ATLAS ENGINEERING (PRIVATE) LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

"AUDITED BY:"

SW PAKISTAN

ShineWing Hameed Chaudhri & Co.
Chartered Accountants,
5TH Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi
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Atlas Engineering

DIRECTORS' REPORT

The Directors of your company are pleased to present their report along with the Annual Audited Financial Statements for the year ended June 30, 2023.

Operating Results

The operating results of the Company are summarized as follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022
	---------- Rupees in '000' ----------	
(Loss) / profit before taxation	(37,645)	3,245
Taxation	24,213	(11,904)
(Loss) after taxation	**(13,432)**	**(8,659)**

Dividends and Appropriations

The Board of Directors has recommended a cash dividend of Rs. NIL per share (2022: Rs. 1.50 per share final cash dividend).

Accordingly, the following appropriation has been made.

	Year Ended June 30, 2023	Year Ended June 30, 2022
	---------- Rupees in '000' ----------	
Profit available for appropriation	529,284	578,246
Appropriations:		
Cash dividend	-	(35,530)
Unappropriated profit carried forward	529,284	542,716

Earnings Per Share

The Basic (loss) per share after tax is (Rs. 0.57), (2022: (Rs. 0.37)).

Holding Company

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

Board of Directors

The Board comprises of one Executive and four Non-Executive directors, as at June 30, 2023. All the non-executive directors are independent from management.

Macroeconomic Review

Besides the global economic slowdown, the country is facing significant economic challenges due to long-standing structural weaknesses. The macroeconomic imbalances, extraordinary inflation, supply chain restrictions and economic slowdown led to a fall in GDP growth rate to 0.3% in financial year 2023 as compared to 6.1% of last year.

The recent Standy-by Arrangement (SBA) with IMF offers the Country an opportunity to regain macro-economic stability and addresses imbalances through consistent policy implementation. However, a sustainable long-term plan is needed to cater to the future financing needs.

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

Atlas Engineering

Policy tightening measures have yielded positive outcomes. The current account deficit (CAD) has significantly narrowed by 85% to USD 2.6 billion in financial year 2023, mainly due to reduced imports from USD 135 billion to USD 55.3 billion. Nonetheless, exports and workers' remittances declined by 13% and 14% respectively, affected by global demand slowdown.

To maintain macroeconomic stability and manage aggregate demand, the Central Bank raised the policy rate to 22% (June 2022: 13.75%), representing a 825 bps increase.

The Government has recently passed the Finance Act, 2023 proposing additional taxes and withdrawing certain tax credits to increase revenue collection and narrow down the fiscal deficit.

Overview of Company's affairs

During the year under review, the Company effectively sustained the highest ever inflationary stress and a resulting volumetric drop. Targeted cost reduction initiatives helped mitigate the cost pressures and maintain profitability and liquidity of the Company at an optimum level. Supply chain challenges were timely embraced and addressed through proactive planning and communication amongst the supply chain partners.

Further, the long-term debts of the Company were fully repaid during the year to neutralize the effect of rising interest rates.

As initiated during the previous years, the Company continued to focus upon production efficiency and process improvement, thereby relatively less productive and idle assets were disposed-off during the year. These disposals, although affecting the profitability of the current financial year, will help reduce the pressure on product costs and improve profitability in coming years.

Future Outlook

The economy has shown strong resistance despite the volatile and uncertain economic and political environment. Macroeconomic adjustment measures will help relieve pressure on the currency. Accelerated structural reforms to build economic resilience, strengthen governance, and facilitated business environment for investment and trade are necessary for raising inclusive growth. With gradual economic recovery, the two-wheeler and allied vendor industry is predicted to resume upward trajectory.

While the macroeconomic situation undergoes a re-alignment, besides production excellence, Coordination, Cooperation and Communication among all the stakeholders is critical to achieve organizational objectives.

On behalf of the Board of Directors

Chairman

Chief Executive Officer

Karachi: 24 AUG 2023

Atlas Engineering (Private) Limited

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Atlas Engineering (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 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 loss 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; 24 AUG 2023

UDIN : AR202310105q8rdm1DVu

ATLAS ENGINEERING (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	5,531,777	5,670,916
Intangible assets	6	-	346
Long term loans	7	297	54
Long term deposits	8	2,066	2,066
Deferred taxation	9	9,854	-
		5,543,994	5,673,382
Current assets			
Stores, spares and loose tools	10	45,150	35,624
Stock-in-trade	11	171,155	249,309
Trade debts	12	-	-
Loans and advances	13	4,922	3,133
Trade deposits	14	52,614	26,584
Other receivables	15	222,387	167,254
Taxation - net		22,796	34,974
Short term investments	16	292,445	408,431
Cash and bank balances	17	64,068	77,551
		875,537	1,002,860
Total assets		6,419,531	6,676,242

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

Chairman **Chief Executive Officer**

ATLAS ENGINEERING (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	18	236,865	236,865
Revenue reserves - unappropriated profit		529,284	578,246
Capital reserves			
Surplus on revaluation of leasehold land	19	4,937,524	4,937,524
Re-measurement loss on defined benefit plan		(3,076)	(1,486)
		4,934,448	4,936,038
Total equity		5,700,597	5,751,149
Liabilities			
Non current liabilities			
Long term loans	20	131,363	269,913
Deferred income - government grant	21	38,848	48,657
Deferred liabilities	22	24,563	26,043
Deferred taxation	9	-	11,670
		194,774	356,283
Current liabilities			
Trade and other payables	23	493,428	439,397
Current portion of long term loans	20	14,907	104,370
Unclaimed dividends		848	848
Current portion of deferred income - government grant	21	10,097	10,041
Accrued mark-up		4,880	14,154
		524,160	568,810
Total liabilities		718,934	925,093
Contingencies and commitments	25		
Total equity and liabilities		6,419,531	6,676,242

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

Chairman | **Chief Executive Officer**

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

	Note	2023	2022
		---- Rupees in '000 ----	
Sales	26	1,830,917	2,017,342
Cost of sales	27	(1,738,289)	(1,828,549)
Gross profit		92,628	188,793
Administrative and general expenses	28	(167,843)	(170,965)
Expected credit loss allowance	12.1	1,358	2,975
Other expenses	29	(77,535)	(124,326)
Loss from operations		(151,392)	(103,523)
Finance cost	30	(68,886)	(47,835)
Other income	31	182,633	154,603
(Loss) / profit before taxation		(37,645)	3,245
Taxation	32	24,213	(11,904)
Loss after taxation		(13,432)	(8,659)
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(2,239)	(1,187)
Impact of deferred tax		649	344
Other comprehensive loss for the year - net of tax		(1,590)	(843)
Total comprehensive loss		(15,022)	(9,502)

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

Chairman

Chief Executive Officer

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

	Issued, subscribed and paid-up capital	Revenue reserves - unappropriated profit	Re-measurement loss on defined benefits plans	Surplus on revaluation of leasehold land	Total reserves	Total
	----------	----------	---------- Rupees in '000	----------	----------	----------
Balance as at July 1, 2021	236,865	610,591	(643)	4,937,524	5,547,472	5,784,337
Final cash dividend for the year ended June 30, 2021 at the rate of Rs.1 per share	-	(23,686)	-	-	(23,686)	(23,686)
Total comprehensive loss for the year ended June 30, 2022						
Loss for the year	-	(8,659)	-	-	(8,659)	(8,659)
Other comprehensive loss	-	-	(843)	-	(843)	(843)
	-	(8,659)	(843)	-	(9,502)	(9,502)
Balance as at June 30, 2022	**236,865**	**578,246**	**(1,486)**	**4,937,524**	**5,514,284**	**5,751,149**
Final cash dividend for the year ended June 30, 2022 at the rate of Rs.1.5 per share	-	(35,530)	-	-	(35,530)	(35,530)
Total comprehensive income for the year ended June 30, 2023						
Loss for the year	-	(13,432)	-	-	(13,432)	(13,432)
Other comprehensive loss	-	-	(1,590)	-	(1,590)	(1,590)
	-	(13,432)	(1,590)	-	(15,022)	(15,022)
Balance as at June 30, 2023	**236,865**	**529,284**	**(3,076)**	**4,937,524**	**5,463,732**	**5,700,597**

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

Chairman

Chief Executive Officer

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

	2023	2022
	---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	**(37,645)**	3,245
Adjustments for:		
Depreciation	**96,192**	101,297
Amortisation	**346**	1,297
Provision for compensated absences	**1,056**	4,521
Provision for gratuity	**2,934**	3,222
Reversal for expected credit loss allowance	**(1,358)**	(2,975)
Adjustment for slow moving inventories - net	**502**	-
Finance cost	**68,886**	47,835
Loss on disposal of operating fixed assets	**72,592**	111,093
Dividend income from mutual funds	**(63,208)**	(47,519)
Gain on sale of investments at fair value through profit or loss	**(2,521)**	(4,827)
Fair value gain on investments in mutual funds	**(542)**	(1,312)
Cash flows before working capital changes	**137,234**	215,877
Changes in working capital		
Increase in current assets		
- Stores, spares and loose tools	**(19,852)**	(6,383)
- Stock-in-trade	**87,978**	(72,108)
- Trade debts	**1,358**	2,975
- Loans and advances	**(1,789)**	(2,277)
- Trade deposits	**(26,030)**	(9,818)
- Other receivables	**(55,133)**	(38,843)
	(13,468)	(126,454)
Increase / (decrease) in trade and other payables	**54,031**	(99,304)
Cash generated from / (used in) operations	**177,797**	(9,881)
Gratuity paid	**(4,160)**	(10,363)
Compensated absences paid	**(3,548)**	(3,857)
Income taxes - net	**15,516**	40,752
Long term loans and advances - net	**(244)**	291
Net cash generated from operating activities - carried forward	**185,361**	16,942

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

	Note	2023	2022
		---- Rupees in '000 ----	
Net cash generated from operating activities - brought forward		**185,361**	16,942
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(49,525)**	(290,163)
Short term investments acquired		**(30,951)**	(150,000)
Proceeds from sale of short term investments		**150,000**	136,113
Dividend received		**63,208**	47,519
Sale proceeds from disposal of operating fixed assets		**19,880**	78,606
Net cash generated from / (used in) investing activities		**152,612**	(177,925)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term loans		**-**	195,215
Repayment of long term loans		**(237,766)**	(142,199)
Dividend paid		**(35,530)**	(23,686)
Finance cost paid		**(78,160)**	(39,745)
Net cash used in financing activities		**(351,456)**	(10,415)
Net decrease in cash and cash equivalents		**(13,483)**	(171,398)
Cash and cash equivalents at beginning of the year		**77,551**	248,949
Cash and cash equivalents at end of the year	**17**	**64,068**	77,551

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

Chairman

Chief Executive Officer

ATLAS ENGINEERING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. LEGAL STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgements

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

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

The areas involving significant estimates or judgements are:

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

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

(iii) Provision for doubtful debts - note 4.10;

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

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

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

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

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

There were certain other amendments to accounting and reporting standards which became mandatory for the Company during the current year but are considered not to be relevant or have any significant effect on the Company's financial reporting therefore have not been disclosed in these financial statements.

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

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

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

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

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

(d) Amendments to IAS 1 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 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.

(e) Amendments to IFRS 16 'Leases" are 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 recognises 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

(a) Operating fixed assets

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

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

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

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

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

(b) Capital work-in-progress

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

4.2 Intangible assets

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

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

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

4.3 Financial assets

4.3.1 Classification

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

(a) Financial assets at amortised cost

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

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

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

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

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

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

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

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

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

4.3.2 Recognition and measurement

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

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

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

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

4.4 Financial liabilities

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

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

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

4.5 Off-setting of financial assets and financial liabilities

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

4.6 Impairment of non-financial assets

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

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

4.7 Stores, spares and loose tools

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

4.8 Stock-in-trade

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

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

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

4.9 Loans and advances

These are stated at amortised cost less impairment if any.

4.10 Trade debts and other receivables and related impairment

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

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

4.11 Cash and cash equivalents

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

4.12 Retirement and other service benefits

The Company has following plans for its employees:

4.12.1 Defined contribution plan

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

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

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

Equal monthly contributions at the rate of 9% for workers and 11% for management staff of the basic salary are made to the fund / scheme both by the Company and the employees. The fund is a separate legal entity and its assets are being held separately under the control of its Trustees.

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

4.12.2 Defined benefit plan - Gratuity

The Company operates a funded gratuity scheme for management staff and an unfunded gratuity scheme for non-management employees. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuations were carried out at June 30, 2023.

The amount arising as a result of re-measurements is recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost is recognised immediately in the statement of profit or loss irrespective of the fact that the benefits are vested or non-vested.

4.12.3 Compensated absences

Provisions are made to cover the obligations under the scheme on accrual basis and are charged to the statement of profit or loss. Provision for compensated absences is calculated on the basis of one month's gross salary. The Company's liability under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation were carried out at June 30, 2023.

4.13 Trade and other payables

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

4.14 Borrowing costs

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

4.15 Ijarah rentals

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

4.16 Government grants

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

4.17 Provisions

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

4.18 Foreign currency translations

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

4.19 Interest / mark-up bearing loans and borrowings

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

4.20 Taxation

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

Current

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

Deferred

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

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

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

4.21 Revenue recognition

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

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; 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.

4.22 Other income

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

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

4.23 Dividend and appropriation to reserves

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

5. PROPERTY, PLANT AND EQUIPMENT	Note	2023	2022
		--- Rupees in '000 ---	
Operating fixed assets	5.1	**5,531,777**	5,663,763
Capital work-in-progress	5.4	**-**	7,153
		5,531,777	5,670,916

5.1 Operating fixed assets

	Leasehold Land	Factory Building on Leasehold Land	Office Building on Leasehold Land	Plant and Machinery	Power Generators	Electrical Fittings	Office Equipment	Computer and Other IT Related Equipment	Furniture and Fittings	Vehicles	Sui Gas, Water and Drainage Lines	Dies, Jigs & Other Equipment	Total
	Rupees in '000												
At July 1, 2021													
Cost	5,000,653	217,613	4,353	444,643	164,389	37,189	7,343	22,752	6,289	25,274	4,568	48,029	5,983,095
Accumulated depreciation	-	85,614	2,962	154,863	34,311	10,750	3,858	20,958	2,586	6,451	2,061	21,247	345,661
Net book value	**5,000,653**	**131,999**	**1,391**	**289,780**	**130,078**	**26,439**	**3,485**	**1,794**	**3,703**	**18,823**	**2,507**	**26,782**	**5,637,434**
Year ended June 30, 2022													
Opening net book value	5,000,653	131,999	1,391	289,780	130,078	26,439	3,485	1,794	3,703	18,823	2,507	26,782	5,637,434
Additions including transfer from CWIP	-	-	-	245,925	-	-	-	8,102	-	32,046	-	31,254	317,327
Disposal / transfers (note 5.3)													
- cost	-	45,721	4,353	205,665	26,267	33,520	5,838	20,474	6,289	19,426	4,568	37,738	409,859
- accumulated depreciation	-	(32,044)	(2,962)	(101,848)	(1,352)	(12,306)	(3,711)	(20,474)	(2,818)	(4,293)	(2,285)	(36,065)	(220,158)
	-	13,677	1,391	103,817	24,915	21,214	2,127	-	3,471	15,133	2,283	1,673	189,701
Depreciation charge	-	13,418	-	31,704	16,037	2,352	434	2,667	232	5,498	224	28,731	101,297
Closing net book value	**5,000,653**	**104,904**	**-**	**400,184**	**89,126**	**2,873**	**924**	**7,229**	**-**	**30,238**	**-**	**27,632**	**5,663,763**
At June 30, 2022													
Cost	5,000,653	171,892	-	484,903	138,122	3,669	1,505	10,380	-	37,894	-	41,545	5,890,563
Accumulated depreciation	-	66,988	-	84,719	48,996	796	581	3,151	-	7,656	-	13,913	226,800
Net book value	**5,000,653**	**104,904**	**-**	**400,184**	**89,126**	**2,873**	**924**	**7,229**	**-**	**30,238**	**-**	**27,632**	**5,663,763**
Year ended June 30, 2023													
Opening net book value	5,000,653	104,904	-	400,184	89,126	2,873	924	7,229	-	30,238	-	27,632	5,663,763
Additions including transfer from CWIP	-	18,900	-	4,955	-	-	-	1,233	-	18,327	-	13,263	56,678
Disposal / transfers (note 5.3)													
- cost	-	-	-	69,752	74,046	-	1,024	706	-	12,126	-	-	157,654
- accumulated depreciation	-	-	-	(30,422)	(31,857)	-	(515)	(535)	-	(1,853)	-	-	(65,182)
	-	-	-	39,330	42,189	-	509	171	-	10,273	-	-	92,472
Depreciation charge	-	11,826	-	39,883	9,099	287	120	3,480	-	7,584	-	23,913	96,192
Closing net book value	**5,000,653**	**111,978**	**-**	**325,926**	**37,838**	**2,586**	**295**	**4,811**	**-**	**30,708**	**-**	**16,982**	**5,531,777**
At June 30, 2023													
Cost	5,000,653	190,792	-	420,106	64,076	3,669	481	10,907	-	44,095	-	54,808	5,789,587
Accumulated depreciation	-	78,814	-	94,180	26,238	1,083	186	6,096	-	13,387	-	37,826	257,810
Net book value	**5,000,653**	**111,978**	**-**	**325,926**	**37,838**	**2,586**	**295**	**4,811**	**-**	**30,708**	**-**	**16,982**	**5,531,777**
Depreciation rate (% per annum)		**5 - 10**	**5**	**10 - 20**	**10 - 35**	**10**	**15**	**33.33**	**10**	**20**	**10**	**50**	

5.2 Depreciation charge has been allocated as follows:

	Note	2023	2022
		--- Rupees in '000 ---	
Cost of sales	27.1	88,470	97,710
Administrative and general expenses	28	7,722	3,587
		96,192	101,297

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss) / profit	Method of disposal	Sold / transferred to
	---------- Rupees in '000 ----------						
Items having net book value exceeding Rs.500,000 each							
Plant and machinery	21,738	6,826	14,912	729	(14,183)	Negotiation	Akram Scrap Dealer, Karachi
	20,072	13,938	6,134	739	(5,395)	Negotiation	Akram Scrap Dealer, Karachi
	14,657	7,246	7,411	362	(7,049)	Negotiation	Akram Scrap Dealer, Karachi
	13,285	2,411	10,874	1,000	(9,874)	Negotiation	Akram Scrap Dealer, Karachi
	69,752	**30,421**	**39,331**	**2,830**	**(36,501)**		
Power generators	68,317	27,842	40,475	4,150	(36,325)	Negotiation	Akram Scrap Dealer, Karachi
	4,338	3,113	1,225	60	(1,165)	Negotiation	Akram Scrap Dealer, Karachi
	72,655	**30,955**	**41,700**	**4,210**	**(37,490)**		
Office Equipment	**1,024**	**515**	**509**	**61**	**(448)**	Negotiation	Akram Scrap Dealer, Karachi
Vehicles	2,415	-	2,415	2,415	-	Company policy	Atlas Autos (Private) Limited - a related party
	1,468	-	1,468	1,468	-	Company policy	Muhammad Irfan Khan (Employee)
	1,395	446	949	949	-	Company policy	Atta Ahmed Malik (Ex-employee)
	1,335	390	945	945	-	Company policy	Abdul Rehman (Ex-employee)
	1,335	223	1,112	1,112	-	Company policy	Atlas Autos (Private) Limited - a related party
	1,091	-	1,091	3,410	2,319	Negotiation	Imtiaz Bhatti, Iqbal Avenue Housing, Society Phase III Central Bank Road, Lahore.
	948	-	948	948	-	Company policy	Junaid Ahmed Siddiqui (Employee)
	9,987	**1,059**	**8,928**	**11,247**	**2,319**		
	153,418	**62,950**	**90,468**	**18,348**	**(72,120)**		
Items having net book value upto Rs.500,000 each	**4,236**	**2,232**	**2,004**	**1,532**	**(472)**		
June 30, 2023	**157,654**	**65,182**	**92,472**	**19,880**	**(72,592)**		
June 30, 2022	409,859	220,158	189,701	78,608	(111,093)		

5.4 Capital work-in-progress

	2023	2022
	--- Rupees in '000 ---	
Plant and machinery	-	5,607
Vehicles	-	1,546
	-	7,153

6. INTANGIBLE ASSETS

These represent computer software licenses.

	Note	2023	2022
		--- Rupees in '000 ---	
Year ended June 30,			
Opening net book value		**346**	1,643
Less: amortisation charge	28	**346**	1,297
Closing net book value		**-**	346
At June 30,			
Cost		**17,084**	17,084
Less: accumulated amortisation		**17,084**	16,738
Net book value		**-**	346
Amortisation rate (% per annum)		**33.33**	33.33

7. LONG TERM LOANS

	Note	2023	2022
Considered good			
Loans and advances to employees other than key management personnel	7.1	**1,080**	678
Less: amounts due within one year and shown under current assets	13	**783**	624
		297	54

7.1 These represent loans and advances provided to employees as per the terms of employment. These carry mark-up at the rate of 1% per month (2022: 1%) and are recoverable in equal monthly instalments over a period of maximum 24 months. These loans are secured against employees' retirement benefits.

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

8. LONG TERM DEPOSITS

	2023	2022
	--- Rupees in '000 ---	
Considered good - unsecured and interest-free		
Security deposits for:		
-Utilities	**1,051**	1,051
-Suppliers	**246**	246
-Others	**769**	769
	2,066	2,066

9. DEFERRED TAXATION - NET

	2023	2022
Deductible temporary differences arising in respect of:		
- provisions	**15,152**	17,239
- unused tax depreciation	**20,152**	13,875
	35,304	31,114
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation and amortisation	**(25,450)**	(42,784)
	9,854	(11,670)

9.1 Movement in the account of deferred tax

	Note	2023	2022
		--- Rupees in '000 ---	
Balance at beginning of the year		(11,670)	51,176
Charge for the year:			
- Statement of profit and loss		20,875	20,894
- Other comprehensive income		649	344
Tax losses transferred to holding company	15.1	-	(84,084)
		9,854	(11,670)

10. STORES, SPARES AND LOOSE TOOLS

	2023	2022
Consumable stores	12,131	8,003
Maintenance spares	5,127	1,235
Loose tools	38,218	26,386
	55,476	35,624
Less: provision for slow moving stock	10,326	-
	45,150	35,624

11. STOCK-IN-TRADE

	2023	2022
Raw materials and components - in hand	130,657	183,070
Work in process	7,125	13,851
Finished goods	40,136	69,668
Goods in transit	693	-
	178,611	266,589
Less: provision for slow moving stock	7,456	17,280
	171,155	249,309

11.1 Movement of provision for slow moving inventories

	Stores, spares and loose tools		Stock-in-trade	
	2023	2022	2023	2022
	--- Rupees in '000 ---		--- Rupees in '000 ---	
Balance at beginning of the year	-	-	17,280	17,280
Provision made during the year	10,326	-	-	-
Provision adjusted during the year	-	-	(9,824)	-
Balance at end of the year	10,326	-	7,456	17,280

12. TRADE DEBTS - Unsecured

	Note	2023	2022
		--- Rupees in '000 ---	
Consider doubtful - others		**14,767**	16,125
Less: expected credit loss allowance	12.1	**14,767**	16,125
		-	-

12.1 Expected credit loss allowance

	2023	2022
Balance at beginning of the year	**16,125**	19,100
Less: reversal during the year	**1,358**	2,975
Balance at end of the year	**14,767**	16,125

12.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.76.34 million (2022: Rs. 93.21 million).

13. LOANS AND ADVANCES

	Note	2023	2022
		--- Rupees in '000 ---	
Considered good			
Current portion of long term loans to employees other than key management personnel	7	**783**	624
Advances to suppliers - unsecured		**4,139**	2,509
		4,922	3,133

14. TRADE DEPOSITS

	Note	2023	2022
Margin against letter of guarantees	14.1	**25,862**	16,261
Margin against letter of credit		**21,282**	4,013
Deposit to suppliers / others		**5,470**	6,310
		52,614	26,584

14.1 This includes term deposits of Rs.22.825 million (2022: Rs. 13.223 million) and placed on roll over basis with commercial banks at a mark-up rate upto 18.50% (2022: 5.50%) and are under lien with the banks against bank guarantees issued on behalf of the Company.

15. OTHER RECEIVABLES - considered good

	Note	2023	2022
		--- Rupees in '000 ---	
Sales tax refundable - net		**18,428**	34,046
Profit on term deposit receipts and saving account		**4,780**	339
Atlas Engineering (Private) Limited - Employees provident fund		**-**	5,219
Due from Shirazi Investments (Private) Limited - related party	15.1	**199,179**	127,650
		222,387	167,254

15.1 Represents amount receivables in respect of group taxation under section 59AA of Income Tax Ordinance, 2001 for the year ended June 30, 2019, June 30, 2020 and June 30, 2022. The maximum aggregate amount due from related parties at the end of any month during the year was Rs.199.179 million (2022: Rs.127.650 million). During the year, refundable tax amounting Rs.30,314 thousand transferred from taxation net and minimum tax and carry forward losses aggregating Rs.41,215 thousand recouped (note.32). The amount Rs.127.65 million is due for more than one year.

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

2023	2022		2023	2022
----- Number of units -----			--- Rupees in '000 ---	
		Related party		
575,106	804,778	Atlas Money Market Fund	**292,445**	408,431

17. CASH AND BANK BALANCES

	2023	2022
Cash at banks in:		
- current accounts	**64,065**	37,429
- saving deposit account	**-**	40,038
	64,065	77,467
Cash in hand	**3**	84
	64,068	77,551

17.1 Saving accounts carry profit ranging up to 19.5% (2022: 12.25%) per annum.

18. SHARE CAPITAL

18.1 Authorised capital

2023	2022		2023	2022
---Number of shares---			--- Rupees in '000 ---	
40,000,000	40,000,000	Ordinary shares of Rs.10 each	**400,000**	400,000

18.2 Issued, subscribed and paid-up capital

2023	2022		2023	2022
---Number of shares---			--- Rupees in '000 ---	
21,610,283	21,610,283	Ordinary shares of Rs.10 each fully paid in cash	**216,103**	216,103
49,800	49,800	Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash	**498**	498
3,013,307	3,013,307	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**30,133**	30,133
(986,936)	(986,936)	Reduction in capital	**(9,869)**	(9,869)
23,686,454	23,686,454		**236,865**	236,865

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

19. SURPLUS ON REVALUATION OF LEASEHOLD LAND

	Note	2023	2022
		---- Rupees in '000 ----	
Surplus on revaluation of leasehold land	19.1	4,937,524	4,937,524

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

20. LONG TERM LOANS

	Note	2023	2022
		---- Rupees in '000 ----	
Financing under term finance agreement	20.2	-	200,000
Financing under refinance scheme for salaries and wages	20.3	-	37,766
Islamic Temporary Economic Refinance Facility	20.4	195,215	195,215
		195,215	432,981
Adjustment pertaining to fair value of loan at below market interest rate	20.5	(48,945)	(58,698)
		146,270	374,283
Current maturity		(14,907)	(104,370)
		131,363	269,913

20.1 Movement in long term loan at face value

	2023	2022
Balance at beginning of the year	432,981	379,965
Loan obtained during the year	-	195,215
Loan re-paid during the year	(237,766)	(142,199)
	195,215	432,981

20.2 Represents financing obtained from a commercial bank for capital expenditure (incurred and to be incurred) carrying mark-up at the rate of 3 months KIBOR + 0.95% (2022: 3 months KIBOR + 0.95%). The loan along with the mark-up is repayable in 18 equal quarterly installment commencing from January 2021. The Company during the year early repaid the remaining outstanding balance of Rs. 200 million (2022: Rs.66.667 million). The facility is secured by way of first pari-passu charge over immovable fixed assets and by way of hypothecation on movable fixed assets of the Company.

20.3 Represents financing obtained from a commercial bank under the refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of 1% per annum. The loan along with the mark-up is repayable in 8 equal quarterly instalments commencing from January 2021. The Company during the year repaid instalments aggregating Rs. 37.766 million (2022: Rs. 75.532 million). The facility is secured by way of first pari-passu hypothecation charge over the fixed assets.

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

20.5 Adjustment pertaining to fair value of loan at below market interest rate	**Note**	**2023**	2022
		---- Rupees in '000 ----	
Difference of fair value of loan and loan received		**58,698**	66,661
Amortisation of loan		**(9,753)**	(7,963)
		48,945	58,698

21. DEFERRED INCOME - GOVERNMENT GRANT

Balance at beginning of the year		**58,698**	4,733
Recognised during the year		**-**	61,928
Less: released to the statement of profit or loss	**31**	**9,753**	7,963
Balance at end of the year		**48,945**	58,698
Less: current portion		**10,097**	10,041
		38,848	48,657

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

22. DEFERRED LIABILITIES

	Note	**2023**	2022
		---- Rupees in '000 ----	
Staff retirement benefit funds - gratuity	**22.1.4**	**8,043**	7,031
Compensated absences	**22.2**	**16,520**	19,012
		24,563	26,043

22.1 Staff retirement benefit funds - gratuity

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

22.1.2 These benefit plans are trustee-administered funds and are governed by local regulations which mainly include Sindh Trust Act, 2020, Income Tax Rules, 2002 and Rules under the Trust deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contributions schedules lies with the board of trustees. The Company appoints the trustees and all trustees are employees of the Company.

22.1.3 The latest actuarial valuations of the Funds as at June 30, 2023 were carried out using the 'Projected Unit Credit Method'. Details of the Funds as per the actuarial valuations are as follows:

	2023		2022	
	Management	**Non-Management**	Management	Non-Management
	Rupees in '000			
22.1.4 Reconciliation				
Present value of defined benefit obligation	**28,256**	**4,363**	29,086	3,020
Fair value of plan assets	**(27,546)**	**-**	(25,558)	-
	710	**4,363**	3,528	3,020
Payable in respect of inter group transfers	**2,970**	**-**	483	-
	3,680	**4,363**	4,011	3,020
22.1.5 Movement in present value of defined benefit obligation				
Balance at beginning of the year	**29,086**	**3,020**	28,440	2,793
Current service cost	**1,773**	**311**	1,918	170
Interest cost	**3,568**	**382**	2,841	291
Benefits paid	**(5,563)**	**(149)**	(5,147)	(172)
Re-measurements	**552**	**799**	(79)	(62)
(Receivable from) / payable to related parties in respect of transferees	**(1,160)**	**-**	1,113	-
Balance at end of the year	**28,256**	**4,363**	29,086	3,020
22.1.6 Movement in fair value of plan assets				
Balance at beginning of the year	**25,558**	**-**	20,887	-
Expected return on plan assets	**3,100**	**-**	1,998	-
Contributions	**4,011**	**-**	10,191	-
Benefits paid	**(5,563)**	**-**	(5,147)	-
Re-measurement	**(888)**	**-**	(1,328)	-
Payable to / (recievable from) related parties in respect of transferees	**1,328**	**-**	(1,043)	-
Balance at end of the year	**27,546**	**-**	25,558	-
22.1.7 Movement in net liability in the statement of financial position				
Balance at beginning of the year	**4,011**	**3,020**	10,192	2,793
Expense recognised for the year	**2,241**	**693**	2,761	461
Contributions benefits paid	**(4,011)**	**(149)**	(10,191)	(172)
Re-measurements	**1,440**	**799**	1,249	(62)
Balance at end of the year	**3,681**	**4,363**	4,011	3,020

	2023		2022	
	Management	Non-Management	Management	Non-Management
	Rupees in '000			
22.1.8 Amounts recognised in the statement of profit or loss				
Current service cost	1,773	311	1,918	170
Interest cost	3,568	382	2,841	291
Expected return on assets	(3,100)	-	(1,998)	-
Charge for the year	2,241	693	2,761	461
22.1.9 Re-measurements recognised in other comprehensive income				
Loss / (gain) from change in financial assumptions	552	799	(193)	(12)
Loss from change in demographic assumptions	-	-	-	223
Experience loss / (gain) on re-measurement	-	-	114	(273)
Loss on re-measurement of plan assets	888	-	1,247	-
Difference in opening fair value	-	-	81	-
	1,440	799	1,249	(62)
22.1.10 Principal actuarial assumptions:				
Discount rate as at June 30,	16.25%	16.25%	13.25%	13.25%
Expected rate of increase in future salaries - first year	15.00%	15.00%	12.00%	13.00%
-long term	15.25%	15.25%	12.25%	12.25%
Mortality rates (for death in service)	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Moderate	Heavy	Moderate	Ultra Heavy
22.1.11 Actual return on plan assets	2,172	-	751	-

22.1.12 Plan assets comprise of the following:	2023		2022	
	Rs. in '000	%	Rs. in '000	%
Debt instruments	4,195	15.2%	7,158	28.0%
Shares and units of mutual funds	23,330	84.7%	18,252	71.4%
Cash	21	0.1%	148	0.6%
	27,546	100%	25,558	100%

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

22.1.14 Expected contribution to management and non management staff gratuity fund for the year ending June 30, 2024 is Rs.1.890 million and Rs.1.274 million respectively.

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

	Impact on defined benefit obligation - Non Management			Impact on defined benefit obligation - Management		
	Change in assumptions	Increase in assumption	Decrease in assumption	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	0.50%	4,214	4,524	1.00%	27,077	29,598
Future salary increase	0.50%	4,515	4,221	1.00%	29,470	27,176

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

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

22.1.16 The weighted average duration of defined benefit obligation for management and non-management plans is 4.39 years and 7.10 years respectively. The expected maturity analysis of undiscounted retirement benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	---- Rupees in '000 ----				
Management staff	13,448	654	14,495	57,972	86,569
Non-management staff	630	1,007	1,985	185,189	188,811
Total	**14,078**	**1,661**	**16,480**	**243,161**	**275,380**

22.2 **Compensated absences**	**2023**	2022
	---- Rupees in '000 ----	
Balance at beginning of the year	**19,012**	18,348
Add: provision for the year	**1,056**	4,521
Less: payments made during the year	**3,548**	3,857
Balance at end of the year	**16,520**	19,012

22.2.1 Includes liability in respect of key management personnel aggregating to Rs. 6.512 million (2022: Rs. 6.254 million).

23. TRADE AND OTHER PAYABLES

	Note	2023	2022
		---- Rupees in '000 ----	
Creditors		**89,449**	76,443
Accrued liabilities		**121,656**	89,281
Advance from related parties		**19,113**	-
Royalty and technical fee payable		**9,087**	11,319
Workers' Welfare Fund	29	-	66
Provisions	23.1	**236,228**	243,805
Deposit from employees		**2,784**	1,858
Others		**15,111**	16,625
		493,428	439,397

23.1 Provisions

	Balance at beginning of the year	Charge for the year	Payments during the year	Balance at end of the year
	----------- (Rupees in '000) -----------			
Gas Infrastructure Development Cess (note 23.1.1)	**147,095**	**-**	**-**	**147,095**
OGRA Gas tariff difference	**47,572**	**-**	**-**	**47,572**
Sindh Infrastructure Development Cess	**37,895**	**3,222**	**-**	**41,117**
Bonus	**11,243**	**70,731**	**(81,530)**	**444**
2023	**243,805**	**73,953**	**(81,530)**	**236,228**
2022	298,199	103,207	(157,601)	243,805

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

24. SHORT TERM BORROWINGS - Secured

24.1 Represents the running finance facilities available from various commercial banks under mark-up arrangements aggregated to Rs.772 million (2022: Rs.772 million) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts with 25% margin. The rates of mark-up of these facilities during the year ranged from 3 months KIBOR + 0.2% to 1 month KIBOR + 1.5% (2022: 3 months KIBOR + 0.2% to 1 month KIBOR + 2%) per annum. These facilities are expiring on various dates by December 31, 2023.

24.2 The facilities for opening letters of credit as at June 30, 2023 aggregated to Rs.844 million (2022: Rs. 844 million) of which the amount remained unutilised at year end was Rs. 698.662 million (2022: Rs. 777.25 million). These finance facilities are also secured against lien over import documents.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

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

Guarantees aggregating to Rs.126.008 million (2022: Rs. 117.37 million) have been issued by commercial banks to government and semi government institutions for utilities, import of raw materials and supply of goods.

25.2 Commitments

25.2.1 Commitments outstanding for letters of credit relating to capital expenditure, raw materials and components as at June 30, 2023 aggregated to Rs. 145.338 million (2022: Rs. 66.75 million).

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

	Note	2023	2022
		--- Rupees in '000 ---	
Within one year		**14,088**	8,877
After one year but not more than five years		**17,498**	11,679
		31,586	20,556

26. SALES - Net

	Note	2023	2022
Local sales			
- manufacturing activity		**2,148,919**	2,361,633
Less: sales tax		**318,002**	344,291
		1,830,917	2,017,342

27. COST OF SALES

	Note	2023	2022
Opening stock of finished goods		**69,668**	29,697
Cost of goods manufactured	27.1	**1,708,757**	1,868,520
Less: closing stock of finished goods		**40,136**	69,668
		1,738,289	1,828,549

27.1 Cost of goods manufactured

	Note	2023	2022
		--- Rupees in '000 ---	
Raw and ancillary materials consumed		**689,950**	862,848
Stores, spares and loose tools consumed		**86,633**	98,938
Salaries and other benefits	27.2	**368,723**	413,593
Travelling		**387**	2,093
Fuel, water and power		**400,389**	307,143
Ijarah rentals		**7,435**	5,138
Repair and maintenance		**80,090**	74,794
Rent, rates and taxes		**2,320**	925
Royalty and technical fee	27.3	**20,975**	22,957
Insurance		**11,714**	11,768
Printing & stationery, postage and telephone		**471**	962
Depreciation related to operating fixed assets	5.2	**88,470**	97,710
General expenses		**12,162**	13,542
Provision for slow moving stock	11.1	**502**	-
Reimbursement of fixed expenses	27.4	**(68,190)**	(38,252)
		1,702,031	1,874,159
Opening work-in-process		**13,851**	8,212
Closing work-in-process		**(7,125)**	(13,851)
		6,726	(5,639)
Cost of goods manufactured		**1,708,757**	1,868,520
Opening stock of finished goods		**69,668**	29,697
Closing stock of finished goods		**(40,136)**	(69,668)
		29,532	(39,971)
		1,738,289	1,828,549

27.2 These include Rs.7.496 million (2022: Rs.10.908 million) in respect of staff retirement benefits.

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

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

28. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2023	2022
		--- Rupees in '000 ---	
Salaries, wages and allowances	28.1	124,348	132,731
Repairs and maintenance		21,782	18,803
Travelling and conveyance		2,269	2,308
Depreciation	5.2	7,722	3,587
Amortisation	6	346	1,297
Insurance		1,530	1,699
Subscription		539	444
Ijarah rentals		2,051	642
Printing & stationery, postage and telephone		1,129	1,386
Rent rates and taxes		1,366	1,366
General expenses		4,761	6,702
		167,843	170,965

28.1 Salaries and other benefits include Rs.2.466 million (2022: Rs. 3.445 million) in respect of staff retirement benefits.

29. OTHER EXPENSES

	Note	2023	2022
		--- Rupees in '000 ---	
Loss on disposal of operating fixed assets	5.3	72,592	111,093
Legal and professional charges		1,672	5,163
Workers' welfare fund	23	-	66
Donation	29.1	1,326	6,059
Auditors' remuneration			
- statutory audit fee		1,030	1,030
- certifications and others		750	783
- out of pocket expenses		165	132
		1,945	1,945
		77,535	124,326

29.1 Donation of Rs.1.326 million (2022: Rs.6.059 million) charged in these financial statements pertains to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi (the Foundation). Mr. Frahim Ali Khan, Director of the Company is also Director of the Foundation.

30. FINANCE COSTS

	Note	2023	2022
		--- Rupees in '000 ---	
Mark-up on long term loans		40,623	34,041
Mark-up on short term finances		26,880	12,453
Bank and other financial charges		1,383	1,341
		68,886	47,835

31. OTHER INCOME

	Note	2023	2022
		--- Rupees in '000 ---	
Rental income from related parties	31.1	96,781	91,510
Mark-up income on investment in term deposit receipts	31.2	1,869	622
Dividend income from mutual funds		63,208	47,519
Gain on sale of investments at fair value through profit or loss		2,521	4,827
Fair value gain on investments at fair value through profit or loss - mutual funds		542	1,312
Mark-up income on saving account		7,959	850
Amortisation of deferred income - government grant	21	9,753	7,963
		182,633	154,603

31.1 Represents rental income earned from following related parties:

	2023	2022
Atlas Autos (Private) Limited	56,337	53,657
Atlas Hitech (Private) Limited	18,301	17,452
Atlas GCI (Private) Limited	722	-
Atlas DID (Private) Limited	21,421	20,401
	96,781	91,510

31.2 Term deposit receipts (TDRs) matured during the year having maturity upto 365 days from the respective date of acquisition. Mark-up on these TDRs range upto 18.50% (2022: 5.50%) per annum.

32. TAXATION

	Note	2023	2022
		--- Rupees in '000 ---	
Current tax			
Current tax on profit for the year		33,217	32,345
Adjustments for current tax of prior years		4,660	453
Minimum tax / losses of previous year recouped	15.1	(41,215)	-
		(3,338)	32,798
Deferred tax -			
Origination and reversal of temporary differences		(20,875)	(20,894)
		(24,213)	11,904

32.1 The returns of the Company is filed under group taxation in term of section 59AA of the Income Tax Ordinance, 2001. Further separate returns of the Company also filed in compliance with the provision of Rule 231D for record purposes only. No numeric tax reconciliation is given in the financial statements, as provision made during the year primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 150 and 153 of the Ordinance.

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	**14,206**	12,527	**14,467**	20,354
House rent and utilities	**6,794**	5,991	**6,919**	6,695
Bonus	**5,950**	6,790	**6,242**	4,594
Retirement benefits	**2,718**	1,198	**1,797**	1,339
Reimbursable expenses	**2,260**	1,635	**3,595**	2,252
	31,928	28,141	**33,020**	35,234
Number of person(s)	**1**	1	**6**	6

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

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

34. RELATED PARTIES

Related parties comprise of the Holding Company, Associated Companies, staff retirement funds, directors and key management personnel (members of management committee). The Company in the normal course of business carries out transactions with various related parties on mutually agreed terms. Amounts due from and to related parties are shown under receivables and payables. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

34.1 Name and nature of relationship

a) The Holding Company

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

b) Associated Companies due to common directorship

Atlas Honda Limited

Atlas Insurance Limited

Atlas Autos (Private) Limited

Atlas Foundation

Atlas Asset Management Limited

Atlas Battery Limited

Atlas Metals (Private) Limited

Shirazi Trading Company (Private) Limited

Atlas DID (Private) Limited

Honda Atlas Cars Pakistan Limited

Atlas Energy Limited

Atlas Hitec (Private) Limited

c) 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	**35,530**	23,686
Purchases of goods and services	**3,804**	2,349
Receipt under group taxation	-	102,712
Sales of operating fixed asset	-	869
Associated Companies		
Sales of		
- goods and services	**1,828,790**	1,993,602
- operating fixed assets	**3,536**	59,667
Purchases of		
- goods and services	**69,242**	58,863
- operating fixed assets	**15,864**	28,142
Insurance premium paid	**20,861**	22,976
Lease rentals received	**96,858**	91,510
Reimbursement of expenses from	**524,818**	295,045
Reimbursement of expenses to	**1,246**	43,708
Purchase of units in mutual funds	**30,951**	150,000
Sale of units in mutual funds	**150,000**	136,113
Dividend received	**63,208**	47,519
Donation paid	**5,000**	850
Other related parties		
Contributions paid to:		
- Gratuity funds	**4,160**	10,363
- Provident fund / pension scheme	**11,944**	13,219
Key management personnel		
- salaries and other employment benefits	**35,740**	28,141
- sale of vehicles and laptops under company policy	**24**	1,477

The related party status of outstanding balances as at June 30, 2023 is included in 'Other receivables - note 15.1', 'Short term investments - note 16' and 'Compensated absences - note 22.2.1' respectively. These are generated in ordinary course of business.

35. FINANCIAL INSTRUMENTS BY CATEGORY

	2023	2022
	--- Rupees in '000 ---	
FINANCIAL ASSETS - amortised cost		
Long term loans and advances	**297**	54
Long term deposits	**2,066**	2,066
Current portion of long term loans and advances	**783**	624
Trade deposits	**52,614**	26,584
Other receivables	**222,387**	167,254
Cash and bank balances	**64,068**	77,551
	342,215	274,133
At fair value through profit or loss		
Short term investments	**292,445**	408,431
	634,660	682,564
FINANCIAL LIABILITIES - amortised cost		
Long term financing	**131,363**	269,913
Trade and other payables	**257,644**	206,835
Current maturity of long term financing	**14,907**	104,370
Unclaimed dividends	**848**	848
Accrued mark-up	**4,880**	14,154
	409,642	596,120

36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

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

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

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

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

(a) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The financial assets exposed to credit risk amounted to Rs.634,657 thousand (2022: Rs.682,480 thousand) as at June 30, 2023.

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

	2023	2022
	---- Rupees in '000 ----	
Long term loans	**297**	54
Long term deposits	**2,066**	2,066
Current portion of long term loans	**783**	624
Trade deposits	**52,614**	26,584
Other receivables	**222,387**	167,254
Short term investments	**292,445**	408,431
Bank balances	**64,065**	77,467
	634,657	682,480

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

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

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

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

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

(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.772 million available borrowings limits from banks / financial institutions and bank balances of Rs.64.065 million.

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

	Carrying amount	Contrac-tual cash flows	Maturity upto one year	Maturity more than one year
	---------- Rupees in '000 ----------			
June 30, 2023				
Long term loans	**146,270**	**220,865**	**24,037**	**196,828**
Trade and other payables	**493,428**	**493,428**	**493,428**	-
Accrued mark-up	**4,880**	**4,880**	**4,880**	-
Unclaimed dividend	**848**	**848**	**848**	-
	645,426	**720,021**	**523,193**	**196,828**
June 30, 2022				
Long term financing	374,283	507,837	134,445	373,392
Trade and other payables	439,397	439,397	439,397	-
Accrued mark-up	14,154	14,154	14,154	-
Unclaimed dividend	848	848	848	-
	828,682	962,236	588,844	373,392

(c) Market risk

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

Foreign exchange risk

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

Interest rate risk

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

The Company's interest rate exposure arises from long term loans and short term borrowings. Borrowings issued at variable rates expose the Company to cash flow risk and borrowing issued at fixed rate expose the Company to fair value interest rate risk. At June 30, 2023, the Company's interest bearing borrowings aggregated to Rs.146,270 thousand (2022: Rs.374,283 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.1,463 thousand (2022: Rs.3,743 thousand) lower / higher mainly as a result of higher / (lower) interest expense on floating rate borrowings.

Equity price risk

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

36.2 Fair value measurement of financial instruments

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

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

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

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

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

36.3 Capital risk management

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

	Note	2023	2022
		--- Rupees in '000 ---	
Long term loans	20	**146,270**	374,283
Total equity		**5,700,597**	5,751,149
		5,846,867	6,125,432
Gearing ratio		**2.50%**	6.11%

37. PLANT CAPACITY AND ACTUAL PRODUCTION

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

38. NUMBER OF EMPLOYEES

	2023	2022
	Numbers	
Total number of employees	**121**	112
Average number of employees	**124**	115

39. CORRESPONDING FIGURES

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

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on August 24 , 2023 by the Board of Directors of the Company.

Chairman **Chief Executive Officer**