SW PAKISTAN

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2023

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
a member firm of ShineWing international

Catalyst for success

Directors' Report

The Directors of your Company take pleasure in presenting their report together with the Company's Annual Financial Statements and Auditors' report thereon for the year ended June 30, 2023.

Operating Results and Appropriation

The operating results of your Company for the year ended June 30, 2023 under review are summarized as follows:

	2023 Rupees	2022 Rupees
Profit for the year before tax	373,798,548	335,682,301
Taxation		
Current Year	245,785,887	196,378,631
Prior Year	(28,369,540)	699,687
	217,416,347	197,078,318
Profit after tax	**156,382,201**	**138,603,983**

Dividends and Appropriations

The Directors have recommended an interim cash dividend of Rs. 1.82 per share as final (2022: Rs. 1.25 per share final cash dividend).

Accordingly, the appropriation of profit will be as under:

	2023 Rupees	2022 Rupees
Profit available for appropriation	317,953,728	235,519,360
Appropriation:		
Interim Dividend - 2023 : 18.18% (2022 : 5%)	(100,000,000)	(27,500,000)
Bonus Shares - 2023 : 36.36% (2022 : Nil)	(200,000,000)	-
Final Dividend - 2023 : Nil (2022 : 7.5%)	-	(41,250,000)
	(300,000,000)	(68,750,000)
Un-appropriated profit carried forward	**17,953,728**	**166,769,360**

Earnings Per Share

Earnings Per Share after tax is at 2023: Rs. 2.16 (2022: Rs.1.85).

Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the performance of the company for the year ended June 30, 2023 and future outlook. The Directors endorse the contents of the review.

Board of Directors

The Board comprises of six directors representing Shirazi Investments (Private) Limited. During the year three board meetings were held through video conference. The attendance of directors is as follows:

Sr. No.	Name of Directors	Status	Meeting held on			Attendance
			23-9-2022	9-2-2023	21-6-2023	
1	Mr. Iftikhar H. Shirzi	Re-elected on 5-5-2023	P	P	P	3
2	Mr. Aamir H. Shirazi	Re-elected on 5-5-2023	P	P	P	3
3	Mr. Frahim A. Khan	Re-elected on 5-5-2023	P	P	P	3
4	Mr. Saquib H. Shirazi	Re-elected on 5-5-2023	P	P	P	3
5	Mr. Ali H. Shirazi	Re-elected on 5-5-2023	P	P	P	3
6	Mr. Bashir Makki	Re-elected on 5-5-2023	P	P	P	3

Statement of Directors' Responsibilities

The Board reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed by the Board of Directors in the light of the company's overall objectives. The Board is committed to maintain the high standard of good corporate governance.

Corporate and Financial Reporting Framework

The Directors confirm the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following matters:

- The financial statements prepared by the management of the company, fairly present its state of affairs, the results of its operations, cash flow and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International financial Reporting Standard, 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. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There is no doubt about the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- The Company operates a contributory provident fund scheme for all employees and Defined benefit gratuity fund scheme for its management employees. The value of investments based as at June 30, 2023 are as follows:

- Provident Fund	Rs. 106.76 million
- Gratuity Fund	Rs. 104.20 million

Donation

The company has a policy to donate 1% of the prior year's profit before tax. During the year, Company has donated Rs.8.35m to Atlas Foundation.

Contribution to National Exchequer

The Company contributed Rs.1.18 billion towards the National Exchequer on account of various government levies, taxes and import duties in the year under review. Payment of these taxes is 3 times of the profit before tax of the Company.

Code of Conduct

The Company's Code of Conduct promotes guidelines on various ethical standards including issues such as conflict of interests, employee rights, fraud etc. The code encourages honesty, integrity and openness in conduct of company's operation. It strictly abides all to follow the laws and regulations. The Code guides interactions with all stakeholders, including consumers, suppliers, shareholders, and partners.

The Code is communicated to all associates and is available on the Company's website. The responsibility for day to day implementation and monitoring of Code is delegated to the senior management.

Management Committee

The Management Committee comprises of all functional heads, Chief Operating Officer and is headed by Chief Executive, who ensures that a proper system is developed and implemented across the company that enable swift and appropriate decision making. It acts in an advisory capacity to the Chief Executive at the operating level, providing recommendation relating to business and other corporate affairs. It is responsible for reviewing and forwarding long –term-plans, capital and expense budget development and stewardship of business plans. The Committee meets monthly to review the performance of each function against set targets. The Chief Executive also ensures that all decisions and directions given by the Board are properly communicated and implemented.

Auditors

The present auditors M/s Shinewing Hameed Chaudhri & Co, Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board of Directors recommends their reappointment as statutory auditors of the company for the financial year 2023-24.

Pattern of Shareholding

The pattern of shareholding of the company as at June 30, 2023 is annexed.

Material changes

There have been no material changes since June 30, 2023 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Statement of Value Addition and Distribution

The "Statement of Value Addition" is annexed to this report.

Operating and Financial Data

Operating and Financial Data and key ratios of the company for the last six years are annexed.

Safeguarding of Records

The company places due emphasis for storage and safe custody of this financial records. The Company is using Oracle ERP system for recording its financial information. Access to electronic documentation has been ensured through implementation of a comprehensive password protected authorization matrix.

Communication

Communication with stakeholders and at all management levels is given a high priority. The Company also has a web site www.shirazitrading.com.pk which contains up-to-date information of the Company's activities.

For and on behalf of
The Board of Directors

Frahim Ali Khan
Director

For and on behalf of
The Board of Directors

Farooq Saleem
Chief Executive Officer

Karachi: September 26, 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHIRAZI TRADING COMPANY (PRIVATE) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Shirazi Trading Company (Private) Limited (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the 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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 June 30, 2023 and of the profit and other comprehensive loss, 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 Auditors' Responsibilities for the Audit of the 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.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises of the Directors' Report (but does not include the financial statements and our auditors' report thereon).

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Raheel Ahmed.

Shinewing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI; 06 OCT 2023 SHC

UDIN: AR2023101051BpoIEbSJ

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		--------- Rupees ---------	
ASSETS			
Non-current assets			
Property and equipment	5	**474,769,539**	451,373,880
Intangible assets	6	**4,224,767**	6,511,403
Investments	7	-	-
Long term loans and deposits	8	**6,989,832**	7,976,549
Deferred taxation - net	11	**15,608,343**	3,717,052
Contract asset	12	**72,244,558**	78,367,635
		573,837,039	547,946,519
Current assets			
Stock in trade	9	**680,794,326**	416,236,254
Trade debts	10	**1,300,752,177**	759,398,903
Contract asset	12	**613,726,865**	569,181,219
Loans and advances	13	**78,866,025**	98,979,241
Trade deposits and short term prepayments	14	**94,456,794**	193,277,396
Short term investments	15	**73,305,667**	-
Other receivables	16	**44,966,894**	118,453,163
Taxation - net		**-**	83,876,745
Bank balances	17	**695,848**	420,324,252
		2,887,564,596	2,659,727,173
Total assets		**3,461,401,635**	3,207,673,692

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		--------- Rupees ---------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
80,000,000 (2022: 80,000,000) ordinary shares of Rs.10 each		**800,000,000**	800,000,000
Issued, subscribed and paid-up capital	18	**750,000,000**	550,000,000
Revenue reserves			
General reserves		**35,265,000**	35,265,000
Un-appropriated profit		**17,953,728**	208,019,360
		53,218,728	243,284,360
		803,218,728	793,284,360
Liabilities			
Non current liabilities			
Long term deposits	19	**7,449,369**	3,420,387
Accrual for compensated absences	20	**84,475,011**	63,248,802
Lease liabilities	21	**130,718,971**	116,353,857
		222,643,351	183,023,046
Current liabilities			
Trade and other payables	22	**1,472,797,610**	812,863,203
Current maturity of lease liabilities	21	**74,195,816**	58,268,769
Current maturity of long term borrowings		-	36,563,072
Current maturity of deferred income - government grant		-	1,281,599
Short term borrowings	23	**708,339,868**	524,879,021
Contract liabilities	24	**115,251,080**	775,288,329
Accrued mark-up	25	**56,809,797**	22,222,293
Taxation-net		**8,145,385**	-
		2,435,539,556	2,231,366,286
		2,658,182,907	2,414,389,332
Contingencies and commitments	26		
		3,461,401,635	3,207,673,692

The annexed notes 1 to 41 form an integral part of these financial statements.

SHL

Chief Executive **Director** **Chairman**

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		-------- Rupees --------	
Sales and services	**27**	**5,918,290,363**	3,988,447,087
Cost of sales and services	**28**	**(4,526,994,344)**	(2,939,312,451)
Gross profit		**1,391,296,019**	1,049,134,636
Selling and administrative expenses	**29**	**(747,064,922)**	(551,563,564)
Other operating income	**30**	**63,991,346**	17,539,217
Other operating expenses	**31**	**(134,478,551)**	(85,542,386)
Operating profit		**573,743,892**	429,567,903
Finance cost	**32**	**(200,172,080)**	(93,885,602)
Profit before taxation		**373,571,812**	335,682,301
Income tax expense	**33**	**(211,550,759)**	(197,078,318)
Profit for the year		**162,021,053**	138,603,983

The annexed notes 1 to 41 form an integral part of these financial statements.

SHC

Chief Executive **Director** **Chairman**

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	-------- Rupees --------	
Profit for the year	**162,021,053**	138,603,983
Other comprehensive loss		
Items that will not be reclassified to profit or loss		
Re-measurement of defined benefit plans	**(12,246,597)**	(9,223,801)
Deferred tax relating to re-measurement	**1,409,912**	641,585
Other comprehensive loss for the year - net of tax	**(10,836,685)**	(8,582,216)
Total comprehensive income for the year	**151,184,368**	130,021,767

The annexed notes 1 to 41 form an integral part of these financial statements.

SHL

Chief Executive

Director

Chairman

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up capital	Revenue reserves		Total
		General reserve	Un-appropriated profit	
	Rupees			
Balance as at July 1, 2021	550,000,000	35,265,000	160,497,593	745,762,593
Total comprehensive income for the year ended June 30, 2022				
Profit for the year	-	-	138,603,983	138,603,983
Other comprehensive loss	-	-	(8,582,216)	(8,582,216)
	-	-	130,021,767	130,021,767
Transaction with owners of the Company				
Distributions				
Dividend - Final 2021 @ Re.1.00 per share	-	-	(55,000,000)	(55,000,000)
Dividend - Interim 2022 @ Re.0.50 per share	-	-	(27,500,000)	(27,500,000)
	-	-	(82,500,000)	(82,500,000)
Balance as at June 30, 2022	**550,000,000**	**35,265,000**	**208,019,360**	**793,284,360**
Total comprehensive income for the year ended June 30, 2023				
Profit for the year	-	-	162,021,053	162,021,053
Other comprehensive loss	-	-	(10,836,685)	(10,836,685)
	-	-	151,184,368	151,184,368
Transaction with owners of the Company				
Distributions				
Dividend - Final 2022 @ Re.0.75 per share	-	-	(41,250,000)	(41,250,000)
Dividend - Interim 2023 @ Re.1.82 per share	-	-	(100,000,000)	(100,000,000)
Bonus shares - Interim 2023 @ 36.36% per share	200,000,000	-	(200,000,000)	-
	200,000,000	-	(341,250,000)	(141,250,000)
Balance as at June 30, 2023	**750,000,000**	**35,265,000**	**17,953,728**	**803,218,728**

The annexed notes 1 to 41 form an integral part of these financial statements.

SHC

Chief Executive | **Director** | **Chairman**

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	------- Rupees -------	
Cash flows from operating activities		
Profit before taxation	**373,571,812**	335,682,301
Adjustments for non-cash charges and other items:		
Depreciation	**102,730,511**	86,985,812
Amortisation	**2,286,636**	1,444,972
Provision for gratuity	**10,158,736**	7,189,637
Provision for compensated absences	**25,361,394**	4,781,383
Loss / (gain) on disposal of operating fixed assets	**676,881**	(800,319)
Loan under refinance scheme for payment of wages and salaries	**(1,281,598)**	(5,126,395)
Finance cost	**191,644,321**	85,898,268
Unrealized exchange loss	**713,650**	6,828,683
	705,862,343	522,884,342
Changes in working capital:		
(Increase) / decrease in current assets		
- Stock in trade	**(264,558,072)**	(33,507,795)
- Trade debts	**(538,786,788)**	(569,035,192)
- Contract assets	**(38,422,569)**	(34,060,774)
- Loans and advances	**24,080,436**	(35,864,828)
- Trade deposits and short term prepayments	**98,820,602**	(33,341,277)
- Other receivables	**73,486,269**	35,720,095
	(645,380,122)	(670,089,771)
Increase / (decrease) in current liabilities		
- Trade and other payables	**653,871,944**	383,019,548
- Contract liabilities	**(660,037,249)**	700,295,907
	(6,165,305)	1,083,315,455
	(651,545,427)	413,225,684
Cash generated from operations	**54,316,916**	936,110,026
Long term loans and deposits - net	**(2,161,089)**	(2,010,179)
Compensated absences paid	**(4,135,185)**	(9,291,614)
Contribution to gratuity fund	**(16,413,438)**	(3,999,725)
Interest paid	**(128,705,507)**	(62,929,209)
Taxes paid	**(130,010,007)**	(155,750,416)
Net cash (used in) / generated from operating activities - carried forward	**(227,108,310)**	702,128,883

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	-------- Rupees --------	
Net cash (used in) / generated from operating activities - brought forward	**(227,108,310)**	702,128,883
Cash flows from investing activities		
Payments for property and equipment	**(60,117,901)**	(86,698,276)
Proceeds from sale of property and equipment	**40,143,171**	36,505,784
Short term investments	**(67,000,000)**	-
Payments for intangible assets	**-**	(5,516,352)
Net cash used in investing activities	**(86,974,730)**	(55,708,844)
Cash flows from financing activities		
Lease rentals paid	**(110,845,428)**	(88,689,296)
Long term borrowings - repaid	**(36,910,783)**	(73,801,555)
Short term borrowings - net	**183,460,847**	14,970,063
Dividend paid	**(141,250,000)**	(82,500,000)
Net cash used in financing activities	**(105,545,364)**	(230,020,788)
Net (decrease) / increase in cash and cash equivalents	**(419,628,404)**	416,399,251
Cash and cash equivalents at beginning of year	**420,324,252**	3,925,001
Cash and cash equivalents at end of year	**695,848**	420,324,252

The annexed notes 1 to 41 form an integral part of these financial statements.

SHC

Chief Executive **Director** **Chairman**

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

Shirazi Trading Company (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on 20 June 1975 under the Companies Act, 1913 (now Companies Act, 2017). The Company is a wholly owned subsidiary of Shirazi Investments (Private) Limited (the Holding Company). The Company is primarily engaged in the business of trading and maintenance of office equipment, power generators, security and medical equipment, trading of automotive parts and trading of motorcycle under hire purchase agreement. The Company has countrywide sales and service network and its branches are located at Karachi, Lahore, Islamabad, Multan and Peshawar.

Business Unit	**Geographical location and address**
Registered Office	Plot No. 114C, Al-Murtaza Commercial Lane-3, Khayaban-e-Iqbal, Phase VIII, (DHA), Karachi.
Branch Offices	
Karachi	2nd Floor, Nadir House, I.I.Chundrigar Road, Karachi.
Lahore	Plot No. 67/A Block XX, Phase III, (Commercial), DHA Lahore.
Islamabad	Plot No. 41 Sector F-6/G6, Attaturk Avenue, East End Plaza, Blue Area, Islamabad.
Multan	Atlas Group Building, Azmat Wasti Road, Near Dera Addah, Multan.
Peshawar	4th Floor, Marhaba I.T. Tower, University Road, Peshawar.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These 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:

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

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional and presentation currency of the Company.

2.3 New and amended standards and interpretations

2.3.1 Standards, amendments to approved accounting standards effective in the current year

New and amended standards mandatory for the first time for the financial year beginning July 1, 2022:

(a) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a Company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2022 and have not been early adopted by the Company:

(a) Amendments to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendments includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

(b) Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' will be applicable on accounting periods beginning on or after January 1, 2023. The International Accounting Standards Board (the Board) has issued amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

(c) Amendments to IAS 12, 'Income taxes' will be applicable on accounting periods beginning on or after January 1, 2023. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

(d) Amendments to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2024. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.

At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

(e) Amendments to IAS 16, 'Sale and leaseback transaction' is applicable on accounting periods beginning on or after January 1, 2024. Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures. There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for stock in trade that are carried at lower of cost or net realisable value and certain employee retirement benefits which are measured at present value of defined benefit obligation less fair value of plan assets.

3.2 The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(i) Estimate of useful lives and residual values of property and equipment and intangible assets [note 4.1 and 4.2]

(ii) Lease term and discount rate for calculation of lease liabilities along with renewal and termination options [notes 4.1(b)]

(iii) Provision for expected credit losses [note 4.8]

(iv) Estimate of payables and receivables in respect of employees' retirement benefits [note 4.12]

(v) Recognition of taxation [note 4.14]

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Property and equipment

a) Owned assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Capital work in progress is stated at cost and are transferred to specific assets as and when assets are available for use.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

Depreciation

Depreciation is charged to statement of profit or loss on the reducing balance basis except for mobile phones classified in office equipment. Depreciation on mobile phone is charged to statement of profit or loss on a straight-line basis. Depreciation is charged at the rates stated in note 5.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed off.

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Disposal

An item of operating fixed assets is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal or retirement of operating fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the statement of profit or loss.

b) Right of use assets

The Company generally leases regional offices, warehouses, related properties and motor vehicles. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Right of use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The carrying amount of the right of use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Sales offices and warehouses	2 to 3 years
Motor vehicles	4 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Company as a lessee

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

Lease liabilities

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date, where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in interest-bearing loans and borrowings, refer note 4.4 to these financial statements.

Short term leases and leases of low-value assets

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

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Leases - Estimating the incremental borrowing rate

Where the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates).

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any, and represent the cost of computer's software programs, software licenses and ERP implementation cost.

The costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff cost, costs of the software development team and an appropriate portion of relevant overheads.

Subsequent expenditure

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Amortisation

Intangible assets are amortised using the straight-line method over a period of three to five years. The assets' useful lives are reviewed, at each reporting date, and adjusted if the impact on amortisation is significant.

4.3 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

4.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.4.1 Financial assets

Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt instrument or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of a debt instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price, determined under IFRS 15) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments). These are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(i) the Company has transferred substantially all the risks and rewards of the asset, or

(ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

4.4.2 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, short term borrowings, long term deposits, other payables and accruals.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as fair value through profit or loss.

Borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

The benefit of a government loan at a below market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan determined at the market interest rate and the proceeds received.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

4.5 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

4.6 Expected credit losses on financial assets

IFRS 9 requires the Company to record an allowance for expected credit losses (ECLs) with a forward-looking approach for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company considers a financial asset in default when contractual payments are past due ranging from 210 days to 300 days depending upon customer segment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company has applied the standard's simplified approach and calculated ECL based on life-time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The expected credit losses are recognised in the statement of profit or loss.

4.7 Stock in trade

Stock in trade, except items in transit, is valued at the lower of average purchase cost and net realizable value.

Stock in transit are valued at cost comprising of invoice value plus other charges accumulated upto the reporting date.

Net realizable value is the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

Provision is made in the financial statements for slow moving and obsolete items, if any.

4.8 Trade debts, contract assets and other receivables related impairments

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9.

Trade debts are initially recognised at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for expected credit loss. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

4.9 Contract assets

A contract asset exists when an entity transfers goods or services to a customer but does not yet have an unconditional right to consideration. A right is unconditional if nothing other than the passage of time is required before the payment of that consideration is due.

A contract asset is initially recognised from revenue earned from after sales services because the receipt of consideration is conditional upon satisfactory performance of the goods transferred to customers upon completion of the performance obligation the contract asset is reclassified to trade receivables.

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purpose of cash flow statement, cash and cash equivalents comprise of balances with banks.

4.11 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4.12 Retirement benefit obligations

The Company has following plans for its employees:

4.12.1 Defined contribution plans

A defined contribution plan is a post-employment benefit under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The obligation for contribution to a defined contribution plan is recognised as an employee service benefit expense in the profit and loss account when it is due.

The Company operates defined contribution plans for its permanent employees through either one of the following ways:

- a recognised provident fund (the Fund); or
- voluntary pension schemes managed by Atlas Asset Management Limited, a related party, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

All the newly appointed employees are offered voluntary pension scheme only. However, those employees who are provident fund trust members, have the option to opt for either of two above mentioned defined contribution plans.

Equal monthly contributions at the rate of 11% of the basic salary are made to the Fund / scheme, both by the Company and the employees. The Fund is a separate legal entity and its assets are being held separately under the control of its trustees.

4.12.2 Defined benefit plans

Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in current and prior periods, and that benefit is discounted to determine its present value.

The Company operates an approved and funded gratuity scheme for its management staff and non management staff who have completed the minimum qualifying period of service for entitlement of gratuity. Contributions under the scheme are made on the basis of actuarial valuation and are charged to statement of profit or loss account. The actuarial valuation of both the schemes was carried out on June 30, 2023 using the "Projected Unit Credit Method".

The amount arising as a result of re-measurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past service cost, if any, are recognised immediately in profit and loss account.

4.12.3 Employees compensated leave absences

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date using their current salary levels. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

4.13 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximates fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.14 Taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any. However, for income covered under final tax regime, taxation is based on applicable tax rules under such regime.

Deferred

Deferred tax is recognised using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

4.15 Provisions

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

4.16 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

4.17 Revenue recognition

The Company is mainly involved in trading activity which involves import of goods and sale without any value addition to the customers which generally include single performance obligation. Further, company offer after sales services contracts with healthcare and office equipment.

The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Whereas in case of hire-purchase sales, earned carrying charges representing difference between the cash sale price and hire purchase price shall be recognized in the statement of profit and loss using effective interest rate method over the arrangement period. Payment is generally due within 2 to 24 months from the date of invoice to the customer depending upon customer segments.

The Company recognises revenue from services rendered at a point in time as well as over time as required by the contracts with customers. Revenue from point in time service contracts is recognised as an when the services are received by customers. The revenue in case of long term service contracts is recognised on a monthly basis as per the schedule of maintenance when performance obligation is satisfied.

4.18 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all conditions of the grant. The benefit of a government loan at a below-market rate of interest is treated as a government grant. Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.19 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

4.20 Foreign currency transactions and translation

The foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of the transaction and monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account with other income / other expenses.

4.21 Dividend and appropriation to reserves

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

5. PROPERTY AND EQUIPMENT

	Note	2023	2022
		--------- Rupees ---------	
Operating fixed assets	**5.1**	**250,953,271**	222,366,430
Capital work in progress	**5.4**	**31,913,474**	49,592,201
Right of use assets	**5.5**	**191,902,794**	179,415,249
		474,769,539	451,373,880

5.1 Operating fixed assets

	Leasehold Improvement	Furniture and fixtures	Office equipment	Computer and related equipments	Tools and other equipments	Electrical equipments	Vehicles	Total
	Rupees							
At July 1, 2021								
Cost	83,025,041	23,470,601	100,393,897	34,173,883	60,008,858	38,411,354	80,455,827	419,939,461
Accumulated depreciation	34,862,805	11,431,903	39,929,059	26,926,067	29,772,570	15,308,114	38,670,778	196,901,296
Net book value	**48,162,236**	**12,038,698**	**60,464,838**	**7,247,816**	**30,236,288**	**23,103,240**	**41,785,049**	**223,038,165**
Year ended June 30, 2022								
Opening net book value	48,162,236	12,038,698	60,464,838	7,247,816	30,236,288	23,103,240	41,785,049	223,038,165
Additions	-	383,371	13,878,925	7,851,289	577,945	934,850	24,361,691	48,088,071
Disposals								
- cost	-	-	4,151,145	1,589,654	250,000	-	41,320,170	47,310,969
- accumulated depreciation	-	-	(1,788,055)	(1,353,825)	(108,392)	-	(25,554,201)	(28,804,473)
	-	-	2,363,090	235,829	141,608	-	15,765,969	18,506,496
Depreciation charge	4,816,223	1,210,056	7,243,980	3,464,105	3,050,503	2,353,799	8,114,644	30,253,310
Closing net book value	**43,346,013**	**11,212,013**	**64,736,693**	**11,499,171**	**27,622,122**	**21,684,291**	**42,266,127**	**222,366,430**
At June 30, 2022								
Cost	83,025,041	23,853,972	110,121,677	40,535,518	60,336,803	39,346,204	63,497,348	420,716,563
Accumulated depreciation	39,679,028	12,641,959	45,384,984	29,036,347	32,714,681	17,661,913	21,231,221	198,350,133
Net book value	**43,346,013**	**11,212,013**	**64,736,693**	**11,499,171**	**27,622,122**	**21,684,291**	**42,266,127**	**222,366,430**
Year ended June 30, 2023								
Opening net book value	43,346,013	11,212,013	64,736,693	11,499,171	27,622,122	21,684,291	42,266,127	222,366,430
Additions	1,297,442	343,174	7,915,987	8,445,382	3,500,108	501,000	61,674,856	83,677,949
Disposals								
- cost	-	-	5,950,155	5,006,344	-	555,445	28,003,361	39,515,305
- accumulated depreciation	-	-	(3,828,337)	(4,388,226)	-	(401,221)	(12,534,718)	(21,152,502)
	-	-	2,121,818	618,118	-	154,224	15,468,643	18,362,803
Depreciation charge	4,410,285	1,128,409	7,290,254	4,853,871	2,799,321	2,179,781	14,066,384	36,728,305
Closing net book value	**40,233,170**	**10,426,778**	**63,240,608**	**14,472,564**	**28,322,909**	**19,851,286**	**74,405,956**	**250,953,271**
At June 30, 2023								
Cost	84,322,483	24,197,146	112,087,509	43,974,556	63,836,911	39,291,759	97,168,843	464,879,207
Accumulated depreciation	44,089,313	13,770,368	48,846,901	29,501,992	35,514,002	19,440,473	22,762,887	213,925,936
Net book value	**40,233,170**	**10,426,778**	**63,240,608**	**14,472,564**	**28,322,909**	**19,851,286**	**74,405,956**	**250,953,271**
Depreciation rate (% per annum)	10	10	10 / 33.33	30	10	10	20	

		Note	2023	2022
5.2	**Depreciation charge has been allocated as follows:**		--------- Rupees ---------	
	Cost of sales and services	28	**9,800,288**	7,993,960
	Selling and administrative expenses	29	**26,928,017**	22,259,350
			36,728,305	30,253,310

5.3 The details of fixed assets disposed during the year are as follows:

Particular of assets	Cost	Accumu-lated deprec-iation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
	----------	----------	Rupees	----------	----------		
Assets having net book value exceeding Rs.500,000 each							
Office equipment							
Ultrasound machine	1,955,622	829,003	1,126,619	1,126,619	-	Transfer to Stock	-
Vehicles							
	6,009,000	340,510	5,668,490	5,668,490	-	Transfer	Atlas Power Limited , a related party
	2,359,371	157,291	2,202,080	2,202,080	-	Company Policy	Mohsin Khan , Key management personnel
	2,330,000	194,167	2,135,833	2,135,833	-	Company Policy	Umer Ali Qureshi , Ex employee
	3,227,500	1,900,467	1,327,033	1,327,033	-	Company Policy	Tanveer Ahmed Malik , Key management personnel
	1,668,000	415,610	1,252,390	1,252,390	-	Company Policy	Syed Ali Raza , Ex Employee
	2,839,000	1,684,221	1,154,779	1,154,779	-	Company Policy	Munis Iqbal , Key management personnel
	2,714,000	1,609,293	1,104,707	1,104,707	-	Transfer	Atlas Honda Limited , a related party
	1,745,000	642,936	1,102,064	1,102,064	-	Company Policy	Yasir Saeed Khan , Employee
	1,445,000	402,994	1,042,006	1,042,006	-	Company Policy	Abdul Faheem , Ex Employee
	1,347,000	335,253	1,011,747	1,011,747	-	Company Policy	Kamran Shafiq , Employee
	1,347,000	335,628	1,011,372	1,011,372	-	Company Policy	Muhammad Bilal Amin , Ex Employee
	1,207,987	232,701	975,286	975,286	-	Transfer	Atlas Autos Private Limited , a related party
	1,398,000	484,640	913,360	913,360	-	Company Policy	Rizwan Ahmed , Employee
	2,007,500	1,175,235	832,265	832,265	-	Company Policy	Amer Shahhzad , Employee
	2,263,000	1,441,642	821,358	821,358	-	Company Policy	Syed Amjad Habib , Key management personnel
	1,398,000	576,846	821,154	821,154	-	Transfer	Shirazi Investment (Pvt) Ltd , Holding company
	2,263,000	1,444,216	818,784	818,784	-	Company Policy	Asif Hanif , Key management personnel
	1,800,000	1,053,760	746,240	746,240	-	Company Policy	Majid Amin , Employee
	1,800,000	1,080,896	719,104	719,104	-	Company Policy	Zariq Naveed , Employee
	1,800,000	1,097,536	702,464	702,464	-	Company Policy	Ahmed Sheraz Abdullah , Employee
	1,132,000	538,329	593,671	593,671	-	Company Policy	Muhammad Shahid , Employee
	1,347,900	758,610	589,290	589,290	-	Company Policy	Kashif Qadeer , Employee
	1,347,900	778,930	568,970	568,970	-	Company Policy	Muhammad Saqib Sheikh , Employee
	1,347,900	789,091	558,809	558,809	-	Company Policy	Qamar ul Hassan , Employee
	1,347,900	789,091	558,809	558,809	-	Company Policy	Syed Shams Raza , Employee
	1,347,900	799,634	548,266	548,266	-	Company Policy	Affan Alam , Employee
	1,347,900	799,251	548,649	548,649	-	Company Policy	Masood Arman , Employee
	52,187,758	21,858,778	30,328,980	30,328,979	-		
Various assets having net book value upto Rs.500,000 each	29,937,947	19,446,875	10,491,072	9,814,192	(676,880)		
2023	**82,125,705**	**41,305,653**	**40,820,052**	**40,143,171**	**(676,881)**		
2022	75,752,369	40,046,904	35,705,465	36,505,784	800,319		

5.4 Capital work in progress

Represents advance payments for purchase of vehicles including payments to related parties amounting to Rs.5,091 thousand (2022: Rs.3,446 thousand) to Atlas Honda Limited and Rs.26,822 thousand (2022: Rs.7,439 thousand) to Honda Atlas Cars (Pakistan) Limited.

5.5 Right-of-use assets

	2023			2022		
	Sales offices and warehouses	Motor vehicles	Total	Sales offices and warehouses	Motor vehicles	Total
	Rupees			Rupees		
Cost						
Balance at beginning of the year	**162,282,514**	**148,796,700**	**311,079,214**	162,282,514	106,718,100	269,000,614
Addition during the year	-	**100,947,000**	**100,947,000**	-	70,520,000	70,520,000
Disposed off during the year	-	**(42,610,400)**	**(42,610,400)**	-	(28,441,400)	(28,441,400)
Balance at end of the year	**162,282,514**	**207,133,300**	**369,415,814**	162,282,514	148,796,700	311,079,214
Accumulated depreciation						
Balance at beginning of the year	**91,690,435**	**39,973,530**	**131,663,965**	56,629,774	29,544,120	86,173,894
Charged during the year	**35,296,039**	**30,706,167**	**66,002,206**	35,060,661	21,671,841	56,732,502
Disposed off during the year	-	**(20,153,151)**	**(20,153,151)**	-	(11,242,431)	(11,242,431)
Balance at end of the year	**126,986,474**	**50,526,546**	**177,513,020**	91,690,435	39,973,530	131,663,965
Net carrying value	**35,296,040**	**156,606,754**	**191,902,794**	70,592,079	108,823,170	179,415,249

5.5.1 The Company has lease contracts for various sales office, warehouses and vehicles used in its operations. Leases of sales offices and warehouses generally have lease terms between 2 to 3 years, while motor vehicles generally have lease terms of between 4 to 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

5.6 Depreciation charge has been allocated as follows:

	Note	2023	2022
		Rupees	
Cost of sales and services	28	**22,140,668**	21,612,189
Selling and administrative expenses	29	**43,861,538**	35,120,313
		66,002,206	56,732,502

6. INTANGIBLE ASSETS

	Note	2023	2022
		--------- Rupees ---------	
Computer software			
Cost			
Opening		**48,454,897**	42,938,545
Additions		**-**	5,516,352
Closing		**48,454,897**	48,454,897
Accumulated Amortisation			
Opening		**41,943,494**	40,498,522
Amortisation	6.1	**2,286,636**	1,444,972
Closing		**44,230,130**	41,943,494
Net book value	6.2	**4,224,767**	6,511,403

6.1 Intangible assets are amortised using the straight-line method over a period of three to five years. The amortisation charge for the year has been allocated to selling and administrative expenses. [note 29]

6.2 Intangible assets as at June 30, 2023 include items having an aggregate cost of Rs.38,633 thousand (2022: Rs.38,633 thousand) that have been fully amortised and still in use of the Company.

7. INVESTMENTS

	Note	2023	2022
		--------- Rupees ---------	
Available for sale - Unquoted			
Arabian Sea Country Club Limited			
50,000 ordinary shares of Rs.10 each - cost		**500,000**	500,000
Less: impairment in the value of investment		**500,000**	500,000
		-	-

8. LONG TERM LOANS AND DEPOSITS

	Note	2023	2022
Staff Loans - Unsecured, considered good			
Key management personnel		**2,212,152**	458,332
Others		**6,095,360**	4,793,677
	8.1	**8,307,512**	5,252,009
Current portion of long term loans	13	**(6,941,654)**	(2,974,434)
		1,365,858	2,277,575
Security deposits		**5,623,974**	5,698,974
		6,989,832	7,976,549

8.1 Represent interest free loans to employees in accordance with the Company's policy. These loans are recoverable in equal monthly installments. These loans have not been discounted to their present value as the financial impact thereof is not considered material. The maximum aggregate amount of loans and advances from key management personnel at the end of any month during the year was Rs.3,329 thousand (2022: Rs.500 thousand).

		Note	2023	2022
9.	**STOCK IN TRADE - Finished goods**		---------- Rupees	----------
	In hand		**617,874,177**	421,116,468
	Less: provision for obsolete stock	**9.1**	**(6,426,878)**	(5,510,769)
			611,447,299	415,605,699
	In transit		**69,347,027**	630,555
			680,794,326	416,236,254
9.1	Reconciliation of provision for obsolete stock is as follows:			
	Opening		**5,510,769**	9,906,820
	Charge for the year	**29**	**6,426,878**	5,510,769
	Adjustments in valuation of stock		**(5,510,769)**	(9,906,820)
			6,426,878	5,510,769
10.	**TRADE DEBTS** - Unsecured			
	Consider good			
	Related parties	**10.1**	**22,163,212**	25,747,829
	Others		**1,278,588,965**	733,651,074
			1,300,752,177	759,398,903
	Consider doubtful		**35,730,583**	31,431,118
			1,336,482,760	790,830,021
	Provision for expected credit loss	**10.2**	**(35,730,583)**	(31,431,118)
			1,300,752,177	759,398,903
10.1	**The details of receivable from related parties are as follows:**			
	Shirazi Investments (Private) Limited - the Holding Company		-	70,200
	Atlas Honda Limited		**4,421,317**	13,857,461
	Atlas Battery Limited		**2,413,672**	858,078
	Atlas Engineering Limited		**62,168**	2,097,215
	Atlas Autos (Private) Limited		**13,130,622**	1,765,597
	Atlas Hitec (Private) Limited		**1,262,640**	1,257,014
	Honda Atlas Power Products (Private) Limited		-	13,800
	Atlas DID (Private) Limited		**829,551**	101,795
	Atlas Global FZE		-	5,726,669
	Atlas Insurance		**43,242**	-
			22,163,212	25,747,829
10.2	**Provision for expected credit loss**			
	Balance at beginning of the year		**31,431,118**	35,297,908
	Charge / (reversal) in provision for expected credit loss		**4,299,465**	(3,866,790)
	Balance at end of the year		**35,730,583**	31,431,118

10.3 The ageing of trade debts at June 30, is as follows:

	Related parties		Others	
	2023	2022	**2023**	2022
	Rupees			
Neither past due nor impaired	**19,638,546**	24,862,318	**833,681,421**	483,538,894
61 days - 180 days	**1,908,109**	204,802	**252,922,113**	132,426,824
181 days to 365 days	**27,790**	290,367	**105,767,157**	26,667,009
Over one year	**588,767**	390,342	**121,948,857**	122,449,465
	22,163,212	25,747,829	**1,314,319,548**	765,082,192
Provision for expected credit	**-**	-	**(35,730,583)**	(31,431,118)
	22,163,212	25,747,829	**1,278,588,965**	733,651,074

10.4 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.118,190 thousand (2022: Rs.159,987 thousand).

11. DEFERRED TAXATION - Net

	Note	2023	2022
		Rupees	
The liability for deferred tax comprises temporary differences relating to:			
Accelerated tax depreciation and amortisation		**(9,740,438)**	(4,932,423)
Lease liabilities - net		**1,911,279**	(333,363)
Provision for obsolete stock		**944,018**	383,315
Provision for expected credit loss		**6,794,266**	3,058,415
Provision for gratuity		**3,291,028**	1,141,678
Provision for compensated leave absences		**12,408,190**	4,399,430
		15,608,343	3,717,052

12. CONTRACT ASSETS

	Note	2023	2022
Hire purchase receivable	12.1	**585,758,318**	531,774,550
Retention money		**105,649,722**	121,852,195
Allowance for expected credit loss	12.2	**(5,436,617)**	(6,077,891)
		685,971,423	647,548,854
Long term portion of contract assets		**(72,244,558)**	(78,367,635)
		613,726,865	569,181,219

12.1 Hire purchase receivable

	2023	2022
Gross sales	**597,590,917**	542,821,889
Unearned carrying charges	**(11,832,599)**	(11,047,339)
	585,758,318	531,774,550

12.2 Reconciliation of provision for expected credit loss is as follows:

	2023	2022
Balance at beginning of the year	**6,077,891**	5,968,182
(Reversal) / charge in provision for expected credit loss	**(641,274)**	109,709
	5,436,617	6,077,891

13. LOANS AND ADVANCES

	Note	2023	2022
		--------- Rupees ---------	
Unsecured, considered good			
Loans			
Current portion of long term loans	8	6,941,654	2,974,434
Advances			
Employees	13.1	3,786,080	2,876,648
Suppliers	13.2	68,138,291	93,128,159
		78,866,025	98,979,241

13.1 Represent advances given to employees for business purposes and are settled as and when the expenses are incurred.

13.2 Includes advances amounting to Rs.Nil (2022: Rs.1,269 thousand) paid to Atlas Insurance Limited - a related party against marine insurance

14. TRADE DEPOSITS AND SHORT TERM - PREPAYMENTS

	Note	2023	2022
		--------- Rupees ---------	
Trade deposits			
Earnest money		86,816,004	156,141,348
Margin against letters of guarantee		1,500,000	822,456
Margin against letters of credit		5,400,000	37,543,794
		93,716,004	194,507,598
Prepayments			
Prepaid insurance	14.1	5,828,981	4,595,498
Prepaid software		-	446,890
Repairs and maintenance		-	187,980
		5,828,981	5,230,368
Allowance for expected credit loss on earnest money	14.2	(5,088,191)	(6,460,570)
		94,456,794	193,277,396

14.1 Represents insurance premium paid in advance to Atlas Insurance Limited, a related party.

	2023	2022
14.2 Reconciliation of allowance for expected credit loss is as follows:	--------- Rupees ---------	
Balance at beginning of the year	6,460,570	6,551,236
Reversal in provision for expected credit loss	(1,372,379)	(90,666)
	5,088,191	6,460,570

15. SHORT TERM INVESTMENTS

This represents 717,524 units of HBL Cash Fund valuing Rs.73,306 thousand (2022: Nil) with cost of investment amounting to Rs.67,000 thousand. These units are pledged with HBL against open ended bank guarantees aggregating Rs.60,000 thousand issued in favour of government authorities on behalf of the Company.

16. OTHER RECEIVABLES

	2023	2022
	--------- Rupees ---------	
Considered good and secured		
Sales tax refundable	**42,760,767**	92,791,421
Receivables from suppliers	**2,206,127**	3,823,006
Withholding tax on sales tax	-	21,838,736
	44,966,894	118,453,163

17. BANK BALANCES

	2023	2022
Cash at banks in:		
Current accounts (local currency)	**695,848**	324,252
Term deposit receipt	-	420,000,000
	695,848	420,324,252

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023	2022		2023	2022
---Number of shares---			--------- Rupees ---------	
46,000,000	46,000,000	Ordinary shares of Rs.10 each fully paid in cash	**460,000,000**	460,000,000
29,000,000	9,000,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**290,000,000**	90,000,000
75,000,000	55,000,000		**750,000,000**	550,000,000

18.1 Shirazi Investments (Private) Limited and its nominees hold 100% ordinary shares of the Company as at June 30, 2023 and 2022.

18.2 There is only one class of ordinary shares. Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

19. LONG TERM DEPOSITS

	Note	2023	2022
		--------- Rupees ---------	
Deposits	**19.1**	**8,841,538**	8,022,124
Less: current portion of long term deposits		**(1,392,169)**	(4,601,737)
		7,449,369	3,420,387

19.1 Represents deposits from employees under Company's vehicle scheme. These loans have not been discounted to their present value as the financial impact thereof is not considered material.

20. ACCRUAL FOR COMPENSATED ABSENCES

	2023	2022
	--------- Rupees ---------	
Balance at beginning of the year	**63,248,802**	67,759,033
Accrual for the year	**25,361,394**	4,781,383
	88,610,196	72,540,416
Paid during the year	**(4,135,185)**	(9,291,614)
Balance at end of the year	**84,475,011**	63,248,802

21. LEASE LIABILITIES

	Sales offices and warehouses 21.1	Motor vehicles 21.2	Total
June 30, 2023	------------------ Rupees	------------------	
Balance at beginning of the year	**77,730,778**	**96,891,848**	**174,622,626**
Additions during the year	**-**	**113,133,990**	**113,133,990**
Interest accrued	**3,581,572**	**25,195,359**	**28,776,931**
Repaid / adjusted during the year	**(38,706,044)**	**(72,912,716)**	**(111,618,760)**
	42,606,306	**162,308,481**	**204,914,787**
Current portion grouped under current liabilities	**(42,606,306)**	**(31,589,510)**	**(74,195,816)**
Balance at end of the year	**-**	**130,718,971**	**130,718,971**

	Sales offices and warehouses 21.1	Motor vehicles 21.2	Total
June 30, 2022	------------------ Rupees	------------------	
Balance at beginning of the year	108,498,019	59,937,492	168,435,511
Additions during the year	-	73,207,800	73,207,800
Interest accrued	4,803,653	9,220,755	14,024,408
Repaid / adjusted during the year	(35,570,894)	(45,474,199)	(81,045,093)
	77,730,778	96,891,848	174,622,626
Current portion grouped under current liabilities	(35,248,508)	(23,020,261)	(58,268,769)
	42,482,270	73,871,587	116,353,857

21.1 These represents lease contracts for registered office, branch offices and warehouses used by the Company in its operations and have lease terms between 2 to 3 years. These have been discounted using the incremental borrowing rate of the Company i.e. 7.8% (2022: 7.8%). These includes Rs.15,937 thousand (2022: Rs.28,756 thousand) due to Shirazi Investment Company (Private) Limited and Rs.4,573 thousand (2022: Rs.9,015 thousand) due to Atlas Foundation.

21.2 Represents finance leases entered into with a financial institution for lease of motor vehicles. Lease rentals due under lease agreement are payable in quarterly installments latest by May 2028. Overdue rental payments are subject to an additional charge at 20% per annum. Taxes, repairs and insurance costs are to be borne by the Company. Financing rates ranging from KIBOR+0.3% to KIBOR+1% (2022: KIBOR+ 0.30%) per annum have been used as discounting factor. These liabilities are secured by way of assigning title of vehicles in the name of the financial institution.

The future minimum lease payments to which the Company is committed under the agreements will be due as follows:

Particulars	Upto One Year	From one to five Years	Over five Years	Total 2023	Upto One Year	From one to five Years	Over five Years	Total 2022
				---------- Rupees	----------			
Minimum lease payments	106,030,584	179,163,475	-	285,194,059	74,179,233	135,671,825	-	209,851,057
Finance cost allocated to future periods	(31,834,768)	(48,574,830)	-	(80,409,598)	(15,910,464)	(19,317,968)	-	(35,228,432)
	74,195,816	130,588,646	-	204,784,461	58,268,769	116,353,857	-	174,622,626

	Note	2023	2022
22. TRADE AND OTHER PAYABLES		--------- Rupees ---------	
Trade creditors	22.1	**501,720,087**	479,909,881
Bills payable		**592,060,238**	157,661,155
Accrued expenses		**14,872,985**	16,227,793
Bonus payable to employees		**70,215,932**	1,088,330
Payable to gratuity fund	22.2	**22,405,333**	16,413,438
Current portion of long term deposits	19	**1,392,169**	4,601,737
Sindh development and maintenance infrastructure cess payable		**114,544,436**	88,976,489
Withholding tax payable		**4,206,611**	10,477,290
Provision for warranty		**129,694,707**	10,543,149
Other provisions		**21,685,112**	26,963,941
		1,472,797,610	812,863,203

22.1 Includes Rs.464,076 thousand (2022: Rs.420,996 thousand) pertaining to Atlas Honda Limited, Rs.6,606 thousand (2022: Rs.8,852 thousand) pertaining to Atlas Insurance Limited and Rs.178,044 thousand (2022: Rs.6,008 thousand) pertaining to Atlas Global FZE.

22.2 Provision for gratuity

22.2.1 As stated in note 4.12.2, the Company operates an approved funded gratuity scheme for its management and non-management staff.

22.2.2 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, the Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust Deed of the Plan. Responsibility for governance of the Plan, including investment decisions and contributions schedules lies with the Board of Trustees. The Company appoints the trustees.

22.2.3 The latest actuarial valuations of the Schemes as at June 30, 2023 were carried out by an independent expert, using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

	Note	2023	2022
		--------- Rupees ---------	
22.2.4 Balance sheet reconciliation			
Present value of defined benefit obligation at June 30,	22.2.5	**141,241,338**	107,784,411
Fair value of plan assets at June 30,	22.2.6	**(112,476,476)**	(89,967,400)
Receivable from related parties in respect of transferees		**(6,359,529)**	(1,403,573)
Liability at end of the year		**22,405,333**	16,413,438
22.2.5 Movement in the present value of defined benefit obligation			
Balance at beginning of the year		**107,784,411**	97,638,453
Benefits paid		**(3,736,559)**	(10,579,400)
Current service cost		**8,025,039**	6,844,328
Interest cost		**14,435,163**	9,508,984
Re-measurements on obligation		**8,373,755**	2,717,651
Recognised in respect of transfers		**6,359,529**	1,654,395
Balance at end of the year		**141,241,338**	107,784,411

		2023	2022
22.2.6	**Movement in the fair value of plan assets**	--------- Rupees ---------	
	Balance at beginning of the year	**89,967,400**	94,377,305
	Contributions	**16,413,438**	3,999,725
	Benefits paid	**(3,736,559)**	(10,579,400)
	Interest income	**12,301,466**	9,163,675
	Re-measurements	**(3,872,842)**	(6,506,150)
	Amount transferred from / (to) other group companies	**1,403,573**	(487,755)
	Balance at end of the year	**112,476,476**	89,967,400
22.2.7	**Expense recognised in statement of profit or loss**		
	Current service cost	**8,025,039**	6,844,328
	Net interest cost	**2,133,697**	345,309
		10,158,736	7,189,637
22.2.8	**Re-measurements recognised in other comprehensive income**		
	Loss arising from change in financial assumptions	**2,087,861**	1,562,185
	Experience loss	**6,285,894**	1,155,466
	Loss on re-measurement of plan assets	**3,872,842**	6,506,150
	Net re-measurements	**12,246,597**	9,223,801
22.2.9	**Net liability recognised**		
	Balance at beginning of the year	**16,413,438**	3,999,725
	Charge for the year	**10,158,736**	7,189,637
	Contributions made during the year	**(16,413,438)**	(3,999,725)
	Re-measurements recognised in other comprehensive income	**12,246,597**	9,223,801
	Recognised liability as at June 30,	**22,405,333**	16,413,438
22.2.10	**Plan assets comprise of:**		
	Debt securities	**17,130,479**	25,196,669
	Equity instrument - mutual funds units	**95,259,496**	64,245,371
	Cash and cash equivalent	**86,501**	525,360
		112,476,476	89,967,400
22.2.11	**Actuarial assumptions used**	-------- % per annum --------	
	Discount rate at June 30,	**16.25%**	13.25%
	Expected rate of increase in future salarie: - first year	**15.25%**	12.00%
	- long term	**15.25%**	12.25%
	Demographic assumptions		
	- Mortality rates (for death in service)	**SLIC (2001-05)-1**	SLIC (2001-05)-1
	- Rates of employee turnover	**Moderate**	Moderate

22.2.12 **Description of the risks to the Company**

Morality risks - The risk that the actual morality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities.

Final salary risks - The risk that the final salary at the time of cessation of service is higher that what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

22.2.13 **Sensitivity analysis for actuarial assumptions**

The sensitivity of the defined benefit obligation to changes in principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumptions	**Increase in assumption**	**Decrease in assumption**
		--------- Rupees ---------	
Discount rate	1.00%	132,723,526	150,811,839
Increase in future salaries	1.00%	151,464,707	132,006,402

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

22.2.14 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

22.2.15 Based on actuary's advice, the expected contribution and expense for the year ending June 30, 2024 to gratuity plans will be Rs.9,490 thousand and Rs.3,874 thousand respectively.

22.2.16 **Maturity profile of the defined benefit obligation**	**2023**	2022
	--------- Rupees ---------	
Weighted average duration of the BPO	**6.38 years**	7.18 years
Distribution of timing of benefit payment		
Year 1	**10,414,217**	5,630,137
Year 2	**18,930,693**	9,666,925
Year 3	**27,196,144**	5,798,624
Year 4	**16,303,095**	27,727,057
Year 5	**51,860,934**	14,365,943
Years 6-10	**149,215,292**	128,348,313
Years 11-15	**223,707,725**	159,571,565
Years 16-20	**456,812,294**	252,358,857

23. SHORT TERM BORROWINGS	Note	2023	2022
		--------- Rupees ---------	
Murabaha / musharakah financing		**166,998,946**	16,896,607
Running finance		**541,340,922**	507,982,414
	23.1	**708,339,868**	524,879,021

23.1 Running finance / murabaha / musharakah facilities available from various banks under mark-up arrangement upto Rs.2,102 million (2022: Rs.2,130 million). During the year, these finance facilities carry mark-up at the rate ranging from 14.36% to 22.73% per annum (2022: 7.55% to 14.81%). These facilities are secured against joint pari passu hypothecation charge over all the Company's present and future stock and receivables to the extent of the facility amounting upto Rs.5,476 million.

24. CONTRACT LIABILITIES	Note	2023	2022
		--------- Rupees ---------	
Advance from customer	**24.1**	**92,505,297**	750,029,519
Unearned revenue		**22,745,783**	25,258,810
		115,251,080	775,288,329

24.1 Revenue aggregating Rs. 25,259 thousand (2022: Rs. 72,468 thousand) has been recognised for preceding year contract liabilities.

25. ACCRUED MARKUP	2023	2022
	--------- Rupees ---------	
- on long term borrowings	-	92,024
- on short term borrowings	**54,807,587**	20,901,377
- on lease of vehicles	**2,002,224**	1,228,892
	56,809,811	22,222,293

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 There are no material contingencies that are required to be disclosed in these financial statements.

26.2 Commitments	Note	2023	2022
		--------- Rupees ---------	
26.2.1 - Guarantees issued by financial institutions on behalf of the Company	**26.2.2**	**2,008,077,668**	2,510,760,196
- Commitments outstanding against letter of credits		**461,061,289**	95,136,448
		2,469,138,957	2,605,896,644

26.2.2 Include guarantees issued by banks secured against first pari passu charge over all the Company's present and future stocks and receivables. Also Include insurance guarantee issued by Atlas Insurance Limited - a related party on behalf of the company amounting to Rs.181,750 thousand (2022: Nil).

27. SALES AND SERVICES

	Note	2023	2022
		--------- Rupees ---------	
Sale of goods		**3,564,878,586**	2,628,761,997
Hire purchase sales		**2,001,304,903**	969,418,153
Service income		**1,140,164,397**	732,594,175
Commission income		**139,907,097**	196,375,167
		6,846,254,983	4,527,149,492
Less:			
- sales return		**19,336,710**	15,205,243
- sales and services tax		**908,627,910**	523,497,162
		927,964,620	538,702,405
		5,918,290,363	3,988,447,087

28. COST OF SALES AND SERVICES

	Note	2023	2022
Opening stock		**416,236,254**	382,728,459
Purchases		**3,991,969,837**	2,466,245,266
		4,408,206,091	2,848,973,725
Transfer to fixed assets		**(9,284,826)**	(10,281,862)
Consumed for internal use		**(202,059)**	(5,589,821)
Closing stock of finished goods		**(680,794,326)**	(416,236,254)
		3,717,924,880	2,416,865,788
Cost of services rendered			
Salaries and benefits	28.1	**212,732,994**	183,909,853
Storage and transportation		**7,653,320**	5,572,405
Travelling, conveyance and entertainment		**28,478,046**	21,714,577
Vehicle running		**23,678,259**	13,976,856
Postage and telephone		**882,990**	848,355
Repairs and maintenance		**232,686**	178,176
Software charges		**11,856,755**	11,194,208
Subcontracting cost		**487,150,006**	249,953,225
Gas and electricity		**16,366**	9,899
Printing and stationary		**314,638**	274,342
Training expenses		**730,978**	564,926
Insurance		**3,366,340**	3,975,407
Depreciation on operating fixed assets	5.2	**9,800,288**	7,993,960
Depreciation on right of use assets	5.6	**22,140,668**	21,612,189
Others		**35,130**	668,285
		4,526,994,344	2,939,312,451

28.1 Includes staff gratuity and staff provident and pension fund contribution amounting to Rs. 3,222 thousand (2022: Rs. 2,494 thousand) and Rs. 8,223 thousand (2022: Rs.7,395 thousand) respectively.

29. SELLING AND ADMINISTRATIVE EXPENSES

	Note	2023	2022
		--------- Rupees ---------	
Salaries and benefits	29.1	**437,456,176**	328,503,899
Travelling, conveyance and entertainment		**45,340,182**	26,551,373
Storage and transportation		**10,226,864**	7,946,297
Printing and stationary		**5,920,892**	5,315,478
Postage and telephone		**19,586,730**	17,529,333
Repairs and maintenance		**15,459,668**	13,951,175
Legal and professional		**17,000,978**	11,628,843
Auditor's remuneration	29.2	**1,022,450**	1,081,866
Subscription and newspapers		**2,166,675**	644,195
Training expenses		**2,503,176**	1,594,003
Advertisement / sales promotion		**9,749,738**	7,367,977
Insurance		**24,123,914**	16,175,793
Tender expenses		**482,906**	949,493
Vehicle running		**43,830,259**	23,809,963
Gas and electricity		**21,167,272**	15,416,916
Donation	29.3	**8,356,823**	7,349,142
Depreciation on operating fixed assets	5.2	**26,928,017**	22,259,350
Depreciation on right of use assets	5.6	**43,861,538**	35,120,313
Amortisation charge on intangible assets	6	**2,286,635**	1,444,972
Provision for obsolete stock	9.1	**6,426,878**	5,510,769
Others		**3,167,151**	1,412,414
		747,064,922	551,563,564

29.1 This includes staff gratuity and staff provident and pension fund contribution amounting to Rs.6,937 thousand (2022: Rs.4,696 thousand) and Rs.16,412 thousand (2022: Rs.13,284 thousand) respectively.

29.2 Represents auditors' remuneration as follows;

	2023	2022
	-------- Rupees ---------	
Audit fee for:		
- the Company	**865,150**	786,500
- provident and gratuity fund	**157,300**	157,300
Out of pocket expenses	-	138,066
	1,022,450	1,081,866

29.3 Represents donation pertaining to Atlas Foundation - a related party amounting to Rs.8,356 thousand (2022: Rs.7,349 thousand).

30. OTHER OPERATING INCOME

	Note	2023	2022
		--------- Rupees ---------	
Income from financial assets			
Loan under refinance scheme for payment of wages and salaries		**1,281,598**	5,126,395
Mark-up on term deposit receipts		**25,028,203**	1,196,712
Dividend income		**5,616,869**	-
Fair value gain on investments at fair value through profit or loss - net		**688,798**	-
Income from assets other than financial assets			
Processing fee		**7,503,671**	3,330,049
Earned carrying charges on hire-purchase sales		**21,504,694**	2,846,544
Gain on sale of operating fixed assets		-	800,319
Reversal on expected credit loss	30.1	**2,013,653**	3,957,456
Compensation against insurance claim		**9,415**	6,252
Scrap sales		**344,445**	275,490
		63,991,346	17,539,217

30.1 Reversal of allowance for expected credit loss

	Note	2023	2022
- Trade debts	10.2	-	3,866,790
- Contract assets	12.2	**641,274**	-
- Earnest money	14.1	**1,372,379**	90,666
		2,013,653	3,957,456

31. OTHER OPERATING EXPENSES

	Note	2023	2022
Provision for expected credit loss	10.2	**4,299,465**	109,709
Loss on sale of operating fixed assets		**676,881**	-
Exchange loss - net		**129,502,205**	85,432,677
		134,478,551	85,542,386

32. FINANCE COST

	2023	2022
	--------- Rupees ---------	
Mark-up on:		
- lease liabilities	**28,776,931**	14,024,408
- long term borrowings	**46,501**	5,038,346
- short term borrowings	**114,036,831**	36,805,513
- murabaha / musharakah financing	**48,436,347**	25,331,377
Accretion of interest on long term borrowings	**347,711**	4,698,624
	191,644,321	85,898,268
Bank charges	**8,527,759**	7,987,334
	200,172,080	93,885,602

33. INCOME TAX EXPENSE

	2023	2022
Current tax		
Current tax on profits for the year	**250,401,677**	199,454,098
Adjustments for current tax of prior years	**(28,369,540)**	699,687
	222,032,137	200,153,785
Deferred tax		
Origination and reversal of temporary differences	**(10,481,378)**	(3,075,467)
	211,550,759	197,078,318

33.1 The returns of the Company is filed under group taxation in term of section 59AA of the Income Tax Ordinance, 2001. Further separate returns of the Company also filed in compliance with the provision of Rule 231D for record purposes only.

33.2 Relationship between tax expense and accounting profit for the year is as follows:

	2023	2022
	--------- Rupees ---------	
Profit before taxation	**373,571,812**	335,682,301
Tax at the applicable rate of 29%	**108,335,825**	97,347,867
Tax effect of:		
- amount not deductible for tax purposes	**40,870,328**	52,380,275
- amount deductible for tax purposes but not taken to the statement of profit or loss	**(38,057,725)**	(46,707,262)
- income not subject to tax / income subject to final tax regime / tax credits	**101,504,632**	82,946,556
Super tax on high earning persons	**37,748,617**	13,486,661
Prior years' tax charge	**(28,369,540)**	699,687
Deferred taxation	**(10,481,378)**	(3,075,466)
	211,550,759	197,078,318

34. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Holding Company, Associated Companies, directors of the Company, companies in which directors are interested, key management personnel, post employment benefit plans and close members of the families of the directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties at mutually agreed terms and conditions. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

34.1 Name and nature of relationship

a) The Holding Company

Shirazi Investments (Private) Limited - 100% shares held in the Company

b) Entities under common directorship - Associated Undertaking

Atlas Honda Limited	Atlas Insurance Limited
Honda Atlas Cars (Pakistan) Limited	Atlas Asset Management Limited
Atlas Engineering Limited	Atlas Power Limited
Atlas Hitec (Private) Limited	Honda Atlas Power Products (Private) Limited
Atlas DID (Private) Limited	Atlas Metals (Private) Limited
Atlas Autos (Private) Limited	Atlas Foundation
Atlas Battery Limited	Atlas Global, FZE, Jebel Ali, UAE

c) Directors

Mr. Iftikhar H. Shirazi	Mr. Aamir H. Shirazi
Mr. Frahim Ali Khan	Mr. Saquib H. Shirazi
Mr. Ali H. Shirazi	Mr. Bashir Makki
Mr. Farooq Saleem	

d) Key management personnel

Mr. Zafar Hussain Shah	Mr. Mohsin Khan
Mr. Muhammad Imran	Mr. Tanveer Ahmed Malik
Mr. Asif Hanif	Mr. Ahtesham Qureshi
Mr. Rizwan Ul Haq	Mr. Ghulam Jilani Chitta
Mr. Munis Iqbal Siddiqui	Mr. Syed Amjad Habib
Mr. Syed Amjad Ali	

	2023	2022
34.2 Transactions with related parties	--------- Rupees ---------	
The Holding Company		
Sales of goods and rendering of services	**425,892**	683,620
Actual reimbursement of expenses	**32,980,897**	27,624,744
Transfer of operating fixed assets and advances upon transfer of employees	-	1,661,515
Intergroup net tax receivables / receipts	**75,320,786**	90,654,926
Dividend paid	**141,250,000**	82,500,000
Rent	**14,586,168**	13,891,322
Bonus shares issued	**200,000,000**	-
Entities under common directorship - Associated Undertaking		
Sales of goods and rendering of services	**403,230,120**	561,050,415
Sales of operating fixed assets	**7,227,600**	1,447,350
Purchases of:		
- goods	**2,543,936,653**	229,840,916
- operating fixed assets	**34,069,931**	1,467,654,049
Service charges / lease rental paid	**4,157,512**	3,779,439
Transfer out of staff loan upon transfer of employees	**270,826**	-
Transfer in of staff loan upon transfer of employees	**784,586**	-
Loan / advances received from the Company	**78,630**	-
Reimbursement of expenses	**1,920,324**	-
Commission received	**97,623,161**	170,308,850
Car deposit received upon transfer of employee	**321,587**	-
Security deposit against vehicle	**311,460**	-
Security deposit received	**180,466**	-
Donation paid	**13,356,823**	2,349,142
Insurance premium	**74,326,862**	64,905,751
Insurance claim	-	7,331,000
Other related parties		
Contributions paid to:		
- gratuity funds	**16,413,438**	3,999,725
- provident fund	**7,674,524**	15,557,980
Salaries and other short term employment benefits to key management personnel	**107,472,986**	72,447,228
Sale of operating fixed asset under Company policy	**15,030,000**	1,831,235

The related party status of outstanding balances as at June 30, 2023 is included in 'Capital work-in-progress - note 5.4', 'Trade debts - note 10.1', 'Loans and advances - note 13.2', 'trade deposits and short term prepayments - note 14.1', and 'Trade and other payables - note 22.1' respectively. These are settled in ordinary course of business.

35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged during the year in respect of remuneration, including certain benefits, to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	Directors				Executives	
	Chief Executive Officer		Others			
	2023	2022	**2023**	2022	**2023**	2022
	Rupees					
Remuneration and fee	**26,650,039**	20,400,036	**350,000**	150,000	**197,093,592**	141,798,648
Fee and Subscription	**176,840**	157,440	-	-	**492,839**	51,620
Bonus	**5,309,508**	5,100,009	-	-	**29,887,854**	28,395,249
Retirement benefits	**1,591,764**	1,320,000	-	-	**11,775,235**	9,175,205
Others	**3,325,185**	1,685,619	-	-	**26,733,801**	15,872,315
	37,053,336	28,663,104	**350,000**	150,000	**265,983,321**	195,293,037
Number of persons	**1**	1	**6**	6	**49**	41

35.1 The Company provides the Chief Executive Officer and Chief Operating Officer with free use of the Company maintained car.

35.2 Remuneration to directors

Aggregate amount charged in these financial statements for meeting fee to one (2022: one) non-executive director was Rs.350 thousand (2022: Rs.150 thousand).

36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

The Company has set up objectives and policies to manage risks that arise in connection with financial instruments. The risk management framework and policies of the Company are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate salient risk elements in operations of the Company. The establishment of overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies.

In achieving the objective of maximizing returns to shareholders, the Board of Directors takes cognizance of the risk elements that the Company is confronted within its operations. In view of the multi-faceted risks inherent in the financial sector, the Company places great emphasis on importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;

- liquidity risk; and

- market risk (including foreign exchange risk, interest rate risk and price risk).

(a) Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted / fail to discharge an obligation / commitment that they have entered into with the Company. Credit risk arises principally from long term and short term investments (excluding investment in government securities), loans and receivables (long term and short term), deposits, receivable from funds under management, other receivables, and bank balances. Management believes that the Company is not exposed to any significant credit risk from investments in or receivables from funds which are managed by the Company itself. The risk of default is considered minimal due to inherent systematic measures taken therein.

The carrying amounts of financial assets that represent Company's maximum credit exposure as at the reporting date are as follows:

	Note	2023	2022
		--------- Rupees ---------	
Long term loans and deposits	8	**6,989,832**	7,976,549
Trade debts	10	**1,300,752,177**	759,398,903
Contract asset	12	**613,726,865**	569,181,219
Loans and advances	13	**10,727,734**	5,851,082
Deposits and margins	14	**88,627,813**	188,047,028
Other receivables	16	**2,206,127**	3,823,006
Bank balances	17	**695,848**	420,324,252
		2,023,726,396	1,954,602,039

Bank balances by rating category

Bank	Rating			2023	2022
	Short term	Long term	Agency	--------- Rupees ---------	
Faysal Bank Limited	A1+	AA	PACRA	**182,635**	20,293
Summit Bank Limited		Unrated		**320,682**	58,132
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	**5,376**	5,376
National Bank of Pakistan	A1+	AAA	PACRA	**5,610**	5,610
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	**20,960**	234,841
Askari Bank Limited	A1+	AA+	PACRA	**150,948**	-
Habib Bank Limited - term deposit receipt	A1+	AAA	JCR-VIS	-	420,000,000
Soneri Bank Limited	A1+	AA-	PACRA	**9,637**	-
				695,848	420,324,252

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The Company is not materially exposed to liquidity risk as all material obligations / commitments of the Company are short term in nature.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
	------------ Rupees ------------			
June 30, 2023				
Long term deposits	**8,841,538**	**8,841,538**	**1,392,169**	**7,449,369**
Lease liabilities	**204,914,787**	**285,194,059**	**106,030,584**	**179,163,475**
Trade and other payables	**1,472,797,610**	**1,472,797,610**	**1,472,797,610**	**-**
Short term borrowings	**708,339,868**	**741,015,872**	**741,015,872**	**-**
Contract liabilities	**115,251,080**	**115,251,080**	**115,251,080**	**-**
Accrued mark-up	**56,809,797**	**56,809,797**	**56,809,797**	**-**
	2,566,954,680	**2,679,909,956**	**2,493,297,112**	**186,612,844**

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
	------------ Rupees ------------			
June 30, 2022				
Long term deposits	8,022,124	8,022,124	4,601,737	3,420,387
Lease liabilities	174,622,626	209,851,057	74,179,233	135,671,825
Long term loan	36,563,072	36,701,576	36,701,576	-
Trade and other payables	812,863,203	812,863,203	812,863,203	-
Short-term borrowing and running finance	524,879,021	537,720,668	537,720,668	-
Contract liability	775,288,329	775,288,329	775,288,329	-
Accrued mark-up	22,222,293	22,222,293	22,222,293	-
	2,354,460,668	2,402,669,250	2,263,577,039	139,092,212

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The company has both receivable and payable balances in foreign currency which acts as a natural hedge to company's exposure. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

	2023	2022
	--------- Rupees ---------	
Trade payables - US Dollar	**2,062,176**	765,341
Trade payables - JPY	-	564
Exchange rate – US Dollar	**287.10**	206.00
Exchange rate – JPY	-	1.51
Exchange rate – EUR	-	215.75

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in USD/ JPY/ EUR rates (%)	Effect of translation of foreign currency asset on profit or loss	Effect on equity
		--------- Rupees ---------	
2023	**-5**	**29,602,536**	**29,602,536**
	+5	**(29,602,536)**	**(29,602,536)**
2022	-5	7,883,058	7,883,058
	+5	(7,883,058)	(7,883,058)

	2023	2022
	--------- Rupees ---------	
Trade Receivables - US Dollar	**3,420,764**	125,282
The following significant exchange rates have been applied at reporting dates:	**286.60**	205.50

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in USD/ JPY/ EUR rates (%)	Effect of translation of foreign currency asset on profit or loss	Effect on equity
		--------- Rupees ---------	
2023	**+5**	**49,019,551**	**49,019,551**
	-5	**(49,019,551)**	**(49,019,551)**
2022	+5	1,287,274	1,287,274
	-5	(1,287,274)	(1,287,274)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's short term borrowings and lease liabilities (motor vehicles). Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's profit before tax by Rs. 8,706 thousand and a 1% decrease would result in the increase in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis. The company manages it's interest rate risk obtaining quotes for interest rate from various reputable banks and opting for the lowest price offered amongst them.

36.2 Financial instruments by categories

At reporting date, all of the financial instruments held by the Company are classified at amortised cost.

36.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure by monitoring return on net assets and makes adjustments in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders and / or issue new shares. There was no change to the Company's approach to capital management during the year. The Company monitors capital on the basis of gearing ratio calculated as follows:

	2023	2022
	--------- Rupees ---------	
Total borrowings	**870,648,349**	736,064,719
Bank balances	**(695,848)**	(420,324,252)
Net debt	**869,952,501**	315,740,467
Total Equity	**803,218,728**	793,284,360
Total Capital	**1,673,171,229**	1,109,024,827
Gearing ratio	**52%**	28%

37. NUMBER OF EMPLOYEES

	Numbers	
	2023	2022
Total number of employees	**245**	245
Average number of employees	**242**	242

38. The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified there under.

39. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. This did not affect profit, net assets or equity.

Reclassified from	**Reclassified to**	**Rupees**
Trade debts	Contract assets	531,126,690

40. EVENT AFTER REPORTING PERIOD

The Board of Directors of the Company in their meeting held on September 26, 2023 have proposed a final cash dividend of NIL per ordinary share (2022: Re.0.75 per ordinary share) amounting to Rs. NIL (2022: Rs. 41,250,000) for the year ended June 30, 2023 for approval of the members at the Annual General Meeting to be held on 27 OCT 2023.

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on September 26, 2023 by the Board of Directors of the Company.

SHC

Chief Executive **Director** **Chairman**