ATLAS AUTOS (PRIVATE) LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

SW PAKISTAN

ShineWing Hameed Chaudhri & Co.
Chartered Accountants,
5TH Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi
Phones: 32412754, 32411474
Fax: 32424835
Email: khi@hccpk.com

August 30, 2023

DIRECTORS' REPORT

The Directors of your company take pleasure in presenting their report along with the annual audited financial statements and Auditor's Report thereon for the year ended June 30, 2023.

Economic Overview

In the year 2022-2023 the country has faced unparalleled difficulties which includes political instability, devastating floods, high level of inflation. The economy was further impacted by global economic slowdown due to higher commodity prices coupled with the Central Bank restrictive policies, such as high interest rates and import restrictions to correct the balance of payment and control inflation created a headwind for businesses, consumer confidence, and investment. Country faces various downside risks because of escalating levels of public debt and the depletion of reserves.

Overview of Company's affairs

Despite these tough economic conditions, the Company remained focused on investment in key strategic areas. By optimizing our production process, we focused on gaining additional business in the Polymer section by adding 4-wheeler segment and additional Atlas Battery business. Further, expansion in high pressure die casting and addition of heat treatment facility in ATDMC is the exciting opportunity that lies ahead. The timely execution of cost reduction measures, such as localization of Pridor Clutch and installation of solar projects of 800KW followed by the addition of 1,250KW project helped to mitigate the rising cost of utilities.

The lubricant business has found success by expanding into previously untapped markets. The network expansion strategy has played a crucial role in creating sustainable growth. To continuously create value for our distributors and to cater needs of the market the company has launched several new products. In line with our commitment to global expansion we will actively explore export avenues for lubricants and parts.

Resultantly, the Company recorded the profit before tax of Rs. 1,367 million.

Atlas Autos (Private) Limited
Head Office & Karachi Plant: 15th Mile, National Highway, Landhi, Karachi. **Ph:** (92-21) 35016921-4, 35015527, **Fax:** (92-21) 35011709
Sheikhupura Plant: 26/27 Km. LHR-SKP Road, Sheikhupura. **Ph:** (92-42) 7222222, (92-563) 406501-8 **Fax:** (92-563) 406009
Lahore Office: 1-McLeod Road, Lahore. **Ph:** (92-42) 7225015-17, 7233515-17 **Fax:** (92-42) 7233518
Islamabad Office: Islamabad Corporate Center Plot # 784/785, Gohlra Road Islamabad. **Ph:** (92-51) 5495921-7 **Fax:** (92-51) 5195928
Multan Office: Azmat Wasti Road, Multan. **Ph:** (92-61) 111-112-411, 4570413-14 **Fax:** (92-61) 4541690
Rahimyar Khan Office: Makhdoom Altaf Road, West Sadiq Canal Bank, Rahimyar Khan. **Ph:** (068) 5883415-19 **Fax:** (068) 5883414
Hyderabad Office: 2nd Floor, Dawood Centre, Autobhan Road, Hyderabad. **Ph:** (022) 3411361-9 **Fax:** (022) 34113670

Atlas Autos

Financial Results

The standalone financial results of your company for the year ended June 30, 2023 under review are summarized as follows:

	2023	2022
	(Rs. In "000")	
Profit before taxation	1,366,945	1,245,467
Taxation	(563,459)	(402,023)
Profit after taxation	**803,486**	**843,444**
Other comprehensive income		
(Loss)/Gain on remeasurement of staff retirement	(5,623)	(14,291)
Impact of deferred taxation	2,193	4,144
	(3,430)	(10,147)
Total comprehensive income	**800,056**	**833,297**

Dividend and Appropriations

The Board of Directors has recommended a final cash dividend of NIL per share (2022: Rs 1.00 per share final cash dividend). The Interim dividends of Rs. 1,100 million (11.0 per share) was declared and paid during the year.

	2023	2022
	(Rs. In "000")	
Profit available for appropriation	5,247,505	4,847,449
Appropriations:		
Interim Dividend	(1,100,000)	(300,000)
Final Cash Dividend (Proposed)	-	(100,000)
	4,147,505	**4,447,449**

Earnings per share

Basic earnings per share after tax is Rs. 8.0 per share (2022: Rs. 8.4)

Holding Company

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

Atlas Autos

Board of Directors

The Board comprises of one Executive and four Non-Executive directors. All the non-executive directors are independent from the management.

Auditors Appointment

The retiring auditor's M/s ShineWing Hameed Chaudhri & Co. Chartered Accountants, being eligible, offered themselves for re-appointment. The Board of Directors has recommended their re-appointment as auditors of the Company for the year 2023 - 24.

Future Outlook

In FY2024, the government is gearing towards achieving higher growth of 3.5%, assuming the resumption of Macroeconomic stability, implementation of reforms, post-flood recovery, and improving external conditions. To achieve higher and sustainable economic growth, it will require prudent and effective economic decisions, political and economic certainty, and friendly economic policies along with enough foreign exchange financing. The recent IMF approval of the Stand- By Arrangement and other bilateral and multilateral inflows will pave the way to further improve the macroeconomic environment.

Inflation is expected to remain high in the coming months. Key drivers are energy and food prices hikes. Global commodity prices are showing a downward trend but are still on the higher side as compared to the pre-pandemic level. Falling forex reserves and weakening currency need policy direction, replacement of import & administrative measures.

On the manufacturing front the company shall be committed to ongoing progress by adhering to the principles of the 3Rs. The company is committed to sustainable growth through localization and resourcing, internal efficiency, energy management, focus on retail business and exports. For the Lubricant section, the Company continues to focus on expanding the Lubricant network through penetration and exports while adding various products to the portfolio. This ensures the continuous strengthening of Atlas Brand.

For and on behalf of the
Board of Directors

Chairman

ATLAS AUTOS (PRIVATE) LIMITED

Chief Executive Officer

Atlas Autos (Private) Limited
Head Office & Karachi Plant: 15th Mile, National Highway, Landhi, Karachi. **Ph:** (92-21) 35016921-4, 35015527, **Fax:** (92-21) 35011709
Sheikhupura Plant: 26/27 Km. LHR-SKP Road, Sheikhupura. **Ph:** (92-42) 7222222, (92-563) 406501-8 **Fax:** (92-563) 406009
Lahore Office: 1-McLeod Road, Lahore. **Ph:** (92-42) 7225015-17, 7233515-17 **Fax:** (92-42) 7233518
Islamabad Office: Islamabad Corporate Center Plot # 784/785, Gohlra Road Islamabad. **Ph:** (92-51) 5495921-7 **Fax:** (92-51) 5195928
Multan Office: Azmat Wasti Road, Multan. **Ph:** (92-61) 111-112-411, 4570413-14 **Fax:** (92-61) 4541690
Rahimyar Khan Office: Makhdoom Altaf Road, West Sadiq Canal Bank, Rahimyar Khan. **Ph:** (068) 5883415-19 **Fax:** (068) 5883414
Hyderabad Office: 2nd Floor, Dawood Centre, Autobhan Road, Hyderabad. **Ph:** (022) 3411361-9 **Fax:** (022) 34113670

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Atlas Autos (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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; 30 AUG 2023

UDIN : AR202310105xaNPunYeq4

ATLAS AUTOS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		--- Rupees in '000 ---	
ASSETS			
Non current assets			
Property, plant and equipment	5	**3,272,468**	3,234,903
Intangible assets	6	**9,514**	13,951
Long term investments	7	**1,071,000**	1,071,000
Long term deposits		**70,388**	55,388
Long term loans and advances	8	**24,115**	15,214
		4,447,485	4,390,456
Current assets			
Stores, spares and loose tools	9	**252,250**	206,086
Stock-in-trade	10	**1,533,447**	1,754,835
Trade debts	11	**156,548**	220,479
Loans and advances	12	**51,992**	31,441
Deposits, prepayments and other receivables	13	**952,132**	736,518
Short term investments	14	**1,757,287**	1,440,263
Taxation - net		**86,387**	574,312
Bank balances	15	**460,023**	1,509,156
		5,250,066	6,473,090
Total assets		**9,697,551**	10,863,546

Chairman

Chief Executive Officer

ATLAS AUTOS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		---- Rupees in '000 ----	
EQUITY AND LIABILITIES			
Share capital and reserve			
Share capital	16	1,000,000	1,000,000
Capital reserve - under scheme of merger / amalgamation	17	61,598	61,598
Revenue reserves - unappropriated profit		4,147,505	4,547,449
Total equity		5,209,103	5,609,047
Liabilities			
Non current liabilities			
Lease liabilities	18	271,754	306,464
Long term loans	19	384,114	634,684
Deferred income - government grant	20	55,552	70,879
Compensated absences	21	100,680	97,543
Deferred taxation	22	184,848	86,498
		996,948	1,196,068
Current liabilities			
Current portion of long term loans	19	128,594	263,069
Current portion of lease liabilities	18	34,395	29,170
Current portion of deferred income - government grant	20	15,318	16,579
Trade and other payables	23	3,309,196	3,738,947
Accrued mark-up		3,997	10,666
		3,491,500	4,058,431
Total liabilities		4,488,448	5,254,499
Contingencies and commitments	25		
Total equity and liabilities		9,697,551	10,863,546

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

Chairman

Chief Executive Officer

ATLAS AUTOS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		---- Rupees in '000 ----	
Sales	26	**21,844,041**	23,050,809
Cost of sales and services	27	**(19,929,816)**	(20,971,997)
Gross profit		**1,914,225**	2,078,812
Administrative and general expenses	28	**(635,886)**	(574,642)
Other income	29	**348,876**	192,605
Other expenses	30	**(106,076)**	(303,262)
Profit from operations		**1,521,139**	1,393,513
Finance cost	31	**(154,194)**	(148,046)
Profit before taxation		**1,366,945**	1,245,467
Taxation	32	**(563,459)**	(402,023)
Profit after taxation		**803,486**	843,444
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		**(5,623)**	(14,291)
Impact of deferred tax		**2,193**	4,144
Other comprehensive loss for the year - net of tax		**(3,430)**	(10,147)
Total comprehensive income		**800,056**	833,297

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

Chairman

Chief Executive Officer

ATLAS AUTOS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Share capital	Capital reserve - under scheme of merger / amalgamation	Revenue reserve unappro-priated profit	Total
	--------------------	Rupees in '000	--------------------	
Balance as at July 1, 2021	1,000,000	61,598	4,014,152	5,075,750
Interim cash dividend for the year ended June 30, 2021 at the rate of Rs.3 per share	-	-	(300,000)	(300,000)
Total comprehensive income for the year ended June 30, 2022				
Profit for the year	-	-	843,444	843,444
Other comprehensive loss	-	-	(10,147)	(10,147)
	-	-	833,297	833,297
Balance as at June 30, 2022	**1,000,000**	**61,598**	**4,547,449**	**5,609,047**
Transaction with owners recognised directly in equity				
Final cash dividend for the year ended June 30, 2022 at the rate of Re.1 per share	-	-	(100,000)	(100,000)
First interim cash dividend for the year ended June 30, 2023 at the rate of Rs.2 per share	-	-	(200,000)	(200,000)
Second interim cash dividend for the year ended June 30, 2023 at the rate of Re.1 per share	-	-	(100,000)	(100,000)
Third interim cash dividend for the year ended June 30, 2023 at the rate of Rs.8 per share	-	-	(800,000)	(800,000)
Total comprehensive income for the year ended June 30, 2023				
Profit for the year	-	-	803,486	803,486
Other comprehensive loss	-	-	(3,430)	(3,430)
	-	-	800,056	800,056
Balance as at June 30, 2023	**1,000,000**	**61,598**	**4,147,505**	**5,209,103**

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

Chairman

Chief Executive Officer

ATLAS AUTOS (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	---- Rupees in '000 ----	
Cash flows from operating activities		
Profit before taxation	**1,366,945**	1,245,467
Adjustments for non cash charges and other items:		
Depreciation and amortisation	**416,532**	411,950
Provision for compensated absences	**7,216**	9,078
Provision for gratuity	**11,673**	8,462
Reversal for expected credit losses	**(12,740)**	(13,359)
Provision for slow moving stock - net	**15,771**	27,449
Gain on sale of investments at fair value through profit or loss	**-**	(29,033)
Fair value gain on investments at fair value through profit or loss	**(2,802)**	(4,145)
Loss on disposal of operating fixed assets	**190**	209,927
Mark-up accrued on long term loans	**114,348**	103,825
Mark-up accrued on short term finances	**22,830**	21,166
Interest on lease liabilities	**24,777**	27,029
Mark-up / interest on saving accounts and term deposit receipts	**(69,005)**	(17,316)
Mark-up / interest on Government securities	**-**	-
Dividend income	**(256,681)**	(100,189)
Cash flows before working capital changes	**1,639,054**	1,900,311
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**(59,876)**	(34,303)
Stock-in-trade	**219,329**	(941,786)
Trade debts	**76,671**	370,990
Loans and advances	**(20,551)**	(14,436)
Deposits, prepayments and other receivables	**(215,614)**	(128,640)
(Decrease) / increase in current liabilities		
Trade and other payables	**(431,299)**	1,022,381
	(431,340)	274,206
Cash generated from operations	**1,207,714**	2,174,517
Income tax refund / (paid)	**25,009**	(103,149)
Compensated absences and gratuity paid	**(19,827)**	(18,668)
Long term deposits	**(15,000)**	(28,948)
Long term loans and advances - net	**(8,901)**	(4,104)
Net cash generated from operating activities - carried forward	**1,188,995**	2,019,648

ATLAS AUTOS (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	---- Rupees in '000 ----	
Net cash generated from operating activities - brought forward	**1,188,995**	2,019,648
Cash flows from investing activities		
Payments for property, plant and equipment	**(498,813)**	(853,348)
Payment for intangible asset	-	(7,960)
Sale proceeds from disposal of property, plant and equipment	**48,963**	38,559
Profit on saving accounts and deposits received	**69,005**	17,316
Profit on Government securities received	-	-
Short term investments acquired	**(314,222)**	(1,022,116)
Proceeds from sale of short term investments	-	849,238
Dividend received	**256,681**	100,189
Net cash used in investing activities	**(438,386)**	(878,122)
Cash flows from financing activities		
Lease rentals paid	**(54,262)**	(51,681)
Long term loans obtained	-	268,574
Long term loans repaid	**(401,633)**	(410,219)
Mark-up paid	**(143,847)**	(139,835)
Dividend paid	**(1,200,000)**	(300,000)
Net cash used in financing activities	**(1,799,742)**	(633,161)
Net (decrease) / increase in cash and cash equivalents	**(1,049,133)**	508,365
Cash and cash equivalents at beginning of the year	**1,509,156**	1,000,791
Cash and cash equivalents at end of the year	**460,023**	1,509,156

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

Chairman

Chief Executive Officer

1. LEGAL STATUS AND OPERATIONS

Atlas Autos (Private) Limited (the Company) is a private limited company incorporated in Pakistan on March 16, 2011, under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is a wholly owned subsidiary of Shirazi Investments (Private) Limited. The registered office is situated at Federation House, Shara-e-Firdousi, Clifton, Karachi. The Company is engaged in the manufacturing, processing and trading of automotive parts, components, accessories, tools and dies including trading of automotive & logistic services. The manufacturing and assembly facilities of the Company are situated at Karachi and Sheikhupura with branches at Lahore, Multan, Islamabad, Rahim Yar Khan, Faisalabad and Hyderabad.

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 applicable in Pakistan comprise:

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 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 value and staff retirement benefit - gratuity which is measured at the present value of defined benefit obligation net of the 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.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

(a) Amendments to IAS 16 'Property, Plant and Equipment' 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.

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

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

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

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

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

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

(c) Amendments to IAS 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 amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period.

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

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

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

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

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3.3 Use of 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) Estimate of useful lives and residual values of property, plant & equipment and intangible assets - notes 4.1 and 4.2

(ii) Lease term and discount rate for calculation of lease liabilities - note 4.1(b)

(iii) Provision for doubtful debts - note 4.8

(iv) Estimate of payables and receivables in respect of employees' retirement benefit - note 4.13

(v) Estimation of current and deferred tax - note 4.16

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) Owned assets

Property, plant and equipment except for capital work-in-progress are stated at cost less accumulated depreciation and impairment loss if any. Capital work-in-progress is stated at cost accumulated up to the reporting date less accumulated impairment loss if any. Capital work-in-progress is recognised as an operating fixed asset when it is made available for its intended use.

Depreciation is charged to the statement of profit or loss using straight line basis except for vehicles. Depreciation on vehicles is charged to the statement of profit or loss using the reducing balance method. Depreciation is charged at rates stated in note 5.1. Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The depreciation methods, useful lives and residual values of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and is applied prospectively in the financial statements by adjusting the depreciation charge for the period in which the amendment or change has been made and for future periods.

Disposal of an asset is recognised when significant risk and rewards, incidental to the ownership of the asset, have been transferred to the buyer. Gains and losses on disposals are determined by comparing the carrying amount of the asset with the realised sales proceeds and are recognised in the statement of profit or loss.

b) Right of use assets and related liabilities

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

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right of use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right of use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amounts of the right of use assets are reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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 following in which an asset is put to use and on deletions up to the month immediately preceding the deletion.

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

4.3 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.

4.4 Investments in Subsidiary and Associated Companies

Investments in Subsidiary and Associated Companies are carried at cost less impairment if any. Impairment losses are recognised as an expense. At each reporting date, the Company reviews the carrying amounts of investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investments is adjusted to the extent of impairment loss which is recognised as an expense in the statement of profit or loss.

4.5 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.

4.6 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.

4.7 Loans and advances

These are stated at amortised cost less impairment if any.

4.8 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.

4.9 Financial assets

The classification of financial assets is determined upon initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

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.

4.10 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.

4.11 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.

4.12 Cash and cash equivalents

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

4.13 Retirement and other service benefits

The Company has following plans for its employees:

4.13.1 Defined contribution plan

The Company operates defined contribution plan for its permanent employees through voluntary pension schemes managed by Atlas Asset Management Limited, an Associated Company, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

Equal monthly contributions at the rate of 11% of the basic salary are made to the scheme both by the Company and the employees.

4.13.2 Defined benefit plan - Gratuity

The Company operates an approved funded gratuity scheme for its staff who completes the qualifying period of service. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period less fair value of plan assets. Contribution under the scheme is made on the basis of actuarial valuation.

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.

4.13.3 Compensated absences

Employees' entitlement to annual leaves is recognised when they accrue to the employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees upto the reporting date.

4.14 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.

4.15 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.

4.16 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 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.

4.17 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.

4.18 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; and
- 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.

4.19 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.

4.20 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.

4.21 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.

4.22 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	2023	2022
		--- Rupees in '000 ---	
Operating fixed assets	5.1	**2,886,538**	2,784,023
Capital work-in-progress	5.4	**140,499**	164,544
Right of use asset	5.7	**245,431**	286,336
		3,272,468	3,234,903

5.1 Operating fixed assets

	Leasehold improvements	Plant and machinery	Dies and jigs	Factory equipment	Computers and accessories	Furniture and fixtures	Motor vehicles	Total
	Rupees in '000							
At July 1, 2021								
Cost	1,321,435	1,854,777	146,488	66,837	17,312	44,033	157,337	3,608,219
Accumulated depreciation	160,813	608,203	105,963	10,614	11,533	22,499	48,334	967,959
Net book value	**1,160,622**	**1,246,574**	**40,525**	**56,223**	**5,779**	**21,534**	**109,003**	**2,640,260**
Year ended June 30, 2022								
Opening net book value	1,160,622	1,246,574	40,525	56,223	5,779	21,534	109,003	2,640,260
Additions	121,123	425,829	52,546	24,701	7,431	11,273	115,828	758,731
Disposals (note 5.3)								
- cost	103,196	230,057	92,130	-	1,437	-	58,179	484,999
- accumulated depreciation	(19,425)	(141,248)	(52,350)	-	(670)	-	(22,820)	(236,513)
	83,771	88,809	39,780	-	767	-	35,359	248,486
Depreciation charge	70,965	204,586	37,472	8,546	3,461	9,903	31,549	366,482
Closing net book value	**1,127,009**	**1,379,008**	**15,819**	**72,378**	**8,982**	**22,904**	**157,923**	**2,784,023**
At June 30, 2022								
Cost	1,339,362	2,050,549	106,904	91,538	23,306	55,306	214,986	3,881,951
Accumulated depreciation	212,353	671,541	91,085	19,160	14,324	32,402	57,063	1,097,928
Net book value	**1,127,009**	**1,379,008**	**15,819**	**72,378**	**8,982**	**22,904**	**157,923**	**2,784,023**
Year ended June 30, 2023								
Opening net book value	1,127,009	1,379,008	15,819	72,378	8,982	22,904	157,923	2,784,023
Additions	10,063	347,582	41,690	19,209	3,825	2,732	97,757	522,858
Disposals (note 5.3)								
- cost	-	-	-	-	717	69	72,836	73,622
- accumulated depreciation	-	-	-	-	(204)	(69)	(24,196)	(24,469)
	-	-	-	-	513	-	48,640	49,153
Depreciation charge	65,904	216,793	26,186	9,988	3,788	9,931	38,600	371,190
Closing net book value	**1,071,168**	**1,509,797**	**31,323**	**81,599**	**8,506**	**15,705**	**168,440**	**2,886,538**
At June 30, 2023								
Cost	1,349,425	2,398,131	148,594	110,747	26,414	57,969	239,907	4,331,187
Accumulated depreciation	278,257	888,334	117,271	29,148	17,908	42,264	71,467	1,444,649
Net book value	**1,071,168**	**1,509,797**	**31,323**	**81,599**	**8,506**	**15,705**	**168,440**	**2,886,538**
Depreciation rate (% per annum)	**5**	**10**	**50**	**10**	**25**	**20**	**20**	

5.2 Depreciation charge has been allocated as follows:

	Note	2023	2022
		--- Rupees in '000 ---	
Cost of goods manufactured	27.1	338,570	337,265
Administrative and general expenses	28	32,620	29,217
		371,190	366,482

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sales proceeds	Loss	Method of disposal	Sold to employees / ex-employees and companies
	----	----	Rupees in '000	----	----		
Items having net book value exceeding Rs.500,000 each							
Vehicles							
	6,325	(738)	5,587	5,587	-	Company policy	Atlas Honda Limited, a related party
	2,787	(694)	2,093	2,093	-	Company policy	Atlas Battery Limited, a related party
	1,335	(215)	1,120	1,120	-	Company policy	Atlas Honda Limited, a related party
	1,655	(221)	1,434	1,434	-	Company policy	Atlas Engineering (Private) Limited, a related party
	1,662	(908)	754	754	-	Company Policy	Suhail Ahmed (Key management personnel)
	2,568	(1,584)	984	984	-	Company policy	Tahir Naseem
	2,578	(1,515)	1,063	1,063	-	Company policy	Fahad Masood
	3,797	(63)	3,734	3,734	-	Company Policy	Amir Shahzad
	1,018	(51)	967	967	-	Company policy	Noman Khan
	3,476	(1,750)	1,726	1,726	-	Company Policy	Muhammad Irfan
	1,745	(955)	790	790	-	Company Policy	Khurram Iqbal
	1,745	(894)	851	851	-	Company Policy	Tuba Iqbal
	1,745	(894)	851	851	-	Company policy	Usamah Naseem
	1,745	(894)	851	851	-	Company policy	Haseeb Idrees
	1,745	(738)	1,007	1,007	-	Company policy	Murtuza uddin Qureshi
	1,300	(781)	519	519	-	Company policy	Zafar Shahbaz
	1,300	(772)	528	528	-	Company policy	Yasmin Sultan
	1,270	(766)	504	504	-	Company policy	Farooq Imran
	1,308	(643)	665	665	-	Company policy	Naseer Butt
	1,101	(553)	548	548	-	Company policy	Faisal Shoaib
	1,101	(553)	548	548	-	Company policy	Shahood ur Rehman
	1,335	(254)	1,081	1,081	-	Company policy	Muhammad Imran
	1,373	(198)	1,175	1,175	-	Company policy	Khalid Jameel
	1,335	(254)	1,081	1,081	-	Company policy	Asif Riaz
	1,009	(496)	513	513	-	Company policy	Rabiha Matanat
	1,094	(36)	1,058	1,058	-	Company Policy	Rameez Baig
	778	(274)	504	504	-	Company policy	Syed Danish Ali
	2,822	-	2,822	2,822	-	Company Policy	Talha Altaf
	1,696	(839)	857	857	-	Company Policy	Mohsin Ghafoor
	1,655	(319)	1,336	1,336	-	Company policy	Muhammad Faizan
	1,398	(528)	870	870	-	Company policy	Abdul Haseeb
	1,398	(482)	916	916	-	Company policy	Noman Wajid Khan
	1,877	-	1,877	1,877	-	Company Policy	Muhammad Tariq
	1,395	(372)	1,023	1,023	-	Company Policy	Muhammad Hassan Iqbal
	1,101	(564)	537	537	-	Company policy	Talha Altaf
	1,335	(276)	1,059	1,059	-	Company policy	Owais Siddiqui
	64,907	**(21,074)**	**43,833**	**43,833**	**-**		
Items having net book value upto Rs.500,000 each	**8,715**	**(3,395)**	**5,320**	**5,130**	**(190)**		Various
June 30, 2023	**73,622**	**(24,469)**	**49,153**	**48,963**	**(190)**		
June 30, 2022	484,999	(236,513)	248,486	38,559	(209,927)		

5.4 Capital work-in-progress	Note	2023	2022
		--- Rupees in '000 ---	
Leasehold improvements		**1,647**	17,930
Plant and machinery		**93,557**	49,129
Dies and jigs	5.5	**45,295**	78,553
Factory equipment		-	2,547
Electric and gas fittings		-	1,499
Motor vehicles	5.5	-	14,190
Furniture and fixtures		-	696
	5.6	**140,499**	164,544

5.5 Includes advance of Rs.Nil (2022: Rs.9,995 thousand) made to Honda Atlas Cars (Pakistan) Limited, Rs.Nil (2022: Rs.182 thousand) made to Atlas Honda Limited and Rs.19,113 thousand (2022: Rs.Nil) made to Atlas Engineering (Private) Limited - related parties for purchase of vehicles and dies & jigs respectively.

5.6 Capital work-in-progress includes Rs.84,483 thousand (2022: Rs.27,110 thousand) representing advance payments made to suppliers for procurement / construction of operating fixed assets.

5.7 Right of use asset	Note	2023	2022
		--- Rupees in '000 ---	
Balance at beginning of the year		**286,336**	327,241
Depreciation charged to cost of sales and services	27	**(40,905)**	(40,905)
Net book value at end of the year		**245,431**	286,336

6. INTANGIBLE ASSETS

These represent computer software licenses.

Year ended June 30, 2023			
Net book value at beginning of the year		**13,951**	10,554
Addition		-	7,960
Less: amortisation charge	27.1	**4,437**	4,563
Net book value at end of the year		**9,514**	13,951
At June 30, 2023			
Cost		**31,087**	31,087
Less: accumulated amortisation		**21,573**	17,136
Net book value		**9,514**	13,951
Amortisation rate (% per annum)		**20**	20

7. LONG TERM INVESTMENTS - unquoted

	Note	2023	2022
		--- Rupees in '000 ---	
Subsidiary Companies			
Atlas DID (Private) Limited			
72,000,000 (2022: 72,000,000) ordinary shares of Rs.10 each - **cost** Equity held: 60% (2022: 60%) Break-up value per share on the basis of un-audited financial statements Rs.11.03 (2022: Rs.10.70)	7.1	**720,000**	720,000
Associated Companies			
Atlas Hitec (Private) Limited			
29,100,000 (2022: 29,100,000) ordinary shares of Rs.10 each - **cost** Equity held: 44.77% (2022: 44.77%) Break-up value per share on the basis of un-audited financial statements Rs.17.85 (2022: Rs.17.97)	7.2	**291,000**	291,000
Atlas GCI (Private) Limited			
6,000,000 (2022: 6,000,000) ordinary shares of Rs.10 each - **cost** Equity held: 20% (2022: 20%) Break-up value per share on the basis of un-audited financial statements Rs.10.12 (2022: Rs.9.16)	7.3	**60,000**	60,000
		1,071,000	1,071,000

7.1 The Company during the year 2021 acquired 60% shareholding of Atlas DID (Private) Limited (ADID). ADID is a private limited company incorporated in Pakistan on July 22, 2019, under the Companies Act, 2017. ADID is engaged in the manufacturing, processing and trading of automotive parts, components, accessories and tools.

7.2 The Company acquired 44.77% shareholding of Atlas Hitec (Private) Limited (AHTL). AHTL was incorporated in Pakistan as a private limited company on September 13, 2012 and its principal activity is to manufacture and sale any kind of automobile parts and allied products.

7.3 The Company, on January 22, 2020, has acquired 20% shareholding of Atlas GCI (Private) Limited, (AGCI). AGCI is a private limited company incorporated in Pakistan on August 6, 2019, under the Companies Act, 2017. AGCI is engaged in the manufacturing of parts for electric components of two-wheeler vehicles.

8. LONG TERM LOANS AND ADVANCES

	Note	2023	2022
		--- Rupees in '000 ---	
Considered good			
Loans and advances to:			
Related parties - key management personnel		**300**	-
Other employees		**37,323**	25,992
	8.1	**37,623**	25,992
Less: amounts due within one year and shown under current assets	12		
Related parties - key management personnel		**150**	-
Other employees		**13,358**	10,778
		13,508	10,778
		24,115	15,214

8.1 These represent interest free loans and advances provided to employees as per the terms of employment. Loans aggregating Rs.28,311 thousand (2022: Rs.17,861 thousand) are provided for purchase of motorcycles and are repayable in forty eight equal monthly instalments. These loans are secured against respective motorcycles and employees' vested retirement benefits. Employees advances are recoverable over a period of eighteen to twenty four months.

8.2 The maximum amount of loans and advances to the key management personnel outstanding at the end of any month during the year ended June 30, 2023 was Rs.300 thousand.

8.3 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.

9. STORES, SPARES AND LOOSE TOOLS

	Note	2023	2022
		--- Rupees in '000 ---	
Consumable stores		**41,467**	26,202
Maintenance spares		**91,370**	83,802
Loose tools		**139,780**	102,737
Less: provision for slow moving stores	10.1	**20,367**	6,655
		252,250	206,086

10. STOCK-IN-TRADE

	Note	2023	2022
Raw materials and components			
- in hand		**444,784**	1,003,936
- held with vendors		**234,150**	235,148
		678,934	1,239,084
Finished goods in hand		**858,411**	503,376
Goods in transit		**70,331**	84,545
		1,607,676	1,827,005
Less: provision for slow moving stock	10.1	**74,229**	72,170
		1,533,447	1,754,835

10.1 Movement of provision for slow moving inventories

	Stores, spares & loose tools		Stock-in-trade	
	2023	2022	**2023**	2022
	---------------- Rupees in '000 ----------------			
Balance at beginning of the year	**6,655**	6,655	**72,170**	44,721
Provision made during the year - net	**13,712**	-	**2,059**	27,449
Balance at end of the year	**20,367**	6,655	**74,229**	72,170

11. TRADE DEBTS - Unsecured

	Note	2023	2022
		--- Rupees in '000 ---	
Consider good			
Associated Companies	11.1	**117,852**	68,448
Others		**38,696**	152,031
		156,548	220,479
Consider doubtful - others		**2,728**	15,468
		159,276	235,947
Less: provision for expected credit losses	11.3	**2,728**	15,468
		156,548	220,479

11.1 Includes Rs.83,654 thousand (2022: Rs.68,070 thousand) and Rs.34,198 thousand (2022: 378 thousand) due from Atlas Battery Limited and Atlas Power Limited, respectively.

11.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.1,651,600 thousand (2022: Rs.1,705,897 thousand).

11.3 Provision for expected credit losses

	2023	2022
	--- Rupees in '000 ---	
Balance at beginning of the year	**15,468**	28,827
Reversal for the year	**(12,740)**	(13,359)
Balance at end of the year	**2,728**	15,468

11.4 At June 30, 2023, trade debts aggregating to Rs.14,336 thousand (2022: Rs.6,000 thousand) were past due but not impaired. The ageing analysis of these trade debts are as follows:

	Note	2023	2022
		--- Rupees in '000 ---	
Past due within 30 days		**8,549**	3,836
Past due beyond 30 days but not later than 60 days		**1,473**	1,543
Past due beyond 60 days but not later than 90 days		**3,486**	256
Past due later than 90 days		**828**	365
		14,336	6,000

12. LOANS AND ADVANCES

	Note	2023	2022
Considered good			
Current portion of long term loans and advances to key management personnel and other employees	8	**13,508**	10,778
Advances to employees - net		**1,672**	1,638
Advances to suppliers - unsecured		**36,812**	19,025
		51,992	31,441

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023	2022
Trade deposits	**5,761**	5,533
Margin against letter of credits	**489,852**	205,625
Other receivable - net	**197**	304
Prepayments	**2,190**	3,019
Sales tax refundable - net	**454,132**	522,037
	952,132	736,518

14. SHORT TERM INVESTMENTS - at fair value through profit or loss

2023	2022			
-- Number of units --		**Related parties**		
3,021,308	2,638,972	Atlas Money Market Fund	**1,536,356**	1,339,297
441,861	201,933	Atlas Liquid Fund	**220,931**	100,966
			1,757,287	1,440,263

15. BANK BALANCES

	Note	2023	2022
		--- Rupees in '000 ---	
Balances with banks in:			
- current accounts		**81,573**	13,514
- saving accounts	**15.1**	**338,450**	1,475,642
- term deposit receipts	**15.2**	**40,000**	20,000
		460,023	1,509,156

15.1 Saving accounts carry profit ranging up to 20.51% (2022: 12.26%) per annum.

15.2 Term deposit receipts of Rs.40,000 thousand (2022: Rs.20,000 thousand) are under lien with the bank against a bank guarantee issued on behalf of the Company.

16. SHARE CAPITAL

	2023	2022
	---- Rupees in '000 ----	
16.1 Authorised capital		
265,000,000 (2022: 265,000,000) ordinary shares of Rs.10 each	**2,650,000**	2,650,000
16.2 Issued, subscribed and paid-up capital		
100,000,000 (2022: 100,000,000) ordinary shares of Rs.10 each issued as fully paid in cash	**1,000,000**	1,000,000

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

17. CAPITAL RESERVE - UNDER SCHEME OF MERGER / AMALGAMATION

The Board of Directors of the Company approved a Scheme of Arrangement (the Scheme) on May 17, 2019 for merger / amalgamation of Atlas Die Casting (Private) Limited and Atlas Aluminium (Private) Limited (the Subsidiary Companies) with and into the Company. The Subsidiary Companies were wholly owned subsidiaries of the Company. At June 1, 2019, the Company filed a petition in the Honourable High Court of Sindh to this effect under sections 279 to 283 and 285 of the Companies Act, 2017 which were duly approved Honourable High Court of Sindh on October 24, 2019, effective from July 1, 2019 resultingly all the business, functions, operations, assets, liabilities and obligations, rights to execute deeds, contracts, legal proceedings, judgments etc. of the Subsidiary Companies were transferred to and vested in the Company.

18. LEASE LIABILITIES

	Note	2023	2022
		---- Rupees in '000 ----	
Balance at beginning of the year		**335,634**	360,286
Interest accrued	**31**	**24,777**	27,029
Repaid / adjusted during the year		**(54,262)**	(51,681)
		306,149	335,634
Current portion grouped under current liabilities		**(34,395)**	(29,170)
Balance at end of the year		**271,754**	306,464

18.1 These represent lease contract for use of land and haved estimated lease terms of 9 years. These are discounted using incremental borrowing rate (7.9%) of the Company. The whole of the leased property is under the ownership of Atlas Engineering (Private) Limited, a related party.

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

Particulars	Upto one year	From one to five years	Over five years	Total 2023
	---- Rupees in '000 ----			
Minimum lease payments	**56,645**	**256,353**	**71,794**	**384,792**
Finance cost allocated to future periods	**(22,250)**	**(54,307)**	**(2,086)**	**(78,643)**
Present value of minimum lease payments	**34,395**	**202,046**	**69,708**	**306,149**

19. LONG TERM LOANS - Secured

	Note	2023	2022
		---- Rupees in '000 ----	
Term finance	**19.2**	**-**	238,981
Demand finance	**19.3**	**300,000**	400,000
Salary loan	**19.4**	**-**	54,978
Temporary Economic Refinance Facility (TERF)	**19.5**	**224,296**	224,996
Renewable Energy Refinancing Facility	**19.6**	**59,282**	66,256
	19.1	**583,578**	985,211
Adjustment pertaining to fair value of loan at below market interest rate	**19.7**	**(70,870)**	(87,458)
		512,708	897,753
Current portion		**(128,594)**	(263,069)
		384,114	634,684

19.1 Movement in long term loans at face value

	2023	2022
Balance at beginning of the year	**985,211**	1,126,856
Loan obtained during the year	**-**	268,574
Loan re-paid during the year	**(401,633)**	(410,219)
	583,578	985,211

19.2 The Company had obtained term finance amounting Rs.500,000 thousand from Allied Bank Limited for the purpose of strategic investments. The loan carried mark-up at the rate of 3 months KIBOR plus 0.6% and was secured against first pari passu hypothecation charge on existing and future plant & machinery with 25% margin and equitable mortgage against land with 25% margin. This loan was for five years from the date of disbursement (November 28, 2018) and was repayable in 16 quarterly instalments with grace period of one year. The principal repayments had been further deferred for twelve months inline with the State Bank of Pakistan's BPRD Circular letter No. 13 of 2020 dated March 26, 2020. Resultantly the revised maturity date was November 28, 2024 as compare to its previous maturity of November 28, 2023. The Company, during the year early repaid the remaining outstanding amount Rs. 238,981 thousand.

19.3 The Company has obtained demand finance amounting Rs.500,000 thousand from National Bank of Pakistan for the purpose of strategic investments. The loan carries mark-up at the rate of 6 months KIBOR plus 0.95% and is secured against first pari passu by the way of hypothecation on existing and future plant & machinery and equipment with 25% margin amounting to Rs.666,667 thousands. This loan is for six and half years from the date of disbursement (December 20, 2019) and is repayable in 10 semi-annual equal instalments with grace period of one and half year. The Company during the year repaid Rs.100,000 thousand (2022: Rs.100,000 thousand).

19.4 This represents long term loan received from Habib Bank Limited under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' (the Scheme) introduced by State Bank of Pakistan. The facility was secured against first pari passu hypothecation charge over all present and future plant, machinery and equipment with 25% margin limited to Rs.243,000 thousands. Mark-up was chargeable at 1.0% per annum. The principal was repayable in eight quarterly instalments starting from January 2021. The Company during the year repaid Rs.54,978 thousand (2022: Rs.109,956 thousand) to settle the liability.

19.5 This represents loan received from Allied Bank Limited under Temporary Economic Refinance Facility (TERF) introduced by State Bank of Pakistan the purpose to finance / retire letter of credits for CAPEX / BMR related activities and project. The facility is secured against first pari passu hypothecation charge over all present and future plant, machinery and equipment with 25% margin. Mark-up is chargeable at SBP rate (1%) plus 0.80% bps per annum. The loan is for ten years with a grace period of two years and is repayable in thirty two quarterly instalments. The Company during the year repaid Rs.700 thousand.

19.6 This represents long term loan received from Habib Bank Limited under Renewable Energy Refinancing Facility of an amount upto the equivalent of Rs. 68,000 thousands, introduced by State Bank of Pakistan. The facility is secured against first pari passu hypothecation charge over all present and future plant and machinery and equipment of the company with 25% margin. Mark-up is chargeable at SBP rate (2%) plus 1% per annum. The loan is for ten years with a grace period of three months and is repayable in forty quarterly instalments starting from April 2022. The Company during the year repaid Rs.6,974 thousand (2022: Rs.1,744 thousand).

		Note	2023	2022
19.7	**Adjustment pertaining to fair value of loan at below market interest rate**	**Note**	**---- Rupees in '000 ----**	
	Difference of fair value of loan and loan received		**87,458**	101,697
	Less: amortisation of loan		**16,588**	14,239
			70,870	87,458
20.	**DEFERRED INCOME - GOVERNMENT GRANT**			
	Balance at beginning of the year		**87,458**	11,049
	Grant recognised on loan at below market interest rate	**20.1**	-	90,648
	Less: released to statement of profit or loss		**16,588**	14,239
			70,870	87,458
	Less : current portion		**15,318**	16,579
			55,552	70,879

20.1 The Company recognised government grant on loan at below market interest rate received - (note 19.5 and 19.6) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

21. COMPENSATED ABSENCES

	2023	2022
	---- Rupees in '000 ----	
Balance at beginning of the year	**97,543**	99,133
Add: provision for the year	**7,216**	9,078
Less: payments made during the year	**4,079**	10,668
Balance at end of the year	**100,680**	97,543

21.1 Includes liability in respect of key management personnel aggregating to Rs.6,188 thousand (2022: Rs.10,136 thousand).

22. DEFERRED TAXATION - Net

	2023	2022
	---- Rupees in '000 ----	
The liability for deferred tax comprises temporary differences relating to:		
Accelerated tax depreciation and amortization	**309,574**	159,063
Lease liabilities - net	**(28,610)**	(14,296)
Provision for doubtful debts	**(2,611)**	(4,486)
Provision for compensated absences	**(49,019)**	(28,287)
Provision for gratuity	**(8,320)**	(4,567)
Provision for slow moving stock	**(36,166)**	(20,929)
	184,848	86,498

22.1 Movement in deferred taxation

	Accelerated tax depreciation & amortisation	Lease liabilities - net	Provision for doubtful debts	Provision for compensated absences	Provision for gratuity	Provision for slow moving stock	Total
	---- Rupees in 000 ----						
At July 1, 2021	130,280	(9,583)	(8,360)	(28,748)	(288)	(12,969)	70,332
Charge / (credited) to:							
Profit and loss account	28,783	(4,713)	3,874	461	(135)	(7,960)	20,310
Other comprehensive loss	-	-	-	-	(4,144)	-	(4,144)
	28,783	(4,713)	3,874	461	(4,279)	(7,960)	16,166
At June 30, 2022	**159,063**	**(14,296)**	**(4,486)**	**(28,287)**	**(4,567)**	**(20,929)**	**86,498**
Charged / (credited) to:							
Profit and loss account	**150,511**	**(14,314)**	**1,875**	**(20,732)**	**(1,560)**	**(15,237)**	**100,543**
Other comprehensive loss	-	-	-	-	**(2,193)**	-	**(2,193)**
	150,511	**(14,314)**	**1,875**	**(20,732)**	**(3,753)**	**(15,237)**	**98,350**
At June 30, 2023	**309,574**	**(28,610)**	**(2,611)**	**(49,019)**	**(8,320)**	**(36,166)**	**184,848**

23. TRADE AND OTHER PAYABLES

	Note	2023	2022
		---- Rupees in '000 ----	
Trade payables			
- Associated Companies		-	1,644
- Others		**904,465**	1,641,760
Bills payable		**367,627**	-
Accrued liabilities		**907,829**	717,432
Royalty payable		**244,706**	134,462
Additional custom duty		**360,991**	360,991
Contract liabilities - advances from customers		**163,987**	553,358
Retention money		**789**	789
Workers' profit participation fund	23.1	**41,670**	69,425
Workers' welfare fund		**27,897**	25,386
Payable to staff retirement benefit fund - gratuity	23.2.4	**17,295**	15,747
Sindh government infrastructure fee	23.3	**262,565**	210,165
Others	23.4	**9,375**	7,788
		3,309,196	3,738,947

23.1 Workers' profit participation fund

	Note	2023	2022
Balance at beginning of the year		**69,425**	68,527
Add: allocation for the year	30	**40,174**	66,807
Add: interest on funds utilised in the Company's business	31	**1,497**	2,618
		111,096	137,952
Less: payments made during the year		**69,426**	68,527
Balance at end of the year		**41,670**	69,425

23.2 Payable to staff retirement benefit fund

23.2.1 As stated in note 4.13.2, the Company operates an approved funded gratuity scheme for its staff who completes the qualifying period of service.

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

23.2.3 The latest actuarial valuation of the scheme as at June 30, 2023 was carried out by an independent expert, using the 'Projected Unit Credit Method'. Details of the scheme as per the actuarial valuation are as follows:

23.2.4 Reconciliation

	2023	2022
	--- Rupees in '000 ---	
Present value of defined benefit obligation	**168,948**	143,045
Fair value of plan assets	**(160,794)**	(134,128)
Payable to related parties in respect of transferees	**9,141**	6,830
Net liability at end of the year	**17,295**	15,747

		2023	2022
		--- Rupees in '000 ---	
23.2.5	**Movement in the present value of defined benefit obligation**		
	Balance at beginning of the year	**143,045**	140,030
	Current service cost	**10,124**	8,482
	Interest cost	**19,647**	13,188
	Re-measurement on obligation	**118**	4,758
	Benefits paid	**(3,875)**	(14,648)
	Amount recognised in respect of transfers between related parties	**(111)**	(8,765)
	Balance at end of the year	**168,948**	143,045
23.2.6	**Movement in the fair value of plan assets**		
	Balance at beginning of the year	**134,128**	132,790
	Contributions	**15,748**	8,000
	Benefits paid	**(3,875)**	(14,648)
	Interest income	**18,098**	13,208
	Re-measurement	**(5,506)**	(9,534)
	Asset in respect of intergroup transfers / fund transferred	**2,201**	4,312
	Balance at end of the year	**160,794**	134,128
23.2.7	**Plan assets comprise of:**		
	Fixed income instruments	**24,490**	37,564
	Mutual funds	**136,180**	95,781
	Cash	**124**	783
		160,794	134,128
23.2.8	**Expense recognised in the statement of profit or loss**		
	Current service cost	**10,124**	8,482
	Net interest cost	**1,549**	(20)
		11,673	8,462
23.2.9	**Re-measurement recognised in other comprehensive income**		
	(Gain) / loss from change in financial assumptions	**(916)**	2,053
	Gain from change in demographic assumptions	**-**	(1,590)
	Experience loss	**1,033**	4,294
	Loss on re-measurement of plan assets	**5,506**	9,534
		5,623	14,291
23.2.10	**Net liability recognised**		
	Balance at beginning of the year	**15,747**	994
	Charge for the year	**11,673**	8,462
	Contributions	**(15,748)**	(8,000)
	Re-measurement recognised in other comprehensive income	**5,623**	14,291
	Balance at end of the year	**17,295**	15,747

23.2.11 Actuarial assumptions used

	2023	2022
Discount rate - per annum	**16.50%**	13.50%
Expected rate of increase in future salaries		
- first year	**13.00%**	12.00%
- long term	**15.25%**	12.50%
Demographic assumptions		
- Mortality rates (for death in service)	**SLIC (2001-05) - 1**	SLIC (2001-05) - 1
- Rates of employee turnover	**Light**	Light

23.2.12 Sensitivity analysis for actuarial assumptions

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

		Impact on defined benefit obligation	
	Change in assumptions	Increase in assumption	Decrease in assumption
		--- Rupees in '000 ---	
Discount rate	1.00%	154,544	185,601
Long term salaries	1.00%	184,801	154,984

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

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

23.2.13 Based on actuary's advice, the expected charge for the year ending June 30, 2024 amounts to Rs.13,525 thousand.

23.2.14 The weighted average duration of the gratuity scheme is 9.69 years. Expected maturity analysis of undiscounted retirement benefit plans:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----------	----------	Rupees in '000	----------	----------
As at June 30, 2023	17,152	5,862	63,102	7,052,707	7,138,823

23.3 This represents provision against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001 and later. The levy of infrastructure fee is disputed and various companies had filed appeals before the High Court of Sindh (SHC) and also had obtained stay from the SHC. The SHC, on June 4, 2021, upheld the infrastructure levy by declaring it within competence of provincial legislature. The Company has filed an appeal before the Honourable Supreme Court of Pakistan to challenge this judgement, which is pending adjudication.

23.4 Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.9,300 thousand (2022: Rs.7,731 thousand).

24. SHORT TERM FINANCES - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregated to Rs.3,000,000 thousand (2022: Rs.2,600,000 thousand) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts to the extent of Rs.4,337,000 thousand (2022: Rs.3,469,000 thousand). During the year these finance facilities carries mark-up at the rates ranging from 14.26% to 22.78% (2022:10.65% to 10.79%). These facilities are expiring on various dates by June 30, 2024.

The facilities for opening letters of credit as at June 30, 2023 aggregated to Rs.4,222,500 thousand (2022: Rs.2,122,500 thousand) of which unutilized balance at year-end aggregated to Rs.2,561,830 thousand (2022: Rs.1,406,586 thousand). These facilities are secured by lien on import documents and are expiring on various dates up to June 30, 2024.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 There was no significant litigation against the Company as at June 30, 2023 and June 30, 2022.

25.1.2 Guarantees aggregating Rs.314,041 thousand (2022: Rs.264,141 thousand) have been issued by a commercial bank on behalf of the Company to Collector of Customs, Excise & Taxation Department, Government of Sindh, SSGC LPG (Private) Limited and Sui Northern Gas Pipelines Limited.

25.2 Commitments

25.2.1 Commitments outstanding for letters of credit relating to capital expenditure and stock-in-trade as at June 30, 2023 aggregated to Rs.1,660,670 thousand (2022: Rs.715,914 thousand).

25.2.2 Commitments outstanding for capital expenditure other than through letters of credit as at June 30, 2023 aggregated to Rs.Nil (2022: Rs.2,427 thousand).

25.2.3 The company has entered into Ijarah arrangements for vehicles with bank. Aggregate commitments for these ijarah arrangements as at June 30, 2023 are as follow:

	Note	**2023**	2022
		--- Rupees in '000 ---	
Not later than one year		**20,825**	-
Later than one year and not later than five years		**69,451**	-
		90,276	-

26. SALES - Net

		2023	2022
Local sales			
- manufacturing activity		**18,354,189**	19,497,524
- trading and services		**7,782,698**	7,787,058
		26,136,887	27,284,582
Less:			
- sales tax		**4,064,509**	4,125,129
- discounts		**228,337**	108,644
		4,292,846	4,233,773
		21,844,041	23,050,809

27. COST OF SALES AND SERVICES

	Note	2023	2022
		--- Rupees in '000 ---	
Opening stock of finished goods		503,376	220,088
Cost of goods manufactured and service provided	27.1	13,713,116	13,564,261
Purchased during the year		6,571,735	7,691,024
		20,284,851	21,255,285
Less: closing stock of finished goods		858,411	503,376
		19,929,816	20,971,997

27.1 Cost of goods manufactured and services provided

	Note	2023	2022
Raw materials and components consumed	27.2	10,644,447	10,813,318
Stores consumed		388,025	352,067
Direct labour	27.3	379,183	345,984
Salaries and other benefits	27.3	577,409	504,104
Travelling and conveyance		10,172	1,530
Light, heat and water		433,279	344,139
Repair and maintenance		204,912	186,971
Rent, rates and taxes		2,059	2,459
Ijara rentals		12,913	-
Royalty	27.4	492,911	479,149
Insurance		58,020	47,259
Canteen		66,275	49,649
Vehicle running expenses		31,040	16,149
Depreciation related to operating fixed assets	5.2	338,570	337,265
Depreciation related to right of use assets	5.7	40,905	40,905
Amortisation	6	4,437	4,563
Provision for slow moving inventories - net	10.1	15,771	27,449
Others		12,788	11,301
		13,713,116	13,564,261
Work in process at the year end		-	-
		13,713,116	13,564,261

27.2 Raw materials and components consumed

	2023	2022
Opening stock	1,239,084	549,444
Add: purchases during the year	10,084,297	11,502,958
	11,323,381	12,052,402
Less: closing stock	678,934	1,239,084
	10,644,447	10,813,318

27.3 Direct labour and Salaries & other benefits include Rs.58,739 thousand (2022: Rs.45,884 thousand) in respect of staff retirement benefits.

27.4 Royalty charged in current year financial statement pertains to following companies;

i) Hitachi Astemo Ltd., Shin-Otemachi Building, 2-1, Otemachi 2-chome, Tokyo, 100-0004, Japan. *(Formally Showa Corporation, Japan and Keihin Corporation, Japan.)*

ii) F.C.C Co. Ltd - 7000-36, Nakagawa, Hosoe-cho Kita-ku, Hamammatsu-shi, Shizouka-ken, Japan.

iii) Atsumitec Company Ltd. - 4-6-1 Takaokanishi Naka-ku, Hamamatsu-shi Shizuoka Prefecture, Japan

iv) Toyo Denso Company Limited, 10-4, 2-Chome, Shinbashi Minato-ku, Tokyo, Japan.

v) Yamada Manufacturing Co., Ltd., 1262-2, Koubayashi, Isesaki, Gunma, 379-2206, Japan.

28. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2023	2022
		--- Rupees in '000 ---	
Salaries and other benefits	28.1	**245,650**	225,752
Travelling, conveyance and entertainment		**45,563**	26,390
Repairs and maintenance		**5,905**	4,831
Depreciation	5.2	**32,620**	29,217
Legal and professional charges		**10,582**	5,466
Utilities		**29,790**	12,377
Advertisement and sales promotion		**110,139**	97,010
Freight and forwarding		**31,229**	26,934
Printing & stationery and rates & taxes		**4,434**	3,292
Insurance		**44,295**	36,610
Vehicle running expense		**22,802**	14,043
Donation	28.2	**29,455**	72,646
Others		**23,422**	20,074
		635,886	574,642

28.1 Salaries and other benefits include Rs.16,391 thousand (2022: Rs.14,759 thousand) in respect of staff retirement benefits.

28.2 Donation of 29,455 thousand (2022: Rs.72,646) 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.

29. OTHER INCOME

	Note	2023	2022
		--- Rupees in '000 ---	
Income from financial assets			
Mark-up / interest on saving accounts, T-Bills, PIBs and term deposit receipts		**69,005**	17,316
Reversal for expected credit losses	11.3	**12,740**	13,359
Income from investments in related parties			
Gain on sale of investments at fair value through profit or loss		**-**	29,033
Fair value gain on investments at fair value through profit or loss		**2,802**	4,145
Dividend income		**256,681**	100,189
Income from assets other than financial assets			
Others		**7,648**	28,563
		348,876	192,605

30. OTHER EXPENSES

	Note	2023	2022
		--- Rupees in '000 ---	
Workers' profit participation fund	23.1	40,174	66,807
Workers' welfare fund			
- current year		27,897	25,386
- prior year		(2,233)	(1,506)
		25,664	23,880
Auditors' remuneration			
- statutory audit fee		2,040	1,850
- certifications and others		892	619
- out of pocket expenses		216	179
		3,148	2,648
Loss on disposal of property, plant and equipment		190	209,927
Exchange loss		36,900	-
		106,076	303,262

31. FINANCE COST

	Note	2023	2022
Mark-up / amortisation on long term loans		114,348	103,825
Government grant		(16,588)	(14,239)
		97,760	89,586
Mark-up on short term finances		22,830	21,166
Interest on lease liabilities		24,777	27,029
Interest on workers' profit participation fund	23.1	1,497	2,618
Bank and other financial charges		7,330	7,647
		154,194	148,046

32. TAXATION

	2023	2022
Current tax		
Current tax	464,820	383,895
Adjustments for current tax of prior year	(1,904)	(2,182)
	462,916	381,713
Deferred tax -		
Origination and reversal of temporary differences	70,716	20,310
Impact of change in tax rate	29,827	-
	100,543	20,310
	563,459	402,023

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.

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

	2023	2022
	--- Rupees in '000 ---	
Profit before taxation	**1,366,945**	1,245,467
Tax at the applicable rate of 29%	**396,414**	361,185
Tax effect of:		
- amount not deductible for tax purposes	**147,047**	228,815
- amount deductible for tax purposes but not taken to the statement of profit or loss	**(155,056)**	(209,558)
- income not subject to tax / income subject to final tax regime / tax credits	**(53,406)**	(47,458)
Super tax on high earning persons	**129,821**	50,911
Prior years' tax charge	**(1,904)**	(2,182)
Deferred taxation	**100,543**	20,310
	563,459	402,023

33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Executives	
	2023	2022	2023	2022
	--- Rupees in '000 ---		--- Rupees in '000 ---	
Managerial remuneration	**18,874**	16,243	**90,115**	76,316
House rent and utilities	**7,385**	6,356	**35,262**	29,863
Bonus	**7,905**	8,804	**37,285**	41,368
Retirement benefits	**1,805**	1,554	**8,620**	7,300
Medical and others	**788**	170	**2,627**	2,724
	36,757	33,127	**173,909**	157,571
Number of persons	**1**	1	**37**	35

33.1 The Chief Executive is provided with free use of the Company maintained cars and telephones at residence. Certain 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 to other Directors for the year.

34. RELATED PARTIES

Related parties comprise of the Holding Company, Subsidiary Companies, Associated Companies, staff retirement funds, directors and key management personnel. 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 major related parties with whom the Company have 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) Subsidiary Company

Atlas DID (Private) Limited - 60% shares held by the Company

c) Associated Companies due to significant influence

Atlas Hitec (Private) Limited - 44.77% shares held by the Company

Atlas GCI (Private) Limited - 20% shares held by the Company

d) Associated Companies due to common directorship

Atlas Engineering (Private) Limited

Atlas Honda Limited

Atlas Battery Limited

Atlas Insurance Limited

Atlas Foundation

Atlas Asset Management Limited

Atlas Metals (Private) Limited

Shirazi Trading Company (Private) Limited

Honda Atlas Cars Pakistan Limited

Atlas Power Limited

Atlas Global, FZE, Jebeal Ali, UAE

Atlas Energy Limited

e) Associated companies under common management / group companies

Atlas Worldwide General Trading LLC, Dubai

f) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Company considers its Chief Executive, directors and Chief financial officer to be its key management personnel.

34.2 **Transactions with related parties**	**2023**	2022
	--- Rupees in '000 ---	
The Holding Company		
Dividend paid	**1,200,000**	300,000
Receipt under group taxation	**500,000**	336,586
Sales of goods and services	**-**	7,359
Purchases of goods & services	**14,544**	-
The Subsidiary Company		
Sales of		
- goods and services	**37,694**	31,070
- operating fixed assets	**-**	4,904
Purchases of operating fixed assets	**3,335**	1,570
Reimbursement claimed	**521**	3,290
Associated Companies		
Sales of		
- goods and services	**19,226,242**	20,044,083
- operating fixed assets	**10,654**	5,474
Purchases of		
- goods and services	**599,229**	1,355,400
- operating fixed assets	**180,215**	306,151
Sale of units in mutual funds	**-**	849,238
Purchase of units in mutual funds	**100,000**	940,889
Dividend received	**256,681**	100,189
Commission paid	**11,543**	7,716
Insurance premium paid	**140,574**	102,454
Lease rental paid	**56,337**	53,657
Reimbursement for utilities and shared services	**406,050**	93,993
Donation paid	**84,955**	12,646
Other related parties		
Contributions paid to:		
- gratuity funds	**15,748**	8,000
- pension schemes	**31,403**	26,537
Key management personnel		
- salaries and other employment benefits	**42,202**	37,928
- sale of vehicles / laptop under company policy	**754**	993

35. FINANCIAL RISK MANAGEMENT

35.1 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. Credit risk mainly arises from deposits, loans and advances, trade debts, other receivables and balances with banks.

The carrying amount of financial assets represents the maximum credit exposure. The financial assets exposed to credit risk amounted to Rs.2,979,351 thousand (2022:Rs.3,464,378 thousand) as at June 30, 2023. Out of the total financial assets credit risk is concentrated in trade debts, short term investment and deposits with banks as they constitute 79.84% (2022: 91.50%) of the total financial assets.

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

	2023	2022
	---- Rupees in '000 ----	
Long term deposits	**70,388**	55,388
Long term loans and advances	**24,115**	15,214
Trade debts	**156,548**	220,479
Loans and advances	**15,180**	12,416
Deposits and other receivables	**495,810**	211,462
Short term investments	**1,757,287**	1,440,263
Bank balances	**460,023**	1,509,156
	2,979,351	3,464,378

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:

Banks	Rating 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
Allied Bank Limited	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AAA
Faysal Bank Limited	JCR-VIS	A-1+	AA
Bank Al-Falah Limited	PACRA	A-1+	AA+
MCB Islamic Bank Limited	PACRA	A-1	A

(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, 2023, the Company had Rs.3,000,000 thousand available borrowings limits from banks / financial institutions and of bank balances Rs.460,023 thousand.

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, 2023				
Long term loans	**512,708**	**725,950**	**211,675**	**514,275**
Lease liabilities	**306,149**	**384,792**	**56,645**	**328,147**
Trade and other payables	**3,309,196**	**3,309,196**	**3,309,196**	**-**
Accrued mark-up	**3,997**	**3,997**	**3,997**	**-**
	4,132,050	**4,423,935**	**3,581,513**	**842,422**
June 30, 2022				
Long term loans	897,753	1,213,689	364,627	849,062
Lease liabilities	335,634	439,055	53,947	385,108
Trade and other payables	3,738 947	3,738,947	3,738,947	-
Accrued mark-up	10,666	10,666	10,666	-
	4,983,000	5,402,357	4,168,187	1,234,170

(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 exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

Foreign exchange risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company's exposure to foreign exchange risk at the reporting date is as follows:

	June 30, 2023			June 30, 2022		
	Rupees	Japanese Yen	US Dollar	Rupees	Japanese Yen	US Dollar
	-- Amount in '000 --			-- Amount in '000 --		
Trade and other payables	626,321	205,482	749	126,317	76,254	55

Exchange rate of 2.0013 (2022: 1.5083) for Rupee to Japanese Yen and 287.10 for Rupee to US dollar (2022 :206) has been applied.

At June 30, 2023, if the Rupee had strengthened / weakened by 5% against Japanese Yen / US dollar with all other variables held constant, profit before taxation for the year would have been higher / (lower) by Rs.31,316 thousand (2022: Rs.6,315 thousand) mainly as a result of foreign exchange gain / (loss) on translation of foreign denominated financial liabilities.

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 borrowings issued at fixed rate expose the Company to fair value interest rate risk. At June 30, 2023, the Company's interest bearing borrowings aggregated to Rs.512,708 thousand (2022: Rs.897,753 thousand).

At June 30, 2023, 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.5,127 thousand (2022: Rs.8,978 thousand) lower / higher mainly as a result of higher / (lower) interest expense on floating rate borrowings.

Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company currently has no exposure to such risk.

35.2 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].

The following table presents the Company's financial assets that are measured at fair value at June 30, 2023.

	June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets - Recurring fair value measurement	----------- Rupees in '000 -----------			
Financial assets at fair value through profit or loss				
Short term investments	**1,757,287**	-	-	**1,757,287**

35.3 Capital risk management

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

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

	2023	2022
	--- Rupees in '000 ---	
Total borrowings	**818,857**	1,233,387
Bank balances	**460,023**	1,509,156
Net debt	**358,834**	(275,769)
Total equity	**5,209,103**	5,609,047
Total capital	**5,567,937**	5,333,278
Gearing ratio	**6%**	0%

36. PLANT CAPACITY AND ACTUAL PRODUCTION

The production capacity of the plant cannot be determined as it depends upon the relative proportion of various types of products manufactured by the Company.

37. NUMBER OF EMPLOYEES

	2023	2022
	Numbers	
Total number of employees	**624**	574
Average number of employees	**645**	573

38. 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.

39. DATE OF AUTHORIZATION FOR ISSUE

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

Chairman

Chief Executive Officer