 5.5% to 6% (2014: 7% to 8%) per annum.		
		2015	2014
(Rs. in 000')			
14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Ordinary shares of Rs. 5/- each			
Number of shares in (000')			
2015	2014		
22,800	22,800	Fully paid in cash	114,000
6,000	6,000	Issued as fully paid bonus shares	30,000
<u>28,800</u>	<u>28,800</u>		<u>144,000</u>
14.1	Related parties held 2,115,600 (2014: 2,115,600) Ordinary shares of Rs. 5/- each in the Company at year end.		
		2015	2014
(Rs. in 000')			
15. DEFERRED TAXATION			
Taxable temporary differences arising due to:			
- accelerated tax depreciation		87,640	89,658
Deductable temporary differences arising due to:			
- provisions		(32,863)	(28,603)
		<u>54,777</u>	<u>61,055</u>

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
16. TRADE AND OTHER PAYABLES			
Creditors		97,157	67,996
Royalty payable		11,140	11,149
Accrued liabilities		143,616	108,109
Advance from customers		2,857	1,073
Payable to provident fund	16.1	1,391	-
Workers' Profit Participation Fund	16.2	909	-
Workers' Welfare Fund		15,373	8,313
Warranty obligations	16.3	27,485	18,277
Unclaimed dividends		14,025	12,471
Guarantee bond payable	16.4	1,111	1,110
Tax deducted at source		2,683	1,269
Others		1,456	508
		319,203	230,275

16.1 General Disclosures

-- (Unaudited) -- -- (Audited) --

Size of the fund		165,750	146,275
Cost of investments		114,051	106,050
Fair value of investments	16.1.1	165,750	146,275
Percentage of investments		100%	100%

16.1.1 The breakup of fair value of investments is:

	2015		2014	
	----- (Unaudited) -----	(%)	----- (Audited) -----	(%)
	(Rs. in 000')		(Rs. in 000')	
Special Saving Certificates	122,712	74	110,712	75
Term Finance Certificates	10,609	6	12,575	9
Mutual fund units	5,768	4	5,462	4
Shares in listed companies	3,427	2	2,901	2
Bank balance	11,236	7	3,775	3
Others	11,998	7	10,850	7
Total	165,750	100	146,275	100

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

	Note	2015	2014
(Rs. in 000')			
16.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		(10,123)	12,231
Prior year's adjustment		-	3,784
Allocation for the year	22	39,409	21,877
		29,286	37,892
Less: Payment made during the year		(28,377)	(48,015)
Balance at end of the year		909	(10,123)
16.3 Warranty obligations			
Balance at the beginning of the year		18,277	18,052
Provision for the year	20	14,083	5,760
		32,360	23,812
Less: Claims paid during the year		(4,875)	(5,535)
Balance at end of the year		27,485	18,277

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

Notes to the Financial Statements

For the year ended June 30, 2015

17. COMMITMENTS

- (i) Commitments in respect of outstanding letters of credit for raw material amount to Rs.386.670 million (2014: Rs.231.358 million).
- (ii) Commitments in respect of capital expenditure amount to Rs.5.265 million (2014: Rs. 3.134 million).
- (iii) Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounts to Rs. 0.385 million (2014: Rs. 0.385 million).

18. TURNOVER – net

	Note	2015 (Rs. in 000')	2014
Sales		5,760,808	3,704,775
Less: Trade discount		134	7,091
Sales tax		837,398	538,884
		837,532	545,975
		4,923,276	3,158,800

19. COST OF SALES

Raw material consumed

Opening stock		294,628	475,256
Purchases		3,385,523	1,831,368
		3,680,151	2,306,624
Closing stock	9	(471,843)	(294,628)
		3,208,308	2,011,996

Manufacturing expenses

Salaries, wages and benefits		275,108	227,639
Stores, spares and loose tools consumed		139,884	112,445
Packing material consumed		20,958	18,949
Fuel and power		88,674	73,445
Transportation and traveling		59,138	59,286
Depreciation	6.2	67,730	61,150
Repairs and maintenance		68,977	37,815
Royalty and technical fees		36,493	33,907
Research and development costs		103	95
Communications and professional fee		1,453	1,968
Printing and stationery		751	866
Insurance		3,262	2,552
Rent, rates and taxes		6,223	5,343
Others		3,482	5,026
		772,236	640,486

Work-in-process

Opening stock		46,291	47,436
Closing stock	9	(89,976)	(46,291)
		(43,685)	1,145

Cost of goods manufactured

3,936,859 2,653,627

Finished goods

Opening stock		17,197	11,433
Closing stock	9	(19,432)	(17,197)
		(2,235)	(5,764)
		3,934,624	2,647,863

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
20. DISTRIBUTION COSTS			
Salaries, wages and benefits		14,325	14,090
Advertisement and sales promotion		23,223	12,767
Carriage and forwarding		26,672	18,329
Traveling and conveyance		3,505	2,972
Depreciation	6.2	753	872
Provision for warranty claims	16.3	14,083	5,760
(Reversal) / provision for impairment of trade debts	10.2	(1,060)	595
Rent, rates and taxes		164	140
Communications		258	272
Insurance		869	231
Repairs and maintenance		397	451
Others		74	77
		<u>83,263</u>	<u>56,556</u>
21. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		56,752	56,880
Legal and professional charges		35,642	17,007
Repairs and maintenance		7,576	9,923
Depreciation	6.2	7,347	7,532
Printing and stationery		1,101	808
Computer supplies		-	423
Rent, rates and taxes		3,376	3,247
Traveling and conveyance		15,225	11,046
Communications and professional fee		3,547	3,156
Utilities		1,529	1,566
Security services		3,441	3,923
Insurance		997	911
Auditors' remuneration	21.1	1,096	1,056
Advertisement		1,479	169
Others		1,130	598
		<u>140,238</u>	<u>118,245</u>
21.1 Auditors' remuneration			
Audit fee for standalone financial statements		660	600
Audit fee for consolidated financial statements		138	125
Fee for review of half yearly financial statements		66	60
Other certifications		135	185
Out of pocket expenses		97	86
		<u>1,096</u>	<u>1,056</u>
22. OTHER EXPENSES			
Workers' Profit Participation Fund	16.2	39,409	25,661
Workers' Welfare Fund		15,373	8,313
Donations	22.1	8,983	3,891
		<u>63,765</u>	<u>37,865</u>

22.1 None of the directors or their spouses had any interest in any of the donees to whom donations were made during the year.

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
23. OTHER INCOME			
Income from financial assets			
Profit on:			
- term deposit receipts		21,397	11,715
- deposit accounts		8,158	8,781
Gain on sale of available-for-sale investments		-	24,517
Reversal of provision for impairment	11	-	49,252
		<u>29,555</u>	<u>94,265</u>
Liabilities no longer payable - written back		62	2,616
Income from non-financial assets			
(Loss) / gain on disposal of property, plant and equipment	6.3	(751)	3,964
Scrap sales		4,876	3,093
Miscellaneous income		-	1,445
		<u>4,125</u>	<u>8,502</u>
		<u>33,742</u>	<u>105,383</u>
24. FINANCE COSTS			
Mark-up on short-term running finance		1,435	-
Bank charges		294	89
		<u>1,729</u>	<u>89</u>
25. TAXATION			
Current		232,791	87,581
Prior		(773)	1,131
Super tax		22,598	-
Deferred		(6,278)	6,615
		<u>248,338</u>	<u>95,327</u>
25.1 Relationship between tax expense and accounting profit			
Profit before taxation		<u>733,399</u>	<u>403,565</u>
Tax at the rate of 33% (2014: 34%)		242,022	137,212
Tax effects of:			
Expenses that are admissible in determining taxable profit		6,553	(33,396)
Prior year		(773)	1,131
Tax rebates		(15,784)	(16,235)
Deferred		(6,278)	6,615
Super tax		22,598	-
		<u>248,338</u>	<u>95,327</u>
26. EARNINGS PER SHARE – basic and diluted			
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
		2015	2014
Profit after taxation (Rs. in 000')		<u>485,061</u>	<u>308,238</u>
Weighted average number of ordinary shares outstanding during the year (in 000')		<u>28,800</u>	<u>28,800</u>
Basic earnings per share (Rs.)		<u>16.84</u>	<u>10.70</u>

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
27. CASH GENERATED FROM OPERATIONS			
Profit before taxation		733,399	403,565
Adjustments for			
Depreciation		75,830	69,554
Finance costs		1,729	89
(Reversal) / provision for impairment of trade debts		(1,060)	595
Liabilities no longer payable - written back		(62)	(2,616)
Gain on disposal of available-for-sale investment		-	(24,517)
Profit on term deposit receipts		(21,397)	(11,715)
Profit on deposit accounts		(8,158)	(8,781)
Loss / (gain) on disposal of property, plant and equipment		751	(3,965)
		<u>47,633</u>	<u>18,644</u>
		781,032	422,209
(Increase) / decrease in current assets			
Stores, spares and loose tools		4,024	19,771
Stock-in-trade		(257,109)	183,438
Trade debts		(264,636)	225,966
Advances, deposits, prepayments and other receivables		66,743	(43,737)
Sales tax receivable		-	(7,619)
		<u>(450,978)</u>	<u>377,819</u>
Increase / (decrease) in current liabilities			
Trade and other payables		95,745	(39,266)
Sales tax payable		4,228	(20,741)
		<u>99,973</u>	<u>(60,007)</u>
		<u>430,027</u>	<u>740,021</u>
28. CASH AND CASH EQUIVALENTS			
Short term investments – term deposit receipts	12	390,000	510,000
Cash and bank balances	13	232,213	135,344
		<u>622,213</u>	<u>645,344</u>
29. 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 summarized below:			
29.1 Market risk			
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.			
(i) Interest rate risk			
Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Company is exposed to interest rate risk in respect of bank deposits, term deposit receipts and investment in income based mutual funds. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would increase the Company's profit after tax by Rs.3.399 million(2014 : Rs. 3.705 million) and a 1% decrease would result in the decrease in the Company's profit after tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.			
(ii) Foreign currency risk			
Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at June 30, 2015, the Company does not have any financial assets or financial liabilities which are denominated in foreign currencies.			

Notes to the Financial Statements

For the year ended June 30, 2015

29.2 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 and bank balances. The Company seeks to minimise the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

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

	2015	2014
	(Rs. in '000')	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired	385,248	218,925
Past due but not impaired – 30 to 90 days	126,699	27,325
	<u>511,947</u>	<u>246,250</u>
Bank balances		
Ratings		
A-1+	52,017	58,342
A1+	179,956	76,747
P1	215	215
	<u>232,188</u>	<u>135,304</u>
Short term investments		
Ratings		
A1+	390,000	510,000
	<u>390,000</u>	<u>510,000</u>

29.3 Liquidity risk

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

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

2015	On demand	Less than 3 months	3 to 12 Months	Total
	(Rupees in '000)			
Trade and other payables	<u>110,278</u>	<u>193,552</u>	<u>15,373</u>	<u>319,203</u>
2014				
	On demand	Less than 3 months	3 to 12 Months	Total
	(Rupees in '000)			
Trade and other payables	<u>86,514</u>	<u>135,448</u>	<u>8,313</u>	<u>230,275</u>

Notes to the Financial Statements

For the year ended June 30, 2015

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of the mutual fund units is determined by using the net asset value as disclosed by the Fund Manager at each balance sheet date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active market for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year ended 30 June 2014, the Company had available-for-sale investments measured at fair value using level 1 valuation technique.

31. CAPITAL RISK MANAGEMENT

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

32. TRANSACTIONS WITH RELATED PARTIES

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

	2015	2014
	(Rupees in '000)	
Purchase of goods	1,096	311
Contribution to the Provident fund	6,374	5,159
Sale of goods	18,054	-

The receivable/payable balances with related parties as at June 30, 2015 are disclosed in the respective notes to the financial statements.

33. REMUNERATION OF THE CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

33.1 Aggregate amounts charged in the financial statements are as follows:

	2015			2014		
	Chairman	Chief Executive	Executives	Chairman	Chief Executive	Executives
	(Rs. in '000)					
Managerial remuneration	7,353	13,125	46,615	15,477	10,134	42,500
Retirement benefits	-	521	2,060	-	449	1,748
Utilities	316	92	237	391	149	866
Medical expenses	100	54	699	140	61	727
	7,769	13,792	49,611	16,008	10,793	45,841
Number of persons	1	1	22	1	1	20

Notes to the Financial Statements

For the year ended June 30, 2015

33.2 The Chairman, Chief Executive and certain Executives are also provided with free use of Company maintained vehicles in accordance with the Company's policy. The Chairman remuneration is only for the period he was acting as an executive.

34. 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 OEMs.

35. UNUTILIZED CREDIT FACILITIES

As of the balance sheet date, the Company has unutilized facilities for short term running finance available from various banks amounted to Rs. 160 million (2014: Rs. 160 million). The rate of mark-up on these finances ranges from 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25% (2014: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%). The facilities are secured by way of paripassu hypothecation of Company's stock-in-trade, stores, spares, loose tools and trade debts.

36. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

36.1 The Board of Directors in its meeting held on August 22, 2015 (i) approved the transfer of Rs. 170 million from unappropriated profit to general reserve and (ii) proposed cash dividend of Rs. 7.50 per share for the year ended June 30, 2015 amounting to Rs. 216 million for approval of the members at the Annual General Meeting to be held on October 05, 2015.

36.2 The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid up capital. However, this tax shall not apply in case of a public company which distribute cash dividend equal to at least either 40% of its after tax profits or 50% of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the fact that the Board of Directors of the Company has proposed 150 % dividend for the financial and tax year 2015 which exceeds the prescribed minimum dividend requirement as aforesaid. The Company believes that it would not eventually be liable to pay tax on its undistributed reserves as of 30 June 2015.

37. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 253 (2014: 276) and the average number of persons employed during the year were 253 (2014: 264).

38. GENERAL

Figures have been rounded off to the nearest thousands.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 22, 2015 by the Board of Directors of the Company.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive