Atlas Engineering

DIRECTORS' REPORT

The Directors of your company take pleasure in presenting their report together with the Audited Accounts and Auditor's Report thereon for the year ended June 30, 2022.

Financial Results

The financial results of your company for the year ended June 30, 2022 under review are summarized as follows:

	Year ended June 30, 2022	Year ended June 30, 2021
	------ (Rupees in 000's) ------	
Profit before taxation	3,245	85,011
Taxation	(11,904)	(20,575)
Profit after taxation	**(8,659)**	**64,436**

Dividend and appropriations

The Board of Directors has recommended a final cash dividend of Rs. 1.50 per share (2021: Rs. 1.00 per share final cash dividend).

Accordingly, following appropriation has been made.

	Year ended June 30, 2022	Year ended June 30, 2021
	------ (Rupees in 000's) ------	
Profit available for appropriation	578,246	610,591
Appropriation:		
Final cash dividend	(35,529)	(23,686)
Un-appropriated profit carried forward	**542,717**	**586,905**

Earnings / (loss) per Share

Basic (loss) / earnings per share after tax is (Rs. 0.37) per share (2021: Rs. 2.72).

Holding Company

Shirazi Investments (Private) Limited, incorporated in Pakistan, is the holding company of Atlas Engineering (Private) Limited owning 100% shares of the Company.

Board of Directors

The Board comprises of one Executive and four Non-Executive directors, as at June 30, 2022. All the non-executive directors are independent from management.

Macroeconomic Overview

During 1st half of the year, economic indicators signaled positive momentum. Increase in exports of textile and IT sector on the back of favorable commodity prices and growth in home remittances raised the level of dollar reserves in the country. During 2nd half of the year, global economic distress caused by Russian invasion to Ukraine decelerated the global economic activity. Global economic environment coupled with political instability stroked business environment and market liquidity.

Atlas Engineering (Private) Limited

Head Office: 15th Mile National Highway, Landhi, Karachi-75120 **Ph:** (92-21) 35016921-4, 35001482-5 **UAN:** 111-111-235 **Fax:** (92-21) 35011709
E-mail: ael@atlasengineering.com.pk **Website:** www.atlasengineering.com.pk

Atlas Engineering

Significant rupee devaluation on account of eroding foreign exchange reserves, widening fiscal and external deficit, energy price inflation and scarcity of utilities at national level hampered the business viability and consumers' purchasing power.

Committed implementation of budgetary measures, stable exchange rate, proactive monetary policy along with structural reforms for strong governance is imperious for an stable economy.

Overview of Company's affairs

During the year under review, the Company successfully sailed through multifaceted challenges including macro-economic instability and business sustainability. Economic pressures were proactively gauged and managed to navigate the catastrophes. Targeted cost reduction measures and manpower rationalization eased in maintaining profit margins and liquidity at optimum level.

Development of new product – Sleeve CD-70 as replacement of Cylinder CD-70 and new parts for launch of upgrades in CD and CG models helped sustain business volume.

The investments made during the year were mainly engrossed in capacity enhancement, modern production techniques as well as productivity increase with improved shop layouts. Well-timed investment in semi-automatic piston machine lines on attractive financing rates was made to capitalize on future business prospects.

Being focused upon production efficiency and process improvement; relatively less performing and idle assets including machines and buildings were disposed-off during the year. These disposals, although affected the profitability of current year, but it will help reduce pressure on product cost and increase in profitability and liquidity in years to come.

Future Outlook

Currently economic indicators are reflecting overheating signs. Year on year inflation accelerated more than 20% and may continue to remain high in near future. Falling main exports and foreign exchange reserves have contributed to significant upward pressure on exchange rate and thus domestic interest rates. Conclusive implementation of IMF program is expected to channelize more financing means. Besides these economic factors there is a significant need of political stability, increase in governmental revenues and confidence building of local and global investors for fiscal consolidation.

In this challenging scenario, in addition to production excellence, Coordination, Cooperation and Communication among all the stakeholders is critical to achieve organizational objectives.

For and on behalf of the
Board of Directors

Chairman

Chief Executive Officer

Karachi: September 23, 2022

Atlas Engineering (Private) Limited

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ATLAS ENGINEERING (PRIVATE) LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS ENGINEERING (PRIVATE) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Atlas Engineering (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2022, 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, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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.

SHC

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.

SHC

- 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; 23 SEP 2022
UDIN : AR202210105J8xZ1c4qt

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		---- Rupees in '000 ----	
ASSETS			
Non current assets			
Property, plant and equipment	5	5,670,916	5,671,749
Intangible assets	6	346	1,643
Long term loans	7	54	345
Long term deposits	8	2,066	2,066
Deferred taxation	9	-	51,176
		5,673,382	5,726,979
Current assets			
Stores, spares and loose tools	10	35,624	29,241
Stock-in-trade	11	249,309	177,201
Trade debts	12	-	-
Loans and advances	13	3,133	856
Trade deposits	14	26,584	16,766
Other receivables	15	167,254	44,327
Taxation - net		34,974	108,524
Short term investments	16	408,431	388,405
Cash and bank balances	17	77,551	248,949
		1,002,860	1,014,269
Total assets		6,676,242	6,741,248

Chairman

Chief Executive Officer

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		---- Rupees in '000 ----	
EQUITY AND LIABILITIES			
Share capital and reserve			
Share capital	18	236,865	236,865
Revenue reserves - unappropriated profit		578,246	610,591
Capital reserves			
Surplus on revaluation of leasehold land	19	4,937,524	4,937,524
Re-measurement loss on defined benefit plan		(1,486)	(643)
		4,936,038	4,936,881
Total equity		5,751,149	5,784,337
Liabilities			
Non current liabilities			
Long term loans	20	269,913	240,627
Deferred income - government grant	21	48,657	62
Deferred liabilities	22	26,043	31,333
Deferred taxation	9	11,670	-
		356,283	272,022
Current liabilities			
Trade and other payables	23	439,397	538,701
Current portion of long term loans	20	104,370	134,605
Unclaimed dividends		848	848
Current portion of deferred income - government grant	21	10,041	4,671
Accrued mark-up		14,154	6,064
		568,810	684,889
Total liabilities		925,093	956,911
Contingencies and commitments	25		
Total equity and liabilities		6,676,242	6,741,248

The annexed notes 1 to 40 form an integral part of these financial statements.

Chairman **Chief Executive Officer**

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		---- Rupees in '000 ----	
Sales	26	2,017,342	2,379,608
Cost of sales	27	(1,828,549)	(2,035,897)
Gross profit		188,793	343,711
Selling and distribution expenses		-	(9,718)
Administrative and general expenses	28	(170,965)	(171,492)
Expected credit loss allowance	12.1	2,975	(4,103)
Other expenses	29	(124,326)	(154,742)
(Loss) / profit from operations		(103,523)	3,656
Finance cost	30	(47,835)	(51,000)
Other income	31	154,603	132,355
Profit before taxation		3,245	85,011
Taxation	32	(11,904)	(20,575)
(Loss) / profit after taxation		(8,659)	64,436
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(1,187)	1,480
Impact of deferred tax		344	(429)
		(843)	1,051
Other comprehensive (loss) / income for the year - net of tax		(843)	1,051
Total comprehensive (loss) / income		(9,502)	65,487

The annexed notes 1 to 40 form an integral part of these financial statements.

Chairman

Chief Executive Officer

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid-up capital	Revenue reserves - unappro-priated profit	Re-measurement loss on defined benefits plans	Surplus on revaluation of leasehold land	Total reserves	Total
			Rupees in '000			
Balance as at July 1, 2020	236,865	546,155	(1,694)	4,937,524	5,481,985	5,718,850
Total comprehensive income for the year ended June 30, 2021						
Profit for the year	-	64,436	-	-	64,436	64,436
Other comprehensive income	-	-	1,051	-	1,051	1,051
	-	64,436	1,051	-	65,487	65,487
Balance as at June 30, 2021	**236,865**	**610,591**	**(643)**	**4,937,524**	**5,547,472**	**5,784,337**
Final cash dividend for the year ended June 30, 2021 at the rate of Rs.1 per share	-	(23,686)	-	-	(23,686)	(23,686)
Total comprehensive income for the year ended June 30, 2022						
Loss for the year	-	(8,659)	-	-	(8,659)	(8,659)
Other comprehensive loss	-	-	(843)	-	(843)	(843)
	-	(8,659)	(843)	-	(9,502)	(9,502)
Balance as at June 30, 2022	**236,865**	**578,246**	**(1,486)**	**4,937,524**	**5,514,284**	**5,751,149**

The annexed notes 1 to 40 form an integral part of these financial statements.

Chairman

Chief Executive Officer

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**3,245**	85,011
Adjustments for:		
Depreciation	**101,297**	139,203
Amortisation	**1,297**	1,945
Provision for compensated absences	**4,521**	5,492
Provision for gratuity	**3,222**	3,381
(Reversal) / provision for expected credit loss	**(2,975)**	4,103
Adjustment for slow moving inventories - net	**-**	(10,000)
Finance costs	**47,835**	51,000
Loss on disposal of operating fixed assets	**111,093**	63,582
Operating fixed asset written off	**-**	84,985
Dividend income from mutual funds	**(47,519)**	(8,970)
Gain on sale of investments at fair value through profit or loss	**(4,827)**	-
Fair value gain on investments in mutual fund	**(1,312)**	(389)
Cash flows before working capital changes	**215,877**	419,343
Changes in working capital		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	**(6,383)**	40,418
- Stock-in-trade	**(72,108)**	77,875
- Trade debts	**2,975**	16,228
- Loans and advances	**(2,277)**	8,197
- Trade deposits	**(9,818)**	2,563
- Other receivables	**(38,843)**	6,287
	(126,454)	151,568
(Decrease) / increase in trade and other payables	**(99,304)**	172,728
Cash (used in) / generated from operations	**(9,881)**	743,639
Gratuity paid	**(10,363)**	(4,059)
Compensated absences paid	**(3,857)**	(1,470)
Income taxes - net	**40,752**	(54,780)
Long term loans and advances - net	**291**	65
Long term deposits - net	**-**	1,127
Net cash generated from operating activities - carried forward	**16,942**	684,522

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		---- Rupees in '000 ----	
Net cash generated from operating activities - brought forward		**16,942**	684,522
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(290,163)**	(90,560)
Short term investment acquired		**(150,000)**	(388,016)
Proceeds from sale of short term investment		**136,113**	-
Dividend received		**47,519**	8,970
Sale proceeds from disposal of operating fixed assets		**78,606**	95,567
Net cash used in investing activities		**(177,925)**	(374,039)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term loans		**195,215**	79,983
Repayment of long term loan		**(142,199)**	(71,121)
Dividend paid		**(23,686)**	-
Finance cost paid		**(39,745)**	(65,138)
Net cash used in financing activities		**(10,415)**	(56,276)
Net (decrease) / increase in cash and cash equivalents		**(171,398)**	254,207
Cash and cash equivalents at beginning of the year		**248,949**	(5,258)
Cash and cash equivalents at end of the year	17	**77,551**	248,949

The annexed notes 1 to 40 form an integral part of these financial statements.

Chairman

Chief Executive Officer

ATLAS ENGINEERING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND OPERATIONS

Atlas Engineering (Private) Limited (the Company) was incorporated in Pakistan as a private limited company in 1963 and was converted into a public listed company in 1966. During the year ended March 31, 2012, the Company was delisted from the relevant stock exchanges. The Company was re-converted to a private limited company with effect from January 5, 2018. The Company is engaged in manufacturing of components and parts of automotive vehicles. The registered office and factory of the Company is situated at 15th Mile, National Highway, Landhi, Karachi, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at fair values & leasehold land which is valued at revalued amount and staff retirement benefit - gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the functional currency of the Company and figures are rounded off to the nearest thousand of Rupees.

2.4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas involving significant estimates or judgements are:

(i) Valuation of leasehold land and estimate of useful lives and residual values of property, plant & equipment and intangible assets - notes 4.1 and 4.2;

(ii) Provision for slow moving inventories - notes 4.7 and 4.8;

(iii) Provision for doubtful debts - note 4.10;

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

(v) Estimation of current and deferred tax - note 4.20.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Standards and amendments to approved accounting standards effective in current year

New and amended standards mandatory for the first time for the financial year beginning July 1, 2021:

(a) Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020 and April 1, 2021. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The Board has extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

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, 2021 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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, 2021 and have not been early adopted by the Company:

(a) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' are 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. The amendment is not expected to have material impact on the Company's financial statements.

(b) Annual improvements 2018 applicable for annual periods beginning on or after January 1, 2022. These amendments include changes from the 2018-2020 cycle of annual improvements project that mainly affect following standards:

(i) Amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards, simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS later than its parent – i.e. if a subsidiary adopts IFRS later than its parent and applies, then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS.

(ii) Amendment to IFRS 9 'Financial Instruments', clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

(iii) Amendment to IFRS 16 'Leases' Illustrative Example 13, removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

(iv) Amendment to IAS 41 'Agriculture', removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

(c) 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.

(d) Amendment to IAS 1 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. 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 amendment requires that a right to defer settlement must have substance and exist at the end of the reporting period.

(e) Amendment to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendment 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.

(f) Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' are 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.

(g) 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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

(a) Operating fixed assets

These are stated at cost less accumulated depreciation and any impairment in value except for leasehold land which is stated at revalued amount.

Depreciation of operating fixed assets is charged to the statement of profit or loss applying the reducing balance method, except for dies, jigs, and other equipment and computer and other IT related equipment which are being depreciated applying the straight line method at the rates specified in note 5.1 to the financial statements. Depreciation is charged from the month asset is available for use while no depreciation is charged in the month in which an asset is disposed off. Assets' residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each statement of financial position date.

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised when it is probable that future economic benefits will flow to the Company.

Increase in the carrying amount arising on revaluation of land is recognised in the statement of comprehensive income and accumulated in surplus on revaluation of leasehold land.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are taken to the statement of profit or loss.

(b) Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for use.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised using the straight-line method over their estimated useful lives. Amortisation is charged at the rate stated in note 6.

Amortisation on additions is charged from the month in which addition / capitalisation occurs while no amortisation is charged in the month in which an asset is disposed.

Useful lives of intangible assets are reviewed at each reporting date and adjusted if the impact of amortisation is significant.

4.3 Financial assets

4.3.1 Classification

The Company has classified its financial assets into following categories: financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

(a) Financial assets at amortised cost

A financial asset shall be classified as financial asset at amortised cost if both of the following conditions are met:

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

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

(b) Financial assets at fair value through profit or loss

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different basis.

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

(c) Financial assets at fair value through other comprehensive income

The fair value through other comprehensive income classification is mandatory for certain debt instrument assets unless the option to classify as fair value through profit or loss is taken.

If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit or loss.

4.3.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit and loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, an entity shall measure a financial asset at fair value or amortised cost.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognised in other comprehensive income with only dividend income recognised in the statement of profit or loss.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. Impairment testing of other receivables is described in note 4.10.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method unless financial liabilities are held for trading, in which case it is required to be measured at fair value through profit or loss or where entity elects to measure at financial liability, under fair value option.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where 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 a derecognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognised in the statement of profit or loss.

Financial instruments carried on the statement of financial position includes deposits, loans & advances, trade debts, other receivables, bank balances and trade & other payables. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at amortised cost. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised as an expense in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessment of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised.

4.7 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost which is based on weighted average cost less provision for obsolescence if any. Items-in-transit is stated at cost comprising of invoice value plus other charges accumulated up to the reporting date.

4.8 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. The cost of materials and components represents invoice values plus other charges incurred thereon. The cost of inventory is based on weighted average cost. Goods-in-transit is valued at cost accumulated up to the reporting date.

The Company reviews the carrying amount of stock-in-trade on an on-going basis and as appropriate, inventory is written down to its net realisable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory.

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

4.9 Loans and advances

These are stated at amortised cost less impairment if any.

4.10 Trade debts and other receivables and related impairment

Trade debts and other receivables shall be 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 doubtful debts. 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.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks less short-term running finances with the maturity of three months or less from the date of acquisition. The cash and cash equivalent are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in values.

4.12 Retirement and other service benefits

The Company has following plans for its employees:

4.12.1 Defined contribution plan

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

- a recognised provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, a related party, under the Voluntary Pension System Rules, 2005, viz, 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 9% for workers and 11% for management staff 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.

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and conditions specified thereunder.

4.12.2 Defined benefit plan - Gratuity

The Company operates a funded gratuity scheme for management staff and an unfunded gratuity scheme for non-management employees. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuations were carried out at June 30, 2022.

The amount arising as a result of re-measurements is 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 is recognised immediately in the statement of profit or loss irrespective of the fact that the benefits are vested or non-vested.

4.12.3 Compensated absences

Provisions are made to cover the obligations under the scheme on accrual basis and are charged to the statement of profit or loss. Provision for compensated absences is calculated on the basis of one month's gross salary. The Company's liability under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation were carried out at June 30, 2022.

4.13 Trade and other payables

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

4.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as a part of the cost of that asset. All other borrowing costs are charged to the statement of profit or loss.

4.15 Ijarah rentals

Ijarah payments under an ijarah arrangement are recognised as an expense in the statement of profit or loss on a straight line basis over the Ijarah terms unless another systematic basis is representative of the time pattern of the user's benefit.

4.16 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.

4.17 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.

4.18 Foreign currency translations

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year-end foreign exchange rates. Non-monetary assets and liabilities are translated using the exchange rate that existed when the values were determined. Exchange differences on foreign currency translations are taken to the statement of profit or loss.

4.19 Interest / mark-up bearing loans and borrowings

Interest / mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

4.20 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, 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

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognised using the statement of financial position 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 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.

4.21 Revenue recognition

The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when the entity satisfies a performance obligation

The Company manufactures and sales automotive parts and allied products. Revenue from sale of goods is recognized when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are dispatched to customers.

4.22 Other income

Rental income on land and buildings from related parties is recognised as revenue on a straight line basis over the term of the respective lease arrangements.

Mark-up on bank accounts, return on short term investments and other income is recognised on accrual basis.

4.23 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, PLANT AND EQUIPMENT

	Note	2022	2021
		--- Rupees in '000 ---	
Operating fixed assets	5.1	**5,663,763**	5,637,434
Capital work-in-progress	5.4	**7,153**	34,315
		5,670,916	5,671,749

5.1 Operating fixed assets

	Leasehold Land	Factory Building on Leasehold Land	Office Building on Leasehold Land	Plant and Machinery	Power Generators	Electrical Fittings	Office Equipment	Computer and Other IT Related Equipment	Furniture and Fittings	Vehicles	Sui Gas, Water and Drainage Lines	Dies, Jigs & Other Equipment	Total
	Rupees in '000												
At July 1, 2020													
Cost	5,000,653	298,923	4,353	604,364	203,312	43,630	9,103	22,755	7,075	18,733	4,568	207,220	6,424,689
Accumulated depreciation	-	78,372	2,744	177,721	31,499	10,516	4,003	17,541	2,462	5,643	1,782	148,088	480,371
Net book value	**5,000,653**	**220,551**	**1,609**	**426,643**	**171,813**	**33,114**	**5,100**	**5,214**	**4,613**	**13,090**	**2,786**	**59,132**	**5,944,318**
Year ended June 30, 2021													
Opening net book value	5,000,653	220,551	1,609	426,643	171,813	33,114	5,100	5,214	4,613	13,090	2,786	59,132	5,944,318
Additions including transfer from CWIP	-	2,115	-	30,673	16,286	218	304	849	-	13,333	-	12,675	76,453
Transfers													
- cost	-	33,324	-	-	(33,324)	-	-	-	-	-	-	-	-
- accumulated depreciation	-	(8,830)	-	-	8,830	-	-	-	-	-	-	-	-
	-	24,494	-	-	(24,494)	-	-	-	-	-	-	-	-
Disposal													
- cost	-	-	-	190,394	21,885	6,659	2,064	852	786	6,792	-	171,866	401,298
- accumulated depreciation	-	-	-	(60,692)	(2,337)	(3,029)	(915)	(425)	(329)	(2,935)	-	(171,487)	(242,149)
	-	-	-	129,702	19,548	3,630	1,149	427	457	3,857	-	379	159,149
Write off													
- cost	-	116,749	-	-	-	-	-	-	-	-	-	-	116,749
- accumulated depreciation	-	(31,764)	-	-	-	-	-	-	-	-	-	-	(31,764)
	-	84,985	-	-	-	-	-	-	-	-	-	-	84,985
Depreciation charge	-	30,176	218	37,834	13,979	3,263	770	3,842	453	3,743	279	44,646	139,203
Closing net book value	**5,000,653**	**131,999**	**1,391**	**289,780**	**130,078**	**26,439**	**3,485**	**1,794**	**3,703**	**18,823**	**2,507**	**26,782**	**5,637,434**
At June 30, 2021													
Cost	5,000,653	217,613	4,353	444,643	164,389	37,18[illegible]	7,343	22,752	6,289	25,274	4,568	48,029	5,983,095
Accumulated depreciation	-	85,614	2,962	154,863	34,311	10,750	3,858	20,958	2,586	6,451	2,061	21,247	345,661
Net book value	**5,000,653**	**131,999**	**1,391**	**289,780**	**130,078**	**26,439**	**3,485**	**1,794**	**3,703**	**18,823**	**2,507**	**26,782**	**5,637,434**
Year ended June 30, 2022													
Opening net book value	5,000,653	131,999	1,391	289,780	130,078	26,439	3,485	1,794	3,703	18,823	2,507	26,782	5,637,434
Additions including transfer from CWIP	-	-	-	245,925	-	-	-	8,102	-	32,046	-	31,254	317,327
Disposal / transfers (note 5.3)													
- cost	-	45,721	4,353	205,665	26,267	33,520	5,838	20,474	6,289	19,426	4,568	37,738	409,859
- accumulated depreciation	-	(32,044)	(2,962)	(101,848)	(1,352)	(12,306)	(3,711)	(20,474)	(2,818)	(4,293)	(2,285)	(36,065)	(220,158)
	-	13,677	1,391	103,817	24,915	21,214	2,127	-	3,471	15,133	2,283	1,673	189,701
Depreciation charge	-	13,418	-	31,704	16,037	2,352	434	2,667	232	5,498	224	28,731	101,297
Closing net book value	**5,000,653**	**104,904**	**-**	**400,184**	**89,126**	**2,873**	**924**	**7,229**	**-**	**30,238**	**-**	**27,632**	**5,663,763**
At June 30, 2022													
Cost	5,000,653	171,892	-	484,903	138,122	3,669	1,505	10,380	-	37,894	-	41,545	5,890,563
Accumulated depreciation	-	66,988	-	84,719	48,996	796	581	3,151	-	7,656	-	13,913	226,800
Net book value	**5,000,653**	**104,904**	**-**	**400,184**	**89,126**	**2,873**	**924**	**7,229**	**-**	**30,238**	**-**	**27,632**	**5,663,763**
Depreciation rate (% per annum)		**5 - 10**	**5**	**10 - 20**	**10 - 35**	**10**	**15**	**33.33**	**10**	**20**	**10**	**50**	

5.2 Depreciation charge has been allocated as follows:

	Note	2022	2021
		--- Rupees in '000 ---	
Cost of sales	27.1	**97,710**	133,389
Administrative and general expenses	28	**3,587**	5,814
		101,297	139,203

5.3 Details of operating fixed assets disposed-off during the year:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss) / profit	Method of disposal	Sold to
	----------	Rupees in '000	----------				
Items having net book value exceeding Rs.500,000 each							
Building	5,516	2,199	3,317	166	(3,151)	Negotiation	Akram Scrap Dealer, Karachi
	7,120	5,812	1,308	63	(1,245)	Negotiation	Akram Scrap Dealer, Karachi
	2,775	1,581	1,194	60	(1,134)	Negotiation	Akram Scrap Dealer, Karachi
	1,273	165	1,108	53	(1,055)	Negotiation	Akram Scrap Dealer, Karachi
	1,203	390	813	41	(772)	Negotiation	Akram Scrap Dealer, Karachi
	1,447	758	689	34	(655)	Negotiation	Akram Scrap Dealer, Karachi
	1,470	885	585	29	(556)	Negotiation	Akram Scrap Dealer, Karachi
	1,000	435	565	28	(537)	Negotiation	Akram Scrap Dealer, Karachi
	642	83	559	27	(532)	Negotiation	Akram Scrap Dealer, Karachi
	939	385	554	28	(526)	Negotiation	Akram Scrap Dealer, Karachi
	982	478	504	25	(479)	Negotiation	Akram Scrap Dealer, Karachi
	834	332	502	25	(477)	Negotiation	Akram Scrap Dealer, Karachi
	25,201	**13,503**	**11,698**	**579**	**(11,119)**		
Plant and machinery	41,425	22,166	19,259	926	(18,333)	Negotiation	Akram Scrap Dealer, Karachi
	15,688	8,050	7,638	367	(7,271)	Negotiation	Akram Scrap Dealer, Karachi
	10,322	4,239	6,083	162	(5,921)	Negotiation	Akram Scrap Dealer, Karachi
	6,640	2,851	3,789	182	(3,607)	Negotiation	Akram Scrap Dealer, Karachi
	4,903	1,228	3,675	177	(3,498)	Negotiation	Akram Scrap Dealer, Karachi
	7,707	4,459	3,248	156	(3,092)	Negotiation	Akram Scrap Dealer, Karachi
	5,557	2,472	3,085	148	(2,937)	Negotiation	Akram Scrap Dealer, Karachi
	5,046	2,230	2,816	75	(2,741)	Negotiation	Akram Scrap Dealer, Karachi
	4,735	1,930	2,805	135	(2,670)	Negotiation	Akram Scrap Dealer, Karachi
	4,210	1,788	2,422	116	(2,306)	Negotiation	Akram Scrap Dealer, Karachi
	2,900	667	2,233	59	(2,174)	Negotiation	Akram Scrap Dealer, Karachi
	5,174	3,027	2,147	57	(2,090)	Negotiation	Akram Scrap Dealer, Karachi
	3,690	1,641	2,049	99	(1,950)	Negotiation	Akram Scrap Dealer, Karachi
	2,908	931	1,977	53	(1,924)	Negotiation	Akram Scrap Dealer, Karachi
	3,038	1,266	1,772	47	(1,725)	Negotiation	Akram Scrap Dealer, Karachi
	3,031	1,348	1,683	81	(1,602)	Negotiation	Akram Scrap Dealer, Karachi
	3,885	2,243	1,642	44	(1,598)	Negotiation	Akram Scrap Dealer, Karachi
	2,804	1,777	1,027	27	(1,000)	Negotiation	Akram Scrap Dealer, Karachi
	1,527	732	795	21	(774)	Negotiation	Akram Scrap Dealer, Karachi
	1,508	837	671	32	(639)	Negotiation	Akram Scrap Dealer, Karachi
	933	415	518	25	(493)	Negotiation	Akram Scrap Dealer, Karachi
	6,558	1,078	5,480	9,666	4,186	Negotiation	Atlas Honda Limited, a related party
	8,725	3,643	5,082	8,964	3,882	Negotiation	Atlas Honda Limited, a related party
	4,745	-	4,745	8,370	3,625	Negotiation	Atlas Honda Limited, a related party
	4,954	2,131	2,823	4,980	2,157	Negotiation	Atlas Honda Limited, a related party
	5,828	3,591	2,237	3,947	1,710	Negotiation	Atlas Honda Limited, a related party
	4,520	2,493	2,027	3,575	1,548	Negotiation	Atlas Honda Limited, a related party
	3,163	1,162	2,001	3,530	1,529	Negotiation	Atlas Honda Limited, a related party
	2,445	751	1,694	2,988	1,294	Negotiation	Atlas Honda Limited, a related party
	2,723	1,445	1,278	2,254	976	Negotiation	Atlas Honda Limited, a related party
	801	222	579	1,022	443	Negotiation	Atlas Honda Limited, a related party
	1,041	468	573	1,010	437	Negotiation	Atlas Honda Limited, a related party
	889	322	567	1,001	434	Negotiation	Atlas Honda Limited, a related party
	889	322	567	1,001	434	Negotiation	Atlas Honda Limited, a related party
	889	322	567	1,001	434	Negotiation	Atlas Honda Limited, a related party
	889	322	567	1,001	434	Negotiation	Atlas Honda Limited, a related party
	186,692	**84,569**	**102,121**	**57,299**	**(44,822)**		
Power generators	14,580	7,115	7,465	359	(7,106)	Negotiation	Akram Scrap Dealer, Karachi
	4,226	773	3,453	92	(3,361)	Negotiation	Akram Scrap Dealer, Karachi
	3,139	1,794	1,345	65	(1,280)	Negotiation	Akram Scrap Dealer, Karachi
	2,836	1,635	1,201	32	(1,169)	Negotiation	Akram Scrap Dealer, Karachi
	24,781	**11,317**	**13,464**	**548**	**(12,916)**		

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss) / profit	Method of disposal	Sold to
	Rupees in '000						
Electrical fittings	16,754	5,608	11,146	536	(10,610)	Negotiation	Akram Scrap Dealer, Karachi
	6,434	2,199	4,235	204	(4,031)	Negotiation	Akram Scrap Dealer, Karachi
	6,494	2,321	4,173	111	(4,062)	Negotiation	Akram Scrap Dealer, Karachi
	1,488	864	624	17	(607)	Negotiation	Akram Scrap Dealer, Karachi
	1,163	658	505	13	(492)	Negotiation	Akram Scrap Dealer, Karachi
	32,333	**11,650**	**20,683**	**881**	**(19,802)**		
Furniture and Fixture	1,525	706	819	22	(797)	Negotiation	Akram Scrap Dealer, Karachi
	1,056	285	771	21	(750)	Negotiation	Akram Scrap Dealer, Karachi
	1,404	739	665	18	(647)	Negotiation	Akram Scrap Dealer, Karachi
	3,985	**1,730**	**2,255**	**61**	**(2,194)**		
Sui Gas, drainage lines	**3,726**	**1,832**	**1,894**	**91**	**(1,803)**	Negotiation	Akram Scrap Dealer, Karachi
Vehicles	3,591	180	3,411	3,411	-	Company policy	Jawaid Iraqi (Ex- Key Management Personnel)
	1,406	205	1,201	1,201	-	Company policy	Syed Osama Thair (Ex-employee)
	1,135	-	1,135	1,135	-	Company policy	Sadaqat Ali Khan (Key Management Personnel)
	1,406	288	1,118	1,118	-	Company policy	Shahzaib Iftikhar (Ex-employee)
	984	66	918	918	-	Company policy	Jawaid Iraqi (Ex- Key Management Personnel)
	696	-	696	696	-	Company policy	Shirazi Investment (Private) Limited
	694	-	694	694	-	Company policy	Ashraf Malik (Employee)
	694	-	694	694	-	Company policy	Syed Ahmed Jawad (Employee)
	885	383	502	502	-	Company policy	Furqan Rasheed (Employee)
	11,491	**1,122**	**10,369**	**10,369**	**-**		
	288,209	**125,723**	**162,486**	**69,828**	**(92,656)**		
Items having net book value upto Rs.500,000 each	**121,650**	**94,435**	**27,215**	**8,778**	**(18,437)**		
June 30, 2022	**409,859**	**220,158**	**189,701**	**78,606**	**(111,093)**		
June 30, 2021	401,298	242,149	159,149	95,567	(63,582)		

		Note	2022	2021
			--- Rupees in '000 ---	
5.4	**Capital work-in-progress**			
	Plant and machinery		**5,607**	6,223
	Power generators		**-**	26,659
	Vehicles		**1,546**	1,433
			7,153	34,315

6. INTANGIBLE ASSETS

These represent computer software licenses.

	Note	2022	2021
Year ended June 30,			
Opening net book value		**1,643**	3,588
Less: amortisation charge	**28**	**1,297**	1,945
Closing net book value		**346**	1,643
At June 30,			
Cost		**17,084**	17,084
Less: accumulated amortisation		**16,738**	15,441
Net book value		**346**	1,643
Amortisation rate (% per annum)		**33.33**	33.33

7. LONG TERM LOANS

	Note	2022	2021
		--- Rupees in '000 ---	
Considered good			
Loans and advances to employees other than key management personnel	7.1	678	1,060
Less: amounts due within one year and shown under current assets	13	624	715
		54	345

7.1 These represent loans and advances provided to employees as per the terms of employment. These carry mark-up at the rate of 1% per month (2021: 1%) and are recoverable in equal monthly instalments over a period of maximum 20 months. These loans are secured against employees' retirement benefits.

7.2 The carrying values of these loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.

8. LONG TERM DEPOSITS

	Note	2022	2021
		--- Rupees in '000 ---	
Considered good - unsecured and interest-free			
Security deposits for:			
-Utilities		1,051	1,051
-Suppliers		246	246
-Others		769	769
		2,066	2,066

9. DEFERRED TAXATION - NET

	Note	2022	2021
Deductible temporary differences arising in respect of:			
- provisions		17,239	19,637
- unused tax losses		13,875	87,705
		31,114	107,342
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation and amortisation		(42,784)	(56,166)
		(11,670)	51,176

9.1 Movement in the account of deferred tax

	Note	2022	2021
Balance at beginning of the year		51,176	33,099
Reversal / (charge) for the year:			
- Statement of profit and loss		20,894	18,506
- Other comprehensive income		344	(429)
Tax losses transferred to holding company	15.1	(84,084)	-
		(11,670)	51,176

10. STORES, SPARES AND LOOSE TOOLS

	Note	2022	2021
Consumable stores		8,003	8,118
Maintenance spares		1,235	2,036
Loose tools		26,386	19,087
		35,624	29,241

11. STOCK-IN-TRADE

	Note	2022	2021
		--- Rupees in '000 ---	
Raw materials and components - in hand		183,070	123,760
Work in process		13,851	8,212
Finished goods		69,668	29,697
Items in transit		-	32,812
		266,589	194,481
Less: provision for slow moving stock		17,280	17,280
		249,309	177,201

12. TRADE DEBTS - Unsecured

	Note	2022	2021
Consider doubtful - others		16,125	19,100
Less: expected credit loss allowance	12.1	16,125	19,100
		-	-

12.1 Expected credit loss allowance

Balance at beginning of the year		19,100	14,997
Add: charge for the year		-	4,103
Less: reversal during the year		2,975	-
Balance at end of the year		16,125	19,100

12.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.93.21 million (2021: Nil).

13. LOANS AND ADVANCES

	Note	2022	2021
		--- Rupees in '000 ---	
Considered good			
Current portion of long term loans to employees other than key management personnel	7	624	715
Advances to employees		-	141
Advances to suppliers - unsecured		2,509	-
		3,133	856

14. TRADE DEPOSITS

	Note	2022	2021
Margin against letter of guarantees	14.1	16,261	16,261
Margin against letter of credit		4,013	-
Deposit to suppliers / others		6,310	505
		26,584	16,766

14.1 This includes term deposits of Rs.13,223 thousand and placed on roll over basis with commercial banks at a mark-up rate of 5.50% and are under lien with the banks against a bank guarantees issued on behalf of the Company.

15. OTHER RECEIVABLES - considered good

	Note	2022	2021
		--- Rupees in '000 ---	
Sales tax refundable - net		34,046	-
Profit on term deposit receipts and saving account		339	761
Atlas Engineering (Private) Limited - Employees provident fund		5,219	-
Due from Shirazi Investments (Private) Limited - related party	15.1	127,650	43,566
		167,254	44,327

15.1 Represents amount receivables in respect of group taxation under section 59AA of Income Tax Ordinance, 2001 for the year ended June 30, 2019 and June 30, 2020. The maximum aggregate amount due from related parties at the end of any month during the year was Rs.127.650 million (2021: Rs.43.566 million). The amount Rs.43.566 million is due for more than one year.

	Note	2022	2021
16. SHORT TERM INVESTMENTS - at fair value through profit or loss		--- Rupees in '000 ---	

2022	2021			
----- Number of units -----		**Related party**		
804,778	767,785	Atlas Money Market Fund	**408,431**	388,405

17. CASH AND BANK BALANCES

	2022	2021
Cash in hand	**84**	71
Cash at banks in:		
- current accounts	**37,429**	28,186
- saving deposit account	**40,038**	220,692
	77,551	248,949

17.1 Saving accounts carry profit ranging up to 12.25% (2021: 5.5%) per annum.

18. SHARE CAPITAL

18.1 Authorised capital

2022	2021		2022	2021
---Number of shares---			--- Rupees in '000 ---	
40,000,000	40,000,000	Ordinary shares of Rs.10 each	**400,000**	400,000

18.2 Issued, subscribed and paid-up capital

2022	2021		2022	2021
---Number of shares---				
21,610,283	21,610,283	Ordinary shares of Rs.10 each fully paid in cash	**216,103**	216,103
49,800	49,800	Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash	**498**	498
3,013,307	3,013,307	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**30,133**	30,133
(986,936)	(986,936)	Reduction in capital	**(9,869)**	(9,869)
23,686,454	23,686,454		**236,865**	236,865

18.3 Shirazi Investments (Private) Limited and its nominees hold 100% ordinary shares of the Company as at June 30, 2022 and 2021.

	Note	2022	2021
19. SURPLUS ON REVALUATION OF LEASEHOLD LAND		---- Rupees in '000 ----	
Surplus on revaluation of leasehold land	19.1	**4,937,524**	4,937,524

19.1 The latest revaluation of leasehold land was carried out in June 30, 2020 by M/s. Surval - Engineers, Surveyor and Technical Consultant resulting in surplus amounting Rs.4,389.46 million which is credited to surplus on revaluation of leasehold land. Had the land been carried at cost, it would have been carried Rs.63.129 million. Forced sale value of the land at the time of revaluation was Rs.4,002.98 million.

20. LONG TERM LOANS

	Note	2022	2021
		---- Rupees in '000 ----	
Financing under term finance agreement	20.2	**200,000**	266,667
Financing under refinance scheme for salaries and wages	20.3	**37,766**	113,298
Islamic Temporary Economic Refinance Facility	20.4	**195,215**	-
		432,981	379,965
Adjustment pertaining to fair value of loan at below market interest rate	20.5	**(58,698)**	(4,733)
		374,283	375,232
Less: current maturity		**(104,370)**	(134,605)
		269,913	240,627

20.1 Movement in long term loan at face value

	2022	2021
Balance at beginning of the year	**379,965**	371,081
Loan obtained during the year	**195,215**	79,983
Loan re-paid during the year	**(142,199)**	(71,099)
	432,981	379,965

20.2 Represents financing obtained from a commercial bank for capital expenditure (incurred and to be incurred) carrying mark-up at the rate of 3 months KIBOR + 0.95% (2021: 3 months KIBOR + 0.95%). The loan along with the mark-up is repayable in 18 equal quarterly instalment commencing from January 2021. The Company during the year repaid instalments aggregating Rs.66.667 million (2021: Rs.33.33 million). The facility is secured by way of first pari-passu charge over immovable fixed assets and by way of hypothecation on movable fixed assets of the Company.

20.3 Represents financing obtained from a commercial bank under the refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of 1% per annum. The loan along with the mark-up is repayable in 8 equal quarterly instalments commencing from January 2021. The Company during the year repaid instalments aggregating Rs.75.532 million (2021: Rs.37.77 million). The facility is secured by way of first pari-passu hypothecation charge over the fixed assets.

20.4 This represents diminishing musharakah loan received from Meezan Bank Limited under Islamic Temporary Economic Refinance Facility (ITERF) introduced by State Bank of Pakistan to finance CAPEX of the Company. The facility is secured against first pari passu hypothecation charge over all present and future plant, machinery and equipment with 25% margin amounting to PKR 200 million in favour of the Bank. Mark-up is chargeable at SBP rate (1%) plus 2% bps per annum. The loan is for ten years with a grace period of two years and is repayable in thirty two quarterly instalments starting from October 2023.

		Note	2022	2021
			---- Rupees in '000 ----	
20.5	**Adjustment pertaining to fair value of loan at below market interest rate**			
	Difference of fair value of loan and loan received		**66,661**	12,853
	Amortisation of loan		**(7,963)**	(8,120)
			58,698	4,733

21. DEFERRED INCOME - GOVERNMENT GRANT

	Note	2022	2021
Balance at beginning of the year		**4,733**	6,676
Recognised during the year		**61,928**	6,177
Less: released to the statement of profit or loss	**31**	**7,963**	8,120
Balance at end of the year		**58,698**	4,733
Less: current portion		**10,041**	4,671
		48,657	62

21.1 The Company recognised government grant on loan at below market interest rate received - (note 20.3 and 20.4) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

22. DEFERRED LIABILITIES

	Note	2022	2021
Staff retirement benefit funds - gratuity	**22.1.4**	**7,031**	12,985
Compensated absences	**22.2**	**19,012**	18,348
		26,043	31,333

22.1 Staff retirement benefit funds - gratuity

22.1.1 The Company has established two separate funded gratuity schemes for its management and non-management staff, who completes qualifying period of service.

22.1.2 These benefit plans are trustee-administered funds and are governed by local regulations which mainly include Trust Act, 1882, the Act, Income Tax Rules, 2002 and Rules under the Trust deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contributions schedules lies with the board of trustees. The Company appoints the trustees and all trustees are employees of the Company.

22.1.3 The latest actuarial valuations of the Funds as at June 30, 2022 were carried out using the 'Projected Unit Credit Method'. Details of the Funds as per the actuarial valuations are as follows:

	2022		2021	
	Management	Non-Management	Management	Non-Management
	Rupees in '000			
22.1.4 Reconciliation				
Present value of defined benefit obligation	29,086	3,020	28,440	2,793
Fair value of plan assets	(25,558)	-	(20,887)	-
	3,528	3,020	7,553	2,793
Payable in respect of inter group transfers	483	-	2,639	-
	4,011	3,020	10,192	2,793
22.1.5 Movement in present value of defined benefit obligation				
Balance at beginning of the year	28,440	2,793	31,630	2,130
Current service cost	1,918	170	2,078	127
Interest cost	2,841	291	2,484	195
Benefits paid	(5,147)	(172)	(6,958)	(230)
Re-measurements	(79)	(62)	106	571
Payable / (receivable) from related parties in respect of transferees	1,113	-	(900)	-
Balance at end of the year	29,086	3,020	28,440	2,793
22.1.6 Movement in fair value of plan assets				
Balance at beginning of the year	20,887	-	20,577	-
Expected return on plan assets	1,998	-	1,503	-
Contributions	10,191	-	3,829	-
Benefits paid	(5,147)	-	(6,958)	-
Re-measurement	(1,328)	-	2,157	-
Payable to related parties in respect of transferees	(1,043)	-	(221)	-
Balance at end of the year	25,558	-	20,887	-
22.1.7 Movement in net liability in the statement of financial position				
Balance at beginning of the year	10,192	2,793	13,013	2,130
Expense recognised for the year	2,761	461	3,059	322
Contributions benefits paid	(10,191)	(172)	(3,829)	(230)
Re-measurements	1,249	(62)	(2,051)	571
Balance at end of the year	4,011	3,020	10,192	2,793
22.1.8 Amounts recognised in the statement of profit or loss				
Current service cost	1,918	170	2,078	127
Interest cost	2,841	291	2,484	195
Expected return on assets	(1,998)	-	(1,503)	-
Charge for the year	2,761	461	3,059	322

	2022		2021	
	Management	Non-Management	Management	Non-Management
	---------- Rupees in '000 ----------			
22.1.9 Re-measurements recognised in other comprehensive income				
(Gain) / loss from change in financial assumptions	(193)	(12)	111	14
Loss from change in demographic assumptions	-	223		-
Experience loss / (gain) on re-measurement	114	(273)	(5)	557
Loss on re-measurement of plan assets	1,247	-	1,994	-
Difference in opening fair value	81	-	(163)	-
	1,249	(62)	(2,051)	571
22.1.10 Principal actuarial assumptions:				
Discount rate as at June 30,	13.25%	13.25%	10.00%	10.25%
Expected rate of increase in future salaries - first year	12.00%	13.00%	12.00%	12%
-long term	12.25%	12.25%	9.00%	9.25%
Mortality rates (for death in service)	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Moderate	Ultra Heavy	Moderate	Light
22.1.11 Actual return on plan assets	751	-	3,497	-

22.1.12 Plan assets comprise of the following:	2022		2021	
	Rs. in '000	%	Rs. in '000	%
Debt instruments	7,158	28.0%	9,749	46.7%
Shares and units of mutual funds	18,252	71.4%	11,041	52.9%
Cash	148	0.6%	98	0.5%
	25,558	100%	20,888	100%

22.1.13 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 the fixed interest investments are based on gross redemption yields as at the reporting date.

22.1.14 Expected contribution to management and non management staff gratuity fund for the year ending June 30, 2023 is Rs.2.242 million and Rs.0.692 million respectively.

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

	Impact on defined benefit obligation - Non Management			Impact on defined benefit obligation - Management		
	Change in assumptions	Increase in assumption	Decrease in assumption	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	0.50%	2,955	3,091	1.00%	27,879	30,454
Future salary increase	0.50%	3,084	2,961	1.00%	30,319	27,984

The above sensitivity analyses are 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 defined benefit 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.

22.1.16 The weighted average duration of defined benefit obligation for management and non-management plans is 4.41 years and 4.48 years respectively. The expected maturity analysis of undiscounted retirement benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	----------	----------	Rupees in '000	----------	----------
Management staff	**6,231**	**13,108**	**9,348**	**49,304**	**77,991**
Non-management staff	**591**	**851**	**1,729**	**16,823**	**19,994**
Total	**6,822**	**13,959**	**11,077**	**66,127**	**97,985**

22.2 Compensated absences

	2022	2021
	---- Rupees in '000 ----	
Balance at beginning of the year	**18,348**	14,326
Add: provision for the year	**4,521**	5,492
Less: payments made during the year	**3,857**	1,470
Balance at end of the year	**19,012**	18,348

22.2.1 Includes liability in respect of key management personnel aggregating to Rs.10.673 million (2021: Rs.6.302 million).

23. TRADE AND OTHER PAYABLES

	Note	2022	2021
		---- Rupees in '000 ----	
Creditors		**76,443**	77,269
Accrued liabilities		**89,281**	100,776
Royalty and technical fee payable		**11,319**	10,341
Sales tax payable - net		-	31,192
Workers' Welfare Fund	29	**66**	1,735
Provisions	23.1	**243,805**	298,199
Deposit from employees		**1,858**	2,719
Others		**16,625**	16,470
		439,397	538,701

23.1 Provisions

	Balance at beginning of the year	Charge for the year	Payments during the year	Balance at end of the year
	----------- (Rupees in '000) -----------			
Gas Infrastructure Development Cess (note 23.1.1)	147,095	-	-	147,095
OGRA Gas tariff difference	47,572	-	-	47,572
Sindh Infrastructure Development Cess	29,737	8,158	-	37,895
Bonus	73,795	95,049	(157,601)	11,243
2022	**298,199**	**103,207**	**(157,601)**	**243,805**
2021	263,399	81,262	(46,462)	298,199

23.1.1 Represents provision for Gas Infrastructure Development Cess (GIDC). The Honourable Supreme Court of Pakistan (SCP) has upheld the GIDC Act, 2015 to be constitutional and intra-vires allowing settlement of GIDC over a period of forty-eight monthly instalments. However, the Company has filed as appeal before the Honourable High Court of Sindh (the Court) on the grounds that no burden of GIDC had been passed to its customers and thus, the Company is not liable to pay GIDC under GIDC Act, 2015. The Court vide its order dated October 20, 2020 has granted stay to the Company.

24. SHORT TERM BORROWINGS - Secured

24.1 Represents the running finance facilities available from various commercial banks under mark-up arrangements aggregated to Rs.772 million (2021: Rs.530 million) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts with 25% margin. The rates of mark-up of these facilities during the year ranged from 3 months KIBOR + 0.2% to 1 month KIBOR + 2% (2021: 3 months KIBOR + 0.2% to 1 month KIBOR + 2%) per annum. These facilities are expiring on various dates by November 30, 2022.

24.2 The facilities for opening letters of credit as at June 30, 2022 aggregated to Rs.844 million (2021: Rs.650 million) of which the amount remained unutilised at year end was Rs.777.25 million (2021: Rs.422 million). These finance facilities are also secured against lien over import documents.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

Various cases have been filed against the Company by some of the former employees for reinstatement of service and are pending in different courts of Pakistan. The management is confident that outcome of these cases will be in favour of the Company and hence no provision is made in these financial statements.

Guarantees aggregating to Rs.117.37 million (2021: Rs.109.37 million) have been issued by commercial banks to government and semi government institutions for utilities, import of raw materials and supply of goods.

25.2 Commitments

25.2.1 Commitments outstanding for letters of credit relating to capital expenditure, raw materials and components as at June 30, 2022 aggregated to Rs.66.75 million (2021: Rs.227.79 million).

25.2.2 Commitments outstanding for capital expenditure other than through letters of credit as at June 30, 2022 aggregated to Nil (2021: Nil).

25.2.3 The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	2022	2021
	--- Rupees in '000 ---	
Within one year	**8,877**	7,027
After one year but not more than five years	**11,679**	13,371
	20,556	20,398

26. SALES - Net

	Note	2022	2021
		--- Rupees in '000 ---	
Local sales			
- manufacturing activity		**2,361,633**	2,786,920
Less:			
- sales tax		**344,291**	406,653
- discounts		**-**	659
		344,291	407,312
		2,017,342	2,379,608

27. COST OF SALES

	Note	2022	2021
Opening stock of finished goods		**29,697**	77,973
Cost of goods manufactured	27.1	**1,868,520**	1,987,621
Less: closing stock of finished goods		**69,668**	29,697
		1,828,549	2,035,897

27.1 Cost of goods manufactured

	Note	2022	2021
Raw and ancillary materials consumed		**862,848**	900,281
Stores, spares and loose tools consumed		**98,938**	133,335
Salaries and other benefits	27.2	**413,593**	487,240
Travelling		**2,093**	1,696
Fuel, water and power		**307,143**	241,808
Ijarah rentals		**5,138**	8,071
Repair and maintenance		**74,794**	59,150
Rent, rates and taxes		**925**	181
Royalty and technical fee	27.3	**22,957**	20,605
Insurance		**11,768**	11,825
Printing & stationery, postage and telephone		**962**	929
Training expenses		**-**	3,492
Depreciation related to operating fixed assets	5.2	**97,710**	133,389
General expenses		**13,542**	15,532
Reimbursement of fixed expenses	27.4	**(38,252)**	(38,591)
		1,874,159	1,978,943
Opening work-in-process		**8,212**	16,890
Closing work-in-process		**(13,851)**	(8,212)
		(5,639)	8,678
Cost of goods manufactured		**1,868,520**	1,987,621
Opening stock of finished goods		**29,697**	77,973
Closing stock of finished goods		**(69,668)**	(29,697)
		(39,971)	48,276
		1,828,549	2,035,897

27.2 These include Rs.10.908 million (2021: Rs.12.243 million) in respect of staff retirement benefits.

27.3 Royalty charged in these financial statement pertains to Honda Foundry Limited - 1620, Matoba Kawago, Saitama, Japan.

27.4 Represents reimbursement of expenses received by the Company on account of salaries, wages and benefits and general expenses incurred during the year on behalf of related parties.

28. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2022	2021
		--- Rupees in '000 ---	
Salaries wages and allowances	28.1	**132,731**	127,178
Repairs and maintenance		**18,803**	16,582
Travelling and conveyance		**2,308**	1,799
Depreciation	5.2	**3,587**	5,814
Amortisation	6	**1,297**	1,945
Insurance		**1,699**	4,520
Subscription		**444**	444
Ijarah rentals		**642**	2,863
Printing & stationery, postage and telephone		**1,386**	884
Rent rates and taxes	28.2	**1,366**	2,795
Advertisement and publicity		**-**	844
Training expenses		**-**	1,383
General expenses		**6,702**	4,441
		170,965	171,492

28.1 Salaries and other benefits include Rs.3.445 million (2021: Rs.3.461 million) in respect of staff retirement benefits.

28.2 These include an amount of Nil (2021: Nil) in respect of short term leases.

29. OTHER EXPENSES

	Note	2022	2021
		--- Rupees in '000 ---	
Loss on disposal of operating fixed assets	5.3	**111,093**	63,582
Operating fixed asset written off	5.1	**-**	84,985
Legal and professional charges		**5,163**	1,787
Workers' welfare fund	23	**66**	1,735
Donation	29.1	**6,059**	800
Auditors' remuneration			
- statutory audit fee		**1,030**	1,030
- certifications and others		**783**	723
- out of pocket expenses		**132**	100
		1,945	1,853
		124,326	154,742

29.1 Donation of Rs.6,059 thousand (2021: Rs.800 thousand) charged in these financial statements pertains to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi (the Foundation). Mr. Frahim Ali Khan, Director of the Company is also Director of the Foundation.

30. FINANCE COSTS

	Note	2022	2021
		--- Rupees in '000 ---	
Mark-up on long term loans		**34,041**	33,014
Mark-up on short term finances		**12,453**	15,809
Bank and other financial charges		**1,341**	2,177
		47,835	51,000

31. OTHER INCOME

	Note	2022	2021
Rental income from related parties	31.1	**91,510**	101,917
Mark-up income on investment in term deposit receipts	31.2	**622**	12,737
Dividend income from mutual funds		**47,519**	8,970
Gain on sale of investments at fair value through profit or loss		**4,827**	-
Fair value gain on investments at fair value through profit or loss - mutual funds		**1,312**	389
Mark-up income on saving account		**850**	222
Amortisation of deferred income - government grant	21	**7,963**	8,120
		154,603	132,355

31.1 Represents rental income earned from following related parties:

	2022	2021
Atlas Autos (Private) Limited	**53,657**	50,958
Atlas Hitech (Private) Limited	**17,452**	16,683
Atlas GCI (Private) Limited	-	1,310
Atlas DID (Private) Limited	**20,401**	32,966
	91,510	101,917

31.2 Term deposit receipts (TDRs) matured during the year having maturity upto 365 days from the respective date of acquisition. Mark-up on these TDRs is 5.50% (2021: ranged from 6.05% to 12.00%) per annum.

32. TAXATION

	2022	2021
	--- Rupees in '000 ---	
Current tax		
Current tax on profit for the year	**32,345**	40,120
Adjustments for current tax of prior years	**453**	(1,039)
	32,798	39,081
Deferred tax -		
Origination and reversal of temporary differences	**(20,894)**	(18,506)
	11,904	20,575

32.1 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. No numeric tax reconciliation for the current year is given in the financial statements, as provision made during the year primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 150 and 153 of the Ordinance. Relationship between tax expense and accounting profit for the preceding year is as follows:

	2021 Rupees in '000
Profit before taxation	85,011
Tax at the applicable rate of 29%	24,653
Tax effect of:	
- amount not deductible for tax purposes	88,177
- amount deductible for tax purposes but not taken to the statement of profit or loss	(71,341)
- income not subject to tax / income subject to final tax regime / prior year	(2,408)
Deferred taxation	(18,506)
	20,575

33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Executives	
	2022	2021	**2022**	2021
	---- Rupees in '000 ----		---- Rupees in '000 ----	
Managerial remuneration	**12,527**	10,988	**20,354**	12,995
House rent and utilities	**5,991**	5,255	**6,695**	7,587
Bonus	**6,790**	4,467	**4,594**	6,171
Retirement benefits	**1,198**	1,051	**1,339**	1,517
Reimbursable expenses	**1,635**	844	**2,252**	2,135
	28,141	22,605	**35,234**	30,405
Number of person(s)	**1**	1	**6**	6

33.1 Chief Executive is provided with the Company's maintained car and telephone at residence and some executives are also provided with the Company's vehicles in accordance with terms of employment.

33.2 No remuneration has been paid or is payable by the Company on account of remuneration of other directors for the year.

34. RELATED PARTIES

Related parties comprise of the Holding Company, Associated Companies, staff retirement funds, directors and key management personnel (members of management committee). The Company in the normal course of business carries out transactions with various related parties on mutually agreed terms. Amounts due from and to related parties are shown under receivables and payables. 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) Associated Companies due to common directorship

Atlas Honda Limited	Atlas Metals (Private) Limited
Atlas Insurance Limited	Shirazi Trading Company (Private) Limited
Atlas Autos (Private) Limited	Atlas DID (Private) Limited
Atlas Foundation	Honda Atlas Cars Pakistan Limited
Atlas Asset Management Limited	Atlas Energy Limited
Atlas Battery Limited	Atlas Hitec (Private) Limited

c) Directors

Mr. Aamir H. Shirazi	Mr. Saquib H. Shirazi
Mr. Frahim Ali Khan	Mr. Bashir Makki
Mr. Sadaqat Ali Khan	

d) Key management personnel

Mr. Muhammad Waseem	Mr. Abdul Sattar
Mr. Junaid Ahmed Siddiqui	Mr. Jawaid Iraqi

34.2 Transactions with related parties

	2022	2021
	--- Rupees in '000 ---	
The Holding Company		
Dividend paid	**23,686**	-
Purchases of goods and services	**2,349**	3,001
Receipt under group taxation	**102,712**	-
Sales of operating fixed asset	**869**	-
Associated Companies		
Sales of		
- goods and services	**1,993,602**	2,237,247
- operating fixed assets	**59,667**	80,734
Purchases of		
- goods and services	**58,863**	114,812
- operating fixed assets	**28,142**	23,380
Insurance premium paid	**22,976**	22,535
Lease rental received	**91,510**	101,917
Reimbursement of expenses	**338,753**	222,774
Purchase of units in mutual funds	**150,000**	388,016
Sale of units in mutual funds	**136,113**	-
Dividend received	**47,519**	8,970
Other related parties		
Contributions paid to:		
- Gratuity funds	**10,363**	4,059
- Provident fund / pension scheme	**13,219**	14,190
Key management personnel		
- salaries and other employment benefits	**39,496**	38,899
- sale of vehicles under company policy	**5,747**	2,928

The related party status of outstanding balances as at June 30, 2022 is included in 'Other receivables - note 15.1', 'Short term investments - note 16.1' and 'Compensated absences - note 22.2.1' respectively. These are generated in ordinary course of business.

35. FINANCIAL INSTRUMENTS BY CATEGORY

	2022	2022
	--- Rupees in '000 ---	
FINANCIAL ASSETS - amortised cost		
Long term loans and advances	**54**	345
Long term deposits	**2,066**	2,066
Current portion of long term loans and advances	**624**	715
Advances to employees	**-**	141
Trade deposits	**26,584**	16,766
Other receivables	**167,254**	44,327
Cash and bank balances	**77,551**	248,949
	274,133	313,309
At fair value through profit or loss		
Short term investments	**408,431**	388,405
	682,564	701,714
FINANCIAL LIABILITIES - amortised cost		
Long term financing	**269,913**	240,627
Trade and other payables	**206,835**	314,297
Current maturity of long term financing	**104,370**	134,605
Unclaimed dividends	**848**	848
Accrued mark-up	**14,154**	6,064
	596,120	696,441

36. FINANCIAL RISK MANAGEMENT

36.1 Financial 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).

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

(a) **Credit risk**

Credit risk represents the risk of financial loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk mainly arises from deposits with banks & financial instruments, loans and advances, deposits, trade debts and other receivables.

The carrying amount of financial assets represents the maximum credit exposure. The financial assets exposed to credit risk amounted to Rs.682,477 thousand (2021: Rs.701,643 thousand) as at June 30, 2022.

The maximum exposure to credit risk at the end of the reporting period is as follows:

	2022	2021
	---- Rupees in '000 ----	
Long term loans	**54**	345
Long term deposits	**2,066**	2,066
Current portion of long term loans	**624**	715
Trade deposits	**26,584**	16,766
Advances to employees	-	141
Other receivables	**167,254**	44,327
Short term investments	**408,431**	388,405
Bank balances	**77,467**	248,878
	682,480	701,643

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties.

All the trade debts at the reporting date represent domestic parties.

The credit quality of loans, advances, deposits and other receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. Accordingly, management does not expect any counter party to fail in meeting their obligations.

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

	Ratings		
Banks	**Agency**	**Short term**	**Long term**
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
National Bank of Pakistan	PACRA	A1+	AAA
Faysal Bank Limited	JCR-VIS	A-1+	AA
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1+	AA
Summit Bank Limited	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AAA

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty, in meeting obligation associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2022, the Company had Rs.772 million available borrowings limits from banks / financial institutions and bank balances of Rs.77.467 million.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
	Rupees in '000			
June 30, 2022				
Long term loans	**374,283**	**507,837**	**134,445**	**373,392**
Trade and other payables	**439,397**	**439,397**	**439,397**	-
Accrued mark-up	**14,154**	**14,154**	**14,154**	-
Unclaimed dividend	**848**	**848**	**848**	-
	828,682	**962,236**	**588,844**	**373,392**
June 30, 2021				
Long term financing	375,232	425,456	163,403	262,053
Trade and other payables	538,701	538,701	538,701	-
Accrued mark-up	6,064	6,064	6,064	-
Unclaimed dividend	848	848	848	-
	920,845	971,069	709,016	262,053

(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 value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist as a result of transactions with foreign undertakings. As of the statement of financial position date, the Company is not materially exposed to any such risk.

Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market interest rates.

The Company's interest rate exposure arises from long term loans and short term borrowings. Borrowings issued at variable rates expose the Company to cash flow risk and borrowing issued at fixed rate expose the Company to fair value interest rate risk. At June 30, 2022, the Company's interest bearing borrowings aggregated to Rs.374,283 thousand (2021: Rs.375,232 thousand).

At June 30, 2022, if the interest rates on the Company's borrowings had been 1% higher / (lower) with all other variables held constant, the calculated post-tax profit for the year would have been Rs.3,743 thousand (2021: Rs.3,752 thousand) lower / higher mainly as a result of higher / (lower) interest expense on floating rate borrowings.

Equity price risk

Equity price risk is the risk of loss arising from movement in price of equity instruments. The Company is not exposed to an equity price risk, as the Company does not have any instrument in equity shares as at the statement of financial position date.

36.2 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically re-priced.

IFRS 7, 'Financial Instruments Disclosures' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

All assets and liabilities of the Company fall within level 2 of the fair value hierarchy, except of short term investments which fall within level 1 of the fair value hierarchy, as of the statement of financial position date. However, there were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

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 gearing ratio of the Company is presented below:

	Note	2022	2021
		--- Rupees in '000 ---	
Long term loans	20	**374,283**	375,232
Total equity		**5,751,149**	5,784,337
		6,125,432	6,159,569
Gearing ratio		**6.11%**	6.09%

37. PLANT CAPACITY AND ACTUAL PRODUCTION

The production capacity of the plant cannot be determined as this depends on the relative proportions of various types of components and parts of vehicles and tractors produced.

38. NUMBER OF EMPLOYEES

	2022	2021
	Numbers	
Total number of employees	**112**	126
Average number of employees	**115**	129

39. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not material.

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on September 23 , 2022 by the Board of Directors of the Company.

Chairman **Chief Executive Officer**