

Agriauto Industries Limited

2018

annual report



The Company

Agriauto Industries Limited is a public limited company incorporated in 1981 and quoted on the 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 Global Partners



Our Customers







Safety our Priority

Contents

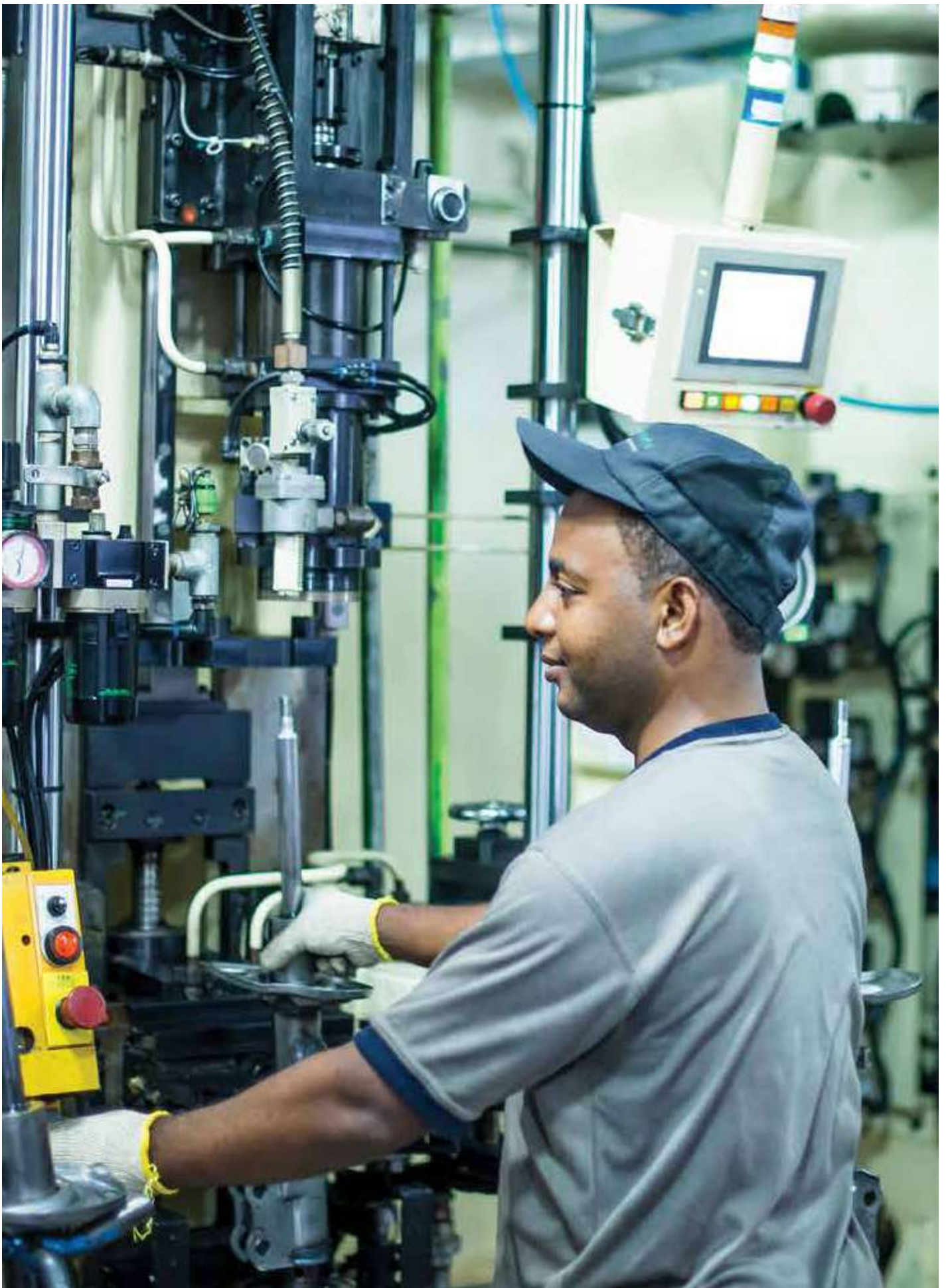
Vision	06
Corporate Information	08
Our Products	09
Notice of the Meeting	13
Six years at a glance	17
Financial Highlights	18
Board of Directors	19
Chairman's Review	21
Chairman's Review in Urdu	22
Directors' Report	23
Directors' Report in Urdu	40
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017	41
Review Report	43
Auditors' Report	44
Financial Statements (Unconsolidated)	48
Financial Statements (Consolidated)	76
Pattern of Shareholding	108
Proxy Form	





Vision

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



Vision to Succeed

Corporate Information

BOARD OF DIRECTORS

Yutaka Arae
Fahim Kapadia
Salman Burney
Sohail P. Ahmed
Owaisul Mustafa
Abbasul Husaini
Muhammad Ali Jameel

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

AUDIT COMMITTEE

Muhammad Ali Jameel
Sohail P. Ahmed
Owaisul Mustafa
Abbasul Husaini

Chairman
Member
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

Saad Usman

COMPANY SECRETARY

Syed Jawwad ul Haq Haqqi

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 - CONVENTIONAL

Habib Metropolitan Bank Limited
Standard Chartered Bank (Pakistan) Ltd
National Bank of Pakistan
Habib Bank Limited
United Bank Limited
MCB Bank Limited

FACTORY

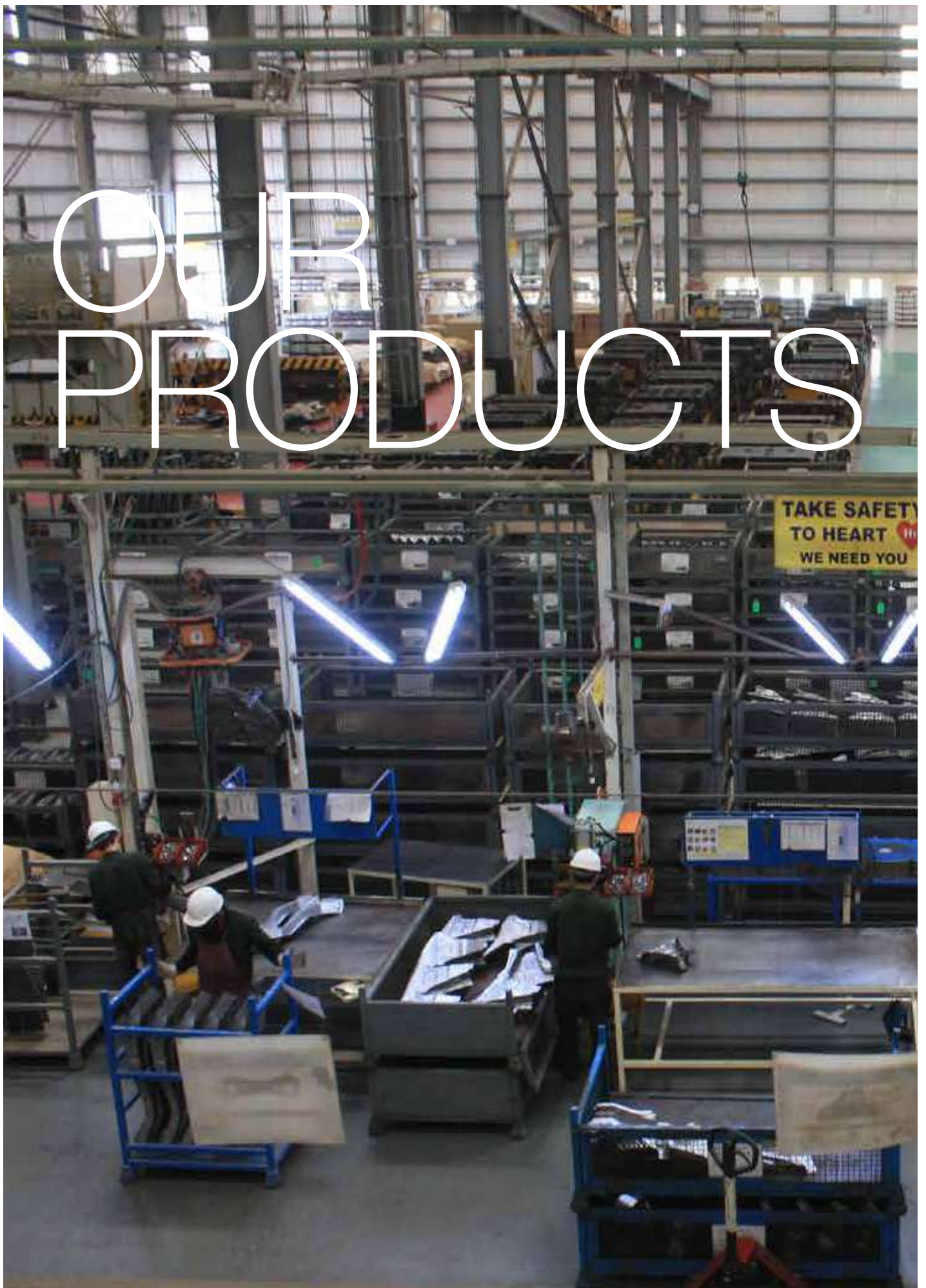
Agriauto Industries Limited
MouzaBaroot, Hub Chowki
Distt. Lasbella, Balochistan.

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

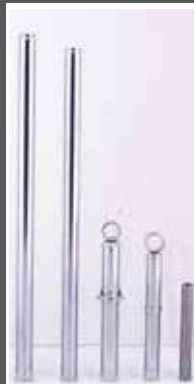
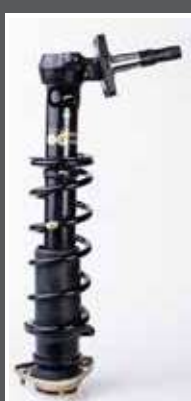
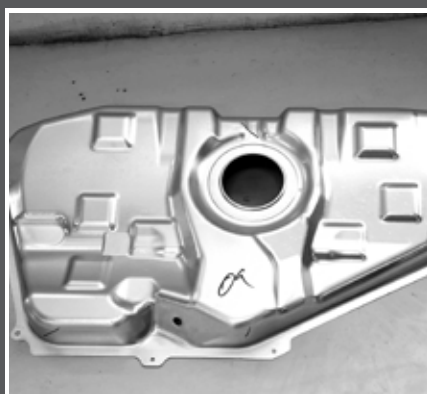
REGISTERED OFFICE

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

Website: www.agriauto.com.pk
Email: info@agriauto.com.pk



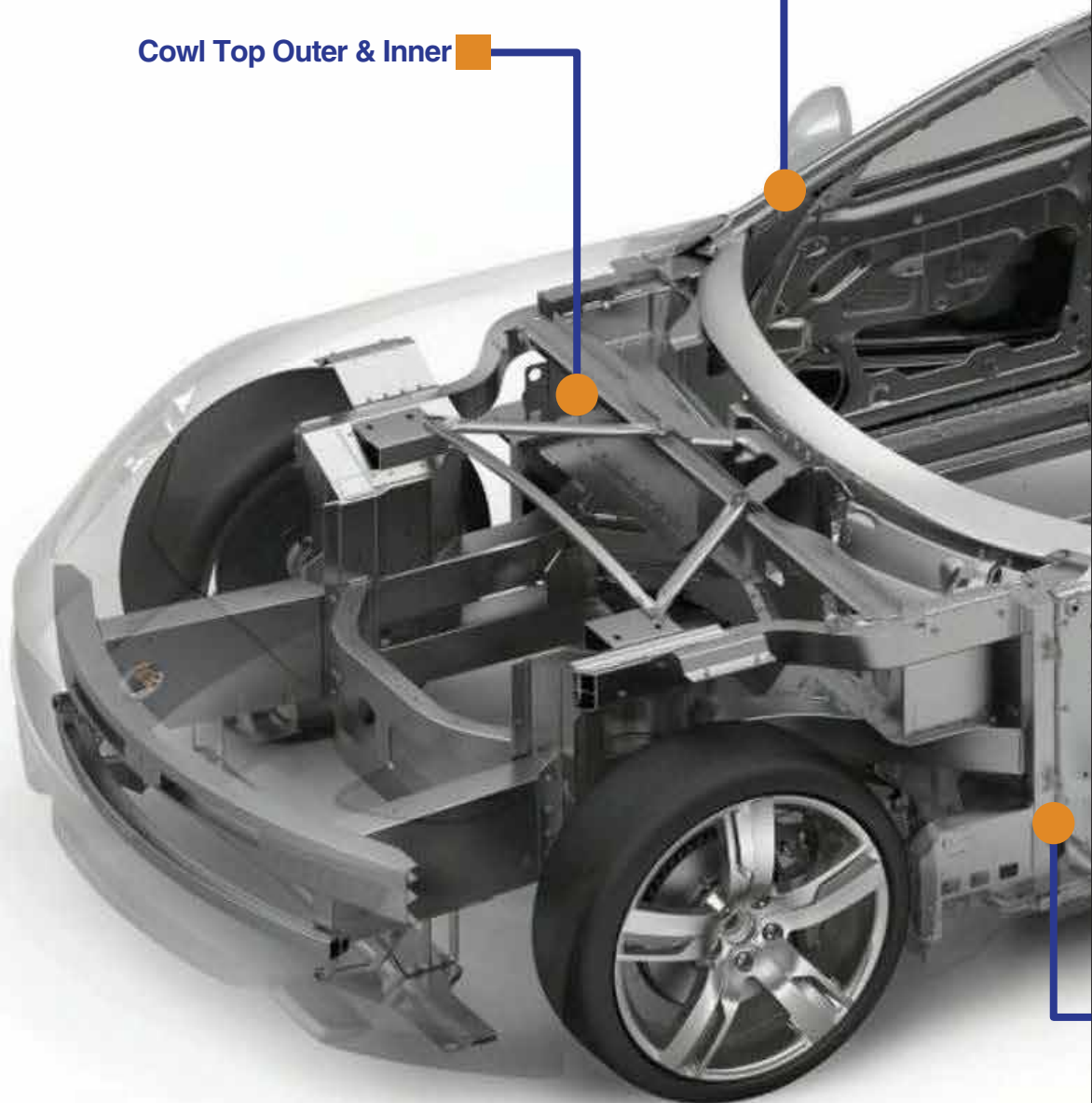
OUR PRODUCTS

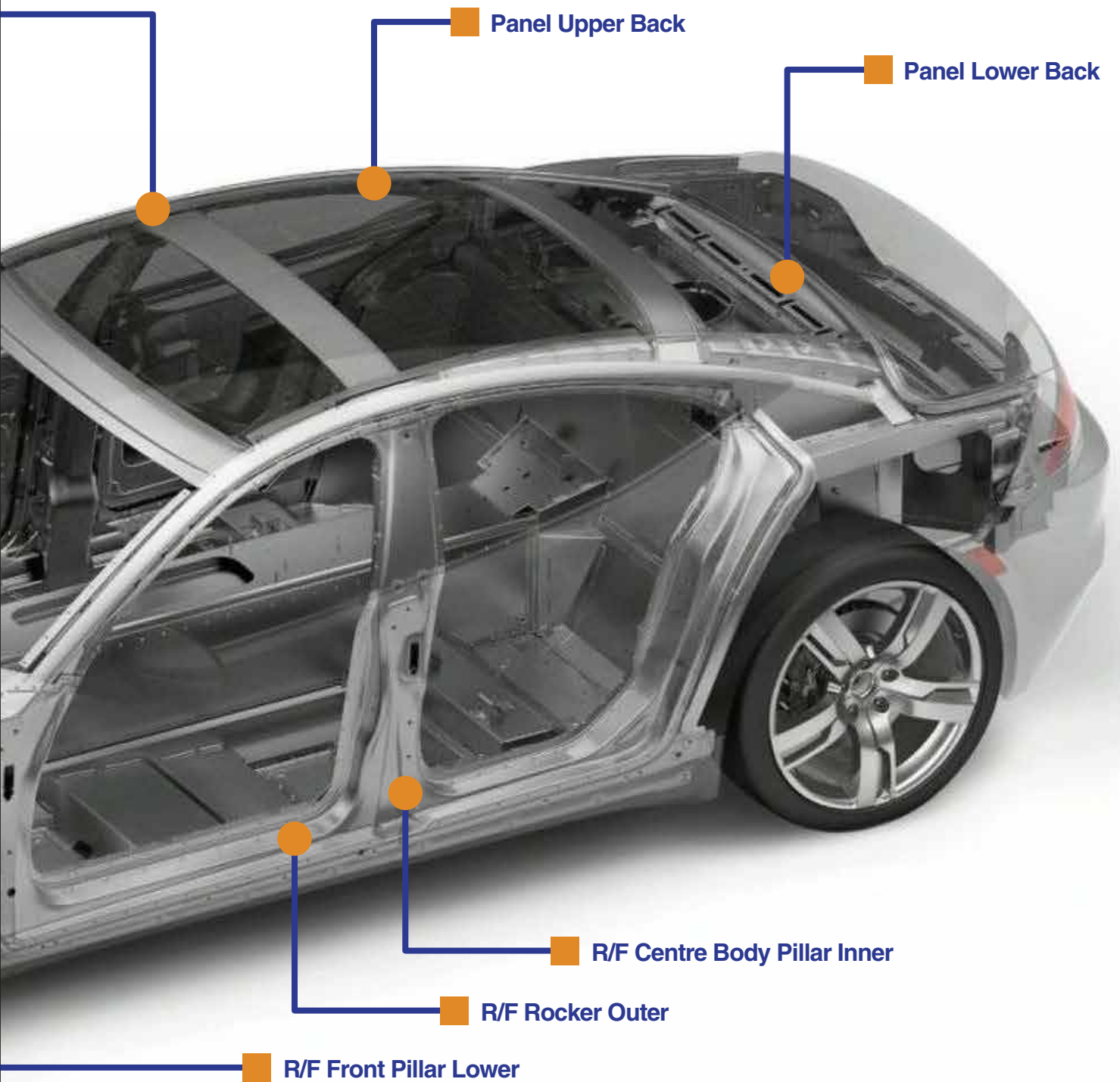
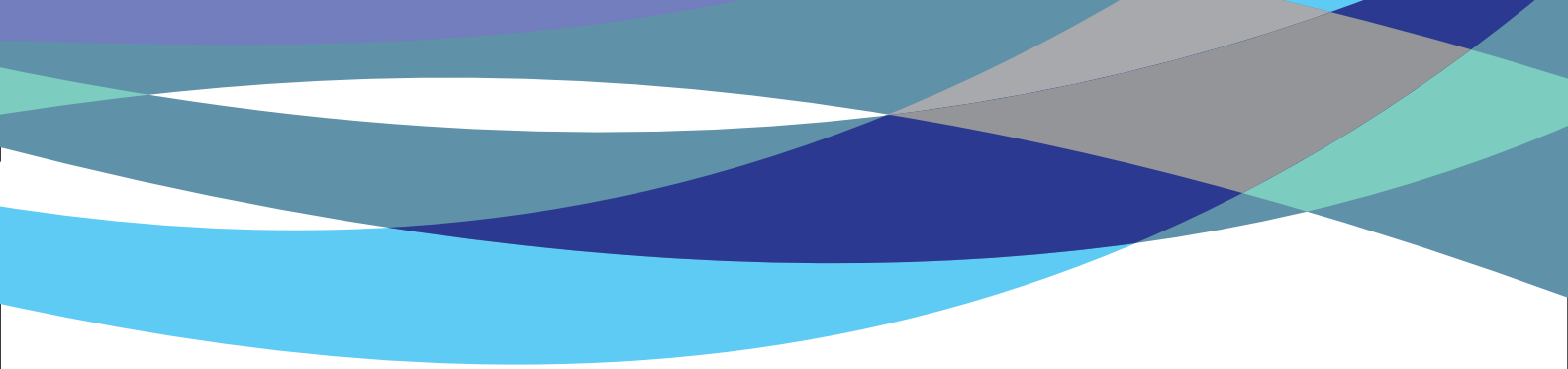


Rail Roof Side Inner

Panel Front Inner

Cowl Top Outer & Inner





Notice of the Annual General Meeting

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the Members of the Company will be held on Monday, October 22, 2018 at 10:30 AM, at the Institute of Chartered Accountants of Pakistan Auditorium, Clifton, 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, 2018, together with the Chairman's Review Report, Report of the Directors and Auditors thereon.
2. To approve a final cash dividend of 170% i.e. Rs. 8.50 /- per share for the year 2017-18 as recommended by the Board of Directors. This is in addition to the Interim Dividend of 80% i.e. Rs. 4.0 /- per share already paid. The total dividend for 2017-18 will thus amount to 250% i.e. Rs. 12.50 /- per share.
3. To appoint Auditors for the year 2018-19 and to fix their remuneration. The present auditors – M/s EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for reappointment.

By Order of the Board,
Syed Jawwad ul Haq Haqqi
Company Secretary

Karachi.
Dated: August 17, 2018

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 16, 2018 to October 22, 2018 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on October 15, 2018. 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, Sharea 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. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
3. Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their addresses updated with their participant or CDC Investor Accounts Service.
4. CDC Account Holders will further have to follow the guidelines as laid down in Circular 1 dated the January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

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 detail is uploaded as per the Regulations, shall authenticate their identity by showing his/her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.
- ii. In case of corporate entities, Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless 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 details are 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.

• Withholding Tax on Dividend in case of Joint Account Holders

- a) According to clarification received from Federal Board of Revenue (FBR), with-holding 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.
- b) In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

- c) 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).
- d) As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. II -66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part -IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book

- 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.

• Withholding Tax on Dividend (Mandatory):

Currently Section 150 of the Income Tax Ordinance, 2001 prescribed following rates for deduction of withholding tax on the amount of dividend paid by the companies:

(a) For filers of income tax returns	15%
(b) For non-filers of income tax returns:	20%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

- e) For any query/problem/information, the investors may contact M/s FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk
- f) The 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 a copy of their NTN certificate to the company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

- **Payment of Dividend Electronically (E-mandate)**

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholder only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

SECP, vide Circular No. 18 of 2017 dated August 01, 2017 has advised all listed companies to ensure that with effect from November 01, 2017 cash dividends shall be paid through electronic mode only as also provided in the Companies (Distribution of Dividends) Regulations, 2017. Therefore, shareholders are requested to provide the details of their bank mandate specifying: (a) title of account, (b) account number (c) IBAN number (d) bank name and (e) branch name, code and address to the Company or Share Registrar. Those shareholders who hold shares with participants / Central Depository Company of Pakistan (CDC) are advised to provide the same to their concerned participant / CDC.

Please note that as per Section 243(3) of the Companies Act, 2017, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by shareholders.

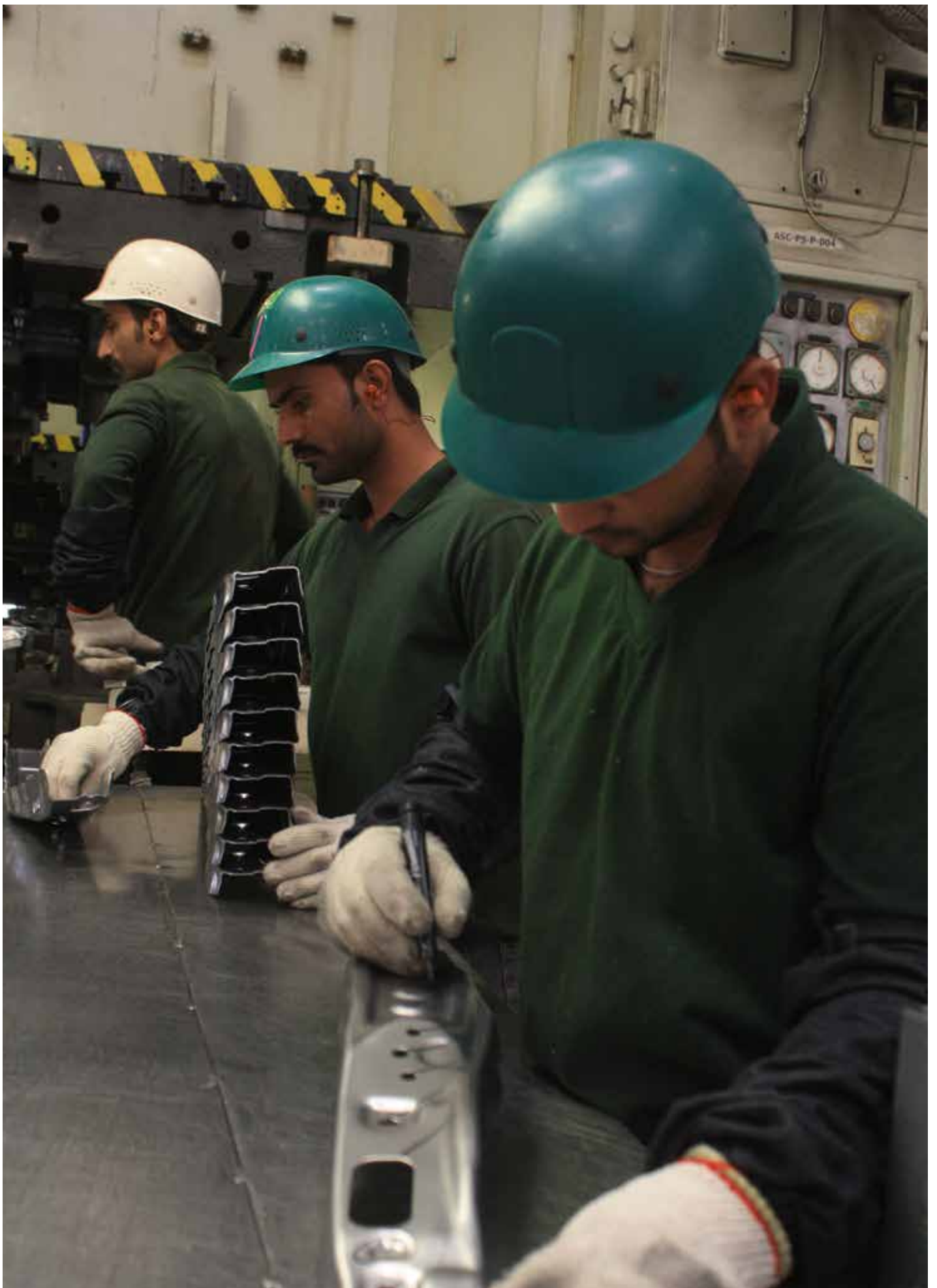
For the convenience of shareholders, e-Dividend Mandate Form is available on Company's website <http://www.agriauto.com.pk>

- **Unclaimed / Unpaid Shares and Dividends**

In accordance with the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it is due and payable, the Company shall give ninety days notices to the shareholders to file claim. If no claim is made before the Company by the shareholders, the Company shall proceed to deposit the unclaimed or unpaid Shares / Dividends with the Federal Government in compliance with the Section 244 of the Companies Act, 2017.

In this regard, a Notice dated December 28, 2017 was sent by Registered Post (Acknowledgement Due) on the last known addresses of the shareholders to submit their claims within 90 days to the Company. In compliance of Section 244(1)(b) of the Companies Act, 2017 Final Notices had also been published on March 29, 2018 in two daily newspapers i.e. (i) Business Recorder and (ii) Daily Nawaiwaqt in English and Urdu languages respectively.

In case no claim is received within the given period from the aforesaid Notice, the Company shall proceed to deposit the unclaimed / unpaid amount with the Federal Government pursuant to the provisions of sub-section (2) of Section 244 of the Companies Act, 2017.

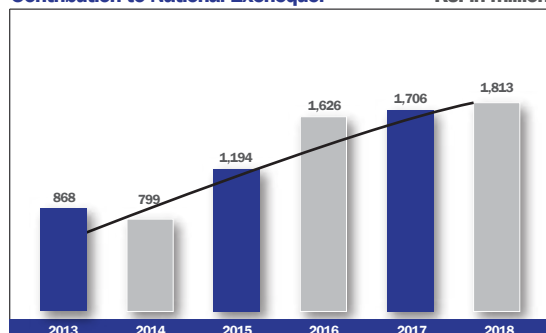


Six Years at a Glance

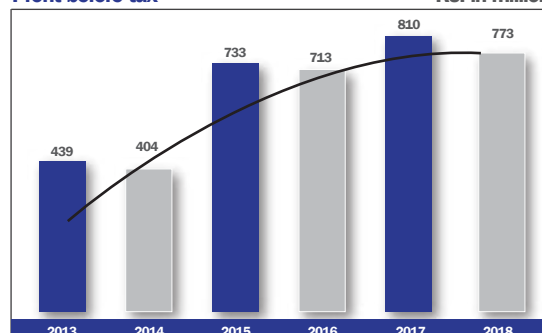
	Rs. '000'					
	2018	2017	2016	2015	2014	2013
Operating Results						
Net Sales	6,112,980	5,657,541	5,758,380	4,923,276	3,158,800	3,503,624
Gross Profit	1,115,918	1,045,884	1,034,475	988,652	510,937	574,603
Profit Before Tax	773,238	810,364	713,332	733,399	403,565	439,134
Profit After Tax	520,407	586,637	484,464	485,061	308,238	309,420
Earnings per share (Rs.)	18.07	20.37	16.82	16.84	10.70	10.74
Cash Dividend	250%	200%	175%	150%	100%	110%
Financial Position						
Current Ratio	5.46: 1	5.21: 1	5.09: 1	5.58: 1	6.48: 1	6.02: 1
Paid up share capital	144,000	144,000	144,000	144,000	144,000	144,000
Res. & unappropriated profit	3,726,986	3,537,779	3,203,142	3,006,678	2,665,617	2,515,820
Shareholders' equity	3,870,986	3,681,779	3,347,142	3,150,678	2,809,617	2,659,820
Breakup value per share (Rs.)	134.41	127.84	116.22	109.40	97.56	92.35
Return on Equity	13.44%	15.93%	14.47%	15.40%	10.97%	11.63%

Financial Highlights

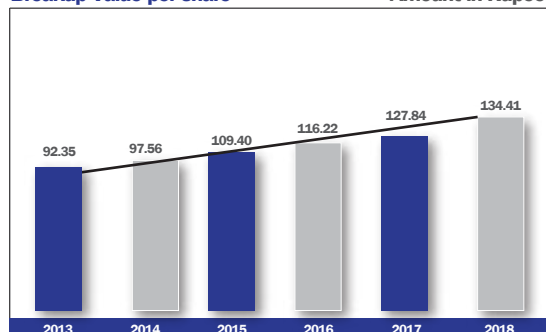
Contribution to National Exchequer Rs. in million



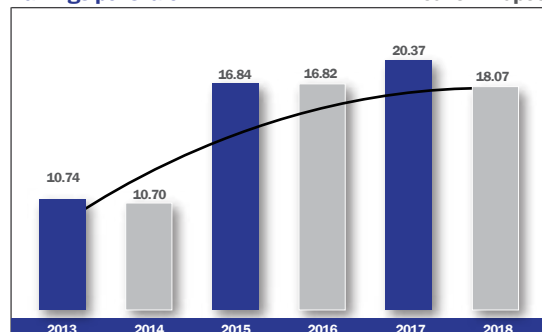
Profit before tax Rs. in million



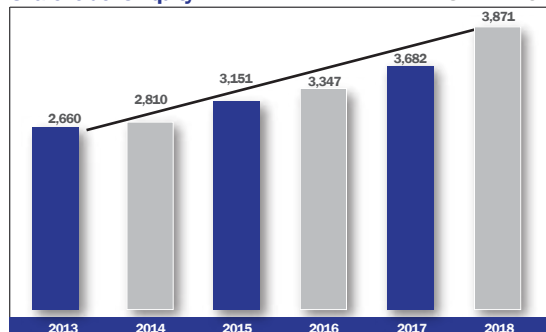
Breakup Value per share Amount in Rupees



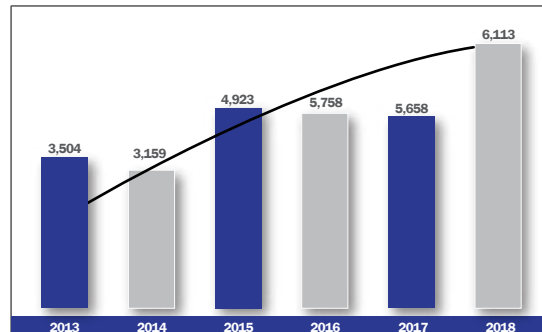
Earnings per share Amount in Rupees



Shareholder's Equity Rs. in million



Revenues Rs. in million





Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Owaisul Mustafa
Director

Board of Directors



Sohail P. Ahmed
Director



Salman Burney
Director



Abbasul Husaini
Director



M. Ali Jameel
Independent Director

Chairman's Review

I am pleased to present to you the review on Annual Report of Agriauto Industries Limited ("the Company") for the year ended June 30, 2018. The Financial Year 2017-18 has been another year of high performance and growth for the the Company. On a consolidated basis, the Agriauto Group achieved its highest net sales and profit after tax of Rs. 8.32 billion and Rs. 0.96 billion respectively. Based on the financial performance, the Board has recommended a final cash dividend of 170% i.e. Rs. 8.50 /- per share for approval from members at the Annual General Meeting. This is in addition to the Interim Dividend of 80% i.e. Rs. 4.0 per share already paid. The total dividend for 2017-18 will thus amount to 250% i.e., Rs. 12.50 /- per share which is again, the all-time highest.

The economic indicators of the Country show promising signs for the future. Smooth political transition to the new Government, low inflation and interest rates, improved law & order situation and robust local demand is expected to create further stimulus in the Auto Industry. New entrants in the automobile industry are entering the market to compete with existing players, which surely will offer new business opportunities to our Company.

On the other hand, there are significant challenges on the economic front as well, which the Country will have to face in the short term. Amongst others, the incumbent Government will have to address the uphill task of managing the current account deficit which touched \$18B by June 30, 2018. The steep rise in imports unchecked by matching exports has brought the exchange rate parity under significant pressure. We believe that the incumbent Government shall take necessary steps on an urgent basis to boost exports, reduce imports of luxury and unnecessary items and create a conducive environment for the industry to continue and sustain the economic momentum. The Management is closely monitoring the challenges faced by the Company and will take all steps necessary to safeguard the interests of its shareholders as well as to capitalize on growth opportunities through its product line.

Your Company is committed to good Corporate Governance. I am pleased to report that the performance of the Board has been par excellence which has helped in effective steering of the Company during the year. The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework. The Board is also cognizant of its strategic role in achieving the Company's key objectives and is focused on enriching the returns of its shareholders & other stakeholders and shall continue contributing through sustained supply of premium quality products to its valued Customers.



Yutaka Arae

Chairman

August 17, 2018

چیسر مین کا جائزہ

میں کمپنی کی سالانہ رپورٹ برائے ختم شدہ سال 30 جون 2018 کا جائزہ پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔ سابقہ سالوں کی طرح مالیاتی سال 2017-18 میں بھی ایگری آٹو انڈسٹریز لمیٹڈ کی کارکردگی اور نمونہ شاندار رہی۔ مجموعی طور پر ایگری آٹو گروپ کی خالص فروخت اور منافع بعد از ٹیکس بلند ترین سطح پر رہے یعنی بالترتیب 8.32 بلین روپے اور 0.96 بلین روپے۔ مالیاتی کارکردگی کی بنیاد پر بورڈ نے 170 فیصد یعنی 8.50 روپے فی حصص کے حساب سے حتمی منافع منقسمہ کی سفارش کی ہے جس کی منظوری سالانہ اجلاس عام میں ممبران سے لی جائے گی۔ یہ اس عبوری منافع منقسمہ 80 فیصد یعنی 4.00 روپے فی حصص کے علاوہ ہے جو پہلے ہی ادا کیا جا چکا ہے۔ اس طرح مالیاتی سال 2017-18 کے لئے کل منافع منقسمہ 250 فیصد یعنی 12.50 روپے فی حصص رہا جو کہ سابقہ سالوں کے مقابلے میں بلند ترین ہے۔

ملک کے معاشی مظاہر ایک امید افزا مستقبل کی نشاندہی کرتے ہیں۔ نئی حکومت کو اختیارات کی ہموار منتقلی، افراط زر اور شرح سود کی پست سطح، امن و عامہ کی بہتر صورتحال اور تیزی سے بڑھتی ہوئی طلب سے توقع ہے کہ آٹو کی صنعت کو مزید تقویت حاصل ہوگی۔ آٹو موٹائل صنعت میں نئے داخل ہونے والوں کی موجودہ کھلاڑیوں سے مسابقت ہوگی، جس سے ہماری کمپنی کو مزید کاروباری مواقع حاصل ہونگے۔

دوسری جانب مستقبل قریب میں ملک کو معاشی محاذ ملک پر کئی بڑے معاشی چیلنجز کا سامنا کرنا پڑے گا۔ جن میں سب سے بڑا چیلنج رواں کھاتے کے خسارہ کو کم کرنے کا انتہائی مشکل کام جو کہ 30 جون 2018 تک 18 بلین ڈالر ہو چکا ہے۔ درآمدات کے مقابلے میں برآمدات میں تیز ترین کمی سے زرمبادلہ کی شرح پر شدید دباؤ ہے۔ ہمیں یقین ہے کہ موجودہ حکومت برآمدات میں اضافے اور پراسسنگ اور غیر ضروری اشیاء کی درآمدات میں کمی کے لئے ضروری اقدامات ہنگامی بنیادوں پر کرے گی اور صنعت کے لئے سازگار ماحول فراہم کرے گی جس سے معاشی ترقی کی رفتار کو جاری اور برقرار رکھا جاسکے۔ کمپنی کو درپیش چیلنجز کا انتظامیہ باریک بینی کے ساتھ جائزہ لے رہی ہے اور اپنے حصص یافتگان کے مفادات کے تحفظ کے ساتھ ساتھ اپنی مصنوعات کے ذریعے ترقی کے مواقع سے استفادہ حاصل کرنے کے لئے ضروری اقدامات کر رہی ہے۔

آپ کی کمپنی اچھے نظم و ضبط کے لئے پرعزم ہے۔ میں یہ بتاتے ہوئے اظہار مسرت کرتا ہوں کہ رواں سال بورڈ کی کارکردگی انتہائی شاندار رہی جس کی وجہ سے آپ کی کمپنی کی موثر رہنمائی میں مدد ملی۔ بورڈ ادارتی اور مالیاتی رپورٹنگ کے اصولوں کے سلسلے میں اپنی ذمہ داری کو تسلیم کرتا ہے۔ بورڈ کمپنی کے بنیادی مقاصد کے حصول کے لئے اپنے کلیدی کردار کی اہمیت سے واقف ہے اور اس کی توجہ حصص یافتگان اور دیگر مستفیدان کو بہتر منفعت اور قابل قدر گاہکوں کو مسلسل اعلیٰ معیاری مصنوعات فراہم کرنے پر مرکوز ہے۔

Mue

یوٹاک آرائے
چیسر مین

17 اگست 2018

Directors' Report

to the shareholders for the year ended June 30, 2018

Dear Shareholders,

The Directors of Agriauto Industries Limited have the pleasure of presenting the Directors' Report along with the Audited Accounts for the year ended June 30, 2018.

THE BOARD OF DIRECTORS

The Board of Directors of the Company as at June 30, 2018 comprised of:

1.	Mr. Yutaka Arae – Chairman	Non-executive Director
2.	Mr. Fahim Kapadia – Chief Executive	Executive Director
3.	Mr. Sohail P. Ahmed	Non-executive Director
4.	Mr. Salman Burney	Non-executive Director
5.	Mr. Owaisul Mustafa	Non-executive Director
6.	Mr. Muhammad Ali Jameel	Independent Director
7.	Mr. Abbasul Hussaini	Non-executive Director

PRINCIPAL ACTIVITIES OF THE COMPANY

The Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors.

FINANCIAL & BUSINESS PERFORMANCE

During the year 2017-18, the Company achieved its highest ever sales of Rs. 6.11 (2017: Rs. 5.66) billion showing a growth of 8% over last year. The Gross Profit of the Company increased from Rs. 1.05 billion last year to Rs. 1.12 billion on account of higher sales as well as production efficiencies. Other Income decreased from Rs. 145.9 million to Rs. 54.2 million mainly due to the fact that no dividend was paid by the subsidiary during the year (2017: Rs. 114.4 million).

Following are the summarized financial results of the Company for the year 2017-18:

		(Rs. '000)
	2018	2017
Turnover	6,112,980	5,657,541
Gross Profit	1,115,918	1,045,884
Profit before Taxation	773,238	810,364
Taxation	(252,831)	(223,727)
Profit after Taxation	520,407	586,637
Earnings Per Share (Rs.)	18.07	20.37

The profit after tax decreased from Rs. 586.6 million last year to Rs. 520.4 million mainly due to decrease in Other Income.

- CONSOLIDATED FINANCIAL STATEMENTS:**

		(Rs. '000)
	2018	2017
Turnover	8,315,021	7,115,296
Gross Profit	1,592,200	1,418,241
Profit before Taxation	1,207,756	1,033,367
Taxation	(248,039)	(287,738)
Profit after Taxation	959,717	745,629
Earnings Per Share (Rs.)	33.32	25.89

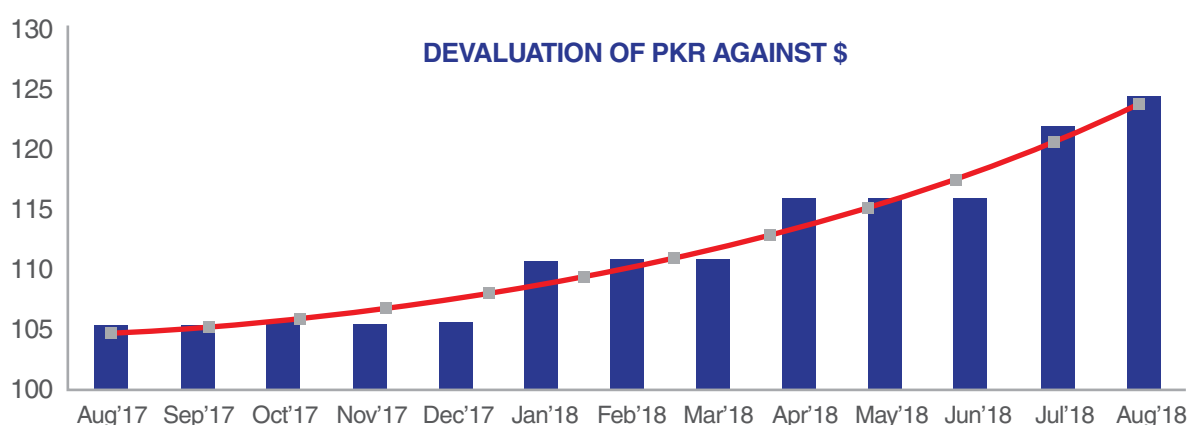
- APPROPRIATION OF PROFIT**

The Board of Directors is pleased to recommend a final cash dividend of Rs. 8.50 per share (170%) for approval of the shareholders at the Annual General Meeting of the Company to be held on October 22, 2018. The final dividend is in addition to the interim dividend of Rs. 4.00 per share (80%) already paid. The total dividend for the year, therefore, aggregates to Rs. 12.50 per share (250%). The Board has also recommended transfer of Rs. 190 million from un-appropriated profits to General Reserve.

- PAKISTAN'S ECONOMY**

During FY2018, the country achieved a GDP growth of 5.7%, highest in 10 years backed by the manufacturing, service and agricultural sectors. Although, the average CPI for FY2018 of 3.9% was well within the State Bank of Pakistan's overall target of 6%, the SBP has started adjusting the interest rates to check the increasing inflationary trend backed by increase in electricity and gas tariffs as well as local demand.

In addition, the widening current account deficit which swelled to US\$ 18 billion by June 30, 2018 poses a significant threat to the economy. The trade imbalance caused by an alarming increase in imports coupled with failing exports has led to the recent major devaluation of Pak Rupee. We believe that the trade deficit will continue to keep the Pak Rupee in tremendous pressure in the foreseeable future as well.

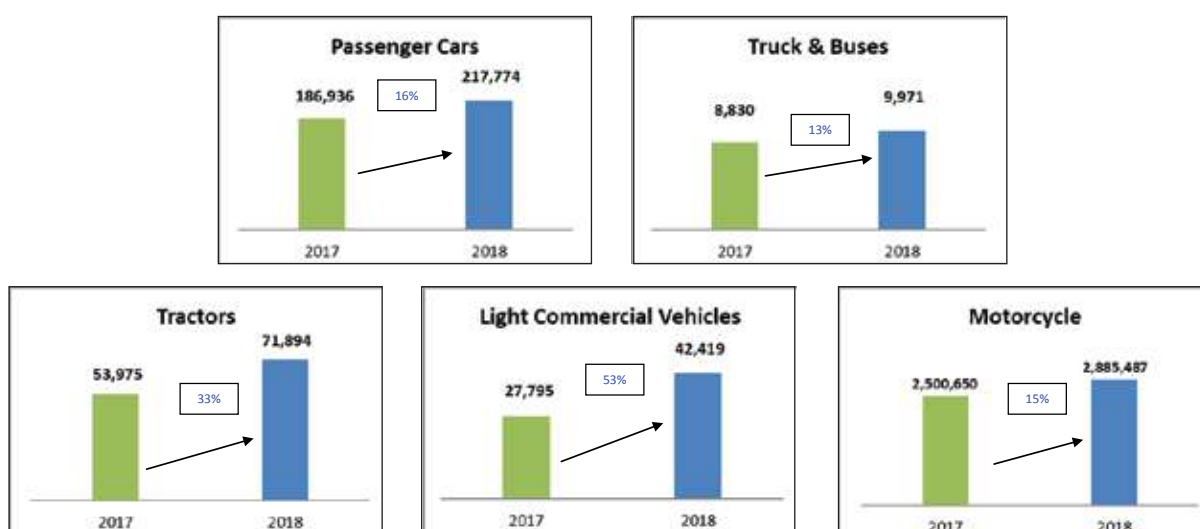


The manufacturing sector in Pakistan which relies heavily on the use of imported raw material, including steel sheets has been impacted adversely by the recent unprecedented major devaluation of Pak Rupee. The devaluation has caused significant problems for the manufacturing sector in terms of escalating the cost of input and eroding profit margins. In addition, the Government has imposed Regulatory Duty (RD) on imported raw material which has further worsened the situation causing major hardships for the manufacturing sector.

As a basic principle, we believe that RD should be imposed on luxury and non-essential items to restrict their imports. However, RD has been levied on auto grade steel sheets, the raw material for the auto parts maker, which is not produced in Pakistan. The imposition of RD has created inequality between the duty level on raw material and the finished product, which would make the imports cheaper than local manufacturing hurting the local auto part makers.

• AUTOMOTIVE SECTOR

Despite above challenges on the economic front, Pakistan's automotive sector has done quite well in all segments (i.e., passenger cars, LCVs, trucks & buses, motor cycles and tractors) which is reflected in the growth in the industry sales, backed by higher demand. The industry expects to see new players entering the market in the coming years, whereas a few assembling units which were closed are also reviving their businesses. In addition, all of the existing players are working on introducing new models to tap the increase in demand.



• PRINCIPAL RISKS AND UNCERTAINTIES

Risk management process includes identification of strategic, financial, operational and legal risks affecting the performance of the Company and to ensure appropriate measures to mitigate those risks. An effective risk management strategy is in place to detect these risks at an early stage and to devise action plans to address and mitigate the same.

The Directors believe that the current pressure on the exchange rate carries a high risk and any further devaluation of Pak Rupee may have significantly adverse impact on the automotive industry in Pakistan.



Agriauto Stamping Company (Private) Limited

The subsidiary company, Agriauto Stamping Company (Pvt) Limited (ASC) is operating at its full capacity backed by increased demand from its customers. In order to meet the enhanced requirement, the Company is in the process of setting up a new half tandem line of 800 and 500 ton presses which are expected to be commissioned by second quarter of 2019.





The sales of the subsidiary company for the year grew by 50% to reach Rs. 2.23 (2017: Rs. 1.49) billion whereas profit after tax increased by 61% to reach Rs. 439 (2017: Rs. 273) million. The increased sales & profitability is mainly due to the introduction of Catalytic Converter business during the year.

Other key achievements of the subsidiary company during the year are:

- a) Obtained ISO certifications (i.e., ISO 9001-2015, ISO14000, TS16949)
- b) Zero defects in parts supplied
- c) In time delivery of parts to the customers
- d) Developed four additional press parts and supply commenced
- e) Start of the 1st phase of the die development center for which 3 trainees were sent to Ogihara, Thailand for training on designing and manufacturing of dies and fixtures

Safety, Health And Environment (SHE)

The Company is fully cognizant of its responsibility towards Environment. We believe growth is only sustainable if it is achieved while respecting the environment. We are fully complying with all applicable legal and other requirements.

- a) In the Daily 'Asakai Meeting', safety hazards are identified based on previous day's audit.
- b) SHE member attends Daily Morning Circle and talks on one topic for safety in all the Plants to enhance safety awareness and shares key safety tips/actions.
- c) Enforcement of hazards elimination process based on HIRA (Hazard Identification and Risk Assessment) in progress.
- d) Paint Booth modified to remove environmental hazards of high Volatile Organic Compound (VOC) fumes in Paint Booth and provision of suitable Personal Protective Equipment (PPEs) to the Paint Shop Operators.
- e) Effluent Treatment Plant (ETP) is functional to treat the infected water with a Reverse Osmosis Plant (RO) to recycle the treated water to be used for processes again.



Corporate Social Responsibility (CSR)

Corporate social responsibility is embedded in to company's core business strategy. We believe that what is good for the people is good for the business. The company continues to spend 1% of its PBT over community welfare and development initiatives. Our objective remains, to support the local community for the welfare of all our stakeholders. The projects undertaken during the year include:

Support to Educational Institutions

- Donation to various educational institutions providing support in respect of uniforms, books & furniture etc.

Support to Hospitals

- Donation to various healthcare institutions including Indus Hospital, SIUT, Kidney Center etc.

Provision of Ration Hampers

- Distribution of Ration Hampers to employees and local residents in the Factory vicinity during the month of Ramadan.

Industrial Harmony

- Company remains committed to fulfilling its legal obligations towards the workforce and complies with regulations regarding their wages and benefits, thus leading to excellent industrial harmony and amicable management of labor relations

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year under review, your Company contributed Rs. 1.81 billion to the National Exchequer.

HUMAN RESOURCE

HR Department remains committed to the professional development and training of the employees with emphasis on inculcating company values in employees and providing them an environment of team work and mutual respect. Following are the salient of HR initiatives:

Training & Development

A variety of Training and Development opportunities were offered to various tiers of Management both in-house and externally such as at:

- o Association of Overseas Technical Cooperation & Sustainable Partnerships (AOTS), Japan, - various trainings
- o Ogihara, Thailand for Safety and technical trainings
- o The Fuqua School of Business at North Carolina, USA for Senior Management Program and
- o South East Asia Leadership Academy (SEALA), Thailand for Senior Management Program

Total Foreign Trainings hours for the year under review were in excess of 4,200 hours.

Team Building & Value Sessions

Various team building exercises and value sessions for new comers were conducted during the year to bring alignment in objectives and improve employee engagement.

Award & Recognition

- Received 3rd Position Award from Atlas Honda Ltd for best KAIZEN at its 28th Alamayar Convention 2018.
- Following awards from Employers' Federation of Pakistan:
 - 2nd Prize on Best HRM Practices - 2017 in the category "Large National Companies"
 - 2nd Prize on Excellence in Women Empowerment – 2018 in the Category "Large National Companies"
 - Gold Award on Best Practices in OSH (Occupational Safety and Health) compliance
- Awarded TS16949 Certification through external audit by URS
- Successfully passed Honda Vendor Improvement Program (VIP) Audit I & Audit II
- 1st prize of the QCC from Indus Motor Company Limited



FUTURE OUTLOOK

Following the smooth political transition into a new government, hopes have risen for a better and stable political future for the Country. Political stability, low interest rates, low inflation coupled with high domestic demand will create a positive business environment for the industry. However, challenges on the economic front including consistent devaluation of Pak Rupee poses a grave problem. The ballooning current account deficit and depleting forex reserves will continue to keep the Pak Rupee under pressure in the foreseeable future.

The changes brought in by the Finance Act 2018 viz-a-viz, imposition of additional custom duty, regulatory duty and requirement of being a tax filer for registration of new vehicles may have an impact on the Company's future sales.

On the other hand, entry of new players in the market shall open new doors for additional business for the Company. The management is committed to take all actions necessary to benefit from these new business avenues.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2018 is annexed.

RELATED PARTY TRANSACTIONS

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

CORPORATE AND FINANCIAL REPORTING

As required by the Code of Corporate Governance, incorporated in the Listing Regulations of the Pakistan Stock Exchange, the Directors of the Company do hereby declare the following:

- The financial statements prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.



- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements
- The system of internal control is sound in design and has been effectively implemented and monitored.
- 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 value of investments made by the Provident Fund as at June 30, 2018 amounted to Rs.188.6 million.

NUMBER OF BOARD MEETINGS

During the year, 6 Board meeting were held and attendance is given hereunder:

SL #	Names	No of meetings Attended
1	Mr. Yutaka Arae	6
2	Mr. Fahim Kapadia	6
3	Mr. Sohail P. Ahmed	6
4	Mr. Salman Burney*	5
5	Mr. Owaisul Mustafa	6
6	Mr. Muhammad Ali Jameel	3
7	Mr. Abbasul Husaini	3
8	Mr. Asif Rizvi**	1

* Mr. Salman Burney joined the Board with effect from August 7, 2017

** Mr. Asif Rizvi resigned from the Board with effect from August 7, 2017

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 LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

The Statement of Compliance with the above Code of Corporate Governance is annexed herewith.



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. We expect the same level of support from our employees in the years 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 Riken Co Ltd, Japan, M/s KMS (KYB Motorcycle Suspension, Japan) and M/s. Ogiyara (Thailand) Co. Ltd for their technical assistance and advice.

On behalf of the Board of Directors.

Fahim Kapadia
Chief Executive
Karachi

Dated: August 17, 2018



ادارتی نظم وضبط کے ضابطے کی پاسداری سے متعلق بیان

ادارتی نظم وضبط کے ضابطے کی پاسداری سے متعلق بیان منسلک ہے۔

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 کے نتیجے میں ہم نے چیلنجز پر قابو پاتے ہوئے سال بہ سال کمپنی کی ترقی برقرار رکھی 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 تعلیمی مددگاروں میسرز رائڈ کنٹرول، لیل لیل سی، یو ایس اے، میسرز کے وائی بی کارپوریشن، جاپان، میسرز این سبکی کو لمیٹڈ، جاپان، میسرز شری اوکی کارپوریشن جاپان، میسرز سانو راکن کو لمیٹڈ جاپان، میسرز کے ایم ایس (KYB) موٹر سائیکل سپینشن) اور میسرز اوگھیرا (تھائی لینڈ) کو لمیٹڈ کو کی تعلیمی مدد اور مشوروں پر ان کے مشکور ہیں۔

برائے و منجانب



فہیم کیاڈیا
چیف ایگزیکٹو
کراچی

تاریخ: 17 اگست 2018

ادارتی اور مالیاتی رپورٹنگ

کمپنی کے ڈائریکٹران اقرار کرتے ہیں کہ :

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی شفافیت کو مناسب انداز میں 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 کو ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات کو، جو پاکستان میں لاگو ہیں، ملحوظ خاطر رکھا گیا ہے۔
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- 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۔

30 جون 2018 کو پروڈنٹ فنڈ کی رقومات سے کی گئی سرمایہ کاری کی مالیت 188.6 ملین روپے تھی۔

بورڈ کے اجلاس کی تعداد

رواں سال کے دوران بورڈ کے 6 اجلاس ہوئے، حاضری کی تفصیل درج ذیل ہے:

#	نام	حاضر اجلاس کی تعداد
1	جناب یوناکا آرائے	6
2	جناب فہیم کپاڈیا	6
3	جناب سہیل پی احمد	6
4	جناب سلمان برنی	5
5	جناب اویس المصطفیٰ	6
6	جناب محمد علی جمیل	3
7	جناب عباس الحسینی*	3
8	جناب آصف رضوی**	1

* جناب سلمان برنی 7 اگست 2017 کو بورڈ میں شامل ہوئے
** جناب آصف رضوی 7 اگست 2017 کو بورڈ سے مستعفی ہوئے

آڈیٹرز

آڈیٹرز میسرز ای وائی فورڈ رھوڈز، (چارٹرڈ اکاؤنٹنٹس) 37 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں۔ اہلیت کی بنیاد پر انہوں نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے بھی ان کی دوبارہ تقرری کی سفارش کی ہے جس کی بورڈ کی طرف سے تائید کی گئی ہے۔

ایوارڈ اور قدر شناسی

- * اٹلس ہونڈا کے 28 ویں اعلیٰ معیار کنونشن 2018 میں بہترین KAIZEN ایوارڈ میں تیسری پوزیشن -
- * ایمپلائز فیڈریشن آف پاکستان نے مندرجہ ذیل ایوارڈز سے نوازا:
- * ”بڑی قومی کمپنیوں“ میں رانج“ بہترین HRM طور طریقوں ” کے ایوارڈ میں دوسری پوزیشن
- * ”بڑی قومی کمپنیوں“ میں رانج“ باختیار خواتین 2018 ” کے ایوارڈ میں دوسری پوزیشن
- * OSH (پیشہ جاتی تحفظ اور صحت) کے بہترین طور طریقوں کی پاسداری پر گولڈ ایوارڈ
- * URS (بیرونی آڈیٹر) کے ذریعے TS16949 کے تصدیق نامہ سے نوازا گیا
- * ہونڈا وینڈر امپروومنٹ پروگرام (VIP) کے آڈٹ I اور آڈٹ II کو کامیابی سے پاس کیا
- * انڈس موٹر کمپنی لمیٹڈ کے QCC میں پہلا انعام حاصل کیا

مستقبل کا جائزہ

نئی حکومت کو سیاسی اختیارات کی ہموار منتقلی سے ملک کے بہتر اور مستحکم سیاسی مستقبل کی امیدیں پیدا ہو گئی ہیں۔ سیاسی استحکام، پست شرح سود، پست افراط زر کے ساتھ بلند مقامی طلب، صنعت کے لئے مثبت ماحول پیدا کرنے میں مدد دیں گے۔ تاہم معاشی محاذ پر تسلسل کے ساتھ پاکستانی روپے کی قدر میں کمی سے شدید مسائل کھڑے ہو سکتے ہیں۔ تیزی سے بڑھتا ہوا جاری کھاتے کا خسارہ اور گرتے ہوئے زرمبادلہ کے ذخائر سے مستقبل قریب میں پاکستانی روپیہ دباؤ میں رہے گا۔

فنانس ایکٹ 2018 کے ذریعے چند تبدیلیاں لائی گئی ہیں جن میں اضافی کسٹم ڈیوٹی، ریگولیٹری ڈیوٹی کا نفاذ اور نئی گاڑیوں کی رجسٹریشن کے لئے فائلز ہونے کی شرط شامل ہیں جو مستقبل میں کمپنی کی فروخت پر اثر انداز ہو سکتی ہیں۔

دوسری جانب، بازار میں نئے کھلاڑیوں کی آمد سے کمپنی کے لئے مزید کاروباری مواقع پیدا ہوں گے۔ انتظامیہ پر عزم ہے کہ اس سلسلے میں تمام ضروری اقدامات اٹھائے جائیں تاکہ ان نئے کاروباری مواقع سے زیادہ سے زیادہ فائدہ اٹھایا جاسکے۔

حصص داری کی ساخت

30 جون 2018 پر حصص داری کی ساخت منسلک ہے۔

متعلقہ فریقین سے مالی مصاملات

پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز میں شامل ادارتی نظم و ضبط کے ضابطوں کے مطابق تمام ملحقہ پارٹیوں کے سودے غیر جانبداری کی بنیاد پر عمومی طریقہ کار کے مطابق انجام پائے اور انہیں مالیاتی گوشواروں میں متعلقہ نوٹس میں منکشف کیا گیا ہے۔

ادارتی و سماجی ذمہ داری (CSR)

ادارتی و سماجی ذمہ داری کمپنی کے بنیادی مقاصد میں شامل ہے۔ ہمیں یقین ہے کہ جو کچھ لوگوں کے لئے اچھا ہے وہی کاروبار کے لئے بھی اچھا ہے۔ کمپنی اپنے منافع قبل از ٹیکس کا 1 فیصد علاقائی فلاح و بہبود اور ترقی کیلئے خرچ کرتی ہے۔ ہمارا عزم ہے کہ مستفیدان کی فلاح و بہبود کے لئے مقامی برادری کے ساتھ تعاون کیا جائے۔ سال رواں جن پروجیکٹس پر کام ہوا وہ درج ذیل ہیں:

تعلیمی اداروں کی معاونت

یونیفارم، کتابوں اور فرنیچر کا عطیہ کر کے مختلف تعلیمی اداروں کی امداد

ہسپتالوں کی معاونت

صحت و نگہداشت کے مختلف اداروں جیسے انڈس ہسپتال، SIUT اور کڈنی سینٹر کو عطیات

راشن کے تھیلوں کی فراہمی

رمضان کے مہینے میں ملازمین اور قرب و جوار کے مقامی رہائشیوں کو راشن کے تھیلوں کی فراہمی

صنعتی ہم آہنگی

کمپنی اپنے ملازمین سے متعلق قانونی ذمہ داریوں کو پورا کرنے کے لئے پرعزم ہے اور اجرتوں اور مراعات سے متعلق ضابطوں کی پاسداری کرتی ہے جس سے بہترین صنعتی ہم آہنگی اور ملازمین سے خوشگوار تعلقات قائم ہوتے ہیں۔

قومی خزانے کو فائدہ

جائزہ مدت کے دوران آپ کی کمپنی نے 1.81 بلین روپے قومی خزانے میں جمع کرائے۔

انسانی وسائل (HR)

شعبہ انسانی وسائل ملازمین کی پیشہ ورانہ ترقی اور تربیت کے لئے پرعزم ہے جس کا مقصد ملازمین میں کمپنی کی اقدار کی پاسداری کا جذبہ اجاگر کرنا اور انہیں ایسا ماحول فراہم کرنا ہے جس میں وہ باہمی احترام کے ساتھ مل جل کر کام کر سکیں۔ HR کے اقدامات نمایاں خدوخال درج ذیل ہیں:

تربیت اور ترقی

- * ایسوسی ایشن آف اوور سیز ٹیکنیکل کوآپریشن اینڈ سسٹین ایبل پارٹنرشپس (AOTS) جاپان میں مختلف تربیت کی فراہمی
- * اوگی ہارا (تھائی لینڈ) میں حفاظتی اور ٹیکنیکل تربیت
- * اعلیٰ انتظامیہ کی تربیت کے لئے افوقا اسکول آف بزنس نار تھ کیرولینا
- * اعلیٰ انتظامیہ کی تربیت کے لئے ساؤتھ ایسٹ ایشیا لیڈرشپ اکیڈمی (SEALA) تھائی لینڈ

رواں سال میں بیرون ملک تربیت کا دورانیہ 4,200 گھنٹے سے زیادہ رہا۔

ٹیم بلڈنگ اور اقداری نشستیں

سال کے دوران نئے آنے والوں کے لئے ٹیم بلڈنگ مختلف مشقیں اور اقداری نشستیں منعقد کی گئیں ہیں تاکہ وہ کمپنی کے مقاصد سے مطابقت پیدا کر سکیں اور ملازمتی ذمہ داریوں میں بہتری لاسکیں۔

ایگری آٹو اسٹیمپنگ کمپنی (پرائیویٹ) لمیٹڈ (ASC)

گاہوں کی بڑھتی ہوئی طلب کی وجہ سے ماتحت کمپنی ایگری آٹو اسٹیمپنگ کمپنی (پرائیویٹ) لمیٹڈ (ASC) اپنی مکمل استعداد کے مطابق پیداوار دے رہی ہے۔ مزید طلب کو پورا کرنے کے لئے کمپنی 800 اور 500 ٹن کے پریسوں کی ایک نئی ٹینڈم لائن قائم کر رہی ہے جو کہ متوقع طور پر 2019 کی دوسری سہ ماہی میں پیداوار شروع کر دے گی۔

اس سال ماتحت کمپنی کی فروخت 50 فیصد اضافے کے ساتھ 2.23 بلین روپے ہو گئی (2017: 1.49 بلین روپے) جبکہ منافع بعد از ٹیکس 61% فیصد اضافے کے ساتھ 473 ملین روپے ہو گیا (2017: 273 ملین روپے)۔ فروخت اور منافع میں اضافہ کی بنیادی وجہ سال کے دوران Catalytic Converter کی شمولیت تھی۔

ماتحت کمپنی کو سال کے دوران دیگر اہم کامیابیوں حاصل ہوئیں جو کہ درج ذیل ہیں:

- (a) ISO کے تصدیق نامے (ISO-9001-2015 ، ISO14000 ، TS16949) حاصل کرنا
- (b) نقائص سے پاک پروزوں کی سپلائی
- (c) گاہوں کو پروزوں کی بروقت فراہمی
- (d) مزید چار پریس پروزوں کی تیاری اور سپلائی کا آغاز
- (d) ڈائی سینٹر کی ترویج کے پہلے مرحلے کا آغاز جسے کے لئے تین زیر تربیت ملازمین کو اوگھی ہارا تھائی لینڈ میں ڈائی اور فکسچرز کی تیاری اور ڈیزائن کی تربیت کے لئے بھیجا گیا ہے۔

تحفظ، صحت اور ماحول (SHE)

کمپنی ماحولیات سے متعلق مکمل طور پر اپنی ذمہ داری سے آگاہ ہے۔ ہمیں یقین ہے کہ ماحول کا لحاظ رکھے بغیر پائیدار ترقی حاصل نہیں ہو سکتی۔ ہم تمام قانونی اور دیگر ضروریات کی مکمل پاسداری کرتے ہیں۔

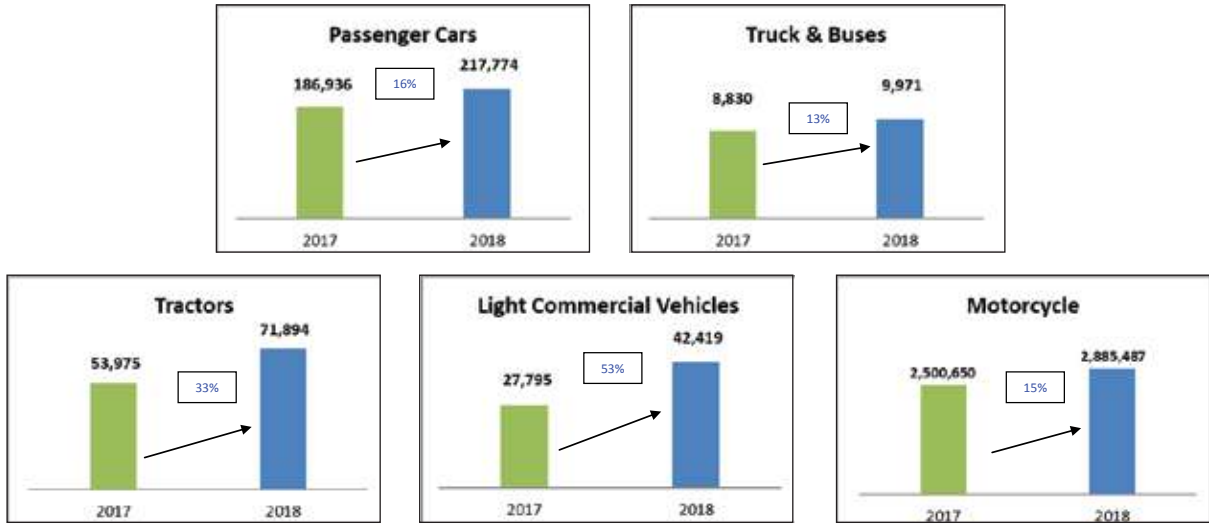
- (a) سابقہ دن کے آڈٹ کی بنیاد پر روزانہ 'اساکائی میٹنگ' میں حفاظتی خطرات کی شناخت کی جاتی ہے۔
- (b) SHE ممبر روزانہ صبح پلانٹ کا چکر لگاتا ہے اور تحفظ سے متعلق آگاہی میں اضافہ کے لئے وہاں پر موجود افراد سے تحفظ کے موضوع پر گفت و شنید کرتا ہے اور انہیں حفاظتی تدابیر / کارروائی سے آگاہ کرتا ہے۔
- (c) HIRA (خطرہ کی نشاندہی اور خطرہ کا مقابلہ) کی بنیاد پر خطرات کو ختم کرنے کا عمل جاری رہتا ہے۔
- (d) پیٹ بوتھ میں Volatile Organic Compound کے کثیف دھوئیں کی وجہ سے پیدا ہونے والے ماحولیاتی خطرات کو ختم کرنے کے لئے پیٹ بوتھ کو جدید بنایا گیا ہے اور پیٹ شاپ میں کام کرنے والوں کو مناسب ذاتی حفاظتی آلات (PPEs) فراہم کئے جاتے ہیں۔
- (e) صنعتی فضلہ کی صفائی کا پلانٹ (ETP) مکمل طور پر فعال ہے جو کہ گندے پانے کو معکوس عمل نفوز پلانٹ (RO) کے ذریعے صاف کر کے دوبارہ قابل استعمال بناتا ہے۔

صنعتی پیداواری شعبہ جس کا زیادہ تر انحصار درآمدی خام مال پر ہے جس میں لوہے کی شیٹیں بھی شامل ہیں، پاکستانی روپے کی قدر میں بے مثل کمی کی وجہ سے شدید متاثر ہوا۔ قدر میں کمی کی وجہ سے صنعتی پیداواری شعبہ کو بڑے مسائل کا سامنا ہے جن میں پیداواری لاگت میں اضافہ اور شرح منافع میں کمی شامل ہیں۔ مزید برآں حکومت نے درآمد شدہ خام مال پر ریگولیٹری ڈیوٹی عائد کر دی ہے جس کی وجہ سے صنعتی پیداواری شعبہ کی مشکلات میں مزید اضافہ ہو گیا۔

عمومی اصول کے تحت ریگولیٹری ڈیوٹی پر آسائش اور غیر ضروری اشیاء کی درآمدات پر عائد ہونی چاہئے۔ تاہم ریگولیٹری ڈیوٹی اس درآمدی آٹو گریڈ اسٹیل پر لگا دی گئی جو کہ آٹو پارٹس بنانے والی صنعت کا اہم خام مال ہے مگر پاکستان میں تیار نہیں ہوتا۔ RD لگانے سے خام مال اور تیار مال کے درمیان ڈیوٹی کی سطح پر عدم مساوات پیدا ہو گئی ہے جس سے مقامی اشیاء کی بہ نسبت درآمدی اشیاء سستی ہو جائیں گی نتیجتاً آٹو پارٹس کی مقامی صنعتی پیداوار شدید متاثر ہوگی۔

آٹوموٹو سیکٹر

معاشی محاذ پر مذکورہ بالا مشکلات کے باوجود پاکستان کے آٹوموٹو شعبے نے تمام زیلی شعبوں (یعنی مسافر کاروں، لیل سی ویز، ٹرک و بسیں، موٹر سائیکلیں اور ٹریکٹرز) میں بہترین کارکردگی کا مظاہرہ کیا جس کی عکاسی بڑھتی ہوئی طلب کی وجہ سے صنعت کے فروخت کے حجم میں اضافے سے ہوتی ہے۔ توقع ہے کہ آنے والے سالوں میں کچھ نئے کھلاڑی اس صنعت میں داخل ہو جائیں گے، جبکہ بندش کا شکار کچھ اسمبلی یونٹس بھی اپنا کاروبار بحال کر لیں گے۔ اس کے علاوہ، موجودہ کھلاڑی بڑھتی ہوئی طلب کو پورا کرنے کیلئے نئے ماڈلز متعارف کروانے میں مصروف عمل ہیں



بنیادی خطرات اور غیر یقینی حالات

خطرات کا مقابلہ کرنے کے طریقہ کار میں کمپنی کی کارکردگی کو لاحق کلیدی، مالیاتی، کاروباری اور قانونی خطرات کی شناخت اور ان خطرات کو کم کرنے کے لئے ضروری اقدامات کو یقینی بنانا شامل ہے۔ خطرات سے مقابلہ کرنے کی ایک موثر حکمت عملی موجود ہے جس سے ان خطرات کا ابتدا ہی میں پتا چل جاتا ہے جس سے ان کے ازالہ کی منصوبہ بندی میں مدد ملتی ہے۔

ڈائریکٹر ان کو معلوم ہے کہ شرح مبادلہ پر موجودہ دباؤ ایک بہت بڑا خطرہ ہے اور پاکستانی روپے کی قدر میں مزید کمی پاکستان کی آٹوموبائل صنعت پر برے اثرات مرتب کرے گی۔

مجموعی مالیاتی نتائج

(روپے '000 میں)

2017	2018	
7,115,296	8,315,021	فروخت
1,418,241	1,592,200	خام منافع
1,033,367	1,207,756	منافع قبل از ٹیکس
(287,738)	(248,039)	ٹیکس
745,629	959,717	منافع بعد از ٹیکس
25.89	33.32	فی حصص آمدنی

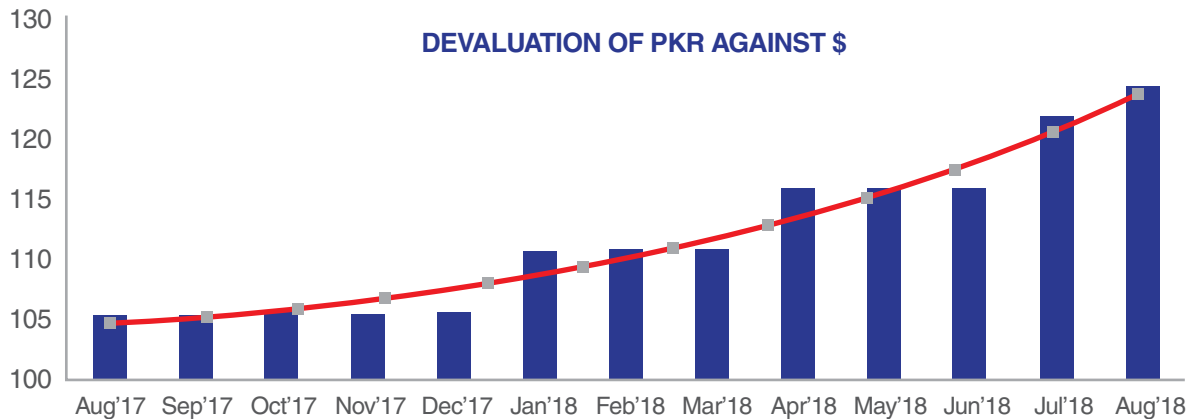
منافع کے مصارف

بورڈ آف ڈائریکٹرز 8.50 روپے فی حصص (170 فیصد) حتمی منافع منقسمہ کی تجویز بخوشی پیش کرتے ہیں جس کی منظوری 22 اکتوبر 2018 کے سالانہ اجلاس عام میں حصص یافتگان سے لی جائے گی۔ یہ حتمی منافع منقسمہ عبوری منافع منقسمہ 4.00 روپے فی حصص (80 فیصد کے علاوہ ہے جو) پہلے ہی ادا کیا جا چکا ہے۔ اس طرح اس سال کا کل منافع منقسمہ مجموعی طور پر 12.50 روپے فی حصص (250 فیصد) رہا۔ بورڈ نے غیر مصرف شدہ منافع کے 190 ملین روپے عمومی ذخیرہ میں منتقل کرنے کی سفارش کی ہے۔

پاکستان کی معیشت

صنعتی پیداوار، خدمات اور زرعی شعبہ جات کی وجہ سے مالیاتی سال 2018 میں ملک نے جی ڈی پی میں 5.7 فیصد کی نمو حاصل کی جو کہ گزشتہ دس سالوں میں بلند ترین ہے۔ اگرچہ کہ مالیاتی سال 2018 میں اوسطاً سی پی آئی 3.9 فیصد رہا جو کہ اسٹیٹ بینک آف پاکستان کے مجموعی ہدف کے اندر تھا، تاہم اسٹیٹ بینک نے بجلی اور گیس کے نرخوں اور مقامی طلب کی وجہ سے افراط زر میں اضافے کے رجحان کو کنٹرول کرنے کے لئے شرح سود میں اضافہ کیا۔

اس کے علاوہ رواں کھاتے کا بڑھتا ہوا خسارہ جو کہ 30 جون 2018 تک 18 ارب یو ایس ڈالر ہو چکا ہے، معیشت کے لئے بہت بڑا خطرہ ہے۔ درآمدات میں خطرناک حد تک اضافے کے ساتھ ساتھ برآمدات میں کمی کی وجہ سے پیدا شدہ تجارتی عدم توازن پاکستانی روپے کی قدر میں خاطر خواہ کمی کا باعث بنا۔ ہمیں خدشہ ہے کہ تجارتی خسارے کے نتیجے میں مستقبل قریب میں پاکستان روپے پر شدید دباؤ برقرار رہے گا۔



حصص یافتگان کے لئے ڈائریکٹران کی رپورٹ

برائے ختم شدہ سال 30 جون 2018

معزز حصص یافتگان!

ایگری آٹو انڈسٹریز لمیٹڈ کے ڈائریکٹران اپنی رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشوارے برائے ختم شدہ سال 30 جون 2018 پیش کرتے ہوئے خوشی محسوس کرتے ہیں:

بورڈ آف ڈائریکٹرز

30 جون 2018 کو کمپنی کے بورڈ آف ڈائریکٹرز میں مندرجہ ذیل ڈائریکٹران شامل تھے:

- 1- جناب پوناکا آرائے چیئرمین - نان ایگزیکٹو ڈائریکٹر
- 2- جناب فہیم کپاڈیا چیف ایگزیکٹو-ایگزیکٹو ڈائریکٹر
- 3- جناب سمیل پی احمد نان ایگزیکٹو ڈائریکٹر
- 4- جناب سلمان برنی نان ایگزیکٹو ڈائریکٹر
- 5- جناب اویس المصطفیٰ نان ایگزیکٹو ڈائریکٹر
- 6- جناب محمد علی جمیل آزاد ڈائریکٹر
- 7- جناب عباس الحسینی نان ایگزیکٹو ڈائریکٹر

کمپنی کی بنیادی سرگرمیاں

کمپنی آٹوموٹو گاڑیوں، موٹر سائیکلوں اور زرعی ٹریکٹروں کے پرزوں کی تیاری اور فروخت میں مصروف عمل ہے۔

مالیاتی اور کاروباری کارکردگی

سال 2017-18 کے دوران کمپنی کی فروخت بلند ترین رہی یعنی 6.11 بلین روپے (2017 : 5.66 بلین روپے) جو کہ گزشتہ سال کی بہ نسبت 8 فیصد زیادہ ہے۔ کمپنی کا خام منافع جو کہ گزشتہ سال 1.05 بلین روپے تھا، موجودہ سال میں بڑھ کر 1.12 ارب روپے ہو گیا جس کی وجہ فروخت میں نمایاں اضافہ اور پیداواری استعداد میں بہتری تھی۔ دیگر آمدنی گزشتہ سال میں 145.9 ملین روپے تھی جو کہ موجودہ سال میں کم ہو کر 54.2 ملین روپے رہ گئی جس کی وجہ رواں سال کے دوران ذیلی کمپنی نے کسی منافع منقسمہ کی ادائیگی نہیں کی (2017 میں: 114.4 ملین روپے)

مالیاتی سال 2017-18 میں کمپنی کے مالیاتی نتائج مختصراً درج ذیل ہیں:

(روپے '000 میں)

	2017	2018	
دیگر آمدنی میں کمی کی وجہ سے منافع بعد از ٹیکس گزشتہ سال کے 586.6 ملین روپے سے گھٹ کر 520.4 ملین روپے ہو گیا۔	5,657,541	6,112,980	فروخت
	1,045,884	1,115,918	خام منافع
	810,364	773,238	منافع قبل از ٹیکس
	(223,727)	(252,831)	ٹیکس
	586,637	520,407	منافع بعد از ٹیکس
	20.37	18.07	فی حصص آمدنی

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

AGRIAUTO INDUSTRIES LIMITED FOR THE YEAR ENDED JUNE 30, 2018

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:	-	07
b) Female:	-	Exempted for current term

2. The composition of board is as follows:

a) Independent Director	-	01
b) Other Non-executive Directors	-	05
c) Executive Director	-	01

3. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. 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.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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 board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year the board did not arrange any training program for its directors.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO 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. Ali Jameel	Chairman
- Mr. Sohail P. Ahmad	Member
- Mr. Owaisul Mustafa	Member
- Mr. Abbasul Husaini	Member

b) HR and Remuneration Committee

- Mr. Ali Jameel	Chairman
- Mr. Yutaka Arae	Member
- Mr. Fahim Kapadia	Member
- Mr. Salman Burney	Member

13. 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 semiannual meetings

15. The board has outsourced the internal audit function to 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.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. 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.

18. We confirm that all other requirements of the Regulations have been complied with.



YUTAKA ARAE

Chairman

Dated: August 17, 2018

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Agriauto Industries Limited (the Company)****Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Agriauto Industries Limited for the year ended 30 June 2018 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 2018.

**Chartered Accountants**
Place: Karachi**Date: 11 September 2018**

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 2018, 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 2018 and of the profit, 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 Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the unconsolidated financial statements of the current period. The matters was 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 this matter.

Following is the key audit matter:

Key audit matters	How our audit addressed the key audit matter
New Companies Act, 2017 (the Act) and its impact on the unconsolidated financial statements	
<p>As disclosed in note 3.1 to the accompanying unconsolidated financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's unconsolidated financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the unconsolidated financial statements.</p> <p>In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the unconsolidated financial statements as referred to note 3.2 to the accompanying unconsolidated financial statements.</p> <p>The above changes and enhancements in the unconsolidated financial statements are considered important and a key audit matter because of the volume and significance of the changes in the unconsolidated financial statements resulting from the transition to the new reporting requirements under the Act.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the unconsolidated financial statements due to the application of the Act.</p> <p>We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the unconsolidated financial statements.</p>

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 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.

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

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.

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.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.



Chartered Accountants
Place: Karachi

Date: 11 September 2018



Financial Statements (Unconsolidated)

Unconsolidated Statement of Financial Position

As at June 30, 2018

	Note	2018 ----- (Rupees in '000) -----	2017
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	667,623	654,025
Intangible asset	8	7,863	-
Long-term investment	9	1,144,006	1,144,006
Long-term deposits	10	6,234	6,234
		1,825,726	1,804,265
CURRENT ASSETS			
Stores, spares and loose tools	11	83,178	61,927
Stock-in-trade	12	964,242	745,822
Trade debts	13	431,931	430,360
Advances, deposits, prepayments and other receivables	14	7,099	11,171
Accrued profit		681	777
Short-term investments	15	543,560	641,778
Sales tax receivable		9,086	5,259
Taxation – net		254,258	229,421
Cash and bank balances	16	230,264	232,115
		2,524,299	2,358,630
TOTAL ASSETS		4,350,025	4,162,895
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 (2017: 40,000,000) ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital	17	144,000	144,000
Reserves		3,726,986	3,537,779
		3,870,986	3,681,779
NON CURRENT LIABILITIES			
Deferred taxation	18	16,792	28,302
CURRENT LIABILITIES			
Trade and other payables	19	436,227	431,552
Unpaid dividend		2,516	968
Unclaimed dividend		23,504	20,294
		462,247	452,814
COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		4,350,025	4,162,895

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

Yutaka Arae
Chairman

Fahim Kapadia
Chief Executive

Saad Usman
Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2018

	Note	2018 ----- (Rupees in '000) -----	2017
Turnover – net	21	6,112,980	5,657,541
Cost of sales	22	(4,997,062)	(4,611,657)
Gross profit		1,115,918	1,045,884
Distribution cost	23	(118,783)	(120,014)
Administrative expenses	24	(207,076)	(190,385)
		(325,859)	(310,399)
Operating profit		790,059	735,485
Other expenses	25	(70,667)	(70,722)
Other income	26	54,180	145,961
Finance cost	27	(334)	(360)
		(16,821)	74,879
Profit before taxation		773,238	810,364
Taxation	28	(252,831)	(223,727)
Profit after taxation		520,407	586,637
		Rupees	Rupees
Earnings per share – basic and diluted	29	18.07	20.37

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



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2018

	2018 ----- (Rupees in '000) -----	2017
Net profit for the year	520,407	586,637
Other comprehensive income	-	-
Total comprehensive income for the year	520,407	586,637

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



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2018

		2018	2017
	Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	568,808	893,432
Finance cost paid		(334)	(360)
Income tax paid		(289,126)	(425,321)
Net cash generated from operating activities		279,348	467,751
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(111,243)	(61,115)
Proceeds from disposal of property, plant and equipment		11,027	10,145
Profit received on short-term investments		39,408	11,805
Profit received on deposit accounts		9,023	8,359
Dividend received		-	114,401
Proceeds from transfer of property, plant and equipment to subsidiary company		-	33,154
Net cash (used in) / generated from investing activities		(51,785)	116,749
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(326,442)	(249,150)
Net cash used in financing activities		(326,442)	(249,150)
Net (decrease) / increase in cash and cash equivalents		(98,879)	335,350
Cash and cash equivalents at the beginning of the year		869,835	534,485
Cash and cash equivalents at the end of the year	31	770,956	869,835

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



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2018

	Issued, Subscribed and paid-up Capital	R e s e r v e s				Total equity
		Capital reserve	Revenue reserves		Total reserves	
			Share premium	General		
----- (Rupees in '000) -----						
Balance as at June 30, 2016	144,000	12,598	2,675,000	515,544	3,203,142	3,347,142
Final dividend for the year ended June 30, 2016 @ Rs. 6.25/- per share	-	-	-	(180,000)	(180,000)	(180,000)
Interim dividend for the year ended June 30, 2017 @ Rs. 2.50/- per share	-	-	-	(72,000)	(72,000)	(72,000)
Transfer to general reserve	-	-	300,000	(300,000)	-	-
Profit after taxation for the year	-	-	-	586,637	586,637	586,637
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	586,637	586,637	586,637
Balance as at June 30, 2017	144,000	12,598	2,975,000	550,181	3,537,779	3,681,779
Final dividend for the year ended June 30, 2017 @ Rs. 7.5/- per share	-	-	-	(216,000)	(216,000)	(216,000)
Interim dividend for the year ended June 30, 2018 @ Rs. 4.0/- per share	-	-	-	(115,200)	(115,200)	(115,200)
Transfer to general reserve	-	-	300,000	(300,000)	-	-
Profit after taxation for the year	-	-	-	520,407	520,407	520,407
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	520,407	520,407	520,407
Balance as at June 30, 2018	144,000	12,598	3,275,000	439,388	3,726,986	3,870,986

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



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

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

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

For a detailed discussion about the Company's performance, refer to the Directors' Report.

3. STATEMENT OF COMPLIANCE

- 3.1** 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 IFRS, the provisions of and directives issued under the Act have been followed.

- 3.2** The Act has also brought certain changes with regard to the preparation and presentation of these unconsolidated financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicate disclosures with IFRS disclosure requirements and incorporation of additional/ amended disclosures as mentioned in notes 2, 7.3, 22.1, 25.1, 28.2, 36 & 40.

4. BASIS OF MEASUREMENT

- 4.1** These unconsolidated financial statements have been prepared under the historical cost convention.
- 4.2** These unconsolidated financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 New standards, amendments and interpretations

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

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

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

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

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

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS 9 – Financial Instruments	01 July 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15 – Revenue from Contracts with Customers	01 July 2018
IFRS 16 – Leases	01 January 2019
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 – Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
IAS 40 – Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

The above standards and interpretations are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application except for IFRS-15 – Revenue from Contracts with Customers. The Company is currently evaluating the impact of this Standard on the unconsolidated financial statements.

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

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

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

IASB Effective date (accounting periods beginning on or after)

Standard

IFRS 14 – Regulatory Deferral Accounts

01 January 2016

IFRS 17 – Insurance Contracts

01 January 2021

5.2 Property, plant and equipment

Owned

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

Depreciation on fixed assets is charged to the unconsolidated statement of profit or loss applying the reducing balance method at the rates specified in note 7 to the unconsolidated 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 unconsolidated statement of profit or loss as and when incurred, while major renewals and improvements are capitalised. Gains or losses on disposals of 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.

5.3 Development costs

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

5.4 Stores, spares and loose tools

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

5.5 Stock-in-trade

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

Raw and packing materials	- Moving average basis.
Work-in-process	- Cost of direct materials plus conversion cost valued on 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, 2018

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

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

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

5.6 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts / other receivables is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

5.7 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.

5.8 Cash and cash equivalents

For the purpose of unconsolidated statement of cash flow, 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. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

5.9 Financial instruments

All financial assets and liabilities are recognised at the time when the 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 or loss.

5.10 Offsetting of financial assets and financial liabilities

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

5.11 Employees' benefits

Provident fund

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

Compensated absences

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

5.12 Taxation

Current

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

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 recognition or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the statement of financial position date.

5.13 Provisions

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

5.14 Warranty obligations

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

5.15 Foreign currency transactions

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

5.16 Revenue recognition

- Sales are recorded when goods are dispatched to the customers.
- Profit on term deposit receipts and treasury bills 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.
- Scrap sales are accounted for on accrual basis.

5.17 Borrowing costs

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

5.18 Dividends and appropriation to reserve

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

5.19 Earnings per share

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

6. SIGNIFICANT ACCOUNTING 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.

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	5.2 & 7
- provision against trade debts and other receivables	5.6, 13 & 14
- provision for tax and deferred tax	5.12, 18 & 28
- warranty obligations	5.14 & 19.3
- provision for employee benefits	5.11 & 19.1

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2018 ----(Rupees in '000)----	2017
Operating fixed assets	7.1	644,258	653,335
Capital work-in-progress	7.5	23,365	690
		<u>667,623</u>	<u>654,025</u>

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

7.1 Operating fixed assets

	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2017	Additions/ (disposals)	As at June 30, 2018	Depreciation rate %	As at July 01, 2017	Charge for the year	Disposals for the year	As at June 30, 2018	As at June 30, 2018
	(Rs. in 000')				(Rs. in 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	189,672	-	189,672	10	87,902	10,177	-	98,079	91,593
Plant and machinery	947,823	57,566 (4,817)	1,000,572	10 – 20	453,383	55,474	(1,095)	507,762	492,810
Furniture and fittings	13,854	1,704	15,558	15	6,577	1,218	-	7,795	7,763
Vehicles	78,082	18,511 (13,186)	83,407	20	39,829	9,525	(8,830)	40,524	42,883
Office equipment	4,360	113	4,473	20	2,758	334	-	3,092	1,381
Computer equipment	30,599	1,222 (1,429)	30,392	33	26,323	1,674	(1,343)	26,654	3,738
Dies and tools	37,891	-	37,891	40	33,826	1,627	-	35,453	2,438
2018	1,303,933	79,116 (19,432)	1,363,617		650,598	80,029	(11,268)	719,359	644,258

	COST			Depreciation rate %	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2016	Additions/ (disposals)	As at June 30, 2017		As at July 01, 2016	Charge for the year	Disposals for the year	As at June 30, 2017	As at June 30, 2017
	(Rs. in 000')				(Rs. in 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	182,957	6,715	189,672	10	77,278	10,624	-	87,902	101,770
Plant and machinery	908,095	50,792 (8,470)	950,417	10 – 20	400,028	58,974	(5,619)	453,383	497,034
Furniture and fittings	9,867	4,083 (96)	13,854	15	5,654	1,013	(90)	6,577	7,277
Vehicles	74,635	12,862 (12,009)	75,488	20	39,926	8,329	(8,426)	39,829	35,659
Office equipment	4,280	80	4,360	20	2,367	391	-	2,758	1,602
Computer equipment	30,182	417	30,599	33	24,302	2,021	-	26,323	4,276
Dies and tools	37,891	-	37,891	40	31,115	2,711	-	33,826	4,065
2017	1,249,559	74,949 (20,575)	1,303,933		580,670	84,063	(14,135)	650,598	653,335

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

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

	Note	2018 ----(Rupees in '000)----	2017
Cost of sales	22	70,482	75,477
Distribution costs	23	1,528	963
Administrative expenses	24	8,019	7,623
		80,029	84,063

7.3 Particulars of immovable properties (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

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

Particulars	Cost	Accumulated Depreciation	Book value	Sales Proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyer
(Rs. in 000')							
Plant and machinery							
Tractor XT85	891	101	790	600	(190)	Negotiation	Mr. Shahid Waheed
Tractor XT75	829	107	722	700	(22)	Negotiation	Mr. Munir Ahmad
Tractor XT75	818	68	750	850	100	Negotiation	Mr Afzal Tarar
Tractor XT85D	1,351	524	827	800	(27)	Negotiation	Mr. Munir Ahmed
Tractor XT85	928	295	633	600	(33)	Negotiation	Mr. Munir Ahmed
	4,817	1,095	3,722	3,550	(172)		
Computer Equipment	1,429	1,343	86	63	(23)	Negotiation	Various
Vehicles							
Toyota Corolla Altis	2,302	1,218	1,084	1,462	378	Company Policy	Mr. Aqeel Loon (Ex-employee)
Toyota Corolla Altis	2,152	953	1,199	1,600	401	Company Policy	Mr. Sarfraz Ahmed Khan (Ex-employee)
Toyota Corolla	1,414	1,156	258	297	39	Company Policy	Mr. Fahim Kapadia (CEO)
Toyota Corolla	1,414	1,174	240	1,065	825	Negotiation	Toyota Southern Motors, Karachi
Toyota Corolla	1,354	1,107	247	1,160	913	Negotiation	Car Selection
Suzuki Cultus	1,019	628	391	750	359	Negotiation	Mr. Muhammad Saad
Suzuki Cultus	842	670	172	177	5	Company Policy	Mr. Shahid Sattar (Employee)
Suzuki Mehran	673	404	269	362	96	Company Policy	Mr. Minhajuddin (Employee)
Suzuki Mehran	671	539	132	141	9	Company Policy	Mr. Shamsul Huda (Employee)
Daihatsu Cuore	645	530	115	135	20	Company Policy	Mr. Shizan Ali Fareed (Employee)
Suzuki Mehran	637	433	204	210	6	Company Policy	Mr. Farhan Siddique (Employee)
Honda Motorcycle	63	18	45	55	10	Insurance Claim	Habib Insurance Company
	13,186	8,830	4,356	7,414	3,061		
2018	19,432	11,268	8,164	11,027	2,866		
2017	20,575	14,135	6,440	10,145	3,705		

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

7.5 Capital work-in-progress – Plant and Machinery

	Note	2018 —(Rupees in '000)—	2017
As at July 01		690	47,667
Capital expenditure incurred / advances made during the year		23,365	7,771
Transfer to operating assets during the year		(690)	(54,748)
As at June 30		23,365	690

8. INTANGIBLE ASSET

Cost

Opening as at July 1	8.1	-	-
Additions during the year		9,452	-
Closing balance		9,452	-

Accumulated amortization

Opening as at July 1		-	-
Charge for the year		(1,589)	-
Closing balance		(1,589)	-

Net book value as at June 30

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

Annual rate of amortization

20%	-
-----	---

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

9. LONG-TERM INVESTMENT

	Note	2018 —(Rupees in '000)—	2017
Investment in a subsidiary company - at cost			
Agriauto Stamping Company (Private) Limited	9.1	1,144,006	1,144,006

9.1 The subsidiary company was incorporated on January 20, 2012 and the Company has made an investment of Rs. 1,144.006 million (2017: Rs. 1,144.006 million) as at 30 June 2018. The Company holds 100 percent shares of the subsidiary company. This investment in subsidiary company has been made in accordance with the requirements under the Act.

10. LONG TERM DEPOSITS

	Note	2018 —(Rupees in '000)—	2017
Security deposits	10.1	6,234	6,234

10.1 Represents interest free deposits.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

11. STORES, SPARES AND LOOSE TOOLS

	2018 ----(Rupees in '000)----	2017
Stores	44,511	34,079
Spares	34,887	23,470
Loose tools	3,780	4,378
	83,178	61,927

12. STOCK-IN-TRADE

Raw material	669,766	540,069
Packing material	3,693	4,200
Work-in-process	48,913	47,379
Finished goods	33,173	29,688
Goods-in-transit	208,697	124,486
	964,242	745,822

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

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

13. TRADE DEBTS – unsecured

	Note	2018 ----(Rupees in '000)----	2017
Considered good	13.1 & 13.2	431,931	430,360
Considered doubtful		595	634
Provision for doubtful debts		(595)	(634)
		-	-
		431,931	430,360

13.1 This includes an amount of Rs. 2.18 million (2017: Rs. nil) receivable from Agriauto Stamping Company (Private) Limited, a wholly owned subsidiary against sales made by the Company.

13.2 The amount due from the wholly owned subsidiary is neither passed due nor impaired. The maximum aggregate amount receivable from the wholly owned subsidiary at the end of any month during the year was Rs 3.67 million (2017: Rs 3.77 million).

13.3 Reconciliation of provision for impairment is as follows:

	Note	2018 ----(Rupees in '000)----	2017
Balance at the beginning of the year		634	318
Reversal for the year	23	(39)	-
Provision /write-offs during the year		-	316
Balance at the end of the year		595	634

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

14. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2018 ----(Rupees in '000)----	2017
Advances – unsecured, considered good			
Suppliers	23	67	501
Contractors		623	6,462
Employees		655	701
		<u>1,345</u>	<u>7,664</u>
Deposits		215	215
Prepayments			
Insurance		3,391	2,385
Rent		2,148	895
		<u>5,539</u>	<u>3,280</u>
Other receivables – unsecured, considered good		-	12
		<u>7,099</u>	<u>11,171</u>

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

15. SHORT-TERM INVESTMENTS

	Note	2018 ----(Rupees in '000)----	2017
Held- to- maturity			
Term deposit receipts	15.1	442,000	242,000
Treasury bills	15.2	98,692	395,720
Accrued profit thereon		2,868	4,058
		<u>543,560</u>	<u>641,778</u>

15.1 Represents one to three months term deposit receipts with commercial banks under conventional banking relationship carrying profit rate ranging from 5.50% to 6.00% (2017: 4.25% to 6.25%) per annum and will mature by August 21, 2018.

15.2 Represents one to three months treasury bills with a commercial bank under conventional banking relationship carrying profit rate 6.20% per annum and will mature by 19 July 2018.

16. CASH AND BANK BALANCES

	Note	2018 ----(Rupees in '000)----	2017
In hand		197	107
With banks in			
- current accounts		78,567	120,857
- deposit accounts	16.1 & 16.2	151,500	111,151
		<u>230,067</u>	<u>232,008</u>
		<u>230,264</u>	<u>232,115</u>

16.1 These carry profit rates ranging from 4.00% to 4.50% (2017: 3.80% to 5%) per annum.

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018 Number of shares in ('000')	2017		2018 ---- (Rupees in '000) ----	2017
22,800	22,800	Fully paid in cash	114,000	114,000
6,000	6,000	Issued as fully paid bonus shares	30,000	30,000
28,800	28,800		144,000	144,000

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

18. DEFERRED TAXATION

	Note	2018 ---- (Rupees in '000) ----	2017
Taxable temporary differences arising due to:			
- accelerated tax depreciation		79,864	83,299
Deductible temporary differences arising due to:			
- provisions		(63,072)	(54,997)
		16,792	28,302

19. TRADE AND OTHER PAYABLES

Creditors		81,622	86,235
Accrued liabilities		198,204	183,325
Royalty payable		13,181	15,213
Advance from customers		15,700	739
Payable to provident fund	19.1	1,870	1,810
Tax deducted at source		7,496	5,547
Workers' Profit Participation Fund	19.2	584	43,453
Workers' Welfare Fund		16,860	15,251
Warranty obligations	19.3	77,464	58,730
Guarantee bond payable	19.4	18,747	18,747
Others		4,499	2,502
		436,227	431,552

19.1 General Disclosures

		(Unaudited)	(Audited)
Size of the fund		203,601	198,731
Cost of investments		171,803	172,283
Fair value of investments	19.1.1	188,596	186,229
Percentage of investments		92.6%	93.7%

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

19.1.1 The breakup of fair value of investments is:

	2018		2017	
	----- (Unaudited) ----		---- (Audited) ----	
	(Rs. in 000')	(%)	(Rs. in 000')	(%)
Pakistan Investment Bond	19,552	9.6	19,879	10.0
Term Finance Certificates	95,183	46.7	21,079	10.6
Mutual fund units	61,518	30.2	63,036	31.7
Shares in listed companies	5,246	2.6	6,493	3.3
Bank balance	7,097	3.5	75,742	38.1
Total	188,596	92.6	186,229	93.7

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

19.2 Workers' Profit Participation Fund

	Note	2018 ----(Rupees in '000)----	2017
Balance at the beginning of the year		43,453	5,343
Allocation for the year	25	41,584	43,453
		85,037	48,796
Less: Payment made during the year		(84,453)	(5,343)
Balance at end of the year		584	43,453

19.3 Warranty obligations

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

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

20. COMMITMENTS

- (i) Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 634.494 million (2017: Rs. 482.266 million).
- (ii) Commitments in respect of capital expenditure amounting to Rs. 78.342 million (2017: Rs. 0.978 million).
- (iii) Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounting to Rs. 0.385 million (2017: Rs. 0.385 million).

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

21. TURNOVER – net

	2018 ----(Rupees in '000)----	2017
Sales	7,164,751	6,624,784
Less: Trade discount	580	248
Sales tax	1,051,191	966,995
	1,051,771	967,243
	6,112,980	5,657,541

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

22. COST OF SALES

	Note	2018 ---- (Rupees in '000) ----	2017
Raw material consumed			
Opening stock		540,069	562,005
Purchases		4,179,397	3,683,881
		4,719,466	4,245,886
Closing stock	12	(669,766)	(540,069)
		4,049,700	3,705,817
Manufacturing expenses			
Salaries, wages and benefits		399,431	352,371
Stores, spares and loose tools consumed		177,670	167,486
Fuel and power		76,290	70,233
Royalty and technical fees		34,965	63,471
Depreciation	7.2	70,482	75,477
Transportation and traveling		74,577	65,623
Repairs and maintenance		60,724	58,830
Packing material consumed		32,003	28,841
Rent, rates and taxes		6,382	7,206
Research and development costs		7,130	5,353
Insurance		2,829	2,653
Communications and professional fee		2,558	3,540
Printing and stationery		1,966	1,515
Others		5,374	2,521
		952,381	905,120
Work-in-process			
Opening stock		47,379	51,475
Closing stock	12	(48,913)	(47,379)
		(1,534)	4,096
Cost of goods manufactured		5,000,547	4,615,033
Finished goods			
Opening stock		29,688	26,312
Closing stock	12	(33,173)	(29,688)
		(3,485)	(3,376)
		4,997,062	4,611,657

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

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

Company Name	Address	Relationship with Company	2018 ---- (Rupees in '000) ----	2017
- KYB Corporation	World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan	Technical Partner	23,390	22,836
- Aisin Seiki Co., Ltd	2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan	Technical Partner	831	777
- Ride Control LLC	750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA	Technical Partner	5,585	4,621

23. DISTRIBUTION COSTS

	Note	2018 ---- (Rupees in '000) ----	2017
Salaries, wages and benefits		16,600	15,426
Advertisement and sales promotion		38,736	33,368
Carriage and forwarding		32,410	26,994
Traveling and conveyance		2,803	3,216
Depreciation	7.2	1,528	963
Provision for warranty claims	19.3	24,452	37,677
(Reversal) / provision for doubtful trade debts	13.3	(39)	316
Rent, rates and taxes		206	175
Communications		210	224
Insurance		1,613	1,302
Repairs and maintenance		112	116
Others		152	237
		118,783	120,014

24. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits		70,103	69,341
Legal and professional charges		67,993	60,757
Traveling and conveyance		16,789	16,185
Repairs and maintenance		17,153	14,067
Depreciation	7.2	8,019	7,623
Security services		7,190	8,090
Communications and professional fee		5,369	3,169
Advertisement		585	1,255
Printing and stationery		1,749	2,341
Rent, rates and taxes		6,402	2,755
Utilities		1,451	1,559
Auditors' remuneration	24.1	1,519	1,270
Insurance		846	706
Others		1,908	1,267
		207,076	190,385

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

24.1 Auditors' remuneration

	Note	2018 ----(Rupees in '000)----	2017
Audit fee for standalone financial statements		840	800
Audit fee for consolidated financial statements		155	145
Fee for review of half yearly financial statements		75	70
Other certifications		260	124
Out of pocket expenses		189	131
		1,519	1,270

25. OTHER EXPENSES

Workers' Profit Participation Fund	19.2	41,584	43,453
Workers' Welfare Fund		16,860	15,251
Donations		12,223	12,018
		70,667	70,722

25.1 Donation to following parties is equal to or exceeds Rs. 0.5 million.

		2018 ----(Rupees in '000)----	2017
- Habib Educational Trust		5,500	1,000
- Mohammedali Habib Welfare Trust		4,200	3,500
- Sindh Institute of Urology & Transplantation		500	500
- Indus Hospital		500	500
- Al-Umeed Rehabilitation Association		750	-
- Habib University Foundation		-	5,050
- Govt. Girls High School Hub		-	943
		11,450	11,493

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

26. OTHER INCOME

	Note	2018 ----(Rupees in '000)----	2017
Income from financial assets			
Profit on:			
- short-term investments		38,217	14,588
- deposit accounts		8,925	8,649
	26.1	47,142	23,237
Liabilities no longer payable - written back		-	4
Dividend income		-	114,401
Income from non-financial assets			
Gain on disposal of property, plant and equipment	7.4	2,866	3,705
Scrap sales		4,157	4,614
Miscellaneous income		15	-
		7,038	8,319
		54,180	145,961

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

26.1 Represents profit earned under conventional banking relationship.

27. FINANCE COST

	2018 ----(Rupees in '000)----	2017
Bank charges	334	312
Mark-up on short-term running finance	-	48
	334	360

28. TAXATION

Current	238,556	214,412
Prior	1,001	77
Super tax	24,784	22,340
Deferred	(11,510)	(13,102)
	252,831	223,727

28.1 Relationship between tax expense and accounting profit

Profit before taxation	773,237	810,364
Tax at the rate of 30% (2017: 31%)	231,971	251,213

Tax effects of:

Expenses that are admissible in determining taxable profit	15,873	(20,361)
Effect of previous year's tax charge	1,001	77
Tax rebates	(9,288)	(16,440)
Deferred	(11,510)	(13,102)
Super tax	24,784	22,340
	252,831	223,727

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

During 2017 the Company 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 - 100% owned Subsidiary

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

29. EARNINGS PER SHARE – basic and diluted

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

	2018	2017
	---- (Rupees in '000) ----	
Profit after taxation (Rs. in 000')	520,407	586,637
Weighted average number of ordinary shares outstanding during the year (in 000')	28,800	28,800
Basic earnings per share (Rs.)	18.07	20.37

30. CASH GENERATED FROM OPERATIONS

	Note	2018 ---- (Rupees in '000) ----	2017
Profit before taxation		773,238	810,364
Adjustments for			
Depreciation and Amortization		81,618	84,063
Finance costs		334	360
Provision for doubtful debts		-	316
Reversal for provision for doubtful debts		(39)	-
Liabilities no longer payable - written back		-	(4)
Profit on short-term investments		(38,217)	(14,587)
Profit on deposit accounts		(8,925)	(8,650)
Dividend income		-	(114,401)
Gain on disposal of operating fixed assets		(2,866)	(3,705)
		31,905	(56,608)
		805,143	753,756
Decrease/(increase) in current assets			
Stores, spares and loose tools		(21,251)	(10,397)
Stock-in-trade		(218,420)	44,235
Trade debts		(1,532)	(27,415)
Advances, deposits, prepayments and other receivables		4,072	37,865
Sales tax receivable		(3,827)	17,116
		(240,958)	61,404
Increase in current liabilities			
Trade and other payables		4,623	78,272
		568,808	893,432
31. CASH AND CASH EQUIVALENTS			
Short-term investments – term deposit receipts		540,692	637,720
Cash and bank balances	16	230,264	232,115
		770,956	869,835
32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES			

The main risk arising from the Company'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 summarized below:

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

32.1 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 rates 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 treasury bills. 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. 4.845 million (2017: Rs. 5.167 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, 2018, the Company does not have any financial assets or financial liabilities which are denominated in foreign currencies.

32.2 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.

	2018	2017
	---- (Rupees in '000) ----	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired	345,793	340,491
Past due but not impaired – 30 to 90 days	86,138	89,869
	431,931	430,360
Bank balances		
Ratings		
A-1+	49,276	80,850
A1+	180,791	151,158
	230,067	232,008
Short-term investments		
Ratings		
A1+	540,692	637,720

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

32.3 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 cashflow considering the level of liquid assets necessary to mitigate the liquidity risk.

	2018			
	On demand	Less than 3 Months	3 to 12 Months	Total
	(Rupees in '000)			
Trade and other payables	223,967	195,400	16,860	436,227

	2017			
	On demand	Less than 3 Months	3 to 12 Months	Total
	(Rupees in '000)			
Trade and other payables	193,072	244,491	15,251	452,814

33. 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.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

35. REMUNERATION OF THE CHIEF EXECUTIVE AND EXECUTIVES

35.1 Aggregate amounts charged in these unconsolidated financial statements are as follows:

	2018		2017	
	Chief Executive	Executives	Chief Executive	Executives
	(Rs. in '000)			
Managerial remuneration	13,895	25,882	13,772	25,087
Bonus	2,867	2,563	4,849	4,937
Retirement benefits	725	1,348	718	1,311
Utilities	179	76	217	83
Medical expenses	41	166	102	558
	17,707	30,035	19,658	31,976
Number of persons	1	6	1	6

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

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

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

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

36. TRANSACTIONS WITH RELATED PARTIES

36.1 Related parties of the Company comprise subsidiary company, 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 unconsolidated financial statements, are as follows:

Name of related party and relationship with the Company	Nature of transactions	Percentage of holding	2018 -- (Rupees in '000) --	2017
Subsidiary (wholly owned)				
Agriauto Stamping Company (Private) Limited.	Sales Dividend received	Nil	30,455 -	31,119 114,401
Associated Companies (Common directorship)				
Auvitronics Limited	Purchase	Nil	1,026	1,948
TPL Direct Insurance Limited	Insurance premium	Nil	4,943	-
Thal Limited	-	7.34%	-	-
Shabbir Tiles & Ceramics Limited	Purchases	Nil	3,725	-
Retirement benefit funds				
Employees' Provident Fund	Contribution	Nil	7,867	7,859

The outstanding balance with related parties as at the year-end have been disclosed in the respective notes to the unconsolidated financial statements.

36.2 Details to compensation to the key management personnel have been disclosed in the note 35 to the unconsolidated financial statements.

37. 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.

38. UNUTILIZED CREDIT FACILITIES

As of the statement of financial position date, the Company has unutilized facilities for short-term running finance available from various banks amounted to Rs. 160 million (2017: 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% (2017: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%). The facilities are secured by way of pari passu hypothecation of Company's stock-in-trade, stores, spares, loose tools and trade debts.

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

39.1 The Board of Directors in its meeting held on August 17, 2018 (i) approved the transfer of Rs. 190 million from unappropriated profit to general reserve and (ii) proposed cash dividend of Rs. 8.50 per share for the year ended June 30, 2018 amounting to Rs. 244.8 million for approval of the members at the Annual General Meeting to be held on October 22, 2018.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

- 39.2** Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), the Company is obligated to pay tax at a prescribed rate on its accounting profit before tax, if it derives profit for a tax year but does not distribute prescribed level of such profits within six months of the end of the tax year, through cash dividend. During the year, the Company has paid interim dividend of Rs. 115.2 million and final dividend proposed by the Board of Directors as disclosed in note 39.1 to the financial statements amounts to Rs. 244.8 million.

40. NUMBER OF EMPLOYEES

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

	2018		2017	
	(Number)			
	Total	Factory	Total	Factory
Total number of employees as at June 30	712	645	715	647
Average number of employees during the year	714	646	715	647

41. GENERAL

Figures have been rounded off to the nearest thousands.

42. DATE OF AUTHORISATION FOR ISSUE

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



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer



Financial Statements (Consolidated)

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 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity 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 2018, 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 the 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 Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 this matter.

Following is the Key audit matter:

Key audit matter	How our audit addressed the key audit matter
1. New Companies Act, 2017 (the Act) and its impact on the consolidated financial statements	
<p>As disclosed in note 3.1 to the accompanying consolidated financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Group's consolidated financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements.</p> <p>In the case of the Group, specific additional disclosures and changes to the existing disclosures have been included in the consolidated financial statements as referred to in note 3.2 to the accompanying consolidated financial statements.</p> <p>The above changes and enhancements in the consolidated financial statements are considered important and a key audit matter because of the volume and significance of the changes in the consolidated financial statements resulting from the transition to the new reporting requirements under the Act.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the consolidated financial statements due to the application of the Act.</p> <p>We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the consolidated financial statements.</p>

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 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 the 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 accounting and reporting standards as applicable in Pakistan and Companies Act, 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 are responsible for overseeing the Group's financial reporting process.

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.

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 Tariq Feroz Khan.



Chartered Accountants

Place: Karachi

Date: 11 September 2018

Consolidated Statement of Financial Position

As at June 30, 2018

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

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



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended June 30, 2018

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

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



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2018

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

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



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended June 30, 2018

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

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



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended June 30, 2018

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

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

Balance as at June 30, 2016	144,000	12,598	2,675,000	746,936	3,434,534	3,578,534
Final dividend for the year ended June 30, 2016 @ Rs.6.25 /- per share	-	-	-	(180,000)	(180,000)	(180,000)
Interim dividend for the year ended June 30, 2017 @ Rs. 2.50 /- per share	-	-	-	(72,000)	(72,000)	(72,000)
Transfer to general reserve	-	-	400,000	(400,000)	-	-
Profit after taxation for the year	-	-	-	745,629	745,629	745,629
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	745,629	745,629	745,629
Balance as at June 30, 2017	144,000	12,598	3,075,000	840,565	3,928,163	4,072,163
Final dividend for the year ended June 30, 2017 @ Rs. 7.50 /- per share	-	-	-	(216,000)	(216,000)	(216,000)
Interim dividend for the period ended June 30, 2018 @ Rs. 4.00 /- per share	-	-	-	(115,200)	(115,200)	(115,200)
Transfer to general reserve	-	-	580,000	(580,000)	-	-
Profit after taxation for the year	-	-	-	959,717	959,717	959,717
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	959,717	959,717	959,717
Balance as at June 30, 2018	144,000	12,598	3,655,000	889,082	4,556,680	4,700,680

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



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

1. THE GROUP AND ITS OPERATIONS

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

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

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

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

3. STATEMENT OF COMPLIANCE

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

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

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

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

4. BASIS OF MEASUREMENT

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 New standards, amendments and interpretations

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

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

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

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

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

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS 9 – Financial Instruments	01 July 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15 – Revenue from Contracts with Customers	01 July 2018
IFRS 16 – Leases	01 January 2019
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 – Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
IAS 40 – Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

The above standards and interpretations are not expected to have any material impact on the Company's consolidated financial statements in the period of initial application except for IFRS-15 – Revenue from Contracts with Customers. The Company is currently evaluating the impact of this Standard on the consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

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

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

IASB Effective date (accounting periods beginning on or after)

Standard

IFRS 14 – Regulatory Deferral Accounts

01 January 2016

IFRS 17 – Insurance Contracts

01 January 2021

5.2 Property, plant and equipment

Owned

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

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

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

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

5.3 Development costs

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

5.4 Stores, spares and loose tools

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

5.5 Stock-in-trade

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

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

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

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

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

5.6 Trade debts and other receivables

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

5.7 Investments

Held-to-maturity

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

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

5.8 Cash and cash equivalents

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

5.9 Financial instruments

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

5.10 Offsetting of financial assets and financial liabilities

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

5.11 Employees' benefits

Provident fund

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

Compensated absences

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

5.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance. The Subsidiary Company is entitled to tax credit, under Section 65D of the Income Tax Ordinance, 2001 (the Ordinance), equal to 100% of tax payable including minimum tax and final tax arising under any of the provisions of the Ordinance. The above tax credit is available to the Subsidiary Company for five years from the date of commercial production i.e. 02 July, 2014.

Deferred

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

5.13 Provisions

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

5.14 Warranty obligations

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

5.15 Foreign currency transactions

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

5.16 Revenue recognition

- Sales are recorded when goods are dispatched to the customers.
- Profit on term deposit receipts and treasury bills are recognised on constant rate of return to maturity.
- Profit on deposit accounts is recognised on accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.
- Scrap sales are accounted for on accrual basis.

5.17 Borrowing costs

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

5.18 Dividends and appropriation to reserve

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

5.19 Earnings per share

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

6. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Holding Company and its Subsidiary Company for the year ended June 30, 2018.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

7. PROPERTY, PLANT AND EQUIPMENT

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

7.1 Operating fixed assets

	COST			Depreciation rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 01, 2017	Additions/ (disposals)	As at June 30, 2018		As at July 01, 2017	Charge for the year	Disposals for the year	As at June 30, 2018
	------(Rs. in 000')-----				------(Rs. in 000')-----			As at June 30, 2018
Owned								
Freehold land	1,652	-	1,652	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	2	2,626	525	-	3,151
Building on freehold land	189,672	-	189,672	10	87,902	10,177	-	98,079
Building on leasehold land	379,833	-	379,833	10	84,941	29,489	-	114,430
Plant and machinery	1,605,531	58,882 (4,817) 2,203	1,659,596	10 – 20	582,778	109,074	(1,095)	690,757
Furniture and fittings	22,883	-	25,086	15	8,711	1,933	-	10,644
Vehicles	93,520	22,905 (15,611)	100,814	20	44,521	12,060	(10,032)	46,549
Office equipment	6,883	161	7,044	20	3,433	522	-	3,955
Computer equipment	37,986	1,746 (1,499)	38,233	33	31,305	2,599	(1,396)	32,508
Dies and tools	137,657	-	137,657	40	53,528	33,652	-	87,180
2018	2,505,035	85,897 (21,927)	2,569,005		899,745	200,031	(12,523)	1,087,253

Operating fixed assets

	COST			Depreciation rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 01, 2016	Additions/ (disposals)	As at June 30, 2017		As at July 01, 2016	Charge for the year	Disposals for the year	As at June 30, 2017
	------(Rs. in 000')-----				------(Rs. in 000')-----			As at June 30, 2017
Owned								
Freehold land	1,652	-	1,652	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	1.79	2,101	525	-	2,626
Building on freehold land	182,957	6,715	189,672	10	77,278	10,624	-	87,902
Building on leasehold land	309,978	69,855	379,833	10	58,643	26,298	-	84,941
Plant and machinery	1,426,960	189,635 (8,470)	1,608,125	10 – 20	482,369	106,028	(5,619)	582,778
Furniture and fittings	18,610	4,369 (96)	22,883	15	7,039	1,762	(90)	8,711
Vehicles	85,083	17,852 (12,009)	90,926	20	42,035	10,912	(8,426)	44,521
Office equipment	6,803	80	6,883	20	2,837	596	-	3,433
Computer equipment	37,281	705	37,986	33	28,130	3,175	-	31,305
Dies and tools	74,143	63,514	137,657	40	35,958	17,570	-	53,528
2017	2,172,885	352,725 (20,575)	2,505,035		736,390	177,490	(14,135)	899,745

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

7.5 Capital work-in-progress – Plant and Machinery

	Note	2018 ----(Rupees in '000)----	2017
As at July 01		690	87,639
Capital expenditure incurred / advances made during the year		103,066	135,862
Transfer to operating assets during the year		(690)	(222,811)
As at June 30		103,066	690

8. INTANGIBLE ASSET

Cost

Opening as at July 1	8.1	-	-
Additions during the year		9,452	-
Closing balance		9,452	-

Accumulated amortization

Opening as at July 1		-	-
Charge for the year		(1,589)	-
Closing balance		(1,589)	-

Net book value as at June 30

7,863	-
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Annual rate of amortization

20%	-
-----	---

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

9. LONG-TERM INVESTMENT

	Note	2018 ----(Rupees in '000)----	2017
Security deposits – considered good	9.1	13,028	13,018

9.1 Represents interest free deposits

10. STORES, SPARES AND LOOSE TOOLS

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

11. STOCK-IN-TRADE

Raw material	1,031,827	752,429
Packing material	3,693	4,200
Work-in-process	48,913	47,379
Finished goods	66,401	44,203
Goods-in-transit	346,106	239,188
	1,496,940	1,087,399

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

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

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

12. TRADE DEBTS – unsecured

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

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

14. SHORT-TERM INVESTMENTS

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

15. CASH AND BANK BALANCES

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

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each

	2018 Number of shares in ('000')	2017		2018 ----- (Rupees in '000) -----	2017
	22,800	22,800	Fully paid in cash	114,000	114,000
	6,000	6,000	Issued as fully paid bonus shares	30,000	30,000
	28,800	28,800		144,000	144,000
16.1 Thal Limited – an associated company held 2,115,600 (2017: 2,115,600) Ordinary shares of Rs. 5/- each in the Holding Company at year end.					

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

17. DEFERRED TAXATION

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

18. TRADE AND OTHER PAYABLES

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

18.1 General Disclosures

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

18.1.1 The breakup of fair value of investments is:

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

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

18.2 Workers' Profit Participation Fund

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

18.3 Warranty obligations

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

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

19. COMMITMENTS

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

20. TURNOVER – net

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

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

21. COST OF SALES

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

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

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

22. DISTRIBUTION COSTS

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

23. ADMINISTRATIVE EXPENSES

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

23.1 Auditors' remuneration

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

24. OTHER EXPENSES

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

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

25. OTHER INCOME

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

25.1 Represents profit earned under conventional banking relationship.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

26. FINANCE COST

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

27. TAXATION

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

27.1 Relationship between tax expense and accounting profit

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

Tax effects of:

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

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

28. EARNINGS PER SHARE – basic and diluted

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

	2018	2017
Profit after taxation --- (Rupees in '000)---	<u>959,717</u>	<u>745,629</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>33.32</u>	<u>25.89</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

29. CASH GENERATED FROM OPERATIONS

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

30. CASH AND CASH EQUIVALENTS

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

31.1 Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Group is exposed to interest rate risk in respect of bank deposits, term deposit receipts and treasury bills. Management of the Group estimates that 1% increase in the market interest rate, with all other factor remaining constant, would increase the Group's profit after tax by Rs.6.746 (2016: Rs. 6.148 million) and a 1% decrease would result in the decrease in the Group's profit after tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at June 30, 2018, the Group does not have any financial assets or financial liabilities which are denominated in foreign currencies.

31.2 Credit risk

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

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

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

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

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

31.3 Liquidity risk

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

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

2018

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

2017

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

32. CAPITAL RISK MANAGEMENT

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

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

34. REMUNERATION OF THE CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

35. TRANSACTIONS WITH RELATED PARTIES

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

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

Retirement benefit funds

Employees' Provident Fund	Contribution	Nil	7,867	7,859
---------------------------	--------------	-----	--------------	-------

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

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

36. PRODUCTION CAPACITY

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

37. UNUTILIZED CREDIT FACILITIES

As of the Statement of financial position date, the Group has unutilized facilities for short-term running finance available from various banks amounted to Rs.410 million (2016: Rs. 410 million). The rate of mark-up on these finances ranges from 1 to 3 months KIBOR plus rates varying from 1 to 3 months KIBOR plus rates varying from 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25% (2017: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%). The facilities are secured by way of pari passu hypothecation of Group's stock-in-trade, stores, spares, loose tools and trade debts.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

39. NUMBER OF EMPLOYEES

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

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

40. INFORMATION ABOUT OPERATING SEGMENTS

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

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

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

41. GENERAL

Figures have been rounded off to the nearest thousands.

42. DATE OF AUTHORISATION FOR ISSUE

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



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

PATTERN OF SHAREHOLDING

As at June 30, 2018

Number of Shareholders	Size of Shareholdings		Total Shares Held
	From	To	
1,698	1	100	47,339
790	101	500	194,917
322	501	1000	234,810
373	1001	5000	856,348
69	5001	10000	486,717
37	10001	15000	456,897
20	15001	20000	353,309
18	20001	25000	426,848
24	25001	30000	659,128
6	30001	35000	201,432
7	35001	40000	265,694
4	40001	45000	169,405
5	45001	50000	242,723
1	50001	55000	51,000
2	55001	60000	114,938
3	60001	65000	185,799
2	65001	70000	136,033
5	75001	80000	386,624
1	80001	85000	81,000
4	85001	90000	349,688
2	90001	95000	188,000
2	95001	100000	198,362
1	105001	110000	105,900
2	115001	120000	238,292
1	120001	125000	123,741
1	125001	130000	125,500
1	130001	135000	131,832
1	135001	140000	139,000
1	140001	145000	145,000
4	145001	150000	590,069
1	155001	160000	156,500
1	160001	165000	162,122
1	165001	170000	169,700
1	170001	175000	175,000
1	180001	185000	181,800
1	190001	195000	191,661
2	195001	200000	400,000
1	215001	220000	216,600
1	220001	225000	223,200
1	245001	250000	250,000
1	260001	265000	262,000
4	360001	365000	1,451,545
1	395001	400000	400,000
1	430001	435000	434,400
1	450001	455000	451,080
1	510001	515000	513,300
1	525001	530000	525,626
4	595001	600000	2,400,000
1	885001	890000	886,900
1	1080001	1085000	1,080,920
1	1090001	1095000	1,094,020
1	1245001	1250000	1,248,139
1	2115001	2120000	2,115,600
1	5920001	5925000	5,923,542
3,438			28,800,000

No.	Categories of Shareholders	Number of Shares held	Category wise No. of Folios/CDC A/Cs	Category wise shares held	%
1	Individuals		3,290	9,444,696	32.79
2	Investment Companies		2	129	0.00
3	Joint Stock Companies		25	1,351,015	4.69
4	Directors, Chief Executive Officer and Their Spouse and Minor Children		7	21,909	0.08
	Yutaka Arae	1,000			
	Fahim Kapadia	3,000			
	Salman Burney	5,000			
	Owaisul Mustafa	1,310			
	Sohail P. Ahmed	9,599			
	Muhammad Ali Jameel	1,000			
	Abbasul Husaini	1,000			
		21,909			
5	Executives	-	-	-	0.00
6	Associated Companies				
	Holding 5% or more voting interest				
	Thal Limited	2,115,600	1	2,115,600	7.35
7	Public Sector Companies & Corporations	122,486	2	122,486	0.43
8	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARBAS & PENSION FUNDS		25	880,794	3.06
	Banks, DFIs & NBFIs	634,717			
	Insurance Companies	43,600			
	Modarbas	12,800			
	Pension Funds	189,677			
		880,794			
9	Mutual Funds		25	2,298,920	7.98
	CDC - Trustee National Investment (Unit) Trust	1,094,020			
	CDC - Trustee JS Islamic Fund	223,200			
	MCBFSL - Trustee JS Growth Fund	169,700			
	CDC - Trustee NIT Islamic Equity Fund	150,000			
	CDC - Trustee Alhamra Islamic Stock Fund	125,500			
	CDC - Trustee NAFA Islamic Stock Fund	105,900			
	CDC - Trustee JS Large Cap. Fund	93,600			
	CDC - Trustee Atlas Islamic Stock Fund	79,000			
	CDC - Trustee Atlas Stock Market Fund	70,000			
	CDC - Trustee Alhamra Islamic Asset Allocation Fund	37,000			
	CDC - Trustee Unit Trust Of Pakistan	30,000			
	CDC - Trustee JS Pension Savings Fund - Equity Account	28,500			
	CDC - Trustee APIF - Equity Sub Fund	26,000			
	CDC - Trustee NIT-IPF Equity Sub-Fund	18,000			
	CDC - Trustee JS Islamic Pension Savings Fund-Equity Account	16,800			
	MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	7,000			
	CDC - Trustee NIT-PF Equity Sub-Fund	5,000			
	CDC - Trustee AKD Index Tracker Fund	4,000			
	CDC - Trustee NAFA Islamic Active Allocation Equity Fund	3,600			
	MCBFSL - Trustee Askari Islamic Asset Allocation Fund	3,500			
	CDC - Trustee Askari Equity Fund	3,000			
	CDC - Trustee NIT - Equity Market Opportunity Fund	2,500			
	MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	1,900			
	Golden Arrow Selected Stocks Fund	1,000			
	CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	200			
		2,298,920			
10	Foreign Investors				
	Holding 5% or more voting interest				
	Robert Finance Corporation, AG	12,245,473	22	12,245,473	42.52
11	Co-Operative Society		3	1,942	0.01
12	Charitable Trust		4	33,925	0.12
13	Others		32	283,111	0.98
	TOTAL:		3,438	28,800,000	100.00

SHARE-HOLDERS HOLDING FIVE(5) PERCENT OR MORE VOTING INTEREST IN THE COMPANY			
NAME(S) OF SHARE-HOLDER(S)	DESCRIPTION	NO OF SHARES HELD	% AGE
Thal Limited	FALLS IN CATEGORY # 6	2,115,600	7.35%
Robert Finance Corporation, AG	FALLS IN CATEGORY # 10	7,171,681	24.90%

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

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

	BUY	SELL
Mr. Salman Burney - Non-executive director	5,000	-

FORM OF PROXY

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

I/We _____
of _____ in the district of _____
being a member of Agriauto Industries Limited and holder of _____
_____ Ordinary shares as per Share Register Folio _____
(No. of Shares) _____
No. _____ and/or CDC Participant I.D. No. _____
And Sub. Account No. _____ hereby appoint _____
of _____ in the district of _____
or failing him _____ of _____
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 37th Annual General Meeting of the Company to be held on October 22, 2018 and at any adjournment thereof.
Signed this _____ day of _____ 2018.

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

Signature

WITNESS 1

Signature _____
Name _____
CNIC/Passport No. _____
Address _____

WITNESS 2

Signature _____
Name _____
CNIC /Passport No. _____
Address _____

The signature should agree
with specimen registered
with the Company.

Signature on Rs. 5/-
revenue stamps

Note :

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

پراکسی فارم

سیکرٹری
ایگری آٹو انڈسٹریز لمیٹڈ
ہاؤس آف حبیب، 5th فلور
شاہراہ فیصل، کراچی 75350

میں / ہم _____ برائے _____ ایگری آٹو انڈسٹریز لمیٹڈ کے ممبر (ز) اور _____ آڈنری شیئرز کے
ہولڈر بطور شیئر رجسٹرڈ فلیو / CDC اکاؤنٹ نمبر _____ تقر کرتا ہوں۔ فلیو / CDC اکاؤنٹ نمبر _____ اور
اور _____ شناختی کارڈ / پاسپورٹ نمبر _____ جس کے ذریعے _____ فلیو / CDC
اکاؤنٹ نمبر _____ کا شناختی کارڈ / پاسپورٹ نمبر _____ جو کمپنی کا ممبر بھی ہے میرے / ہمارے پراکسی کے طور پر مجھے / ہمیں
37th سالانہ جنرل میٹنگ جو 22 اکتوبر 2018 کو منعقد کی جائے گی میں ووٹ ڈالنے کا اہل ہے۔

گواہان:

دستخط
نام
ایڈریس
شناختی کارڈ / پاسپورٹ نمبر

گواہان:

دستخط
نام
ایڈریس
شناختی کارڈ / پاسپورٹ نمبر

5 روپے کے ریویٹنگٹ پر
دستخط

یہ دستخط کمپنی کے پاس رجسٹرڈ شدہ
دستخط جیسی ہونی چاہیے

اہم نکات:

- 1۔ میٹنگ سے 48 گھنٹے قبل پراکسی کا یہ فارم جو ہر لحاظ سے مکمل اور دستخط شدہ ہو کمپنی کے رجسٹرڈ آفس یا کمپنی کے شیئر رجسٹرار کے پاس جمع کرا دیا جائے۔
- 2۔ کوئی بھی فرد خود سے ممبر کے طور پر کام نہیں کر سکتا جب تک کہ کارپوریشن کسی فرد کو ممبر مقرر نہ کرے۔
- 3۔ اگر کوئی ممبر ایک سے زائد نمائندہ مقرر کرتا ہے اور ممبر کی جانب سے کمپنی کو نمائندہ کی ایک سے زائد دستاویز جمع کرواتا ہے تو نمائندہ کی اس طرح کی تمام دستاویزات غیر قانونی تصور ہوں گی۔

برائے CDC اکاؤنٹ ہولڈرز / کارپوریٹ ادارے:








- i۔ پراکسی کے لیے دو لوگوں نے گواہی دی وہ جن کے نام، پتہ اور شناختی کارڈ یا پاسپورٹ نمبر فارم پر درج ہوں۔
- ii۔ پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔
- iii۔ پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔
- iv۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف آٹھارٹی مع دستخط کے نمونے پراکسی کے ہمراہ (اگر پہلے جمع نہ کرایا ہو) کمپنی میں جمع کروانی ہوگی۔



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