Directors' Report
On the Consolidated Financial Statements

The Directors of Shirazi Investments (Private) Limited (Company) are pleased to present the audited consolidated financial statements for the year ended 30 June 2021.

Consolidated Results
The comparison of annual audited results for the year ended 30 June 2021 as against the year 2020 is as follows:

(Rupees in million)

Particulars	30 June 2021	30 June 2020
Total Revenue	159,699.28	131,462.67
Share of profit of associates and joint venture-net of tax	1,755.30	1,713.89
Profit before tax	12,437.51	8,779.25
Profit after tax	9,151.20	6,585.73
Attributable to:		
Equity holders of the Holding Company	6,603.86	4,775.65
Non-controlling interest	2,547.34	1,810.08

Total revenue was Rs. 159,699.28 million in the year 2021 as against Rs. 131,462.67 million last year, due to higher revenues and other operating income of the subsidiary companies. The cost of sales and services increased to Rs. 139,636.42 million as against Rs. 114,131.99 million last year. The percentage-wise sales and services cost stood at 88% of sales compared to 89% last year. Distribution cost and administration expenses increased by 11% to Rs. 7,253.29 million as against Rs. 6,522.11 million last year. Share of profit of associates and joint venture increased by 2% to Rs. 1,755.30 million from Rs. 1,713.89 million last year. As a result, profit before tax increased to Rs. 12,437.51 million from Rs. 8,779.25 million last year. Profit after tax also increased to Rs. 9,151.20 million from Rs. 6,585.73 million last year.

A brief review of the operational performance of each entity for the year is as follows:

Atlas Asset Management Limited
Income from management fees increased to Rs. 429.19 million against Rs. 308.96 million last year. During the year, Atlas Asset Management earned a profit after tax of Rs. 169.62 million against Rs. 123.66 million last year.

Atlas Engineering (Private) Limited
Sales for the year were Rs. 2,379.61 million against Rs. 1,688.90 million for the last year. Profit after tax for the year was Rs. 64.44 million against loss after tax of Rs. (206.54) million last year.

Atlas Power Limited
Sales for the year were Rs. 12,370.92 million against Rs. 10,696.15 million last year. Profit after tax for the year was Rs. 2,259.74 million against Rs. 2,496.63 million last year.

Shirazi Trading Company (Private) Limited
Revenue for the year was Rs. 3,133.83 million against Rs. 3,352.67 million last year. Profit after tax for the year was Rs. 114.38 million against loss after tax of Rs. (10.61) million last year.

Atlas Autos (Private) Limited
Sales for the year were Rs. 18,670.92 million against Rs. 13,458.68 million last year. Profit after tax for the year was Rs. 874.46 million against a loss after tax of Rs (54.52) million last year.

Atlas Metals (Private) Limited
Sales for the year were Rs. 151.54 million against Rs. 339.93 million last year. Loss after tax for the year was Rs. (118.47) million against the loss of Rs. (303.10) million last year.

Atlas Venture Limited (UAE)
Revenues for the year were Rs. 3.27 million against Rs. 22.22 million last year. Profit for the year was Rs. 2.11 million against Rs. 4.15 million last year.

Atlas World Wide General Trading LLC (UAE)
Sales for the year were Rs. 881.09 million against Rs. 234.19 million last year. Profit for the year was Rs. 3.91 million against Rs. 24.54 million last year.

Atlas Global FZE (UAE)
Sales for the year were Rs. 4,641.78 million against Rs. 2,627.56 million last year. Profit for the year was Rs. 38.69 million against Rs. 13.64 million last year.

Oyster International Holdings Limited (UAE)
Revenues for the year were Rs. 0.18 million against Rs. 0.43 million for the last year. Profit for the year was Rs. 0.11 million against Rs. 0.06 million last year.

Atlas Honda Limited
Sales for the year ended 31 March 2021 were Rs. 93,156.96 million against Rs. 84,775.97 million last year. Profit after tax for the year ended 31 March 2021 was Rs. 3,594.79 million against Rs. 3,078.40 million last year.

Atlas Battery Limited
Sales for the year were Rs. 19,955.09 million against Rs. 12,546.15 million last year. Profit after tax for the year was Rs. 895.97 million against a loss after tax of Rs. (327.10) million last year.

Atlas Insurance Limited
The company's financial year ends in December. However, based on Jul' 20-Jun'21, the net premium was Rs. 1,621.67 million against Rs. 1,369.96 million last year. Profit after tax for the year was Rs. 730.64 million against Rs. 625.54 million last year.

Atlas Hitec (Private) Limited
Sales for the year ended 31 March 2021 were Rs. 2,856.11 million against Rs. 2,491.20 million last year. Profit after tax for the year ended 31 March 2021 was Rs. 30.82 million against Rs. 18.19 million last year.

Atlas Energy Limited
Sales for the year were Rs. 52.45 million against Rs. 13.77 million last year. Profit after tax for the year was Rs. 30.90 million against Rs. 1.15 million last year.

Zhenfa Pakistan New Energy Company Limited
The company holds a 20% shareholding of Zenfa Pakistan New Energy Company Limited, which is a subsidiary of Atlas Power Limited. The company's accounting year ends in December. However, based on Jul' 20-Jun'21, there is no revenue and profitability in the company. All the payments are being made solely for the project's development, and the company is bound to comply with all rules, regularization, and directions of The National Electric Power Regulatory Authority (NEPRA).

Atlas DID (Private) Limited
Atlas DID (Private) Limited was incorporated in Pakistan on 22 July 2019. The company is a subsidiary of Atlas Autos (Private) Limited (a wholly-owned subsidiary). Sales for the year were Rs. 892.50 million against Rs. 84.78 million last year. Profit after tax for the year was 35.70 million against Rs. 31.31 million last year.

Shirazi Investments

Atlas GCI (Private) Limited

Atlas GCI (Private) Limited (AGPL) was incorporated in Pakistan on 6 August 2019. There are no sales during the year ended 30 June 2021 as AGPL did not commence its manufacturing operations.

On behalf of the Board of Directors

Noorullah Chief Executive Officer	Frahim Ali Khan Director

Karachi: 27 September 2021

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SHIRAZI INVESTMENTS (PRIVATE) LIMITED

CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Shirazi Investments (Private) Limited

Opinion

We have audited the annexed consolidated financial statements of **Shirazi Investments (Private) Limited** (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at **30 June 2021**, and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at **30 June 2021** and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of 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.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Group to cease to continue as a going concern.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A member firm of Ernst & Young Global Limited

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

Chartered Accountants

Place: Karachi

Date: 06 October 2021

A member firm of Ernst & Young Global Limited

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
ASSETS		---------- Rupees in '000 ----------	
Non-current assets			
Fixed assets	7	**38,320,568**	38,541,538
Investment properties	8	**2,195,200**	2,564,476
Investment in associates and joint venture	9	**35,553,377**	27,851,320
Long term investments	10	**2,782,043**	1,739,851
Long term loans	11	**67,189**	52,507
Long term deposits and other receivables	12	**1,025,119**	969,883
Net investment in finance lease		**47,084**	52,358
		79,990,580	71,771,933
Current assets			
Stores, spare parts and loose tools	13	**2,235,543**	2,948,167
Stock-in-trade	14	**11,807,754**	8,816,996
Trade debts	15	**29,366,557**	24,032,540
Receivable from funds under management	16	**40,798**	28,941
Loans and advances	17	**2,064,711**	238,366
Deposits, prepayments and other receivables	18	**4,965,661**	3,909,644
Accrued investment income		**32,553**	68,496
Short term investments	19	**7,469,567**	3,411,993
Taxation - net		**2,389,794**	3,495,288
Non-current asset held for sale	20	**410,000**	13,918
Current portion of net investment in finance lease		**5,274**	3,823
Cash, bank balances and deposits	21	**23,573,075**	10,012,085
		84,361,287	56,980,257
TOTAL ASSETS		**164,351,867**	128,752,190
EQUITY AND LIABILITIES			
Equity attributable to the Holding Company			
Reserves			
Share capital	22	**2,201,124**	2,201,124
Capital reserve		**13,484,360**	13,484,360
Reserves		**48,156,928**	42,556,999
Unrealised gain on revaluation of investments		**5,875,746**	2,726,277
Revaluation surplus on property, plant and equipment		**5,565,144**	5,565,144
		75,283,302	66,533,904
Non-controlling interests		**14,161,804**	12,565,299
Total equity		**89,445,106**	79,099,203
Non-current liabilities			
Long term loans - secured	23	**12,183,255**	7,331,739
Long term financing - government grant	24	**445,268**	354,600
Long term deposits	25	**9,756**	8,949
Deferred liabilities	26	**790,483**	690,898
Lease liabilities	27	**1,465,238**	1,163,814
Deferred income - government grant	28	**282,365**	20,291
Deferred taxation	29	**3,449,371**	1,487,332
		18,625,736	11,057,623
Current liabilities			
Trade and other payables	30	**36,948,005**	21,001,561
Current portion of lease liabilities	27	**236,862**	161,582
Current portion of deferred income	28	**106,467**	27,753
Current portion of long term financing - government grant	24	**734,143**	117,438
Short term borrowings - secured	31	**16,438,930**	15,692,314
Accrued mark-up		**364,924**	446,531
Current portion of long term loans	23	**1,447,884**	1,144,831
Current portion of long term deposits	25	**3,810**	3,354
		56,281,025	38,595,364
Contingencies and commitments	32		
TOTAL EQUITY AND LIABILITIES		**164,351,867**	128,752,190

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chairman | Chief Executive Officer | Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		----------- Rupees in '000 -----------	
Income			
Sales of goods and rendering of services	33	**158,071,417**	128,598,382
Fee / commission from asset management	34	**429,191**	308,956
Dividend income		**130,001**	232,379
Other operating income	35	**1,068,674**	2,322,952
		159,699,283	131,462,669
Expenses			
Cost of sales and services	36	**139,636,423**	114,131,986
Distribution costs and administrative expenses	37	**7,253,286**	6,522,106
Finance costs	38	**2,127,371**	3,743,216
		149,017,080	124,397,308
		10,682,203	7,065,361
Share of profit of associates and joint venture - net of tax	39	**1,755,302**	1,713,889
Profit before taxation	40	**12,437,505**	8,779,250
Taxation - net	41	**(3,286,302)**	(2,193,523)
Profit after taxation		**9,151,203**	6,585,727
Attributable to:			
Equity holders of the Holding Company		**6,603,862**	4,775,652
Non-controlling interest		**2,547,341**	1,810,075
		9,151,203	6,585,727
Earnings per share - basic and diluted	42	**30.00**	21.65

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chairman	Chief Executive Officer	Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	----------- Rupees in '000 -----------	
Net profit for the year	**9,151,203**	6,585,727
Other comprehensive income to be reclassified to profit and loss account in subsequent periods		
Exchange (loss) / gain on translation of net assets of foreign operations	**(74,893)**	56,494
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods		
Net unrealised gain / (loss) on revaluation of investments at fair value through other comprehensive income - net	**3,787,716**	494,549
Actuarial gain / (loss) on defined benefit plan	**50,013**	(12,156)
Related deferred taxation	**(613,367)**	(158,012)
	3,224,362	324,381
Surplus on revaluation during the year	**-**	4,389,463
Share of other comprehensive loss from associates' in respect of staff retirement benefit obligation - net of deferred tax	**(3,522)**	(4,967)
Total comprehensive income - net of tax	**12,297,150**	11,351,098
Attributable to:		
Equity holders of the Holding Company	**9,749,809**	9,541,023
Non-controlling interest	**2,547,341**	1,810,075
	12,297,150	11,351,098

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chairman	Chief Executive Officer	Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

		Reserves								
		Capital		Revenue						
	Share capital	Share premium	Amalgamation reserve	General	Unappropriated profit	Unrealised gain on revaluation of investments	Revaluation surplus on property, plant and equipment	Sub-total	Non-controlling interest	Total
	Rupees in '000									
Balance as at June 30, 2019	2,201,124	26,839,742	(13,355,382)	13,931,122	24,605,775	2,345,402	1,175,681	57,743,464	11,185,585	68,929,049
Transfer to general reserves	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	4,775,652	-	-	4,775,652	1,810,075	6,575,331
Other comprehensive loss	-	-	-	-	-	380,875	-	380,875	-	380,875
Surplus on revaluation during the year income of associates - net	-	-	-	-	(4,967)	-	4,389,463	4,384,496	-	4,384,496
Total comprehensive income for the year	-	-	-	-	4,770,685	380,875	4,389,463	9,541,023	1,810,075	11,351,098
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	651,000	651,000
Dividend paid during the year	-	-	-	-	(750,583)	-	-	(750,583)	(1,081,361)	(1,831,944)
Balance as at June 30, 2020	2,201,124	26,839,742	(13,355,382)	13,931,122	28,625,877	2,726,277	5,565,144	66,533,904	12,565,299	79,099,203
Transfer to general reserves	-	-	-	600,000	(600,000)	-	-	-	-	-
Profit for the year	-	-	-	-	6,603,862	-	-	6,603,862	2,547,341	9,151,203
Other comprehensive income	-	-	-	-	-	3,149,469	-	3,149,469	-	3,149,469
Surplus on revaluation during the year income of associates - net	-	-	-	-	(3,522)	-	-	(3,522)	-	(3,522)
Total comprehensive income for the year	-	-	-	-	6,600,340	3,149,469	-	9,749,809	2,547,341	12,297,150
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-
Dividend paid during the year	-	-	-	-	(1,000,411)	-	-	(1,000,411)	(950,836)	(1,951,247)
Balance as at June 30, 2021	**2,201,124**	**26,839,742**	**(13,355,382)**	**14,531,122**	**33,625,806**	**5,875,746**	**5,565,144**	**75,283,302**	**14,161,804**	**89,445,106**

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chairman

Chief Executive Officer

Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees in '000	
Cash flows from operating activities			
Cash generated from operations	43	21,926,247	10,553,639
Mark-up / interest paid		(2,208,978)	(3,822,823)
Tax paid		(218,769)	(5,131,177)
Gratuity paid		(142,725)	(35,313)
Payment of deferred liabilities		(27,722)	(11,357)
		(2,598,194)	(9,000,670)
Net cash generated from operating activities		19,328,053	1,552,969
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,739,733)	(6,887,287)
Proceeds from sale of fixed assets		1,158,682	1,320,451
Proceed from sale of investment properties		566,301	-
Purchase of intangible assets		(54,974)	(18,176)
Purchase of CWIP		(1,308,993)	-
Investment in associates - net		(5,273,770)	(1,619,372)
Dividends received from associates		43,970	456,670
Dividends received from investments		130,001	(224,291)
Effects of exchange differences on translation of net assets of foreign operations		-	56,494
Investments - net		(5,258,141)	4,832,971
Disbursements in long term loans		(14,682)	(1,515)
Rental received against sublease		3,823	-
Disbursements in long term deposits and other receivables		(55,236)	(349,187)
Net cash used in investing activities		(11,802,752)	(2,433,242)
Cash flows from financing activities			
Proceeds from long term loans		5,531,273	4,765,929
Proceeds from long term financing - government grant		707,373	-
Dividend paid to non controlling interests		(950,836)	(1,081,361)
Long term deposits - net		1,263	3,063
Short term borrowings - net		746,616	(4,420,378)
Net cash used from financing activities		6,035,689	(732,747)
Net decrease in cash and cash equivalents		13,560,990	(1,613,020)
Cash and cash equivalents at beginning of the year		10,012,085	11,625,105
Cash and cash equivalents at end of the year		23,573,075	10,012,085

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

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

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. THE GROUP AND ITS OPERATIONS

The "Group" consists of:

Holding Company	Note
- Shirazi Investments (Private) Limited (SIL)	1.1

These financial statements are the consolidated financial statements of the Holding Company and its subsidiaries ("the Group"). In addition to the consolidated financial statements, the Holding Company prepares and presents its separate financial statements for the year ended June 30, 2021.

These consolidated financial statements include the financial statements of the following companies:

Subsidiary companies		Percentage holding
- Atlas Asset Management Limited (AAML)	1.2	100.00%
- Atlas Engineering (Private) Limited (AEL)	1.3	100.00%
- Shirazi Trading Company (Private) Limited (STC)	1.4	100.00%
- Atlas Power Limited (APL)	1.5	84.60%
- Atlas Venture Limited (AVL)	1.6	100.00%
- Atlas Autos (Private) Limited (AAPL)	1.7	100.00%
- Atlas Die Casting (Private) Limited (ADL)	1.7	0.00%
- Atlas Aluminium (Private) Limited (AAL)	1.7	0.00%
- Atlas Metal (Private) Limited (AML)	1.8	100.00%
- Atlas Services Limited (ASL)	1.9	0.00%
- Atlas Energy Limited (AENL)	1.10	100.00%
- Atlas Global FZE (AGF)	1.11	100.00%
- Atlas Insurance Limited (AIL)	1.12	75.33%
- Atlas Battery Limited (ABL)	1.13	60.17%
- Atlas Honda Limited (AHL)	1.14	54.57%
- Atlas World Wide General Trading LLC (AWWGT)	1.15	49.00%
- Atlas Hitec (Private) Limited (AHPL)	1.16	60.72%
- Zenfa Pakistan New Energy Limited (ZPNEL)	1.17	70.76%
- Atlas DID (Private) Limited (ADIDPL)	1.18	60.00%
- Atlas GCI (Private) Limited (AGCIPL)	1.19	50.67%
- Oyster International Holdings Limited (OIHL)	1.20	100.00%

The year end of all the subsidiaries is same as of the Holding Company except for AHL, AHPL, ADIDPL, AGCIPL, ZPNEL and AIL. The year end of AHPL, ADIDPL and AHL is March 31, and of AIL, AGCIPL and ZPNEL is December 31.

1.1 Shirazi Investments (Private) Limited (SIL)

SIL was incorporated on August 27, 1962 as a private limited company. The registered office of the Holding Company is situated at Second Floor, Federation House, Sharae Firdousi, Clifton, Karachi. The Holding Company is engaged in trading and investment in equity and debt securities, underwriting, real estate and warehousing business.

On May 13, 2016 the Board of Directors of the Company had passed a resolution authorizing the Company to explore the viability of the potential merger between the Shirazi Capital (Private) Limited (SCPL) and Shirazi (Private) Limited (SPL) with and into the Company. The Company had engaged the services of a consultant and decided on a swap ratio in exchange of shares for SCPL and SPL and a scheme of amalgamation (the scheme) was filed in High Court of Sindh after approval from the Board of Directors and shareholders of the Company, SCPL and SPL on June 11, 2016.

The High Court of Sindh through its order dated November 23, 2016 sanctioned the scheme. Pursuant to this sanction, the entire business of SCPL and SPL including their Assets, Liabilities, and the Rights and Obligations have been amalgamated into and vest in the Group with effect from the effective date as mentioned in the scheme i.e., July 01, 2016 which the Group has considered effective date of merger. In consideration, 91,819,873 fully paid ordinary shares of Rs.10 each have been issued to the registered shareholders of SCPL whereas 9,572,566 fully paid ordinary shares of Rs.10 each have been issued to the registered shareholders of SPL.

This amalgamation was accounted for in the books using predecessor's accounting method as it was a business combination of entities under common control and therefore scoped out of IFRS-3 'Business Combinations'. The net assets of SCPL and SPL have been incorporated at their net carrying amount in the books as on June 30, 2016 and the difference in value of the net assets and shares as issued above has been carried in the equity under the head "Amalgamation reserve". Furthermore, the acquired entity's results and balance sheet are incorporated prospectively from the date on which the business combination occurred. Consequently, these financial statements do not reflect the results of the acquired entity for the period before the transaction occurred and the corresponding amounts for the previous year presented are also not restated.

In consequence of the above amalgamation, Atlas Insurance Limited (AIL), Atlas Battery Limited (ABL), Atlas Hitec (Private) Limited (AHPL) and Atlas Honda Limited (AHL) have become subsidiaries of SIL which were previously accounted for as associates.

1.2 Atlas Asset Management Limited (AAML)

AAML was incorporated in Pakistan as a public limited company on August 20, 2002 under the Companies Ordinance, 1984, and obtained certificate for the commencement of business on December 18, 2002. AAML has been issued license by the Securities and Exchange Commission of Pakistan to carry on business of asset management services as a Non-Banking Finance Group (NBFC) under section 282C of the Companies Act, 1984 and under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On January 08, 2007, the Securities and Exchange Commission of Pakistan issued license to AAML to carry on business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005 (VPS Rules, 2005).

AAML is managing Atlas Income Fund, Atlas Islamic Income Fund, Atlas Islamic Stock Fund, Atlas Stock Market Fund, Atlas Fund of Funds, Atlas Money Market Fund, Atlas Pension Fund, Atlas Pension Islamic Fund, Atlas Islamic Fund of Funds, Atlas Islamic Dedicated Stock Fund, Atlas Sovereign Fund and Atlas Islamic Money Market Fund.

The registered office of AAML is situated at Ground Floor, Federation House, Sharae Firdousi, Clifton, Karachi.

1.3 Atlas Engineering (Private) Limited (AEL)

AEL 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, AEL was delisted from the relevant stock exchanges. AEL is engaged in manufacturing of components and parts for automotive vehicles. The registered office and factory's geographical location of AEL is situated at 15th Mile, National Highway, Landhi, Karachi, Pakistan.

1.4 Shirazi Trading Group (Private) Limited (STC)

STC was incorporated in Pakistan as a private limited company on June 20, 1975 under the Companies Act, 1913 (now Companies Act, 2017). STC is primarily engaged in the business of trading and maintenance of office equipment, power generators, security and medical equipment and trading of automotive parts. STC has countrywide sales and service network and its branches are located at Karachi, Lahore, Islamabad, Multan and Peshawar. The registered office of STC is situated at Plot No. 114 C, Al-Murtaza Commercial Lane - 3, off Khayaban-e-Iqbal, Phase VIII, Defence Housing Authority, Karachi.

1.5 Atlas Power Limited (APL)

APL was incorporated on January 05, 2007 as a public unlisted company in Pakistan. The principal activity of APL is to build and operate generation plant for the generation and supply of electricity. The registered office is situated at 26-27 km Lahore - Sheikhupura Road, Sheikhupura.

1.6 Atlas Venture Limited (AVL)

AVL is an offshore Free Zone Company with limited liability formed in accordance with the Offshore Companies Regulations of Jebel Ali Free Zone of 2003 and is registered with the Jebel Ali Free Zone Authority under License No. 110700. The principal activity of AVL is general trading and holding activities. The registered office of AVL is 8A, Dubai Creek Tower, Bani Yas Street Deira, Dubai, UAE.

AVL had a liaison office in China which was closed on 20 December 2020. The registered address of the liaison office was No. 49- 2 -14- 17, Xiaolongkan New Street, Shapingba District, Chongqing, China.

1.7 Atlas Autos (Private) Limited (AAPL)

AAPL is a private limited company incorporated in Pakistan on March 16, 2011 under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company is engaged in the manufacturing, processing and trading of automotive parts, components, accessories and tools including trading of automotives. The registered office is situated at Federation House, Sharae Firdousi, Clifton, Karachi. AAPL is engaged in the manufacturing, processing and trading of automotive parts, component's, accessories and tools including trading of automotives logistic services. The manufacturing and assembly facilities of AAPL are situated at Karachi and Sheikhupura.

The Board of Directors of the AAPL approved a Scheme of Arrangement (the Scheme) on May 17, 2019 for merger/ amalgamation of ADL and AAL with and into the AAPL. ADL and AAL were wholly owned subsidiaries of the Company. At June 01, 2019, AAPL filed a petition in the Honourable High Court of Sindh to this effect under sections 279 to 283 and 285 of the Companies Act, 2017. Under the Scheme and upon its approval on October 24, 2019 by the Honourable High Court of Sindh, effective from July 01, 2019, all the business, functions, operations, assets, liabilities and obligations, rights to execute deeds, contracts, legal proceedings, judgments etc. of the Subsidiary Companies were transferred to and vested in the AAPL.

The Subsidiary Companies were group companies under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied.

1.8 Atlas Metals (Private) Limited (AML)

AML was incorporated in Pakistan as a private limited company on September 18, 2012 under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of AML is to carry on the business of recycling of all ferrous and non-ferrous metals, alloys, polymers and papers. The registered office of AML is situated at Second Floor, Federation House, Sharae Firdousi, Clifton Karachi, Pakistan.

The geographical location and address of the factory of the Company is 15th Mile, National Highway, Landhi, Karachi.

1.9 Atlas Services Limited (ASL)

ASL was incorporated in Pakistan as a public limited company, under the Companies Ordinance, 1984, on September 17, 2015. The registered office of the Company is situated at 2nd Floor, Federation House, Sharae Firdousi, Clifton, Karachi, Pakistan. ASL is a wholly owned subsidiary of Shirazi Investments (Private) Limited (the Holding Company). The Company will be engaged in manufacturing of components and parts for automotive vehicles.

Prior to commencement of operations, shareholders of the ASL, by a special resolution in Extraordinary General Meeting dated April 02, 2019, resolved to wind up the affairs of ASL through members' voluntary winding up mode pursuant to section 237 of the Act and appointed a liquidator. The liquidator, in pursuance of section 371 read with section 321 of the Act submitted his preliminary report to the Registrar and made final payment to shareholders. However, ASL has not been dissolved till 30 June 2021 because the regulatory bodies were not operational due the Covid 19 pandemic and accordingly ASL has been continued to be classified as subsidiary company at the year end.

1.10 Atlas Energy Limited (AENL)

AENL was incorporated as an unquoted public limited company in Pakistan on May 18, 2016 under the Companies Ordinance 1984 (now Companies Act, 2017). The registered office of AENL is situated at 64 XX, Khayaban -e- Iqbal, DHA Phase III, Lahore.

The purpose of Atlas Energy Limited is to provide cost effective tailored solar solutions for industrial and commercial consumers.

1.11 Atlas Global FZE (AGF)

AGF is a Free Zone Establishment with limited liability in the Jebel Ali Free Zone, Dubai formed under the Law no. 9 of 1992 and implementing regulations issued there under by Jebel Ali Free Zone.

AGF was registered on November 19, 2015. The registered office of AGF is Office No. 323, Block B, Tech Park Building, Jebel Ali Free Zone, Dubai, UAE.

AGF is principally engaged in general trading activities.

1.12 Atlas Insurance Limited (AIL)

AIL was incorporated as a public limited company on September 06, 1934 under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The AIL is engaged in general insurance business. The registered office of AIL is situated at 63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, Defence Housing Authority, Lahore, Pakistan.

AIL was granted license to work as Window Takaful Operator (WTO) dated March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

1.13 Atlas Battery Limited (ABL)

ABL was incorporated as a public limited company on October 19, 1966 and its shares are quoted on Pakistan Stock Exchange Limited. ABL is engaged in manufacturing and sale of automotive and motorcycle batteries & allied products. The registered office is located at D-181, Central Avenue, S.I.T.E., Karachi. The manufacturing facilities of the ABL are located at S.I.T.E., Karachi with branches at Karachi, Lahore, Multan, Islamabad, Faisalabad, Sahiwal, Peshawar, Sukkur and Rahim Yar Khan.

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1.14 Atlas Honda Limited (AHL)

AHL was incorporated as a public limited company on October 16, 1962 under the Companies Act, 1913 (now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The registered office is located at 1- McLeod Road, Lahore. AHL is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts. The manufacturing and assembling facilities of AHL are located at Karachi and Sheikhupura, with business units located in Hyderabad, Multan, Lahore, Faisalabad, Rahim Yar Khan and Islamabad.

1.15 Atlas World Wide General Trading LLC (AWWGT)

AWWGT is a limited liability company registered in the Emirate of Dubai under Federal Law No. 2 of 2015 on commercial companies as amended. It is owned jointly by U.A.E national and SIL. AWWGT is principally engaged in general trading activities. The Company was established on February 25, 2007. The registered office is office 3105-42, 30th Floor, Single business tower, Business bay, Dubai, United Arab Emirates.

1.16 Atlas Hitec (Private) Limited (AHPL)

AHPL was incorporated in Pakistan as a private limited company on September 13, 2012 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activity of AHPL is to manufacture and sale any kind of automotive parts and allied products. The registered office of AHPL is situated at 2nd Floor, Federation House, Sharae Firdousi, Clifton Karachi, Pakistan. The geographical location and address of the factory of AHPL is 15th Mile, National Highway, Landhi, Karachi.

AHPL was formed in accordance with a joint venture agreement concluded among Atlas Autos (Private) Limited, Atlas Honda Limited and Denso Corporation (the Joint Ventures) with a shareholding of 45 percent, 29 percent and 26 percent, respectively. Denso Corporation was incorporated in Japan with registered office situated at 1-1, Showa-Cho, Kariya-shi, Aichi-ken 448-8661, Japan. The authorised agent of AHPL is Hishashi Lida as Nominee Director. Voting rights, vote selection and similar rights of shareholders are in proportion to the shareholding of AHPL.

1.17 Zenfa Pakistan New Energy Limited (ZPNEL)

ZPNEL is incorporated in Pakistan on September 04, 2014 under the Companies Ordinance, 1984 (now the Companies Act, 2017) with object to construct, operate and own a 100 MW solar power plant for generation and supply of electricity. The registered office of the company is situated at 64/XX, Khayaban-e-Iqbal DHA Phase 3, Lahore, Punjab. Currently all the payments are solely made for the development of the project and the company is bound to comply with all rules, regularization and directions of The National Electric Power Regulatory Authority (NEPRA).

SIL and APL holds 20% and 60% shareholding of ZPNEL.

1.18 Atlas DID (Private) Limited (ADIDPL)

ADIDPL is a private limited company incorporated in Pakistan on July 22, 2019, under the Companies Act, 2017. The registered office is situated at 2nd Floor, Federation House, Sharae Firdousi, Clifton, Karachi. ADIDPL is engaged in the manufacturing, processing and trading of automotive parts, components, accessories and tools. The manufacturing facility of the ADIDPL is situated at Karachi.

AAPL holds 60% shareholding of ADIDPL.

1.19 Atlas GCI (Private) Limited (AGCIPL)

AGCIPL was incorporated as a private limited company in Pakistan on August 06, 2019 under the Companies Act, 2017. The registered office is situated at 2nd floor, Federation House, Sharae Firdousi, Clifton, Karachi. The Company shall be engaged in manufacturing of circuit assemblies for electric components of two wheeler vehicles.

AAPL and AHPL holds 20% and 40% shareholding of AGCIPL.

1.20 Oyster International Holdings Limited (OIHL)

OIHL is an offshore Free Zone Company incorporated on April 25, 2017 with limited liability formed in accordance with the Offshore Companies Regulations of Jebel Ali Free Zone of 2003 (and amendment) and is registered with the Jebel Ali Free Zone Authority under Registration No. 188433. The licensed activity of OIHL is general trading and holding activities.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3. BASIS OF CONSOLIDATION

These consolidated financial statements have been prepared from the information available in the audited financial statements of the Holding Company and the audited financial statements of the subsidiaries. Subsidiary companies are consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and are excluded from consolidation from the date of disposal or when the control is lost.

The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis. Material intra-group balances and transactions have been eliminated.

IFRS 10 "Consolidated Financial Statements" was made applicable from periods beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by Securities and Exchange Commission of Pakistan (SECP). However, vide S.R.O 56(I) /2016 dated January 28, 2016, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance, 1984 (now Companies Act, 2017) and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of this standard have not been considered in the preparation of these consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except for the changes in accounting policies as explained below:

4.1.1 New / revised standards, interpretations and amendments

The Group has adopted the following International Financial Reporting Standard which became effective for the current year:

IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRS 16	COVID 19 Related Rent Concessions (Amendments)
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB in December 2016

IFRS 3	Business Combinations - Previously held Interests in a joint operation
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity.
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Group's consolidated financial statements except stated below:

4.2 IFRS 16 "Leases"

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group has lease contracts for its Commercial offices and warehouse. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Short term prepayments and other receivables, respectively.

Upon adoption of IFRS 16, the Group initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Group elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group sub-leases its building space.

The Group also applied the available practical expedients wherein it:

Used a single discount rate to a portfolio of leases with reasonably similar characteristics.

Relied on its assessment of whether leases are onerous immediately before the date of initial application.

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Applicability of IFRS - 16 'Leases' - APL

The Company adopted IFRS 16 from January 01, 2019. A lessee recognizes a right-of-use assets representing its right of using the underlying assets and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases. However, SECP deferred the application of IFRS - 16 to the extent of power purchase agreement till further notification through its S.R.O 986 (I) I 2019 dated 2nd September 2019 to all companies that have executed their power purchase agreement (PPA) before January 01, 2019.

Consequent to aforesaid exemption. the Company is not required to account for a portion of its Power Purchase Agreement (PPA) with National Transmission and Dispatch Company Limited (NTDCL) as a lease under IFRS 16. Had the exemption not been grented, the impact as on June 30, 2021, for the years ended June 30, 2021 and 2020 would have been as follows:

	Note	2021	2020
		---------- Rupees in '000	----------
Derecognition of property, plant and equipment		(10,779,299)	(11,566,275)
Recognition of net investment in finance lease		17,479,917	17,600,277
		6,700,618	6,034,002
Increase in unappropriated profits at the beginning of the year		6,034,002	5,340,287
Profit before tax as per the financial statements	A	2,259,842	2,496,652
Depreciation reversed		787,344	787,214
Finance income recognized		5,356,895	5,385,362
Sales revenue reversed		(5,477,623)	(5,478,861)
		666,616	693,715
Adjusted profit after application of IFRIC 4	B	2,926,458	3,190,367
Increase in profit for the year after application of IFRIC 4	(A - B)	666,616	693,715
Increase in unappropriated profits at the end of the year		6,700,618	6,034,002

4.2.1 No new contract has been made by the management during the year ended 30 June 2021, that constitutes a lease as per the requirement of IFRS 16.

4.3 Temporary exemption from application of IFRS 9 - (AIL)

The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) of annual reporting periods beginning on or after January 01, 2023, as allowed by the amendments contained in Annual Improvements to IFRS Standards 2015-2017 Cycle.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before January 01, 2023 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if:

(i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVPL; and

(ii) its activities are predominantly connected with insurance on its annual reporting date.

The Company performed an assessment of the amendments and reached the conclusion that its activities are predominantly connected with insurance as at December 31, 2020. During 2021, there had been no significant change in the activities of the Company that requires reassessment.

4.4 Property, plant and equipment

4.4.1 Operating fixed assets - owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land which is stated at revalued amount. The leasehold land is held by AEL, ABL and AHL (subsidiary companies) which carry leasehold land at revalued amount. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to profit and loss account applying the reducing balance / straight line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 7.1 to the financial statements. In respect of additions depreciation is charged from the month in which asset is available for use and on disposal up to the month immediately preceding the deletion.

Leasehold land are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above-mentioned surplus account.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized only when it increases the future economic benefit embodied in the item of property and equipment.

Gains and losses on disposal of fixed assets, if any, are taken to profit and loss account.

4.4.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It includes advances to suppliers for purchase of assets and expenditure incurred in respect of fixed assets in the course of their construction and installation. Transfers are made to relevant fixed assets categories as and when assets are available for use.

4.4.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised at the rates specified in note 7.3 to the financial statements. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

4.4.4 Right-of-use assets

The Group recognises a right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

4.5 Impairment

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

4.6 Investment Properties

Investment properties are carried at cost less accumulated depreciation and accumulated impairment, if any.

Properties held for long-term rental yield or for capital appreciation or both are classified as investment properties. Investment properties comprise of land, buildings and warehouses.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, investment properties are written down to their estimated recoverable amount.

Investment properties are depreciated on a reducing balance method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 8 to the financial statements.

4.7 Financial instruments

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

4.7.1 Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees / counter parties and due to counterparties, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Classification

In accordance with IFRS 9, the Group classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

Financial assets

The Group classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets.
- The contractual cash flow characteristics of the financial asset.

4.7.2 Financial assets measured at fair value through other comprehensive income (FVOCI)

a) Debt instruments at FVOCI

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. Debt instruments are subject to impairment under Expected Credit Loss model. The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon de-recognition of the assets.

b) Equity instruments at FVOCI

Upon initial recognition, the Group elects to classify irrevocably its equity investments as equity instruments at FVOCI when they meet the definition of Equity instruments under IAS 32 Financial Instruments: Presentation and are not held for trading. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

4.7.3 Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subject to impairment under Expected Credit Loss model.

4.7.4 Financial assets measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding;

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

4.7.5 Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss, if any.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Group has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

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Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

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

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

Offsetting of financial assets and financial liabilities

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

4.8 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses are included in the profit and loss account.

4.9 Securities under repurchase / reverse repurchase agreements

Transactions of repurchase / reverse repurchase of marketable securities are entered into at contracted rates for specified periods of time and are accounted for as follows:

4.9.1 Repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investment. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement. Securities purchased under agreements to resell (Reverse repurchase agreements) are reported not as purchases of the securities, but as receivables and are carried in the balance sheet at cost.

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4.9.2 Reverse repurchase agreements

Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included as receivables in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

4.10 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.1 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of cost and net realisable value. Cost is determined on an average basis except for goods in transit which are valued at invoice price plus other related charges paid thereon upto the balance sheet date. Provision is made for slow moving and obsolete items, if any, to write them down to their estimated net realizable value.

4.12 Stock-in-trade

Stock-in-trade, except items-in-transit, is valued at the lower of average purchase cost and net realisable value. Stock-in-transit is stated at invoice value plus other charges paid thereon to the balance sheet date.

Work-in-process and finished goods consist of direct materials and labour and a proportion of manufacturing overheads.

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

4.13 Trade debts

Trade debts originated by the Group are recognised and carried at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

4.14 Loans and advances

These are stated at cost, which is the fair value of consideration given, less provision for doubtful receivables.

4.15 Employee retirement benefits and other obligations

4.15.1 Defined benefit plan

SIL (Holding Company)

The Holding Company operates an approved and funded defined gratuity scheme for all permanent employees who have completed the minimum qualifying period of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of June 30, 2021 using the Projected Unit Credit Method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in equity in the statement of comprehensive income in the period in which they arise. All past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Holding Company has recognised related retirement or termination benefits.

AAML (Subsidiary Company)

AAML operates an unfunded gratuity scheme for its all permanent employees who complete the qualifying period of ten years of service with AAML.

The liability recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated on the basis of an actuarial valuation, which is carried out by an independent expert, using the "Projected Unit Credit Method'. The amount arising as a result of the remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

AEL (Subsidiary Company)

AEL operates an unfunded gratuity scheme for workers and a funded gratuity scheme for management staff. Annual charge is based on actuarial recommendations. Actuarial valuation of the scheme is carried out annually, using the Projected Unit Credit Method. Actuarial gains or losses are recognised in full in the period in which they occur in other comprehensive income. All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when AEL has recognised related restructuring or termination benefits.

STC (Subsidiary Company)

STC operates an approved and funded gratuity scheme for its staff who have completed the minimum qualifying period of service for entitlement of gratuity. Contributions under the scheme are made on the basis of actuarial valuation and are charged to profit and loss account. The actuarial valuation of the schemes was carried out on June 30, 2021 using the Projected Unit Credit Method. Actuarial gains or losses, if any, are recognised in equity as they occur.

APL (Subsidiary Company)

APL operates a funded and approved gratuity scheme for its all permanent employees completing prescribed period of service in accordance with service rules of APL. Provision for gratuity is made in accordance with the requirements laid down by IAS 19. The latest actuarial valuation was carried out by APL as on June 30, 2021. Actuarial gains and losses are recognised in other comprehensive income when they occur.

AAPL (Subsidiary Company)

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

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

AML (Subsidiary Company)

AML operates a funded gratuity scheme for management staff. Annual charge is based on actuarial recommendations. Actuarial valuation of the schemes carried out annually, using the Projected Unit Credit Method. Actuarial gains and losses are recognised in other comprehensive income when they occur. The latest actuarial valuations were carried out at June 30, 2021.

AIL (Subsidiary Company)

AIL operates two separate funded gratuity schemes in respect of all permanent employees to which the Group makes contribution on the basis of recommendations made by the actuary. The latest actuarial valuation was carried out as at December 31, 2020, using the 'Projected Unit Credit Method'. Actuarial gains and losses are recognised in other comprehensive income when they occur.

ABL (Subsidiary Company)

ABL operates an approved funded gratuity scheme for its management staff and an unfunded gratuity scheme for its non-management staff. The liability recognised in the balance sheet in respect of defined benefit obligation at the end of reporting period less fair value of plan assets. Contributions under the scheme are made on the basis of actuarial valuation. Actuarial gains and losses are recognised in other comprehensive income when they occur.

AHL (Subsidiary Company)

AHL has established separate funded gratuity schemes for its management and non-management staff who completes qualifying period of service. Contributions under the schemes are made on the basis of actuarial valuation using 'Projected Unit Credit Method'. Actuarial gains and losses are recognised in other comprehensive income when they occur.

AHPL (Subsidiary Company)

AHPL operates a funded gratuity plan for management employees of the Group. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at March 31, 2021, using the 'Projected Unit Credit Method'.

AVL (Subsidiary Company)

Provision for employee' terminal benefits are in accordance with the labour contract law of People's Republic of China. During the year, the full gratuity was settled as the China liaison office was closed.

4.15.2 Defined contribution plan

SIL (Holding Company)

SIL operates an approved defined contributory provident fund scheme for all permanent employees who have completed the minimum qualifying period of service. Equal contributions are made by the SIL and the employees to the fund at the rate of 11% of basic salary.

AAML (Subsidiary Company)

AAML operates a funded and approved provident fund for its permanent employees for retirement benefits uptil September 30, 2007.

For permanent employees becoming eligible for retirement benefits with effect from October 01, 2007, AAML has introduced the Voluntary Pension Schemes- Atlas Pension Fund (APF), or Atlas Pension Islamic Fund (APIF), managed by AAML as Pension Fund Manager, under the Voluntary Pension System (VPS) Rules, 2005, as per the fund opted for by the eligible employees. Equal monthly contributions are made by AAML and its employees to the fund at the rate of 11% of basic salary.

AEL (Subsidiary Company)

AEL operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund at the rate of 9% for workers and 11% for management staff by the employees and AEL in accordance with the rules of the scheme.

STC (Subsidiary Company)

STC operates an approved defined contribution provident fund for employees who have completed the minimum qualifying period of service. STC also contributes to an independent pension fund operated by the AAML, a group company in respect of eligible employees. Equal contributions are made by the STC and the employees to both the fund and the scheme at the rate of 11% of basic salary.

APL (Subsidiary Company)

APL operates defined contribution plan for its permanent employees, through either one of the following ways:

- a recognized provident fund; or

- voluntary pension schemes managed by AAML, a group company, under the Voluntary Pension Scheme Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

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

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

AAPL (Subsidiary Company)

AAPL operates a defined contribution plan for its permanent employees through voluntary pension schemes managed by AAML, a group company, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund. Equal monthly contributions at the rate of 11% of the basic salary are made to the scheme by both AAL and its employees.

AML (Subsidiary Company)

AML operates a recognised provident fund for its management staff. Equal monthly contributions are made to the fund at the rate of 11% by the employees and AML in accordance with the rules of the scheme.

Employees are given option to transfer the complete amount or any portion thereof standing to credit of his accumulated balance in the Fund, to any of the Voluntary Pension Schemes managed by the AAML, an associated Company under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund by a request to the Trustees of fund, in writing.

As of the reporting date, no eligible employee falls under provident fund as during the year all the eligible employees have opted to transfer the complete balance to voluntary pension schemes managed by the AAML.

AIL (Subsidiary Company)

AIL operates a funded contributory provident fund for all employees. Equal monthly contributions are made, both by the AIL and the employees, to the fund, under the terms of the scheme.

ABL (Subsidiary Company)

ABL operates a recognised provident fund for its management staff. Equal monthly contributions are made to the fund at the rate of 11% by the employees and ABL in accordance with the rules of the scheme.

AHL (Subsidiary Company)

AHL operates a recognised provident fund for its management staff. Equal monthly contributions are made to the fund at the rate of 11% by the employees and AHL in accordance with the rules of the scheme.

AHPL (Subsidiary Company)

AHPL operates an approved contributory pension fund for all management employees. The assets of the pension fund are under the control of AAML, a group company. Equal monthly contributions are made, both by AHPL and the employees, to the fund at the rate of 11% of base salary in respect of management employees.

AAL (Subsidiary Company)

AAL operates an un-funded gratuity scheme for its eligible employees.

4.15.3 Employee compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date using their current salary levels. However, in respect of employees of the Holding Company, accrual for compensated absences is made in accordance with the independent actuarial valuation.

4.15.4 Long service award

The Holding Company and APL in the Group make provision for long service award, to which employees are entitled after the completion of each 5 years of their service, with a minimum of 15 years of service.

4.16 Borrowing costs

Borrowing cost incurred to the extent that is directly attributable to the acquisition, construction or production of the qualifying assets are capitalised and included in respective assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

4.17 Ijarah rentals

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

4.18 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

4.19 Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of past events 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 obligations can be made.

4.20 Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

4.21 Lease liabilities

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Group uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Group uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

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

Determining the lease term of contracts with renewal and termination options

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

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

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

4.22 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any in accordance with the Income Tax Ordinance, 2001. Profit and gains derived by APL from the power generation project are exempt from the tax under clause 132 of part I of the second schedule to the Income Tax Ordinance, 2001.

Deferred

Deferred tax is calculated using the liability method on all temporary differences at the balance sheet date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

4.23 Revenue recognition

Capital gains or losses on sale of investments are recognised in the period in which they arise.

Dividend income from investments is recognised when the Group's right to receive dividend has been established.

Interest / return on Term Finance Certificates, loans and advances and bank deposits are recognised on accrual basis.

Gains or losses on sale of investment properties and fixed assets are recognised in the period in which they are derecognised / disposed.

Rental and commission income is recognised on accrual basis.

Income from reverse repurchase transactions is recognised on a time proportion basis.

Remuneration for asset management, investment advisory, and pension fund management services is calculated on Net Assets Value basis and is recognised on an accrual basis.

Commission income from funds under management is recognised at the time of the sale of units.

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group receives revenue for supply of goods to external customers. The majority of contracts that the Group enters into relate to sales orders containing single performance obligations for the delivery of the goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer. The point at which control passes is determined by each customer arrangement, but generally occurs on delivery of goods to the customer. The normal credit term is 30 to 45 days upon delivery. Revenue represents net invoice value including fixed and variable consideration wherever applicable. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The methodology and assumptions used to estimate rebates and returns wherever applicable are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly.

If the time between the recognition of revenue and payment from the customer is expected to be more than one year and the impact is material, the amount of consideration is discounted using appropriate discount rates wherever necessary.

4.24 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Group intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

4.25 Foreign currency transactions

These financial statements are presented in Pak Rupee, which is the Group's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Gains and losses on translation are taken to profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.26 Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of the Group's share of net identifiable assets of the acquired entity at the date of acquisition. Any excess of net assets over cost of acquisition is credited to profit and loss account in the period in which the acquisition is made. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment loss, if any, resulting from such review is charged to the profit and loss account.

4.27 Dividend and appropriation to reserves

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

4.28 Transactions with related parties

Transactions with related parties are entered in the normal course of business, or at contracted rates and terms determined in accordance with market rates.

4.29 Earnings per share

The Group presents basic and diluted earnings / loss per share for its shareholders. Basic earnings / loss per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

4.30 Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, cheques / pay orders and bank balances.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in the relevant accounting policies / notes in the financial statements.

(a) Classification and valuation of investments

(b) Determining the residual values and useful lives of property, plant and equipment and intangible assets

(c) Determining the residual values and useful lives of investment properties

(d) Accounting for staff retirement benefits

(e) Recognition of taxation and deferred tax

(f) Valuation of leasehold land

(e) Provision for slow moving stock-in-trade and adjustment of stock-in-trade to their net realisable value (NRV)

(g) Allowance for expected credit losses on financial assets

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

6.1 Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Standard, Amendment or Interpretation

IFRS 3 - Business Combinations - Definition of a Business (Amendments)

IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)

IAS 1 / IAS 8 - Definition of Material (Amendments)

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

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

6.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	01 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	01 April 2021
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 8	Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

The above standards and amendments are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

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

Standard or Interpretation		IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

7. FIXED ASSETS

	Note	2021	2020
		Rupees in '000	
Property, plant and equipment	7.1	34,084,129	35,833,317
Capital work-in-progress	7.2	2,617,742	1,308,749
Intangible assets	7.3	137,346	150,289
Right of use assets	7.4	1,481,351	1,249,183
		38,320,568	38,541,538

7.1 Property, plant and equipment

	Cost / revaluation*				Accumulated depreciation				Carrying value	
	As at July 01, 2020	Additions	Disposals	As at June 30, 2021	As at July 01, 2020	Charge for the year	Disposals	As at June 30, 2021	As at June 30, 2021	Rate
	(Rupees in '000)									%
Owned										
Land - freehold	941,574	288,320	-	1,229,894	-	-	-	-	1,229,894	-
Land - leasehold*	6,448,966	-	-	6,448,966	13,092	513	-	13,605	6,435,361	-
Building on freehold land	4,417,135	39,498	-	4,456,633	1,811,146	222,013	-	2,033,159	2,423,474	4
Power plant	17,080,887	-	-	17,080,887	7,183,101	433,236	-	7,616,337	9,464,550	4
Building on leasehold land										
- Factory	818,583	68,877	(116,749)	770,711	256,283	65,053	(31,764)	289,572	481,139	10
- Residential	153	-	-	153	139	-	-	139	14	5
- Office	1,252,888	-	-	1,252,888	381,145	261	-	381,406	871,482	5-10
Leasehold improvements	1,656,044	159,168	(317,460)	1,497,752	269,782	127,451	(64,363)	332,870	1,164,882	10
Plant and machinery	17,927,145	508,076	(957,786)	17,477,435	7,919,916	696,466	(462,846)	8,153,536	9,323,899	10
Generators	247,522	16,286	(55,209)	208,599	51,987	16,359	(11,167)	57,179	151,420	10-35
Electrical equipment and fitting	1,316,499	45,395	(52,760)	1,309,134	608,214	77,407	(22,840)	662,781	646,353	10
Air conditioners	49,884	2,655	-	52,539	13,028	3,409	-	16,437	36,102	10
Furniture and fixtures	349,948	7,970	(21,292)	336,626	175,774	32,031	(5,008)	202,797	133,829	10
Motor vehicles	1,376,424	309,968	(238,467)	1,447,925	516,208	211,469	(104,887)	622,790	825,135	20
Office equipment	373,226	56,051	(27,287)	401,990	158,274	32,763	(9,225)	181,812	220,178	10
Computers and related equipment	565,920	77,174	(20,860)	622,234	430,149	63,919	(17,064)	477,004	145,230	30
Sui gas, water and drainage lines	39,044	-	(21,733)	17,311	16,309	1,644	(9,755)	8,198	9,113	10
Measuring instruments, dies, jigs, patterns and other equipment	2,402,165	160,295	(424,162)	2,138,298	1,628,970	330,418	(340,620)	1,618,768	519,530	20
Cargo lift	9,726	-	-	9,726	6,899	283	-	7,182	2,544	20
	57,273,733	1,739,733	(2,253,765)	56,759,701	21,440,416	2,314,695	(1,079,539)	22,675,572	34,084,129	

	Cost / Revaluation*				Accumulated depreciation				Carrying value	
	As at July 01, 2019	Additions	Disposals	As at June 30, 2020	As at July 01, 2019	Charge for the year	Disposals	As at June 30, 2020	As at June 30, 2020	Rate
	(Rupees in '000)									%
Owned										
Land - freehold	493,423	448,151	-	941,574	-	-	-	-	941,574	-
Land - leasehold*	1,986,343	4,784,763	(322,140)	6,448,966	12,579	513	-	13,092	6,435,874	-
Building on freehold land	4,407,163	9,972	-	4,417,135	1,584,652	226,494	-	1,811,146	2,605,989	4
Power plant	17,080,887	-	-	17,080,887	6,499,866	683,235	-	7,183,101	9,897,786	4
Building on leasehold land										
- Factory	713,952	108,512	(3,881)	818,583	210,491	46,736	(944)	256,283	562,300	10
- Residential	153	-	-	153	139	-	-	139	14	5
- Office	1,132,406	120,482	-	1,252,888	297,692	83,453	-	381,145	871,743	5-10
Leasehold improvements	1,494,866	217,566	(56,388)	1,656,044	166,384	105,798	(2,400)	269,782	1,386,262	10
Plant and machinery	16,799,445	2,002,175	(874,475)	17,927,145	7,047,033	1,149,296	(276,413)	7,919,916	10,007,229	10
Generators	281,790	40,022	(74,290)	247,522	87,730	20,319	(56,062)	51,987	195,535	10-35
Electrical equipment and fitting	1,274,670	48,298	(6,469)	1,316,499	527,377	82,408	(1,571)	608,214	708,285	10
Air conditioners	40,910	9,226	(252)	49,884	10,093	3,039	(104)	13,028	36,856	10
Furniture and fixtures	331,807	22,545	(4,404)	349,948	142,561	35,363	(2,150)	175,774	174,174	10
Motor vehicles	1,183,813	496,769	(304,158)	1,376,424	430,986	190,920	(105,698)	516,208	860,216	20
Office equipment	391,659	17,842	(36,275)	373,226	135,272	32,205	(9,203)	158,274	214,952	10
Computers and related equipment	524,841	62,086	(21,007)	565,920	388,187	58,026	(16,064)	430,149	135,771	30
Sui gas, water and drainage lines	39,044	-	-	39,044	13,782	2,527	-	16,309	22,735	10
Measuring instruments, dies, jigs, patterns and other equipment	2,199,548	411,871	(209,254)	2,402,165	1,387,822	398,963	(157,815)	1,628,970	773,195	20
Cargo lift	9,726	-	-	9,726	6,585	314	-	6,899	2,827	20
	50,386,446	8,800,280	(1,912,993)	57,273,733	18,949,231	3,119,609	(628,424)	21,440,416	35,833,317	

7.1.1 The following items of operating property and equipment with net book value exceeding Rs.500,000 were disposed of during the year:

	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Plant and machinery							
AEL	14,547	1,427	13,120	16,247	3,127	Negotiation	Atlas Honda Limited, a related party
AEL	13,936	4,117	9,819	12,160	2,341	Negotiation	Atlas Honda Limited, a related party
AEL	7,370	1,553	5,817	7,203	1,386	Negotiation	Atlas Honda Limited, a related party
AEL	6,709	1,455	5,254	6,507	1,253	Negotiation	Atlas Honda Limited, a related party
AEL	4,592	996	3,596	4,453	857	Negotiation	Atlas Honda Limited, a related party
AEL	4,472	970	3,502	4,337	835	Negotiation	Atlas Honda Limited, a related party
AEL	4,472	970	3,502	4,337	835	Negotiation	Atlas Honda Limited, a related party
AEL	3,506	945	2,561	3,171	610	Negotiation	Atlas Honda Limited, a related party
AEL	3,202	694	2,508	3,105	597	Negotiation	Atlas Honda Limited, a related party
AEL	3,187	691	2,496	3,091	595	Negotiation	Atlas Honda Limited, a related party
AEL	3,042	660	2,382	2,950	568	Negotiation	Atlas Honda Limited, a related party
AEL	4,999	2,766	2,233	2,764	531	Negotiation	Atlas Honda Limited, a related party
AEL	1,943	742	1,201	1,486	285	Negotiation	Atlas Honda Limited, a related party
AEL	9,098	6,045	3,053	4,099	1,046	Negotiation	Atlas Honda Limited, a related party
AEL	32,728	9,102	23,626	605	(23,021)	Negotiation	Akram Scrap Dealer, Karachi
AEL	14,855	5,139	9,716	105	(9,611)	Negotiation	Akram Scrap Dealer, Karachi
AEL	7,427	1,639	5,788	134	(5,654)	Negotiation	Akram Scrap Dealer, Karachi
AEL	6,561	2,761	3,800	128	(3,672)	Negotiation	Akram Scrap Dealer, Karachi
AEL	3,790	1,634	2,156	48	(2,108)	Negotiation	Akram Scrap Dealer, Karachi
AEL	3,316	1,229	2,087	237	(1,850)	Negotiation	Akram Scrap Dealer, Karachi
AEL	3,294	1,236	2,058	34	(2,024)	Negotiation	Akram Scrap Dealer, Karachi
AEL	3,054	1,361	1,693	66	(1,627)	Negotiation	Akram Scrap Dealer, Karachi
AEL	2,205	904	1,301	81	(1,220)	Negotiation	Akram Scrap Dealer, Karachi
AEL	2,151	793	1,358	130	(1,228)	Negotiation	Akram Scrap Dealer, Karachi
AEL	1,562	623	939	1,471	532	Negotiation	Akram Scrap Dealer, Karachi
AEL	1,350	574	776	58	(718)	Negotiation	Akram Scrap Dealer, Karachi
AEL	1,228	171	1,057	85	(972)	Negotiation	Akram Scrap Dealer, Karachi
AEL	953	400	553	32	(521)	Negotiation	Akram Scrap Dealer, Karachi
AEL	803	284	519	32	(487)	Negotiation	Akram Scrap Dealer, Karachi
AEL	803	284	519	32	(487)	Negotiation	Akram Scrap Dealer, Karachi
AEL	803	284	519	32	(487)	Negotiation	Akram Scrap Dealer, Karachi
AEL	803	284	519	-	(519)	Negotiation	Akram Scrap Dealer, Karachi
AEL	1,253	713	540	540	-	Negotiation	Asif Mughal radiator, Sana plaza Tulsi Das
ABL	4,264	2,377	1,887	2,025	138	Negotiation	International Metals (Private) Limited, Plot # N1 SITE Area, Kotri, Jamshoro, Sindh

	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
ABL	4,191	3,485	706	1,000	294	Negotiation	Has Transport, Alhamd center, 4th floor, M.A. Jinnah Road, Karachi.
AAPL	3,347	920	2,427	3,901	1,474	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	16,252	4,469	11,783	19,231	7,448	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	16,188	4,452	11,736	18,030	6,294	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	6,968	1,916	5,052	7,384	2,332	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	5,643	1,552	4,091	6,040	1,949	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	4,929	1,356	3,573	5,181	1,608	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	1,139	313	826	1,370	544	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	1,127	150	977	977	-	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	16,000	11,373	4,627	14,523	9,896	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	1,750	408	1,342	1,342	-	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	15,191	3,545	11,646	18,501	6,855	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	25,469	5,943	19,526	32,109	12,583	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AAPL	4,388	841	3,547	427	(3,120)	Negotiation	Tradex International , K-214, Street # 10, Faridabad Colony, Orangi Town, Karachi.
STC	1,320	803	517	571	54	Transfer	Shirazi Investments (Pvt) Ltd. - Holding Company
AHL	24,271	20,111	4,160	1,205	(2,955)	Negotiation	Kausar Trade Distributors, B-31, SITE, Sindh Industrial Trading Estate, Karachi
AHL	7,947	6,585	1,362	342	(1,020)	Negotiation	Faraz Industries, Shafiq Mill Colony Block-22, Gulberg Town, Karachi
AHL	3,524	2,858	666	68	(598)	Negotiation	Kausar Trade Distributors, B-31, SITE, Sindh
Power Generators							
AEL	21,885	2,337	19,548	1,000	(18,548)	Negotiation	Ali Abbas scrap dealer, Karachi

	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Electrical fittings							
AEL	1,200	391	809	50	(759)	Negotiation	Akram Scrap Dealer, Karachi
AEL	900	293	607	38	(569)	Negotiation	Akram Scrap Dealer, Karachi
AEL	568	56	512	512	-	Negotiation	Asif Mughal radiator, Sana plaza Tulsi Das Road, Gatri Khata, Hyderabad
Vehicles							
ABL	3,749	367	3,382	4,056	674	Negotiation	Vava Cars Pakistan (Private) Limited. The Hive M.A. Tabba Foundation Building, Gizri, Clifton.
ABL	2,213	1,069	1,144	1,144	-	Company Policy	Mr. Yousuf Ali, Ex-employee
ABL	2,217	1,172	1,045	1,045	-	Company Policy	Mr. M. Asher, Key management personnel
ABL	1,656	893	763	763	-	Company Policy	Mr. Sami Ahmed, Employee
ABL	1,656	893	763	763	-	Company Policy	Mr. Noman Iqbal, Employee
ABL	1,250	568	682	682	-	Company Policy	Mr. Saqib Mahmood, Employee
ABL	1,641	1,081	560	560	-	Company Policy	Mr. Rizwan Jamil, Employee
ABL	1,641	1,108	533	533	-	Company Policy	Mr. Saqib Khan, Employee
ABL	1,500	986	514	514	-	Company Policy	Mr. Faiz Ullah Ghazi, Employee
ABL	795	293	502	502	-	Insurance claim	Atlas Insurance Limited, a related party
AAPL	1,678	1,111	567	567	-	Company Policy	Ibrahim Saeed Bhanji (Employee)
AAPL	1,398	70	1,328	1,328	-	Company Policy	Hafiz Fasih-ur-Rehman (Ex-employee)
AAPL	1,308	249	1,059	1,059	-	Company Policy	Shujaat Raza (Ex-employee)
AAPL	1,250	557	693	693	-	Company Policy	Atlas Honda Limited, a related party
AAPL	795	254	541	541	-	Company Policy	Atlas Honda Limited, a related party
AAPL	840	326	514	514	-	Company Policy	Atlas Honda Limited, a related party
AAPL	3,070	563	2,507	2,507	-	Company Policy	Atlas Honda Limited, a related party
AAPL	1,101	196	905	905	-	Company Policy	Hamza Abid (Ex-employee)
AAPL	2,225	1,055	1,170	1,170	-	Company Policy	Atlas Honda Limited, a related party
AAPL	1,820	675	1,145	1,145	-	Company Policy	Atlas Honda Limited, a related party
AAPL	795	254	541	541	-	Company Policy	Atlas Honda Limited, a related party
AAPL	1,441	510	931	931	-	Company Policy	Atlas Honda Limited, a related party
AAPL	674	139	535	535	-	Company Policy	Nazir Ahmed (Employee)
AAPL	1,308	153	1,155	1,155	-	Company Policy	Atlas Honda Limited, a related party
AAPL	1,308	153	1,155	1,155	-	Company Policy	Atlas Honda Limited, a related party
SIL	3,088	151	2,937	2,937	-	Company policy	Atlas Honda Ltd - Subsidiary Company
SIL	2,926	143	2,783	2,783	-	Company policy	Atlas Honda Ltd - Subsidiary Company
SIL	2,477	73	2,404	2,404	-	Company policy	Muhammad Zain
SIL	2,228	87	2,141	2,141	-	Company policy	Atlas Autos (Pvt.) Limited - Subsidiary Company

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	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
SIL	2,168	106	2,062	2,062	-	Company policy	Imran Zia Khan
SIL	1,686	98	1,588	1,588	-	Company policy	Yasir Kalim
SIL	1,671	114	1,557	1,557	-	Company policy	Najeebullah Soomro
SIL	1,250	59	1,191	1,191	-	Company policy	Wasif Afzal Siddiqui
SIL	840	28	812	812	-	Company policy	Javed Iqbal Shaikh
SIL	778	42	736	736	-	Company policy	Atlas Power Limited - Subsidiary Company
SIL	753	51	702	702	-	Company policy	Amin Amir Ali
SIL	732	34	898	698	-	Company policy	Sami Ullah Shaikh
SIL	683	46	637	637	-	Company policy	Ursula Almeida
SIL	683	46	637	637	-	Company policy	Javed Iqbal
AAML	1,715	690	1,025	1,025	-	Company policy	M. Umar Khan - Employee
AAML	1,715	690	1,025	1,025	-	Company policy	Faran ul Haq - Employee
AAML	1,715	672	1,043	1,043	-	Company policy	Fawad Javaid - Employee
AAML	1,270	471	799	799	-	Company policy	M Noman - Employee
AAML	1,641	1,097	544	544	-	Company policy	Ayesha Farooq - Employee
AAML	1,439	72	1,367	1,367	-	Company policy	Bilal Farukh - Ex employee
AEL	2,163	1,084	1,079	1,059	(20)	Negotiation	Sarwar Shamim (Ex- employee)
AEL	1,470	555	915	854	(61)	Negotiation	Arshad Siddiqui (Ex- employee)
STC	4,399	704	3,695	4,000	305	Insurance claim	Atlas insurance - Associated Company
STC	1,805	1,084	721	721	-	Company Policy	Ahtesham Qureshi - Employee
AHL	1,250	530	720	780	60	Insurance Policy	Atlas Insurance Limited, a related party
AHL	2,758	883	1,875	1,875	-	Company policy	Atlas Hitec (Private) Limited, a related party
AHL	2,363	788	1,575	1,575	-	Company policy	Atlas Hitec (Private) Limited, a related party
AHL	2,507	476	2,031	2,031	-	Company policy	Atlas DID (Private) Limited, a related party
AHL	3,169	1,012	2,157	2,157	-	Company policy	Mr. Zia ul Hassan Khan (Key Management Personnel)
AHL	2,389	1,074	1,295	1,295	-	Company policy	Mr. M. Qadeer Khan (Key Management Personnel)
AHL	2,243	1,107	1,136	1,136	-	Company policy	Mr. Faisal Mehmood (Key Management Personnel)
AHL	1,715	778	937	937	-	Company policy	Mr. Umair Aziz (Employee)
AHL	1,703	788	915	915	-	Company policy	Mr. Marrium Ahmed (Employee)
AHL	1,340	488	852	852	-	Company policy	Ms. Sahar Bibi Soomro (Employee)
AHL	1,101	307	794	794	-	Company policy	Mr. Muhammad Kashif (Employee)
AHL	1,250	463	787	787	-	Company policy	Mr. Usama Ahmed (Employee)
AHL	727	85	642	642	-	Company policy	Mr. Khurram Javed (Employee)
AHL	909	267	642	642	-	Company policy	Mr. Majid Shami (Employee)
AHL	661	106	555	555	-	Company policy	Mr. Azhar Munir (Employee)
AHL	1,174	651	523	523	-	Company policy	Mr. Talha Ahsun Siddiqui (Employee)

	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
AHL	1,204	695	509	509	-	Company policy	Mr. Asif Hussain (Employee)
AHL	1,398	93	1,305	1,305	-	Company policy	Mr. Danial Siddiqui (Ex-employee)
AHL	1,753	650	1,103	1,103	-	Company policy	Mr. Aman Mazhar (Ex-employee)
AHL	1,745	283	1,462	1,462	-	Company policy	Ms. Nida Irfan (Ex-employee)
AHL	2,108	759	1,349	1,700	351	Negotiation	Mr. Nurul Hoda (Key Management Personnel)
AHL	1,491	537	954	954	-	Company policy	Mr. Nurul Hoda (Key Management Personnel)
AHTL	840	265	575	575	-	Company policy	Rehan Ahmed Shaikh
AHTL	840	265	575	575	-	Company policy	Atlas Autos (Pvt.) Limited - Subsidiary Company
AHTL	1,101	179	922	922	-	Insurance Policy	Atlas Autos (Pvt.) Limited - Subsidiary Company
Office equipment							
STC	2,835	904	1,931	1,931	-	Transfer	Transfer to stock
Dies & Jigs							
AAPL	6,528	2,448	4,080	6,528	2,448	Negotiation	Askari Bank Limited, First Floor, Plot #64-B D/1 Ghalib Road, Gulberg - III, Lahore.
AHL	50,200	40,788	9,412	568	(8,844)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road
AHL	14,761	8,303	6,458	167	(6,291)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road
AHL	14,761	8,303	6,458	167	(6,291)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road
AHL	17,033	13,130	3,903	193	(3,710)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road
AHL	5,076	2,961	2,115	57	(2,058)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road
AHL	5,076	2,961	2,115	57	(2,058)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road
AHL	6,234	4,545	1,689	71	(1,618)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road
AHL	7,660	6,862	798	87	(711)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road
June 2021	**612,982**	**257,606**	**355,376**	**310,644**	**(44,732)**		
June 2020	554,305	314,426	239,879	107,904	(131,975)		

7.2 Capital work-in-progress

	2021	2020
	(Rupees in '000)	
Advance to suppliers and contractors	2,800	155,715
Leasehold improvements	270,498	18,636
Plant and machinery	2,194,174	991,574
Furniture and fixtures	944	678
Factory building	-	107,190
Software, computers and equipment	17,470	16,762
Civil works	50,964	9,322
Factory equipment	31,638	2,336
Advance payment against - motor vehicle	9,665	5,517
Other	21,062	-
Dies and jigs	18,527	1,019
	2,617,742	1,308,749

7.3 Intangible assets

	Cost				Accumulated amortisation				Carrying value	
	As at July 01, 2020	Additions	Disposals	As at June 30, 2021	As at July 01, 2020	Charge for the year	Disposals	As at June 30, 2021	As at June 30, 2021	Rate
	(Rupees in '000)									%
Computer software	417,997	54,974	-	472,971	267,708	67,917	-	335,625	137,346	10-50
2021	417,997	54,974	-	472,971	267,708	67,917	-	335,625	137,346	

	Cost				Accumulated amortisation				Carrying value	
	As at July 01, 2019	Additions	Disposals	As at June 30, 2020	As at July 01, 2019	Charge for the year	Disposals	As at June 30, 2020	As at June 30, 2020	Rate
	(Rupees in '000)									%
Computer software	401,686	18,176	(1,865)	417,997	216,493	53,080	(1,865)	267,708	150,289	10-50
2020	401,686	18,176	(1,865)	417,997	216,493	53,080	(1,865)	267,708	150,289	

7.4 Right of use assets

	2021	2020
	(Rupees in '000)	
Balance at the beginning of the year	1,249,183	-
Transition effect on initial application	171,062	1,434,630
Additions during the period	346,689	45,386
Disposal	(7,727)	-
Depreciation charged during the year	(277,846)	(230,833)
Net book value at the end of the period	1,481,351	1,249,183

8 INVESTMENT PROPERTIES

2021

	Cost				Accumulated depreciation				2020 Carrying value	
	As at July 01, 2020	Additions	Disposals	As at June 30, 2021	As at July 01, 2020	Charge for the year	Disposals	As at June 30, 2021	As at June 30, 2021	Rate
	(Rupees in '000)									%
Freehold land	1,176,128	-	(265,555)	910,573	-	-	-	-	910,573	-
Leasehold land	1,112,678	-	-	1,112,678	134,236	47,300	-	181,536	931,142	5
Warehouse building - on free hold land	68,235	-	(68,235)	-	32,126	818	(32,944)	(0)	0	5
Warehouse building - on lease hold land	298,275	-	-	298,275	76,456	11,971	-	88,427	209,848	5
Building - freehold land	5,369	-	-	5,369	950	220	-	1,170	4,199	5
Building - leasehold	257,826	-	-	257,826	110,267	8,121	-	118,388	139,438	5
2021	2,918,511	-	(333,790)	2,584,721	354,035	68,430	(32,944)	389,521	2,195,200	

	Cost				Accumulated depreciation				Carrying value	
	As at July 01, 2019	Additions	Disposals	As at June 30, 2020	As at July 01, 2019	Charge for the year	Disposals	As at June 30, 2020	As at June 30, 2020	Rate
	(Rupees in '000)									%
Freehold land	1,176,128	-	-	1,176,128	-	-	-	-	1,176,128	-
Leasehold land	1,112,678	-	-	1,112,678	84,415	49,821	-	134,236	978,442	5
Warehouse building - on free hold land	68,235	-	-	68,235	30,225	1,901	-	32,126	36,109	5
Warehouse building - on lease hold land	298,275	-	-	298,275	63,868	12,588	-	76,456	221,819	5
Building - freehold land	5,369	-	-	5,369	718	232	-	950	4,419	5
Building - leasehold	257,826	-	-	257,826	101,722	8,545	-	110,267	147,559	5
2020	2,918,511	-	-	2,918,511	280,948	73,087	-	354,035	2,564,476	

8.1 The Company carried out the fair valuation exercise by M/s. Surval Engineering- an independent professional valuer during the year ended June 30, 2021, which has determined the aggregate fair value of the above properties as Rs.12,041 million (2020: Rs.11,990 million).

	Note	2021	2020
		------ (Rupees in '000) ------	
9. INVESTMENT IN ASSOCIATES AND JOINT VENTURE			
Investment in associates	9.1	**35,553,377**	27,851,320
Investment in joint venture	9.2	**-**	-
		35,553,377	27,851,320

9.1 Investment in associates

	Note	2021	2020
Listed shares	9.1.1	**16,574,267**	16,072,321
Unlisted shares	9.1.2	**247,758**	62,096
Mutual Funds	9.1.3	**18,731,352**	11,716,904
		35,553,377	27,851,320

9.1.1 Listed shares

2021	2020	Name of Company	Note	2021	2020
Number of shares				Carrying value ------ (Rupees in '000) ------	
		(These are fully paid ordinary shares of Rs.10 each)			
43,969,650	43,969,650	Honda Atlas Cars (Pakistan) Limited Holding: 30.64% (2020: 30.64%)	9.1.1.1	**16,574,267**	16,072,321
				16,574,267	16,072,321

9.1.1.1 Share of associate's balance sheet and profit and loss is as follows:

Name of associate	Interest held	Fair value per share	Profit	Total assets	Total liabilities	Share of net assets
			------ (Rupees in '000) ------			
2021						
Honda Atlas Cars (Pakistan) Limited	**30.64%**	**345.78**	**549,438**	**13,835,561**	**8,260,257**	**5,575,304**

Name of associate	Interest held	Fair value per share	Profit	Total assets	Total liabilities	Share of net assets
			------ (Rupees in '000) ------			
2020						
Honda Atlas Cars (Pakistan) Limited	30.64%	193.68	1,185,799	9,804,436	4,706,280	5,098,156

9.1.2 Unlisted shares

2021	2020	Name of Company	2021	2020
Number of shares			Carrying value ------ (Rupees in '000) ------	
882,400	882,400	Honda Atlas Power Products (Private) Limited Fully paid ordinary shares of Rs.10 each Holding: 20.00% (2020: 20.00%)	**61,641**	62,096
3,000,000	-	Naymat Collateral Management Company Limited Fully paid ordinary shares of Rs.10 each Holding: 10.24% (2020: Nil)	**21,534**	-
258,728	-	Integration Xperts (Private) Limited Fully paid ordinary shares of Rs.10 each Holding: 26.00% (2020: Nil)	**164,583**	-
			247,758	62,096

9.1.2.1 Share of associate's balance sheet and profit and loss is as follows:

Name of associate	Interest held	Profit	Total assets	Total liabilities	Share of net assets
		(Rupees in '000)			
2021					
Honda Atlas Power Products (Private) Limited	20.00%	(455)	46,298	6,209	40,089
Naymat Collateral Management Company Limited	10.24%	(4,905)	23,228	1,703	21,525
Integration Xperts (Private) Limited	26.00%	3,195	109,659	30,912	78,748

Name of associate	Interest held	Profit	Total assets	Total liabilities	Share of net assets
		(Rupees in '000)			
2020					
Honda Atlas Power Products (Private) Limited	20.00%	492	46,585	6,042	40,543

9.1.3 **Mutual Funds**

2021	2020	Name of Mutual Fund	2021	2020
Number of units			Carrying value	
			Rupees in '000	
6,367,296	4,684,690	Atlas Income Fund - Holding: 66.70% (2020: 65.51%)	3,340,518	2,227,709
4,264,618	5,098,072	Atlas Stock Market Fund - Holding: 29.75% (2020: 38.50%)	2,934,621	2,631,769
13,700,582	13,918,531	Atlas Sovereign Fund - Holding: 62.26% (2020: 67.45%)	1,421,605	881,424
1,294,989	1,298,906	Atlas Islamic Stock Fund - Holding: 27.42% (2020: 32.46%)	746,876	576,889
37	4,020	Atlas Islamic Income Fund - Holding: 0.001% (2020: 0.10%)	19	2,030
18,041,980	5,933,017	Atlas Money Market Fund - Holding: 37.67% (2020: 12.39%)	9,129,054	4,648,460
-	10,497	Atlas Islamic Dedicated Stock Fund - Holding: Nil (2020: 1.28%)	-	4,636
208,408	208,408	Atlas Aggressive Allocation Islamic Plan - Holding: 96.42% (2020: 96.42%)	123,894	99,609
209,963	209,963	Atlas Moderate Allocation Islamic Plan - Holding: 91.56% (2020: 91.56%)	122,488	104,005
241,793	241,793	Atlas Conservative Allocation Islamic Plan - Holding: 99.18% (2020: 99.18%)	137,120	125,196
818,923	818,923	Atlas Islamic Capital Preservation Plan - Holding: 87.76% (2020: 87.76%)	442,804	395,098
622,066	-	Atlas Islamic Money Market Fund - Holding: 48.86% (2020: Nil)	311,032	-
42,642	40,157	Atlas Islamic Dividend Plan - Holding: 78.48% (2020: 76.83%)	21,321	20,079
			18,731,352	11,716,904

9.2 **Investment in joint venture**

2021	2020	Name of Company	2021	2020
Number of shares			(Rupees in '000)	
		Unlisted shares		
10,765,000	10,765,000	Madian Hydro Power Limited Fully paid ordinary shares of Rs.10 each Holding: 50.00% (2020: 50.00%)	107,650	107,650
		Add: Share of profit / (loss)	-	-
			107,650	107,650
		Less: Provision for impairment	(107,650)	(107,650)
			-	-

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9.2.1 Madian Hydro Power Limited (MHPL) is a joint venture of the Holding Company and Cherat Cement Company Limited. The project was formed to build, operate and maintain hydro power generation plant at Madian over River Swat for the generation and supply of electric power.

MHPL had completed technical feasibility of the project in 2009, which was approved by the Private Power and Infrastructure Board (PPIB). Due to the security situation in Swat, MHPL sought for an indefinite extension from PPIB for further post feasibility study deadlines applicable to the project. The PPIB's response to the request is still awaited. Some foreign investors have shown their interest in becoming part of this project, but nothing has materialized yet. In view of considerable delays associated with starting the project activities and the aforesaid uncertain situation, the management has assessed that the carrying value of investment is impaired and accordingly, provision for impairment loss has been made in these financial statements.

10. LONG TERM INVESTMENTS

	Note	2021	2020
		(Rupees in '000)	
Investment at fair value through OCI			
Pension Funds	10.1	417,799	341,595
Unlisted shares	10.2	-	-
Available-for-sale - others:			
Listed shares	10.3	2,298,856	1,334,430
Mutual funds units	10.4	65,388	63,826
		2,782,043	1,739,851

10.1 Pension Funds - at fair value through OCI - in related parties

2021	2020	Name of Fund	2021	2020
Number of units			(Rupees in '000)	
		Open end		
498,000	498,000	Atlas Pension Fund Units of Rs.100 each	49,800	49,800
498,000	498,000	Atlas Pension Islamic Fund Units of Rs.100 each	49,800	49,800
		Total cost	99,600	99,600
		Unrealised gain on revaluation	318,199	241,995
		Total investment at fair value	417,799	341,595

10.2 Unlisted shares - at fair value through OCI - in related parties

2021	2020	Name of Company	2021	2020
Number of shares			Cost	
			(Rupees in '000)	
5,661,524	5,661,524	Techlogix International Limited Fully paid ordinary shares of US$ 0.0001468 each Percentage of holding: 5.56% (2019: 5.56%)	64,748	64,748
		Less: Provision for impairment	(64,748)	(64,748)
350,000	350,000	Arabian Sea Country Club Limited Fully paid ordinary shares of 10 each	3,500	3,500
		Less: Provision for impairment	(3,500)	(3,500)
50,000	50,000	Automotive Testing & Training Centre (Private) Limited Ordinary shares of Rs.10 each - cost	500	500
		Less: Impairment in the value of investment	(500)	(500)
			-	-

10.3 Listed securities include an amount of Rs.2,742 million (2020: Rs.2,750 million) being the fair market value under an arrangement permissible under Shariah.

10.4 Mutual funds include an amount of Rs.360.762 million (2020: Rs.23.092 million) being the fair market value under an arrangement permissible under Shariah.

	Note	2021	2020
		------ (Rupees in '000) ------	
11. LONG TERM LOANS - secured, considered good			
Employees			
Executives	11.1	**11,303**	12,021
Other employees	11.2		
Interest bearing		**1,060**	540
Non-interest bearing		**117,724**	96,959
		118,784	97,499
Less: Current portion shown under current assets	17	**(62,898)**	(57,013)
		67,189	52,507

11.1 Represents interest free staff personal loan provided to executives of the Group repayable in equal monthly installments within a maximum remaining period of eighteen months. These loans are secured against provident fund balances and salaries.

11.2 Represents loans provided to employees of the Group in the form of staff personal loan and motor vehicle loan. Staff personal loans and motor vehicle loans are interest free and repayable in equal monthly installments within a maximum remaining period of sixteen months and forty eight months respectively. These loans are secured against respective retirement benefits of the employees.

11.3 The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history.

	2021	2020
	------ (Rupees in '000) ------	
12. LONG TERM DEPOSITS AND OTHER RECEIVABLES		
Deposits	**77,062**	208,676
Prepayments	**836,436**	690,752
Deferred commission expense	**111,621**	70,455
	1,025,119	969,883

13. STORES, SPARE PARTS AND LOOSE TOOLS

	2021	2020
Stores and spare parts - in hand	**1,405,366**	2,124,003
Loose tools	**286,849**	310,674
Maintenance spares	**543,328**	513,490
	2,235,543	2,948,167

14. STOCK-IN-TRADE

	Note	2021	2020
		----- (Rupees in '000) -----	
Raw and ancillary materials			
In hand		6,093,218	5,699,415
held with vendors		520,655	292,832
In transit		418,227	481,161
		7,032,100	6,473,408
Work-in-process		1,011,782	778,360
Finished goods			
In hand		3,238,984	1,737,675
In transit		668,146	22,539
		3,907,130	1,760,214
Less: Provision for obsolescence	14.1	(143,258)	(194,986)
		11,807,754	8,816,996

14.1 Reconciliation of provision for obsolescence is as follows:

	2021	2020
Balance at the beginning of the year	194,986	303,389
Impact of merger	-	-
Charge for the year	(16,603)	31,921
Amount written off during the year	(35,125)	(140,324)
Balance at the end of the year	143,258	194,986

15. TRADE DEBTS

	Note	2021	2020
Considered good	15.1	28,451,969	23,596,460
Considered doubtful		959,495	474,680
Less: Provision for doubtful debts	15.2	(133,237)	(124,443)
		826,258	350,237
Contract assets		88,330	85,843
		29,366,557	24,032,540

15.1 These represent trade receivables from NTDC under PPA and are considered good. These are secured by a guarantee from the Government of Pakistan (GoP) under the Implementation Agreement and are in normal course of business and interest free. However, a penal mark-up at the rate of 3 months KIBOR plus 4.5% is charged in case the amounts are not paid within due dates. Included herein is delayed payment interest of Rs. 6,822 million (June 2020: Rs. 5,496 million) at the KIBOR plus 4.5% (June 2020: KIBOR plus 4.5%) per annum.

15.2 These are generally on 30 - 45 days term and include an amount of Rs.8,811 million (June 2020: Rs.6,011 million) which is neither past due nor impaired while Rs.15,007 million (June 2020 Rs.15,735 million) is past due but not impaired.

15.3 Reconciliation of provision against doubtful debts is as follows:

	2021	2020
	(Rupees in '000)	
Balance at the beginning of the year	**85,561**	56,688
Charge for the year	**24,150**	32,498
Amount written off during the year	**(2,286)**	(2,286)
Reversal during the year	**(1,339)**	(1,339)
Balance at the end of the year	**106,086**	85,561

16. RECEIVABLE FROM FUNDS UNDER MANAGEMENT

	2021	2020
	(Rupees in '000)	
Management fee		
Atlas Income Fund	**4,170**	3,123
Atlas Stock Market Fund	**20,250**	13,608
Atlas Islamic Stock Fund	**5,386**	3,626
Atlas Islamic Income Fund	**775**	702
Atlas Pension Fund	**1,275**	1,073
Atlas Islamic Dedicated Stock Fund	**679**	723
Atlas Money Market Fund	**4,914**	3,030
Atlas Sovereign Liquid Fund	**1,248**	2,037
Atlas Islamic Fund of Funds	**13**	9
Atlas Pension Islamic fund	**1,229**	1,010
Atlas Islamic Money Market Fund	**25**	-
	39,964	28,941
Current portion of receivable in respect of formation cost - Atlas Islamic Money Market Fund	**834**	-
	40,798	28,941

16.1 The maximum aggregate amount of receivable from funds under management at the end of any month during the year was Rs.39.96 million (2020: Rs.31.6 million). These balances are recoverable within one month. As at date of the financial statements, these are neither past due nor impaired.

17. LOANS AND ADVANCES - unsecured, considered good

	Note	2021	2020
		(Rupees in '000)	
Loans			
To employees - non-interest bearing		**593**	516
Current portion of long term loans	11	**62,898**	57,013
		63,491	57,529
Advances			
Due from staff	17.1	**9,183**	7,135
Due from related parties		**(29,140)**	5,684
Due from suppliers		**1,868,486**	126,461
Others		**152,691**	41,557
		2,001,220	180,837
		2,064,711	238,366

17.1 These represent interest-free welfare loans and salary advance provided to employees in accordance with the Group's policy and have maturities upto ten months.

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2021	2020
		------ (Rupees in '000) ------	
Security / trade deposits		57,204	52,706
Prepayments			
Others		81,181	135,889
Earnest money		147,482	137,850
Less: Allowance for expected credit loss on earnest money		(6,551)	(5,299)
Other receivables			
Letter of credit and guarantee margin		1,454,281	616,626
Advance against shares		198,044	-
Advisory fee receivable		903	1,011
Profit on term deposit receipt		765	2,130
Income tax refundable		5,470	9,231
Receivable from Suroor Investments Limited		102,579	102,579
Sales tax refundable		1,493,512	1,098,532
Receivable against disposal of plant and machinery		-	3,480
Dividends receivable		17,469	-
Due from related parties		146,495	461,899
Due from suppliers		14,365	7,443
Withholding tax receivable		37,287	45,852
receivable against sale of shares		-	79,692
Insurance claim		-	1,050
Workers' Profit Participation Fund		415,914	301,801
Receivable from fund under back office accounting services	16.1	6,077	4,015
Insurance / reinsurance receivables		494,793	468,903
Total assets from window takaful		232,647	164,875
Receivable from gratuity fund		55,153	-
Others		121,328	169,238
		4,797,082	3,691,467
Less: Provision against other receivables		(110,737)	(102,968)
		4,965,661	3,909,644

19. SHORT TERM INVESTMENTS

	Note	2021	2020
		----- (Rupees in '000) -----	
Investment at fair value through other comprehensive income			
Listed Shares	19.1	5,247,789	2,076,744
Available-for-sale			
Term Finance Certificates		20,000	20,000
Investment at fair value through profit or loss			
Pakistan investment bonds	19.2	123,854	126,503
Mutual Funds	19.3	869,211	799,227
Held-to-maturity			
Pakistan investment bonds	19.4	92,439	89,519
Treasury Bills		116,274	-
Investment at amortised cost			
Term Deposit Receipts		1,000,000	300,000
		7,469,567	3,411,993

19.1 Listed shares

2021	2020	Name of Fund	Note	2021 Cost	2021 Fair value	2020 Cost	2020 Fair value
Number of certificates				---------- Rupees in '000 ----------			
-	603,935	The Hub Power Company Limited		-	-	62,367	43,785
970,880	970,880	Habib Bank Limited		182,514	118,807	182,514	94,049
903,591	903,591	Meezan Bank Limited		52,085	114,712	52,085	62,212
13,536,936	11,036,936	Cherat Cement Company Limited		1,131,247	2,401,182	753,107	962,090
3,044,150	3,044,150	Bank Alfalah Limited		128,968	97,961	128,968	102,192
1,303,900	1,303,900	United Bank Limited		228,800	159,337	228,800	134,771
-	13,177	Engro Corporation Limited		-	-	3,443	3,860
-	744,400	International Steels Limited		-	-	85,125	38,448
3,458,934	3,458,934	Systems Limited		178,280	2,131,540	178,280	635,337
1,500,000	-	Archroma Pakistan Limited		240,407	224,250	-	-
			19.1.1	2,142,301	5,247,789	1,674,689	2,076,744

19.1.1 This includes shares which have been pledged with various banks as per the respective financing facility agreements.

19.2 **Investment in Government securities**

2021	2020		Note	2021	2020
------ (Rupees in '000) ------ Face value				------ (Rupees in '000) ------ Fair value	
75,000	75,000	Pakistan Investment Bond (5 Years)		73,644	75,036
50,000	50,000	Pakistan Investment Bond (3 Years)		50,210	51,467
				123,854	126,503

19.3 **Mutual funds**

2021	2020	Name of Company / Funds		2021	2020
Number of units				----- (Rupees in '000) -----	
1,426,569	1,350,883	HBL Money Market Fund	19.3.1	146,364	138,268
6,561,624	6,191,288	Lakson Money Market Fund		663,902	622,601
831,693	815,389	National Investment (Unit) Trust		58,942	38,356
67	62	NIT Government Bond Fund		1	1
179	176	NIT Islamic Equity Fund		2	1
				869,211	799,227

19.3.1 1,426,569 units of HBL Money Market Fund valuing Rs.146,364 thousand (2020: 1,350,883 units of HBL Money Market Fund valuing Rs.138,268 thousand) are under lien of a commercial bank against guarantees aggregating Rs.119,360 thousand (2020: Rs.115,711 thousand) issued in favour of Sui Southern Gas Co. Ltd., Pakistan State Oil Co. Ltd. and Excise & Taxation Department, Government of Sindh on behalf of the Company.

19.4 This represents carrying amount of government securities placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000.

20. NON-CURRENT ASSET HELF FOR SALE

	2021	2020
	----- (Rupees in '000) -----	
Carrying amount	13,918	123,918
Transferred from capital work-in-progress	541,603	-
Transferred to operating fixed assets	69,973	-
Disposal	(160,000)	-
Impairment loss	(55,494)	(110,000)
	410,000	13,918

20.1 The above assets were transferred to AAPL from Atlas Aluminium (Private) Limited (AAL). AAL closed the aluminium plant prior to amalgamation due to lower production output as compared to output expected. The management of AAL intended to dispose-off the plant and had classified the above assets related to discontinued aluminium business as held for sale. AAL had also recorded an impairment during the preceding year on the above assets to reflect their realizable values. The assets were sold to Atlas Global FZE, Dubai a related party.

AML has discontinued its business relating to the recycling of ferrous and non-ferrous metals due to an incident in preceding years. The management of AML intended to dispose-off the plant and has classified the above assets mainly plant and machinery and related equipments and leasehold improvements as held for sale. AML through external surveyor M/s. Surval conducted valuation exercises of these assets, which resulted in values aggregating Rs.570 million and consequently AML recorded an impairment loss Rs.55.494 million. AML during the year, after approval in Extra Ordinary General Meeting, have entered in memorandum of understanding with prospective buyer to dispose off these assets.

21. CASH, BANK BALANCES AND DEPOSITS

	Note	2021	2020
		----- (Rupees in '000) -----	
Cash in hand		252	2,032
Bank balances and deposits			
In current accounts		6,513,573	1,066,176
In PLS saving accounts	21.1	3,071,913	2,573,465
Term Deposit Receipts / Treasury bills	21.2	13,829,984	6,360,000
Cheques in hand	21.3	157,353	10,412
		23,573,075	10,012,085

21.1 These carry interest rates ranging from 5.50% to 7.75% (2020: 6.53% to 12.00%) per annum.

21.2 These carry mark-up rates ranging from 6.1% to 15% (2020: 12% to 15%) per annum. These include term deposit receipts of Rs.10 million (2020: Rs.10 million) which are under lien with the bank against a bank guarantee issued on behalf of the Group.

21.3 Represents banking instruments received by the ABL from dealers at regional offices in respect of sales but not deposited in the Company's bank account till reporting date.

22. SHARE CAPITAL

Authorised Capital

2021	2020		2021	2020
Number of shares			------ (Rupees in '000) ------	
240,000,000	240,000,000	Ordinary shares of Rs.10 each	2,400,000	2,400,000

Issued, subscribed and paid-up capital

91,220,000	91,220,000	Ordinary shares of Rs.10 each fully paid in cash	912,200	912,200
50,000	50,000	Ordinary shares of Rs.10 each issued for consideration other than cash	500	500
27,450,000	27,450,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	274,500	274,500
101,392,439	101,392,439	Ordinary shares of Rs.10 each issued as fully paid in pursuant of amalgamation	1,013,924	1,013,924
220,112,439	220,112,439		2,201,124	2,201,124

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22.1 As at year end, the shares held by Directors and Iftikhar Shirazi Family Trust were 165.084 million (2020: 165.084 million) and 55.028 million (2020: 55.028 million) respectively.

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

23. LONG TERM LOANS - secured

Limit (Rupees in million)	Tenure	Number of Installments / mode	Rate of mark-up	Note	2021	2020
					------ (Rupees in '000) ------	
500	2018 - 2024	16 / quarterly	3 months KIBOR + 0.60%	23.1	**461,922**	468,750
500	2019 - 2026	10 / Semi annual	6 months KIBOR + 0.95%	23.2	**500,000**	500,000
6,500	2018 - 2021	Semi annual	6 months KIBOR + 0.2%	23.3	**6,310,285**	2,000,000
3,000	2019 - 2026	quarterly	3 months KIBOR + 1.5%	23.4	**3,000,000**	3,000,000
1,500	2019 - 2024	6 equal buyout prices	3 Months KIBOR + 1.5%	23.5	**1,500,000**	1,500,000
500	2019 - 2023	18 / quarterly	6 months KIBOR + 0.95%	23.6	**266,667**	300,000
270	2019 - 2023	40 / quarterly	4.75% - 4%	23.7	**182,696**	203,000
2,000	2019 - 2024	8 / Semi annual	6 months KIBOR plus 0.6%	23.8	**457,343**	500,000
2,000	2009 - 2019	40 / quarterly	3 months KIBOR + 1%	23.9	**945,312**	-
					13,624,225	8,471,750
Interest free loans						
Vehicle loans					**6,914**	4,820
Less: Current portion of long term loans shown under current liabilities					**(1,447,884)**	(1,144,831)
					12,183,255	7,331,739

23.1 AAPL has obtained term finance amounting Rs.500,000 thousand from Allied Bank Limited for the purpose of strategic investments. The loan carries mark-up at the rate of 3 months KIBOR plus 0.6% and is secured against first pari passu hypothecation charge on existing and future plant and machinery with 25% margin and equitable mortgage against land with 25% margin. This loan is for five years from the date of disbursement (November 28, 2018) and is repayable in 16 quarterly instalments with grace period of one year. The principal repayments has been further deferred for twelve months inline with the State Bank of Pakistan's BPRD Circular letter No. 13 of 2020 dated March 26, 2020. Resultantly the revised maturity date is November 28, 2024 as compare to its previous maturity of November 28, 2023. The Company during the year repaid Rs.31,250 thousand.

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

23.3 In 2018, APL acquired a long term loan from a commercial bank amounting to Rs. 6,500 million which is repayable after 3 years on quarterly basis, starting from January 31, 2021. The rate of mark-up is 6 months KIBOR + 0.20%, payable on semi-annual basis. The facility is secured against ranking hypothecation charge over all present and future movable fixed assets with 20% margin.

23.4 In 2019, APL acquired a long term loan from a commercial bank amounting to Rs. 3.000 million for 5 years, quarterly repayment of which was to start after a grace period of 2 years. The rate of mark-up is 3 months KIBOR + 1.5%, payable quarterly. The facility is secured against First Pari Passu charge over present and future fixed assets (Land, Building, Plant, Machinery) of the company with 25% margin. The whole amount of loan was paid during the year.

23.5 In 2019, APL acquired an Islamic financing facility i.e. Diminishing Musharakah from an Islamic Bank amounting to Rs. 1,500 million for 5 years from the date of first draw dawn inclusive of grace period of 2 years. The sharing ratio of bank and the company are 75:25 in the Musharakah Assets. Repayment will be started from 2022 of 6 equal buyout prices (instalments). However profit shall be paid quarterly at the rate of 3 Months KIBOR + 1.5% with a floor of 5% and Cap of 25%. This facility is availed using a security i.e. First Pari- Passu hypothecation charge over plant 8t machinery with 25% margin and Comprehensive Insurance cover by insurer for 100% of the value charged assets.

23.6 Represents financing obtained by AEL from a commercial bank for capital expenditure (incurred and to be incurred) carrying mark-up at the rate of 3 months KIBOR + 0.95% (2020: 3 months KIBOR + 0.95%). The loan along with the mark-up is repayable in 18 equal quarterly installment commencing from January 2021. AEL during the year repaid instalments aggregating Rs.33.33 million. The facility is secured by way of first part-passu charge over immovable fixed assets and by way of hypothecation on movable fixed assets of the group. The total facility of the loan amounted to Rs.500 million (2020: Rs.500 million) out of which Rs.200 million (2020: Rs.200 million) remained unutilised as at the statement of financial position date.

23.7 Represents financing obtained by AEL from a commercial bank under the refinance scheme fer payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of 3 months KIBOR + 1% per annum. The lean along with the mark-up is repayable in 40 equal instalments commencing from January 2021. The AEL during the year repaid instalments aggregating Rs.37.77 million. The facility is secured by way of first part-passu hypothecation charge over the current assets. The total facility of the loan amounting to Rs.155 million (2020: Rs.101 million) out of which Rs.3.98 million (2020: Rs.30 millions) remained unutilised at the statement of financial position date.

23.8 This loan is initially recorded at present value discounted at the effective interest rate 3 months KIBOR + 1% and the difference of the actual proceeds and present value is recognised as a deferred income - government grant. The purpose of the government grant is to facilitate the company in making timely payments of salaries and wages to their employees in light of the Covid-19 pandemic.

AEL has obtained term loan amounting Rs.500,000 thousand from Allied Bank Limited for the purpose of balance sheet re-profiling. The loan carries mark-up at the rate of 6 months KIBOR plus 0.6% and is secured against first pari passu hypothecation charge on plant and machinery with 25% margin. This loan is for five years from the date of disbursement (November 27, 2019) and is repayable in 8 equal bi-annual instalments with a grace period of one year.

23.9 During the year, ABL acquired an Islamic financing facility i.e. Diminishing Musharakah from an Islamic Bank amounting to Rs. 2.000 million from NBP for 5 years from the dale of first draw down inclusive of grace period of 2 years. The sharing ratio of bank and the group are 75:25 in the Musharakah Assets. Repayment shall be made quarterly in arrears. The first rental payment shall fall due at the end of third month from the date of first draw down and subsequently every three month there alter. However profit shall be paid quarterly at the rate of 3 Months KIBOR + 1.0% with a floor of 5% and Cap of 20%. This facility is availed using security je. First Pari-Passu hypothecation charge over plant & machinery with 25% margin and Comprehensive Insurance cover by Takaful insurance for 100% of the value charged assets.

24. LONG TERM FINANCING - GOVERNMENT GRANT

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 installments commencing from January 2021. The facility is secured by way of EM charge on various properties of Rs. 2,000 million. The total facility of the loan amounted to Rs. 132.5 million (2020: Rs.62.5 million) out of which Rs.28.138 million (2020: Rs.2.3 million) remained unutilized as at the statement of financial position date.

This loan is initially recorded at present value discounted at the effective interest rate i.e. 3 months KIBOR + 1% and the difference of the actual proceeds and present value is recognized as a deferred income - government grant. The purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to their employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Company would not lay off, terminate employee of or other wise dismiss any employee for a period of atleast three months from the date of receipt of the first tranche, except in the event of disciplinary action. The maturity analysis of the financing under refinance scheme for salaries and wages is as follows:

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	Note	2021	2020
		----- (Rupees in '000) -----	
Not later than one year		**734,143**	117,438
Later than one year and not later than five years		**445,268**	354,600
		1,179,411	472,038
Current maturity shown under current liabilities		**(734,143)**	(117,438)
		445,268	354,600

25. LONG TERM DEPOSITS

	Note	2021	2020
Deposits from employees	25.1	**13,566**	12,303
Less: Current portion shown under current liabilities		**(3,810)**	3,354
		9,756	8,949

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

26. DEFERRED LIABILITIES

	Note	2021	2020
		----- (Rupees in '000) -----	
Provision for employees' compensated absences	26.1 & 26.2	**699,413**	600,196
Provision for long service award	26.2	**16,655**	16,377
Provision for staff gratuity fund		**74,415**	74,325
		790,483	690,898

26.1 The provision is made in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as of June 30, 2021.

26.2 This include provision amounting to Rs.45.07 million (2020: Rs.33.486 million) for key management personnel of the Company.

26.3 Payable to staff gratuity fund

26.3.1 Reconciliation of obligations as at year end

	Non-management	
	2021	2020
	----- (Rupees in '000) -----	
Present value of defined benefit obligation	**63,799**	60,250
Fair value of plan assets	**(112,589)**	(103,011)
Net liability at end of the year	**(48,790)**	(42,761)

26.3.2 Movement in net liability

	Non-management 2021	2020
	------ (Rupees in '000) ------	
Net liability at beginning of the year	23,763	22,225
Charge for the year	(1,111)	(2,793)
Benefits paid during the year	(1,976)	(2,119)
Re-measurement chargeable in other comprehensive income	(3,085)	5,222
Contributions	1,662	1,228
Net liability at end of the year	19,253	23,763

26.3.3 Charge for the year

	2021	2020
Current service costs	2,789	2,527
Interest costs	(1,754)	(3,048)
Charge for the year	1,035	(521)

26.3.4 Movement in defined benefit obligation

	2021	2020
Present value of defined benefit obligation at beginning of the year	127,796	91,954
Current service costs	7,789	7,527
Interest costs	34,269	35,937
Benefits paid during the year	(5,207)	(6,349)
Actuarial (gain) / loss	(377)	(1,273)
Present value of defined benefit obligation at end of the year	164,270	127,796

26.3.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2020 using the 'Projected Unit Credit' method are as follows:

	Non-management 2021	2020
	------- Percentages -------	
Rate of salary increase (per annum)	9.19%	8.63%
Discount rate (per annum)	10.19%	9.63%

27. LEASE LIABILITIES

	2021	2020
	------ (Rupees in '000) ------	
Lease liabilities	1,702,100	1,325,396
Current portion of lease liabilities	(236,862)	(161,582)
	1,465,238	1,163,814

28. DEFERRED INCOME

	2021	2020
Balance at beginning of the year	41,391	-
Recognized during the year	416,112	50,693
Amortisation of deferred income - government grant	(68,671)	(2,649)
Balance at end of the year	388,832	48,044
Less: Current portion of deferred income - government grant	(106,467)	(27,753)
	282,365	20,291

29. DEFERRED TAXATION

	Note	2021	2020
		—— (Rupees in '000) ——	
Deferred tax liability arising in respect of:			
- Accelerated tax depreciation		2,195,817	1,925,355
- Net Investment in Finance lease		20	25
- Right of use asset		71	107
- Investment in associates and joint venture		8,756	5,473
- Amortisation		82	31
- Employees retirement benefits		29,220	-
- Unrealised gain on investments at fair value through OCI		725,554	118,801
- Unrealised gain on investments at fair value through profit or loss		98,733	-
- Provisions		143,423	-
- Lease liabilities - net		13,887	-
- Other		152,916	-
- Provision for tax on share of profit from associate		716,954	700,039
Deferred tax asset arising in respect of:			
- Employees retirement benefits		-	(38,906)
- Alternative Corporate Tax over and above Normal Tax Regime u/s 113C		(378,949)	(378,949)
- Unrealised loss on investments at fair value through OCI		-	-
- Provisions		(238,584)	(828,653)
- Lease liabilities - net		-	(13,598)
- Investment in an associate		(960)	-
- Provision for bonus		(17,569)	-
- Other		-	(2,394)
Deferred tax liability		3,449,371	1,487,332

29.1 The movement in the deferred tax liability during the year is as under:

	2021	2020
Balance at beginning of the year	2,081,058	2,213,380
Charged during the year over share of profit from associates	716,954	700,039
Charged / reversal during the year	211,901	(832,361)
Balance at end of the year	3,009,913	2,081,058

30. TRADE AND OTHER PAYABLES

	Note	2021	2020
Trade payables		11,135,815	6,126,040
Import bills payable		160,290	129,376
Royalty payable	30.1	1,758,258	1,051,354
Retention money		3,984	4,056
Accrued liabilities	30.2	4,825,030	3,799,465
Workers' Profit Participation Fund		660,001	367,648
Workers' Welfare Fund		169,336	100,420
Withholding tax payable		161,312	167,416
Sales tax payable - net		595,334	202,505
Due to related parties		(173,220)	14,572
Advance against sale of land		-	287,400
Custom duty payable	30.3	1,263,423	294,938
Advances from customers		10,841,741	4,106,838
Payable to staff gratuity fund	30.4	66,599	146,157
Provision for compensated absense		22,311	22,093
Unclaimed dividend		260,078	239,867
Bonus payable		199,343	322,120
Premium received in advance		42,281	30,112
Insurance / reinsurance payable		514,547	524,336
Advance against liquidation of subsidiary		57,710	-
Total liabilities from window takaful operations		52,593	40,850
Provision for outstanding claims		1,147,727	655,587
Provision for unearned premium		1,071,838	1,009,271
Provision for warranty		184,814	166,872
Commission income unearned		166,848	139,193
Sindh government infrastructure fee		739,835	227,206
Provision for gas infrastructure development		364,594	482,124
Deposits from employees		2,719	3,422
Advance against sale of non-current assets held for sale		81,000	-
Dividend payable		36,539	-
Others		535,325	340,323
		36,948,005	21,001,561

30.1 Includes Rs.1,446.41 million (2020: Rs.964.40 million) due to Honda Motor Company Limited, Japan - a related party.

30.2 Includes Rs.7.37 million (2020: Rs.19.908 million) due to Honda Motor Company Limited, Japan - related party.

30.3 The Group has imported power plant that is leviable to custom duty at the rate of 20% on the imported value. However, the Ministry of Finance, Government of Pakistan vide its S.R.O. $65(I)/2006 (SRO) dated June 06, 2006 as amended vide SRO 564(I)/2008 dated June 11, 2008 has exempted plant, machinery, etc. from the custom duty leviable in excess of concessionary taxes i.e. 5% on the import value provided that the imports are made against valid contracts or letter of credit (L/C) and total C&F value of such imports for the project is US Dollar 50 million or above. In this regard, the Custom department raised a query to Federal Board of Revenue (FBR) whether this relaxation is applicable to the Company which has established (L/C) before June 11, 2008. The Group has paid the custom duty at the rate of 5% on the import value of Power Plant to the custom authorities and recorded a provision for the remaining 15% on import value of Power Plant, till the clarification is received from the regulatory authorities. The matter was decided in favor of the Group by Sindh High Court on March 25, 2019 and department was directed to discharge the post dated cheque issued by Group. However, department filed an intra court appeal regarding the matter in the Sindh High Court dated April 13, 2019. Since the matter is still pending adjudication, the Group has continued to hold the provision created as discussed above.

	Management 2021	Management 2020
	------ (Rupees in '000) ------	
30.4 Payable to staff gratuity fund		
30.4.1 Reconciliation of obligation as at year end		
Present value of defined benefit obligation	**1,080,611**	949,254
Fair value of plan assets	**(860,273)**	(695,898)
Receivable / (Payable) to associated companies in respect of transferees	**(23,411)**	31,769
	196,927	285,125
Unrecognised actuarial loss	**-**	-
Unrecognised non-vested liability promotion	**-**	-
Net liability at end of the year	**196,927**	285,125
30.4.2 Movement in net liability		
Net liability at beginning of the year	**112,444**	83,879
Charge for the year	**82,985**	89,635
Re-measurement chargeable in other comprehensive income	**(73,896)**	756
Contributions	**(137,242)**	(61,826)
Benefits paid	**-**	-
Net liability at end of the year	**(15,709)**	112,444
30.4.3 Charge for the year		
Current service cost	**63,594**	60,076
Interest cost	**44,537**	72,021
Expected return on assets	**(19,251)**	(37,653)
Amortisation of loss	**(5,312)**	(4,911)
Charge for the year	**83,568**	89,533
30.4.4 Movement in defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	**949,254**	920,992
Current service cost	**66,458**	60,076
Interest cost	**85,742**	130,754
Benefits paid during the year	**(47,126)**	(70,814)
Actuarial gain / (loss)	**24,454**	(15,245)
Liability recognised in respect of transferees	**1,829**	(76,509)
Present value of defined benefit obligation at end of the year	**1,080,611**	949,254

30.4.5 Movement in fair value of plan assets

	Management 2021	Management 2020
	------ (Rupees in '000) ------	
Fair value of plan assets at beginning of the year	**695,898**	680,491
Expected return on plan assets	**16,911**	42,165
Contributions made by the Group	**149,876**	61,826
Benefits paid during the year	**(37,302)**	(70,814)
Transfer of assets in respect of transferees	**(2,061)**	(15,118)
Actuarial loss	**36,951**	(2,652)
Fair value of plan assets at end of the year	**860,273**	695,898

30.4.6 The principal assumptions used in the actuarial valuations carried out as of June 30, 2021 using the 'Projected Unit Credit' method are as follows:

	Management 2021	Management 2020
	------ Percentages ------	
Rate of salary increase (per annum)	**10.00%**	6.91%
Rate of return (per annum)	**15.29%**	7.66%
Discount rate (per annum)	**9.81%**	9.34%

	2021	2020
	------ (Rupees in '000) ------	
30.4.7 Actual return on plan assets	**75,457**	43,515

30.4.8 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

30.4.9 Comparison for five years:

	2021	2020	2019	2018	2017
			(Rupees in '000)		
Present value of defined benefit obligation	**1,080,611**	949,254	920,992	884,971	754,443
Fair value of plan assets	**(860,273)**	(695,898)	(680,491)	(707,713)	(685,113)
Deficit	**220,338**	253,356	240,501	177,258	69,330
Experience adjustments:					
Loss / (gain) on plan liabilities	**3,266**	(25,364)	30,915	16,920	8,560
Gain / (loss) on plan assets	**35,452**	(2,661)	(10,438)	(8,675)	12,089

31. SHORT TERM BORROWINGS - SECURED

	Note	2021	2020
		----- (Rupees in '000) -----	
Running finance under mark-up arrangements	31.1	**3,932,641**	3,600,990
Money market facilities under mark-up arrangement	31.2	**6,330,000**	4,730,000
Islamic financing	31.3	**5,876,289**	7,351,933
Demand finance		**300,000**	9,391
		16,438,930	15,692,314

31.1 The Group has short term running finance facilities under mark-up arrangements aggregating to Rs.13,230 million (2020: Rs.3,600.99 million) from various commercial banks carrying mark-up ranging between 3 month KIBOR plus 0.12% to 3 month KIBOR plus 0.75% The facilities utilized against these arrangements are secured against equitable mortgage on lands and buildings, first pari passu hypothecation charge over book debts, stock, spares and tools and pledge of share and mutual funds units. The unavailed aggregate credit facility of running finances amounts to Rs.3,356 million (2020: Rs.1,611.922 million).

31.2 Represents utilized portion of facilities for money market financing available from various banks amounting to Rs.5,618 million (2020: Rs. 154.58 million), total limit of facilities is Rs. 11,850 million (2020: Rs. 154.58 million). The repayments are due on various dates, during next twelve months. The rate of mark-up ranges from 7.25% to 8.53% (2020: 8.67% to 14.31%) per annum and are payable with various maturity dates and are secured by way of hypothecation over fuel and receivables with 20% margin.

31.3 These facilities for murahaba and musharakah finance are arranged from various Islamic commercial banks amounting to Rs.8.35 million (2020: Rs.7.169 million) carrying profit at the rates ranging from 7.25% to 8.53% (2020: 8.88% to 14.47%) per annum. The said facilities are secured by way of hypothecation over fuel and receivables with 20% margin. The limit of the facility amounting to Rs.11.850 million.

32. CONTINGENCIES & COMMITMENTS

32.1 Contingencies in respect of subsidiaries

32.1.1 Atlas Power Limited (APL)

32.1.1.1 To convert Memorandum of Understanding dated 12 August 2020, APL and Committee for implementation notified by Government of Pakistan had several rounds of discussion and agreed to alter their existing contractual arrangements to the extent of, and strictly with respect to, the matters contained in the 'Memorandum of Understanding'. Accordingly, the Master Agreement, PPA Amendment, Novation Agreement. Amendment Agreement to the Guarantee and Implementation Agreement was signed by relevant parties on February 11, 2021.

Following are the main effects of above agreements:

CPPA (G) and APL agreed the following payment mechanism of outstanding receivables of Rs. 16 billion in two instalments. First installment of 40 percent comprising 1/3rd Cash. 1/3rd tradable 10-year floating rate PIBS and 1/3rd tradable 5- year floating rate GoP IJARA SUKUKS. Second installment of 60 percent will be paid to APL after six months of first installment comprising 13rd Cash, 1/3rd tradable 10-year floating rate PIBS and 1/3rd tradable 10-year floating rate GoP farah Sukuks.

Reduce ROE and ROEDC components prospectively, je. 17 percent per annum in PKR on NEPRA approved equity at Commercial Operations Date for RoE and RoEDC calculated at USD/PKR exchange rate of PKR 148/USD, with no future USD indexation. However, the existing RoE and RoEDC, together with the applicable indexations, shall continue to be applied until the date the applicable exchange rate under the present tariff reaches PKR 168/USD1 (i.e., the date of the signing of the MoU). whereupon the revised RoE and RoEDC shall apply for the remainder of the term of the PPA's per the novation agreement. all right and obligations of NTDC was novated to CPPA (G). NTDC ceases to become a party to PPA and CPPA becomes party lo PPA as power purchaser.

Share savings under fuel and O&M with the Power Purchaser starting from financial year 2021-22.

For overdue invoices, reduce the delayed payment rate to KIBOR plus two percent for the first 60 days and for any period thereafter, KIBOR plus four-point five percent per annum, each compounded semi-annually. The parties have agreed that as and when the Competitive Trading Arrangement is implemented and becomes fully operational, the power plant shall move to 'Take and Pay' as per the terms defined in the Generation License on the elimination of exclusivity and on mutually agreed terms. The parties have agreed that as and when the Competitive Trading Arrangement is implemented and becomes fully operational. the power plant shall move to 'Take and Pay' as per the terms defined in the Generation License on the elimination of exclusivity and on mutually agreed terms.

CPPA and APL developed tariff adjustment application which was filed by CPPA (G) and approved by NEPRA. The revised tariff shall be effective when last payment will be made as per above mechanism. However, since it was not notified in Government Gazette and non-payment of first installment. billing and invoicing is done as per old tariff.

The parties have agreed lo settle the outstanding LCIA Award relating to capacity payment in a manner that the company will recover the withheld Capacity settlement and withdraw enforcement proceedings in Lahore High Court and forgo amounts of Pre and Post LCIA award interest and cost as awarded under LCIA Award.

As per the PPA Amendment dated February 11, 2021, between CPPA (G) and Atlas Power Limited, the effective date of revised tariff under master agreement is linked with last installment under the payment mechanism and no payment has been made till date. The management has concluded that above events do not have material impact on financial statements for the period ending June 30, 2021.

Accordingly, the financial statements do not reflect the effect of above event.

	2021	2020
21.2 Commitments	**(Rupees in '000')**	
21.2.1 Guarantee in local currency	11,000,000	4,300,000

32.1.2 Atlas Asset Management Limited (AAML)

32.1.2.1 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company to the Funds are already subject to provincial sales tax on services levied by the Sindh Revenue Board (SRB), which is being charged to the funds and the Management Company collects the same as withholding agent and deposits the same with the SRB, the Management Company is of the view that further levy of FED is not justified. However, as a matter of abundant caution, provision is being made in the books of account of the mutual funds and pension funds being managed by the Company, these funds being the recipient of the asset management services, and there is no impact on the financial statements of the Management Company.

Various asset management companies including the Company, together with their representative Collective Investment Schemes through their trustees, have filed a petition in the High Court of Sindh (SHC), challenging the levy of FED. In this respect, SHC has issued a stay order against recovery proceedings. SHC, through its order dated June 30, 2016, stated that any notices issued, proceedings taken or pending, orders made, duty recovered or action taken under the Federal Act 2005 in respect of rendering of services are to be quashed and set aside. Thereafter Deputy Commissioner Inland Revenue appealed in the Supreme Court against SHC order which is still a pending adjudication.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

32.1.2.2 With effect from July 01, 2011, the asset management services rendered by the Company to the mutual funds and pension funds under its management fall within the scope of taxable services under Sindh Sales Tax Act, chargeable at the rate of 16% on the asset management services rendered, which the Company collects from the mutual funds / pension funds as a collecting agent and thereafter deposits the same with the SRB. The Company, being registered in the province of Sindh, is registered with the SRB as a service provider.

During year ended June 30, 2014, the Company as well as various other AMCs registered in the province of Sindh received notices from the Punjab Revenue Authority (PRA), requiring the Company / other AMCs to register with the PRA for the asset management services rendered in the Punjab through the offices of the Company in the Punjab. During the proceedings, it was explained to the PRA that the Company's offices in the Punjab only relate to sales offices, and no asset management services are rendered from such offices. All asset management services are rendered by the Company directly from its Head Office located in Karachi. Further, the full amount of provincial tax liability was being duly discharged to the SRB, hence, without prejudice to the main contention, the question, if any, related to apportionment between the two provinces and not double taxation. During the proceedings, meetings have been held with the officials of both, SRB and PRA at the collective forum of the Mutual Funds Association of Pakistan (MUFAP) together with the tax consultants, to work out any suitable basis of apportionment of the tax already being paid by the Company and other AMCs. However, such meetings remained inconclusive.

Despite the detailed explanations furnished and the meetings held with the officials of the SRB and PRA as stated above, on June 26, 2014, the Company received a show cause notice from the PRA, requiring payment of Rs.7.66 million as alleged Punjab Sales Tax on services for the period July 01, 2013 to December 31, 2013, and requiring the Company to explain why penalty proceedings should not be initiated there against. Such alleged amount is in addition to the Sindh Sales Tax on services already paid to the SRB for the period. Similar show cause notices have been received by other AMCs.

On July 08, 2014, the Company and other AMCs, have filed a petition in the SHC against both, SRB and PRA, challenging the issuance of such show cause notice by PRA and the alleged levy of Punjab Sales Tax on services therein, as well the non-resolution of issue of apportionment of the total 16% tax on asset management services, which is already being paid to the SRB. In the initial hearing, the SHC has suspended the operation of the notice. The case is still pending adjudication. No provision has been made in these financial statements for the alleged tax liability of Rs.7.66 million, as the management is confident that the ultimate outcome will be in the Company's favour.

32.1.2.3 Commitments

Commitments outstanding for capital expenditure as at June 30, 2021 aggregated to Rs.5,201,904 (2020: Rs.Nil).

32.1.3 Atlas Battery Limited (ABL)

32.1.3.1 The Company received notice from the Directorate of Intelligence and Investigation, FBR, Lahore in which it had been alleged that the Company purchased goods from certain suppliers who were registered with Regional Tax Offices, but were fake and issued sales tax invoices to the Company on the basis of which the Company claimed input tax adjustment amounting to Rs.29.066 million which according to them was illegal / inadmissible. The name of the Company along with 135 companies and other individuals had therefore been included as an accused person in the First Information Report (FIR) No.04/2011 dated March 26, 2011 registered by the Additional Director, Intelligence and Investigation, FBR, Lahore. The Company has, therefore, filed a Constitutional Petition in the Honourable Lahore High Court (the Court) and prayed to quash the FIR against the Company and declare the notice illegal. The Court has granted stay order and advised the concerned authorities to restrain from further proceeding with the matter. Further, the Court has quashed the criminal proceedings initiated against the Company as being unconstitutional, violative of fundamental rights and ultra vires the Sales Tax Act, 1990 (the Act).The FBR against the orders of the Court has filed an appeal in Honourable Supreme Court of Pakistan, which is pending for hearing.

32.1.3.2 Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, for the tax year 2013 passed an order dated September 30, 2014 under section 161 / 205 of the Income Tax Ordinance, 2001 on account of non-deduction of tax on freight & forwarding charges and discounts allowed to dealers. DCIR through this order created an aggregate demand of Rs.206.534 million including additional tax. An appeal was filed before the CIR(A) on October 22, 2014 against the above order. The Company paid the demand of Rs.0.1 million which pertains to a tax deduction on freight charges and filed a stay application on October 27, 2014 before Commissioner Inland Revenue (Appeals) [CIR(A)] against the recovery of balance of the demand. The stay against recovery of demand was granted by the CIR(A) on October 27, 2014 subject to partial payment of Rs.50 million which was paid on October 29, 2014. Pursuant to above appeal, CIR(A), on March 31, 2015, passed an order under section 129 of the Ordinance and granted relief in respect of issue of non-deduction of tax amounting Rs.108.867 million on discounts allowed on invoices. However, CIR(A) remanded back the issue of non-deduction of tax aggregating Rs.59.509 million on additional trade discounts by directing the DCIR to re-examine the issue based on the nature of discount. The CIR has filed an appeal on April 18, 2015 against the abovementioned order of CIR(A) before the Appellate Tribunal Inland Revenue. ATIR on January 25, 2021 has upheld the order of CIR(A) and remanded back the issue for fresh verification.

32.1.3.3 The Company received a show cause notice dated June 27, 2016 from Assistant Commissioner Enforcement-II, Punjab Revenue Authority (PRA), Government of Punjab for proceeding against the Company for alleged violation of various sections of Punjab Sales Tax on Services Act, 2012 (the Act) read with Punjab Sales Tax on Services (Specific Provisions) Rules, 2012 (the Rules) and demanded tax on account of Punjab sales tax on franchises services aggregating Rs.55.443 million. Further, penalties aggregating Rs.2.962 million has also been charged.

The Company against the abovementioned show cause notice filed a petition on July 15, 2016 before the High Court of Sindh (the Court) on the basis that PRA has no jurisdiction to issue such notice. The Company is engaged in manufacturing of automotive batteries and owing to its technical assistance agreement with technology supplier it pays technical fees to them and in respect of such technical services the Company is making regular payments of Sindh Sales Tax to the Sindh Revenue Board. Further, the Company's factory premises as well as all production and entire operations are in province of Sindh, therefore PRA has no jurisdiction to demand any sales tax on franchise fees on the basis of purported apportionment of the same. The Court, through its interim order dated July 15, 2016 issued notices to concerned persons / representatives and suspended the operations of abovementioned show cause notice.

32.1.3.4 The Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, for the tax year 2015 passed an order dated January 22, 2016 under section 161 / 205 of the Income Tax Ordinance, 2001 (the Ordinance) on account of non-deduction of withholding tax on various expenses and created a demand of Rs.56.449 million, including default surcharge and penalty. The Company filed a rectification application on February 11, 2016 against the aforesaid order pursuant to which the DCIR passed a rectified order dated February 22, 2016 under section 221 / 161 / 205 of the Ordinance. As a result of the rectified order, the total demand of Rs.56.449 million identified in the original order was reduced to Rs.0.398 million inclusive of default surcharge and penalty.

While passing the rectified order, the DCIR created an additional demand of Rs.81.593 million including default surcharge and penalty on account of non-deduction of tax on discounts allowed to dealers. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on March 10, 2016 against the rectified order and challenged the aggregate demand of Rs.81.991 million. Pursuant to this appeal, CIR(A) passed an order dated June 8, 2016 under section 129 of the Ordinance and granted relief to the Company on aggregate demand of Rs.81.991 million. The Commissioner Inland Revenue (CIR) filed an appeal on August 5, 2016 against the above mentioned order of CIR(A) before the Appellate Tribunal Inland Revenue (ATIR). ATIR on July 30, 2019 has remanded back the issue of non-deduction of tax on trade discount allowed to dealers with the direction to the income tax authorities to examine the issue afresh. Accordingly, the DCIR conducted fresh monitoring of withholding income tax for the aforesaid year in lieu of the above ATIR directions and passed an order dated June 29, 2021 under section 161 / 205 of the Ordinance on the same issue of non-deduction of tax on discounts allowed to dealers and created a demand of Rs.121.735 million including default surcharge and penalty. The Company has filed an appeal before CIR(A) on July 19, 2021 which is pending for hearing.

32.1.3.5 The Additional Commissioner Enforcement-III (Assessing Officer), Punjab Revenue Authority (PRA), Government of Punjab issued a show cause notice to the Company and alleged that the Company has failed to withhold and deposit the Punjab Sales Tax on advertisement services. The Company responded that some of the service providers do not have their registered office in the territorial jurisdiction of Punjab and in most of the cases, services were not completely consumed in Punjab only rather were electronically transmitted throughout Pakistan. Further, the Company had withheld sales tax from all the payments made against said services and has deposited either to Federal Board of Revenue (FBR) or Sindh Revenue Board (SRB), therefore, demand raised by PRA would tantamount to double jeopardy for the Company. However, the Assessing Officer did not consider the arguments of the Company and passed an order dated May 22, 2017 under section 14 & 19 of Punjab Sales Tax on Services Act 2012 read with Punjab Sales Tax on Services (Withholding) Rules 2012 & 2015 and created an impugned demand of Rs.4.327 million including penalty.

The Company has filed a rectification application before the Appellate Tribunal, PRA, Lahore on January 15, 2021 for said correction in its order which is pending for hearing. The Company has also filed a petition before Honourable Lahore High Court on January 20, 2021 for grant of stay from coercive actions and to declare the order of Appellate Tribunal, PRA, Lahore illegal and unlawful, which is pending for hearing.

32.1.3.6 Additional Commissioner Inland Revenue (ACIR), Large Taxpayers Unit, Karachi, for the tax year 2016 passed an order dated November 30, 2017 under section 161 / 205 of the Income Tax Ordinance, 2001 on account of non-deduction of tax on (i) trade discount allowed to dealers, (ii) rent paid to Atlas Foundation, (iii) cartage & octroi expenses, (iv) repair and maintenance expenses and (v) entertainment expenses. ACIR through the order created an aggregate demand of Rs.200.172 million including default surcharge and penalty. The Company filed an appeal before [CIR(A)] on December 20, 2017 against (i) and (ii), where as tax levied for (iii), (iv) and (v) were not contested in appeal. The Company paid the demand of Rs.1.5 million in light of directions given by [CIR(A)] on December 22, 2017 while granting stay from recovery proceedings which duly covers the balance tax demand Rs.1.221 million in respect of issues not contested in appeals. Pursuant to the appeal, [CIR(A)], on January 22, 2018, passed an order under section 129 of the Ordinance and granted relief in respect of both issues contested i.e. (i) trade discount allowed to dealers and (ii) rent paid to Atlas Foundation. The department has filed an appeal on April 23, 2018 against the abovementioned order of CIR(A) before the Appellate Tribunal Inland Revenue (ATIR). ATIR on July 30, 2019 has remanded back the issue of non-deduction of tax on trade discount allowed to dealers with the direction to the income tax authorities to examine the issue afresh while no decision was given in respect of levy of tax payment of rent. Accordingly, the DCIR conducted fresh monitoring of withholding income tax for the aforesaid year in lieu of the above ATIR directions and passed an order dated June 29, 2021 under section 161 / 205 of the Ordinance on the same issue of non-deduction of tax on discounts allowed to dealers and payment of rent, and created a demand of Rs.266.060 million including default surcharge and penalty. The Company has filed an appeal before CIR(A) on July 19, 2021 which is pending for hearing.

Assistant / Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, for the tax year 2017 passed an order dated October 24, 2018 under section 161 / 205 of the Ordinance on account of non-deduction of tax on (i) trade discount allowed to dealers, (ii) sales promotion, (iii) travelling, (iv) repair and maintenance expenses, (v) water charges, (vi) cartages and (vii) local purchase. DCIR through the order created an aggregate demand of Rs.266.079 million including default surcharge and penalty. The Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] on November 13, 2018 against (i) and (ii), where as tax levied for (iii), (iv), (v), (vi) and (vii) were not contested in appeal. The Company paid the demand of Rs.1.441 million on November 19, 2018 in respect of issues not contested in appeals. Pursuant to the appeal, CIR(A), on December 20, 2018, passed an order under section 129 of the Ordinance and granted relief in respect of issue contested at (ii) sales promotion and upheld the decision of DCIR in respect of issue contested at (i) trade discount allowed to dealers. The Company has filed an appeal on December 31, 2018 against the abovementioned order of CIR(A) in respect of issue at (i) trade discount allowed to dealers before the Appellate Tribunal Inland Revenue (ATIR). Moreover, the company has obtained stay from the Sindh High Court against the demand confirmed by CIR(A). ATIR on July 30, 2019 has remanded back the issue of non-deduction of tax on trade discount allowed to dealers with the direction to the income tax authorities to examine the issue afresh. Accordingly, the DCIR conducted fresh monitoring of withholding income tax for the aforesaid year in lieu of the above ATIR directions and passed an order dated June 29, 2021 under section 161 / 205 of the Ordinance on the same issue of non-deduction of tax on discounts allowed to dealers and created a demand of Rs.333.955 million including default surcharge and penalty. The Company has filed an appeal before CIR(A) on July 19, 2021 which is pending for hearing.

32.1.3.7 The Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi conducted sales tax investigative audit for the period from July 2013 to June 2018 and passed an order dated November 14, 2019 with respect to (i) input tax claims against purchases from certain suppliers whose status was subsequently found as blacklisted / suspended on FBR web portal, (ii) input tax claims against purchases which were alleged to be inadmissible as per Sales Tax Act, 1990 (Act) & (iii) non-payment of extra tax on sales. DCIR, through abovementioned order raised an aggregate demand of Rs.49.041 million (including default surcharge and penalty of Rs.18.297 million).

The Company paid Rs.2.557 (including default surcharge and penalty of Rs.0.708 million) being amount not contested and filed an appeal on December 11, 2019 before Commissioner Inland Revenue Appeals CIR(A) under section 45(B) of the Act against the above order for remaining amount. Pursuant to the appeal, the CIR(A), through his order dated December 30, 2019, granted partial relief to the Company in respect of the above mentioned points by disallowing demand to the tune of Rs.11.154 million and remanded back the allegations involving sales tax to the tune of Rs.17.741 million (both without default surcharge and penalty). Further, CIR(A) also order the DCIR to re-work the amount of default surcharge and penalty after giving effect of appeal order. However, the CIR has filed an appeal on February 20, 2020 against the bovementioned order of CIR(A) before the Appellate Tribunal Inland Revenue; which is pending for hearing.

32.1.3.8 Additional Commissioner Inland Revenue (ACIR), Audit-II, Range-D, Large Taxpayers' Office, Karachi, for the tax year 2018 passed an order dated January 28, 2021 under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) which inter alia included (i) additions pertaining to non-deduction of withholding tax on trade discount, (ii) disallowance of warranty expense and (iii) disallowance of certain tax credits. The ACIR through the order created an aggregate demand of Rs.658.995 million. The Company has filed rectification application for the apparent errors in the order and also filed appeal before the learned Commissioner of Inland Revenue (Appeals) [CIR(A)] for which hearing is pending. The Company has obtained stay on April 26, 2021 from Honourable High Court of Sindh against the recovery of aforesaid demand.

32.1.3.9 Deputy Commissioner Inland Revenue (DCIR), Unit -4, Audit-1, Large Taxpayers' Office, Karachi conducted sales tax audit for the period from July 2018 to June 2019 and passed an order dated June 29, 2021 u/s 11(2) of Sales Tax Act, 1990 (the Act) and created demand of Rs.1.649 billion including default surcharge and penalty. The significant issue alleged in this order is claiming of input tax adjustment on fake and flying sales tax invoices. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] on July 27, 2021 which is pending for hearing. However, CIR(A) has issued stay order against the aforesaid demand.

32.1.3.10 Deputy Commissioner Inland Revenue (DCIR), Unit -4, Audit-1, Large Taxpayers' Office, Karachi conducted sales tax audit for the period from July 2019 to June 2020 and passed an order dated June 30, 2021 u/s 11(2) of Sales Tax Act, 1990 (the Act) and created demand of Rs.1.669 billion including default surcharge and penalty. The significant issue alleged in this order is claiming of input tax adjustment on fake and flying sales tax invoices. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] on July 27, 2021 which is pending for hearing. However, CIR(A) has issued stay order against the aforesaid demand.

32.1.3.11 OUTSTANDING BANK GUARANTIES

Guarantees aggregating Rs.119,360 thousand (2020: Rs.115,711 thousand) are issued by a commercial bank on behalf of the Company to Sui Southern Gas Co. Ltd., Pakistan State Oil Co. Ltd. and Excise and Taxation Department, Government of Sindh.

32.1.3.12 COMMITMENTS

	2021	2020
	---- Rupees in '000 ----	
Commitments in respect of letters of credit / contract relating to:		
- raw materials, stores, spares and loose tools	**415,229**	155,994
- capital expenditure	**66,737**	14,086
	481,966	170,080

32.1.4 Atlas Honda Limited (AHL)

Contingencies

32.1.4.1 Various cases have been filed against the Company by some 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.

32.1.4.2 Guarantees aggregating to Rs.1,276,706 thousand (2020: Rs. 875,370 thousand) have been issued by commercial banks to government and semi government institutions for import of raw materials and supply of goods.

Commitments

32.1.4.3 Commitments outstanding for letters of credit relating to capital expenditure, raw materials and components as at March 31, 2021 aggregated to Rs.2,209,653 thousand (2020: Rs.1,183,949 thousand).

32.1.4.4 Commitments outstanding for capital expenditure other than through letters of credit as at March 31, 2021 aggregated to Rs.61,164 thousand (2020: Rs.100,799 thousand).

32.1.4.5 The Company has entered into Ijarah arrangements for vehicles and plant machinery with various banks. Aggregate commitments for these Ijarah arrangements as at March 31, are as follows:

	2021	2020
	--- Rupees in '000 ---	
Not later than one year	**137,848**	36,668
Later than one year and not later than five years	**247,502**	33,610
More than five years	**93,134**	-
	478,484	70,278

32.1.5 Atlas Insurance Limited (AIL)

32.1.5.1 The tax authorities had raised demand amounting to Rs. 117,817 (thousand) against the Company for the tax years 2009 to 2014, that primarily pertained to the rate of tax on dividend, rental income and WWF. Commissioner Inland Revenue (Appeals) [CIR (A)] partially upheld the decision and reduced the demand to Rs. 59,722 (thousand). The Company filed appeals against the CIR(A) decision before the Appellate Tribunal Inland Revenue (ATIR) wherein the decision of CIR(A) was upheld. The Company has filed a reference application against the decision of ATIR before the Honorable Lahore High Court which is currently pending adjudication. No provision has been recognized in these financial statements since the management in consultation with their tax advisor believes that there are meritorious grounds that the case will be decided in favor of the Company.

32.1.5.2 For the tax year 2017, the Deputy Commissioner Inland Revenue (DCIR) created an additional tax demand of Rs. 654,473 (thousand). The tax demand mainly pertained to disallowances due to need of underlying evidences and disallowance of certain expenses due to non-deduction of withholding tax. Being aggrieved, the Company filed an appeal before CIR (A) against the aforesaid demand where the case has been remanded back to the DCIR. No provision has been recognized in these condensed interim financial statements since the management believes that there are meritorious grounds that the case will be decided in favor of the Company.

32.1.5.3 For tax year 2005, the tax authorities disputed the Company's treatment on certain issues disallowing expenses, creating a demand of Rs. 70,698 (thousand).The Company filed appeal before CIR(A) which was decided in favor of the Company. Department filed appeal against CIR(A) before ATIR which is pending adjudication. No provision has been recognized in these financial statements since the management in consultation with their tax advisor believes that there are meritorious grounds that the case will be decided in favor of the Company.

32.1.6 Atlas Metal (Private) Limited (AML)

32.1.6.1 Deputy Commissioner Inland Revenue (DCIR), Enforcement-I, Medium Tax Office, Karachi served show cause notice dated September 28, 2020 pertaining to tax period July 2017 to June 2019, stating that the Company has claimed inadmissible input tax on the purchases from M/s.Denar Industries (Private) Limited, who was involved in claiming input tax against fake invoices amounting to Rs.39,156,459. The Company submitted its response stating that the said supplier was neither blacklisted nor blocked by FBR at the time of input claim and that subsequent blacklisting of a supplier could not deprived the registered person of its right of claim of input tax. Further, the Company has complied with all the requirements as required under Sales Tax Act, 1990 for claim of input tax. DCIR on November 25, 2020, raised the demand against the notice amounting Rs.39,156,459. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] which was decided against the Company on February 24, 2021. The Company has filed an appeal before Appellate Tribunal Inland Revenue (the Tribunal) which is pending adjudication. However, the Tribunal has issued stay order against the aforesaid demand.

32.2 Commitments

	2021	2020
	------ (Rupees in '000) ------	
Guarantees issued by banks on behalf of the Group	1,166,560	1,166,560
Guarantees issued by banks in favour to Sui Southern Gas Company Limited, Excise and Taxation Department, Pakistan State Oil Co. Ltd., SSGC LPG (Private) Limited, Collector of Customs, and Government of Sindh.	192,141	192,141
Guarantees in local currency	4,407,183	4,407,183
Letter of credit in favour of the Group	2,067,487	2,067,487
Letters of credit for other than capital expenditure, contracts and guarantees	256,793	256,793
Letter of credit in respect of capital expenditure	276,831	276,831
Commitment for capital expenditure	-	-
Commitments for rentals under Ijarah finance agreement	70,278	70,278
Commitments in respect of office rent expense	66,196	66,196
Claims against the Company not acknowledged as debt	101,677	101,677

33. SALES OF GOODS AND RENDERING OF SERVICES

	2021	2020
	------ (Rupees in '000) ------	
Sales	185,609,289	151,081,242
Service income	2,255,043	1,482,676
Sales load	10	-
Commission income	333,494	255,179
	188,197,836	152,819,097
Less: Sales tax	(26,764,732)	(21,515,994)
Less: Discounts	(3,361,687)	(2,704,721)
Sales - net	158,071,417	128,598,382

34. FEE / COMMISSION FROM ASSET MANAGEMENT

	2021			2020		
	Management fee	Commission	Total	Management fee	Commission	Total
	(Rupees in '000)					
Open-ended						
Atlas Income Fund	48,212	-	48,212	34,513	-	34,513
Atlas Islamic Income Fund	9,668	-	9,668	7,659	-	7,659
Atlas Islamic Money Market Fund	151	-	151	-	-	-
Atlas Islamic Stock Fund	64,655	-	64,655	36,324	-	36,324
Atlas Money Market Fund	58,693	-	58,693	54,780	-	54,780
Atlas Pension Fund	16,563	-	16,563	12,993	-	12,993
Atlas Sovereign Liquid Fund	15,977	-	15,977	25,148	-	25,148
Atlas Pension Islamic Fund	16,058	-	16,058	13,051	-	13,051
Atlas Islamic Dedicated Stock Fund	10,198	-	10,198	8,351	-	8,351
Atlas islamic Fund of Funds	122	-	122	139	-	139
Atlas Stock Market Fund	244,689	-	244,689	156,162	-	156,162
	484,986	-	484,986	349,120	-	349,120
Less: Sales tax	(55,795)	-	(55,795)	(40,164)	-	(40,164)
	429,191	-	429,191	308,956	-	308,956

34.1 In accordance with the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008, the Management Company of the funds is entitled a management fee that has been verified by the trustee and is paid in arrears on monthly basis. The maximum rate of management fee chargeable to Funds is required to be disclosed in the offering documents within allowed expense ratio limit i.e. upto 4.5% for equity, balanced, asset allocation and protected schemes, 2% for money market scheme, 2.5% for income, aggressive income, capital protected. index and commodity schemes, 3% for commodity schemes and 2.5% for fund of fund schemes. During the year, the Company has charged its management fee at the following rates:

- Atlas Income Fund - 1.00% (2020: 0.80%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Income Fund - 0.40% (2020: 0.30%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Stock Fund - 2.40% (2020: 2.00%) per annum of the average annual net assets for the reported period.
- Atlas Money Market Fund - 0.25% (2020: 0.45%) per annum of the average annual net assets for the reported period.
- Atlas Pension Fund - 1.50% (2020: 1.50%) per annum of the average annual net assets for the reported period.
- Atlas Stock Market Fund - 2.40% (2020: 2.00%) per annum of the average annual net assets for the reported period.
- Atlas Sovereign Fund - 0.67% (2020: 0.45%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Dedicated Stock Fund - 2.40% (2020: 2.00%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Money Market Fund - 0.50% (2020: 0.00%) per annum of the average annual net assets for the reported period.

Atlas Pension Fund (APF) and Atlas Pension Islamic Fund

- Equity Sub Fund - 1.50% (2020: 1.50%) per annum of the average annual net assets for the reported period.
- Debt Sub Fund - 0.75% (2020: 0.75%) per annum of the average annual net assets for the reported period.
- Money Market Sub Fund - 0.5% (2020: 0.5%) per annum of the average annual net assets for the reported period.

Atlas Islamic Fund of Funds

- Atlas Aggressive Allocation Islamic Plan - 1% (2020: 1%) per annum of the average annual net assets for the reported period.
- Atlas Moderate Allocation Islamic Plan - 1% (2020: 1%) per annum of the average annual net assets for the reported period.
- Atlas Conservative Allocation Islamic Plan - 1% (2020: 1%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Capital Preservation Plan - 1% (2020: 1%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Dividend Plan - 1% (2020: 0%) per annum of the average annual net assets for the reported period.

35. OTHER OPERATING INCOME

	2021	2020
	------ (Rupees in '000) ------	
Income on loans, advances and bank balances	908,888	975,647
Interest on TFC	1,529	-
Retirn on debt securities	24,050	-
Net gain on investments carried at fair value through profit or loss		
- Net gain / (loss) on sale of investments	164,311	126,032
- Net unrealised gain / (loss) on revaluation of investments	24,086	41,636
	188,397	167,668
Net (loss) / gain on sale of fixed assets	15,544	(35,883)
Amortisation of discount - T bills	-	1,913
Amortisation of long term financing - government grant	16,594	943
Allowance for expected credit loss	(10,732)	(15,393)
Net gain / (loss) on sale / redemption of available-for-sale investments	-	62,226
Reversal of allowance for expected credit loss - net	89,429	6,866
Reversal of allowance due to recoveries	-	-
Reversal of provision against compensated absences	9,225	-
Net gain on sale of held till maturity investment	-	21,449
Net gain on sale of investments properties	265,455	-
Impairment in value of available for sale securities - equity securities	32,737	-
Insurance claim	(546,753)	-
Exchange loss	10,047	(14,361)
Loss on purchase of subsidiaries	-	5,198
Impairment of goodwill	-	(2)
Reversal of impairment on subsidiary	-	730,843
Rental income from investment properties	-	271,764
Other	64,264	144,074
	1,068,674	2,322,952

36. COST OF SALES AND SERVICES

	Note	2021	2020
		------ (Rupees in '000) ------	
Cost of sales			
Raw and ancillary materials consumed		98,546,543	86,536,582
Salaries, wages and benefits	36.1	6,028,520	4,981,694
Spare parts and other maintenance		572,078	832,103
Travelling and conveyance		81,529	177,268
Store consumption		1,483,069	1,224,990
Fuel, water and power		8,864,788	5,380,003
Rent rates and taxes		36,429	161,308
Insurance		505,952	475,966
Training expense		3,492	-
Repairs and maintenance		804,948	638,815
Depreciation	7.1.2	2,755,010	2,893,598
Depreciation on operating right of use assets		89,663	-
Amortisation		53,332	44,987
Impairment of non-current asset held for sale		-	110,000
Canteen		209,304	160,176
Ijarah rentals		8,071	70,882
Royalties and technical fee	36.3	4,994,094	4,354,659
Printing and stationery		39,977	32,878
Postage, telephone and telegram		15,102	11,913
Subscription		7,383	7,823
Provision for obsolescence		(26,510)	26,332
Provision for stores, spare parts & loose tools		36,377	48,596
Provision for impairment of operating fixed assets		85,494	9,053
Provision for slow moving raw material		(20,434)	25,858
Dismantling expense		-	-
Marking fee		84,997	78,527
Consultancy charges		2,830	3,367
Reimbursement of fixed expenses		(37,742)	(20,821)
Support services		14,215	5,535
Free replacement		465,884	437,232
Health, safety and environmental costs		39	150
Vehicle running		910	-
General expenses		199,046	189,111
		125,904,390	108,898,585
Opening - Finished goods		1,747,688	1,904,943
- Work-in-progress		778,360	716,509
Purchases during the year		13,293,178	4,661,856
Transfers to fixed assets		(352)	21,480
Closing - Finished goods		(1,676,937)	(1,747,688)
- Work-in-progress		(926,940)	(779,318)
		13,214,997	4,777,782
		139,119,387	113,676,367
Cost of services			
Salaries and benefits	36.2	178,938	166,603
Storage and transportation		4,775	1,132
Travelling, conveyance and entertainment		11,571	12,928
Vehicle running		22,256	22,227
Postage and telephone		911	547
Repairs and maintenance		185	133
Software charges		7,046	9,781
Installation charges / subcontracting costs		259,036	212,101
Rent rates and taxes		-	2,745
Telephone and communication		16	-
Gas and electricity		12	9
Printing and stationery		230	212
Insurance		3,259	3,753
Training expenses		467	164
Fees and subscription		4	-
Advertisement		2,500	-
Depreciation on right-of-use assets	7.1.2	9,478	10,811
Depreciation		14,139	12,467
SAP maintenance fee		1,674	-
Others		539	6
		517,036	455,619
		139,636,423	114,131,986

36.1 Include Rs.205.985 million (2020: Rs.12.32 million) in respect of employees retirement benefits.

36.2 Includes Rs.2.665 million (2020: Rs.1.587 million) in respect of employee retirement benefits.

36.3 Royalty charged in these financial statement pertains to:

Company Name	Address
- Honda Foundry Ltd.	1620, Matoba Kawago, Saitama, Japan
- Shingdengen Electric Ltd.	New-Ohtemachi Bldg., 2-1 Ohtemachi 2 Chome, Chiyoda-Ku, Tokyo, Japan
- GS Yuasa International Limited	1, Inobanba-cho, Nishinosho, Kisshoin, Minami-ku, Kyoto 601-8520 Japan
- Keihin Corporation	Shinjuku Nomura BLDG. 39F 1-26-2, Nishi Shinjuku Tokyo, 163-0539, Japan
- Showa Corporation	1-14-1, Fujiwara-cho Gyoda, Saitama 361-8506 Japan
- F.C.C Co. Limited	7000-36, Nakagawa, Hosoe-cho Kita-ku, Hamammatsu-shi, Shizouka-ken, Japan
- Atsumitec Company Limited	4-6-1 Takaokanishi Naka-ku, Hamamatsu- shi Shizuoka Prefecture, 433-8118 Japan
- Daido Kogyo Co., Ltd.	197 Kumasaka -cho Kaga city, Isikawa Pref., 922-8686, Japan
- Honda Motor Company Limited	1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo107-8556,Japan
- Toyo Denso Company Limited	10-4, 2-Chome, Shinbashi Minato-ku, Tokyo, Japan
- Yamada Manufacturing Company Limited	1296-2, Koubayashi, Isesaki, Gunama, Japan

37. DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

	Note	2021	2020
		(Rupees in '000)	
Salaries, wages and benefits	37.1	2,968,930	2,597,390
Back office accounting services charges	37.2	47,929	26,360
Rent, rates and taxes		83,254	118,505
Travelling, conveyance and entertainment		196,289	262,470
Freight and forwarding		884,963	758,432
Printing and stationery		70,216	65,909
Gas, water and electricity		72,928	67,577
Vehicle running		127,595	111,290
Legal and professional		145,326	88,148
Auditors' remuneration	37.3	24,525	20,560
Insurance		169,351	93,182
Fee and subscription		67,574	51,573
Repairs and maintenance		179,227	102,763
Depreciation on			
- Operating fixed assets	7.1.2	330,707	323,007
- Investment properties	8	68,430	73,087
Amortisation on intangible assets		9,951	8,294
Postage, telephone and telegrams		59,583	74,971
Newspapers and periodicals		9,814	16,439
Staff training		11,503	8,715
Advertisements / sales promotion		617,966	720,887
Donation to Atlas Foundation - a related party		104,395	108,775
Tender expenses		846	669
Provision for doubtful debts		24,150	32,498
Internet charges		13,674	7,052
Security guard services		3,799	3,702
Directors' meeting fees		4,150	11,846
Directors' remuneration		42,299	36,662
Communication expense		4,936	4,448
Distribution		13,846	11,891
Provision for stock obsolescence		9,907	5,589
Provision for Worker's Profit Participation Fund		413,262	239,501
Provision for Worker's Welfare Fund		153,873	74,722
SECP monitoring fee		4,930	5,279
Loss on disposal and fixed assets written off		63,582	110,400
Ijarah rentals		2,863	5,366
First free services charges		162,209	202,934
Exchange loss		-	6,223
Stamp duty fees on transfer of shares		380	247
Impairment of associate		8,466	-
Others		75,658	64,743
		7,253,286	6,522,106

37.1 Salaries and benefits include Rs.334.867 million (2020: Rs.155.688 million) in respect of employees' retirement benefits.

37.2 The AAML on March 11, 2015, entered into 'Back Office Accounting Service Agreement' with ITMinds Limited (the Service provider). Through this service level agreement, the AAML, in line with the SECP Circular No. 24/2013 dated December 06, 2013, has delegated back office accounting functions of all open end mutual funds and pension funds managed by the Company to the Service Provider after due assessment of its capacity which includes availability of relevant IT infrastructure and systems along with human resources 10 undertake the back office function. The delegated functions include accounting functions, unit management services, maintenance of financial records and all other general back office services.

37.3 Auditors' remuneration

	EY Ford Rhodes	Hameed Chaudhri & Co.	A. F. Ferguson & Co.	2021 Total	2020 Total
	(Rupees in '000)				
Annual audit fee of Holding Company and subsidiary companies	5,352	8,312	439	14,103	11,457
Fee for half yearly review	307	418	-	725	694
Audit fee for consolidated financial statements	1,475	-	-	1,475	1,475
Audit fee for provident and gratuity funds	223	415	-	638	1,427
Consultancy and advisory services	413	-	439	852	715
Out of pocket expenses	450	687	73	1,210	1,275
Others	1,291	4,088	143	5,522	3,517
	9,511	13,920	1,094	24,525	20,560

38. FINANCE COST

	Note	2021	2020
		------ (Rupees in '000) ------	
Interest / mark-up			
Banks			
- long term loans		627,609	734,681
- short term borrowings	38.1	1,350,309	2,850,237
- lease liabilities		68,908	61,472
Associated company		-	1,383
Workers' Profit Participation Fund		5,027	2,072
Guarantee and commission charges		17,662	2,707
Others		1,023	32,465
Banks and other charges		56,833	58,199
		2,127,371	3,743,216

38.1 These represent mark-up on short-term borrowings obtained from various banks which carried mark-up ranging from 7.01% to 8.34% (2020: 8.83% to 11.94%).

39. SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURE- net of tax

	Note	2021	2020
From associates		2,472,256	2,413,928
Deferred tax	29.1	(716,954)	(700,039)
		1,755,302	1,713,889

40. PROFIT BEFORE TAXATION

	2021			2020
	------ (Rupees in '000) ------			
	Manufacturing	Trading	Total	Total
Sales	152,692,914	2,789,956	155,482,870	126,820,364
Cost of sales	137,229,498	1,889,889	139,119,387	113,676,367
Gross profit	15,463,416	900,067	16,363,483	13,143,997
Services income			333,494	255,179
Commission income			2,255,043	1,482,676
Fee / commission from asset management			429,191	349,120
Dividend income			130,001	232,379
Sales load			10	-
Other operating income			1,068,674	2,322,952
			20,579,896	17,786,302
Expenses				
Cost of services			517,036	455,619
Selling and administrative expenses			7,253,286	6,522,106
Finance cost			2,127,371	3,743,216
			9,897,693	10,720,941
Share of profit of associates and joint venture - net of tax			1,755,302	1,713,889
Net profit before tax			12,437,504	8,779,250

41. TAXATION

	Note	2021	2020
		------ (Rupees in '000) ------	
Current		2,965,231	2,956,828
Prior		109,170	69,056
Deferred	29.1	211,901	(832,361)
		3,286,302	2,193,523

41.1 The income tax assessments of the Company have been finalised up to and including the Tax Year 2020 being deemed to be assessment under provision of the Income Tax Ordinance, 2001. The Additional Commissioner Inland Revenue issued a notice u/s 122(5A) of the Income Tax Ordinance, 2001 and passed an order and made certain additions. The Company has filed an appeal with Commissioner Inland Revenue (Appeals), Karachi.

41.2 The relationship between income tax expense and accounting profit has not been presented in the financial statements as the provision for taxation has mainly been made on the basis of Final Tax Regime (FTR).

41.3 The Company has opted for group taxation under section 59AA of the Income Tax Ordinance, 2001 whereby the Company and its subsidiaries - Shirazi Trading Company (Private) Limited, Atlas Autos (Private) Limited, Atlas Engineering (Private) Limited, Atlas Asset Management and Atlas Metals (Private) Limited shall be taxed as one fiscal unit. The provision for taxation is made on the same basis in the financial statements.

41.4 For the tax year 2010, the Company filed its return of income claiming exemption on dividend income from wholly-owned subsidiary under clause (103A) of Part I of the First Schedule to the Ordinance amounting to Rs.475 million and claiming a refund of Rs.38.013 million.

The tax authorities disallowed the aforesaid claim of exemption. Further, certain additions out of administrative and financial expenses were made. Accordingly, a tax demand of Rs.30.422 million was raised.

The company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] pursuant to which the CIR(A) allowed the above claim of exemption on inter-corporate dividend. As per appeal affect order, a refund of Rs.33.426 million was assessed.

The tax department filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of the CIR(A) pursuant to which the ATIR decided the matter against the company. Against the order of the ATIR, the company has filed a reference application before the High Court of Sindh, which is pending adjudication. The management of the Company is confident that the matter will be decided in favor of the Company.

41.5 For tax year 2011, the Company filed its return of income claiming exemption on dividend income from wholly-owned subsidiary under clause (103A) of Part I of the First Schedule to the Ordinance amounting to Rs.450 million and claiming a refund of Rs.61.863 million.

The tax authorities disallowed the aforesaid claim of exemption. Further, certain additions out of administrative expenses were made. Accordingly, a tax demand of Rs.10.045 million was raised.

The tax authorities also passed another order u/s 122(5A) whereby minimum tax on service income was levied under section 153 of the Ordinance and a tax demand of Rs.10.698 million was created.

The aforesaid order contained certain errors, accordingly the Company filed a rectification application against the above order. The order was duly rectified and a refund of Rs.9.173 million was assessed.

The company filed an appeal with the Commissioner Inland Revenue (Appeals) (CIR), Karachi and CIR accepted the claim of exemption of dividend income from wholly owned subsidiary.

The tax department filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of the CIR(A) pursuant to which the ATIR accepted the stance of the Company. decided the matter against the company. Against the order of the ATIR, the company has filed a reference application before the High Court of Sindh, which is pending adjudication. The management of the Company is confident that the matter will be decided in favor of the Company.

The company has made an application for giving effect to the order of ATIR and same is pending.

41.6 For tax year 2012, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly owned subsidiaries namely Shirazi Trading Company (Private) Limited, claiming a refund of Rs.7.374 million.

The tax authorities passed an order under section 122(5A) whereby certain additions out of administrative expenses were made. Accordingly, a tax demand of Rs.6.144 million was created which was adjusted against refund for the TY 2010.

The Company did not prefer an appeal against the above order.

41.7 For tax year 2013, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly owned subsidiaries namely Shirazi Trading Company (Private) Limited and Atlas autos (Private) Limited.

The tax authorities passed an order under section 122(5A) whereby certain additions out of administrative expenses were made. Accordingly, a tax demand of Rs.6.144 million was created which was adjusted against refund for the TY 2010.

41.8 For tax year 2014, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly owned subsidiaries namely Shirazi Trading Company (Private) Limited, Atlas Autos (Private) Limited and Atlas Asset Management Limited claiming a tax refund of Rs.9.717 million. The return so filed is deemed to be an assessment order in terms of section 120 of the Ordinance.

41.9 For tax year 2015, The Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly-owned subsidiaries namely Shirazi Trading Company (Private) Limited (STC), Atlas Autos (Private) Limited (AAL) and Atlas Asset Management Limited.

The tax authorities passed an order under section 122(5A) whereby certain additions were made and tax refundable was curtailed to Rs.47.054 million.

The Company along with its wholly-owned subsidiaries also filed a suit against levy of super tax for the above year before the High Court of Sindh. In July 2020, the honorable High Court of Sindh has dismiss the suit and accordingly, the Super Tax is payable. However, the Company has filed an appeal with Supreme Court of Pakistan.

The Company has made payment of the super tax for the above tax year.

41.10 For tax year 2016, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly-owned subsidiaries namely Shirazi Trading Company (Private) Limited (STC), Atlas Autos (Private) Limited (AAL) and Atlas Asset Management Limited.

The tax authorities passed an order under section 122(5A) whereby certain additions were made creating a tax demand of Rs.7.979. The company filed an appeal with the Commissioner Inland Revenue (Appeals), Karachi. Pursuant to the above, the CIR(A) passed an order whereby certain disallowances were confirmed. The Commissioner has filed further appeal before the ATIR which is pending adjudication.

The Company along with its wholly-owned subsidiaries also filed a suit against levy of super tax for the above year before the High Court of Sindh. The suit is pending for adjudication.

As the High Court of Sindh decided that Super Tax is rightly levied and payable. Accordingly, a demand was raised by the Tax Department and Super Tax was adjusted against the refunds of the

41.11 For tax year 2017, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly-owned subsidiaries namely Shirazi Trading Company (Private) Limited (STC), Atlas Autos (Private) Limited (AAL) and Atlas Asset Management Limited which is deemed to be an assessment order under section 120 of the Ordinance.

The Company along with its wholly-owned subsidiaries also filed a suit against levy of super tax for the above year before the High Court of Sindh. In July 2020, the honorable High Court of Sindh has dismiss the suit and accordingly, the Super Tax is payable. However, the Company has filed an appeal with Supreme Court of Pakistan.

Based on the judgment of the Supreme Court of Pakistan for the purpose of maintainability of the above suit, the Company has paid 50% of the Super Tax liability. The balance liability of Super Tax was adjusted from the refunds of the Company under the Group Taxation.

The company assessment for the Tax Year 2017 was selected for audit by the FBR. Accordingly the audit proceeding was finalized by the Deputy Commissioner Inland Revenue and certain addback were made.

The company has filed an appeal with the Commissioner Inland Revenue- Appeals, Karachi against the order passed by the Deputy Commissioner Inland Revenue under audit proceedings.

41.12 For tax year 2018, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly-owned subsidiaries namely Shirazi Trading Company (Pvt) Limited (STC), Atlas Autos (Private) Limited (AAL), Atlas Engineering (Private) Limited and Atlas Asset Management Limited. The return so filed is deemed to be an assessment order in terms of section 120 of the Ordinance.

The tax authorities issued notice for payment of super tax for the above tax year. The Company along with its subsidiaries has filed a constitutional petition before the High Court of Sindh against the aforesaid levy. In July 2020, the honorable High Court of Sindh, dismissed the petition. Accordingly, the Super Tax has been demanded by the Inland Revenue authorities. The demand of the Super Tax was adjusted from the refunds of the Company under the Group taxation. The Company has filed an appeal with Supreme Court of Pakistan regarding levy of Super Tax.

The Additional Commissioner Inland Revenue issued notice under section 122(5A) of the Income Tax Ordinance, 2001 and passed an order whereby certain addbacks were made.

The Company has filed an appeal with the Commissioner Inland Revenue (Appeals),Karachi against the order of the DCIR.

41.13 For tax year 2019, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly-owned subsidiaries namely Shirazi Trading Company (Pvt) Limited (STC), Atlas Autos (Private) Limited (AAL), Atlas Engineering (Private) Limited, Atlas Metals (Private) Limited and Atlas Asset Management Limited. The tax authorities has passed an amended assessment order for the above tax year and the company has filed an appeal with the Commissioner Inland Revenue (Appeals), Karachi.

The tax authorities issued notice for payment of super tax for the above tax year. The Company along with its subsidiaries has filed a constitutional petition before the High Court of Sindh against the aforesaid levy. In July 2020, the honorable High Court of Sindh, dismissed the petition. Accordingly, the Super Tax has been demanded by the Inland Revenue authorities. The Company has filed an appeal with Supreme Court of Pakistan.

42. EARNINGS PER SHARE - BASIC AND DILUTED

	2021	2020
	----- (Rupees in '000) -----	
Profit for the year after taxation attributable to equity holders of the Holding Company	6,603,862	4,775,652
Weighted average number of ordinary shares	220,112	220,112
Earnings per share - basic and diluted	30.00	21.65

43. CASH GENERATED FROM OPERATIONS

	2021	2020
	------ (Rupees in '000) ------	
Profit before taxation	**12,437,505**	8,779,250
Adjustments for:		
Depreciation	**3,177,764**	3,300,503
Amortisation of intangible asset	**63,283**	53,080
Provision for compensated absences	**127,444**	50,998
Provision for long service award	**99,502**	3,703
Provision for gratuity	**428,627**	32,222
Provision for stock obsolescence	**(16,603)**	31,921
Provision for doubtful debts	**24,150**	32,498
Impairment of associate	**8,466**	-
Exchange loss	**(10,047)**	14,361
Financial charges	**2,127,371**	3,743,216
Net (gain) / loss on sale of fixed assets	**(15,544)**	35,883
Share of profit from associated companies	**(1,755,302)**	(1,713,889)
Unrealised (gain) / loss on held-for-trading investments	**(24,086)**	(41,636)
Net (gain) / loss on sale / redemption of investments	**(164,311)**	(126,032)
Dividend income	**(130,001)**	(232,379)
	3,940,713	5,184,449
	16,378,218	13,963,699
Decrease / (increase) in stores, spare parts and loose tools	**712,624**	672,492
Decrease in stock -in-trade	**(2,974,155)**	679,270
Increase in trade debts	**(5,358,167)**	(2,213,241)
(Increase) / decrease in receivable from funds under management	**(11,857)**	(3,221)
Decrease / (increase) in loans and advances	**(1,826,345)**	13,097
Decrease / (increase) in deposits, prepayments and other receivables	**(1,056,017)**	882,875
Increase in accrued interest	**35,944**	(8,821)
Increase in trade and other payables	**16,026,002**	(3,432,511)
	5,548,029	(3,410,060)
	21,926,247	10,553,639

44. REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTORS AND EXECUTIVES

	Chief Executive (Holding Company)		Executive Directors		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Managerial remuneration	**13,316**	11,996	**272,950**	204,935	**854,473**	711,886
Bonus	**3,806**	1,749	**95,928**	31,088	**313,120**	146,173
Rent	**-**	-	**49,996**	27,086	**282,383**	208,559
Utility	**-**	-	**3,642**	3,940	**11,674**	10,387
Termination benefit	**149**	113	**1,615**	2,673	**4,220**	21,056
Reimbursable expenses	**-**	-	**7,232**	4,729	**18,426**	21,720
Retirement benefits	**-**	-	**16,212**	14,242	**68,286**	55,212
Fee and subscription	**863**	817	**3,604**	2,855	**4,998**	7,988
Others	**-**	-	**5,811**	5,107	**11,334**	32,656
	18,134	14,675	**456,990**	296,655	**1,568,914**	1,215,637
Number of persons	**1**	1	**31**	26	**319**	273

45. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, staff retirement funds, key management personnel and their close relatives and major shareholders of the Group.

The details of transactions with related parties during the year other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

Nature of relationship	Nature of Transaction	2021	2020
		------ (Rupees in '000) ------	
Associated companies	Purchase of assets	**114,314**	18,439
	Investments made	**1,330,436**	1,265,663
	Investments redeemed	**882,020**	500,000
	Dividend received	**728,771**	456,670
	Commission expense	**-**	23,604
	Sale of goods and rendering of service	**404,730**	2,172
	Reimbursement of expenses	**60,964**	39,868
	Donation	**124,493**	97,553
	Sindh sales tax on management fee	**-**	56,189
	Management fee received	**418,170**	300,573
	Purchase of mutual fund units	**6,440,998**	2,621,232
	Redemption of mutual fund units	**2,123,930**	2,208,385
	Royalty and technical fee	**4,076,629**	4,098,594
	Management fee receivable	**39,992**	28,938
	Management fee	**429,194**	308,952
	Formation cost receivable	**834**	-
	Trade debt	**2,100**	2,100
	Trade payable	**4,281**	6,847
	Payment made on behalf of the fund	**32,300**	25,937
	Rent paid	**6,444**	3,558
	Accrued Mark-up	**80,250**	80,250
Common directorship	Donations paid	**247**	658
	Dividend paid	**250,103**	187,626
	Expenses paid	**2,222**	67
	Annual Subscription	**1,337**	1,006
Retirement benefit funds	Contribution to retirement benefit funds	**291,788**	247,822
	Investment advisory fee receivable	**185**	2,055
Key management personnel	Sale of fixed assets on company policy	**197,538**	36,822
	Salaries and other short term employment benefits	**470,930**	365,494
	Retirement benefits	**904**	1,084
	Interest income on loan to director	**-**	977
	Premium underwritten	**-**	1,587
	Premium collected	**-**	657
	Claims paid	**-**	384
	Provision for outstanding claims (including IBNR)	**-**	30
	Due from insurance contract holders	**-**	1,030

45.1 Details of Related Parties

Following are the related parties with whom the Group had entered into transactions during the year or have arrangement / agreement in place:

Name of related parties	Basis of relationship	Shareholding
Honda Atlas Cars Pakistan Limited	Associated company	30.64%
Honda Atlas Power Products (Private) Limited	Associated company	20.00%
Zhenfa Pakistan New Energy Company (Private) Limited	Associated company	70.76%
Integration Xperts (Private) Limited	Associated company	26.00%
Naymat Collateral Management Company Limited	Associated company	10.24%
Atlas Foundation	Common directorship	-
Atlas Income Fund	Associated mutual fund	66.70%
Atlas Stock Market Fund	Associated mutual fund	29.75%
Atlas Sovereign Fund	Associated mutual fund	62.26%
Atlas Islamic Income Fund	Associated mutual fund	0.00%
Atlas Money Market Fund	Associated mutual fund	37.67%
Atlas Islamic Money Market Fund	Associated mutual fund	48.86%
Atlas Aggressive Allocation Islamic Plan	Associated mutual fund	96.42%
Atlas Conservative Allocation Islamic Plan	Associated mutual fund	99.18%
Atlas Moderate Allocation Islamic Plan	Associated mutual fund	91.56%
Atlas Islamic Capital Preservation Plan	Associated mutual fund	99.16%
Atlas Islamic Dividend Plan	Associated mutual fund	78.48%
Atais Islamic Dedicated Stock Fund	Associated mutual fund	0.00%
Iftikhar Shirazi Family Trust	Substantial Shareholder	25.00%

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

46.1 The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Group's management ensures that Group's activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with group policies and group risk appetite. The Board of Directors review and agree policies for managing each of these risks which are summarized below.

46.2 Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short term investments and bank deposits in saving accounts. At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments is as follows:

	2021			
	Carrying amount (Rupees in '000)	Increase / (decrease) in basis points	Effect on profit before tax	Effect in Other Comprehensive Income
		---------- (Rupees in '000) ----------		
Financial assets				
Cash and bank balances	16,901,897	100	169,019	-
		(100)	(169,019)	
Short term investments	123,854	100	1,239	-
		(100)	(1,239)	-
Long term loans - secured	1,060	100	11	
		(100)	(11)	-
Financial liabilities				
Long term loans	13,631,139	100	136,311	-
		(100)	(136,311)	-
Short term borrowings - secured	16,438,930	100	164,389	-
		(100)	(164,389)	-

	2020			
	Carrying amount (Rupees in '000)	Increase / (decrease) in basis points	Effect on profit before tax	Effect in Other Comprehensive Income
		---------- (Rupees in '000) ----------		
Financial assets				
Cash and bank balances	8,933,465	100	89,335	-
		(100)	(89,335)	-
Short term investments	126,503	100	1,265	
		(100)	(1,265)	-
Long term loans - secured	540	100	5	-
		(100)	(5)	-
Financial liabilities				
Long term loans	8,476,570	100	84,766	-
		(100)	(84,766)	-
Short term borrowings - secured	15,692,314	100	156,923	-
		(100)	(156,923)	-

(ii) **Foreign exchange risk**

Foreign currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at the reporting date, if Rupee had strengthened/ weakened by 5% against U.S Dollar, Japanese Yen and Euro with all other variables held constant, profit before taxation for the year would have (decreased) / increased by Rs. (8.015) million and Rs. 8.015 million respectively, mainly as a result of net foreign exchange (loss) / gain on translation of financial asset and liabilities.

46.3 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected.

The table below summarises the maturity profile of the Group's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

2021	Less than 1 year	1 to 5 years	More than 5 years	Total
	(Rupees in '000)			
Liabilities				
Term loans	**1,447,884**	**12,183,255**	**-**	**13,631,139**
Deposits	**3,810**	**9,756**	**-**	**13,566**
Trade and other payables	**36,948,005**	**-**	**-**	**36,948,005**
Short term borrowings	**16,438,930**	**-**	**-**	**16,438,930**
Long term financing - government grant	**236,862**	**734,143**	**-**	**971,005**
Lease liabilities	**734,143**	**236,862**	**-**	**971,005**
Accrued mark-up	**364,924**	**-**	**-**	**364,924**
	56,174,558	**13,164,016**	**-**	**69,338,574**

2020	Less than 1 year	1 to 5 years	More than 5 years	Total
	(Rupees in '000)			
Liabilities				
Term loans	1,144,831	7,331,739	-	8,476,570
Deposits	3,354	8,949	-	12,303
Trade and other payables	21,001,561	-	-	21,001,561
Short term borrowings	15,692,314	-	-	15,692,314
Long term financing - government grant	161,582	117,438	-	279,020
Lease liabilities	117,438	161,582	-	279,020
Accrued mark-up	446,531	-	-	446,531
	38,567,611	7,619,708	-	46,187,319

46.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter party to fulfil their obligations. The Group's exposure to credit risk is as follows:

	2021	2020
	(Rupees in '000)	
Long term investments	**483,187**	405,421
Long term loans	**67,189**	52,507
Deposits and other receivables	**251,555**	360,924
Trade debts	**29,366,557**	24,032,540
Receivable from funds under management	**40,798**	28,941
Short term loans and advances	**2,064,711**	238,366
Short term investments	**2,005,485**	1,119,227
Bank balances	**23,573,075**	10,012,085
	57,852,557	36,250,011

The analysis below summarizes the credit quality of the Company's investment in mutual funds as at June 30, 2021 and June 30, 2020:

Investments by rating category	June 30, 2021	June 30, 2020
	------------ % ------------	
AM1, AM2+, AM2++	0.80%	1.11%
AA, AA-, AA+	99.20%	98.89%
	100%	100%

46.5 Fair value 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.

46.5.1 Fair value hierarchy

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investment at fair value through OCI				
- Listed shares	5,247,789	-	-	5,247,789
Investment in others at fair value through OCI				
- Mutual funds	-	65,388	-	65,388
- Listed shares	2,298,856	-	-	2,298,856
Investment- Mutual funds fair value through profit and loss	-	869,211	-	869,211
Investment - Pension Funds at fair value through OCI	-	417,799	-	417,799
Investment- Pakistan investment bonds fair value through profit and loss	-	123,854	-	123,854
	7,546,645	1,476,252	-	9,022,897

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investment in related parties - available-for-sale				
- Listed shares	2,076,744	-	-	2,076,744
Investment in others available-for-sale				
- Mutual funds	-	63,826	-	63,826
- Listed shares	1,334,430	-	-	1,334,430
Investment- Mutual funds fair value through profit and loss	-	799,227	-	799,227
Investment - Pension Funds at fair value through OCI	-	341,595	-	341,595
Investment- Pakistan investment bonds fair value through profit and loss	-	126,503	-	126,503
	3,411,174	1,331,151	-	4,742,325

During the year ended June 30, 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

46.5.2 Valuation technique used in determination of fair values within level 2. Fair values of investment in units of mutual funds are determined based on redemption prices disclosed at mutual fund Association of Pakistan (MUFAP) as at the close of business days.

46.6 Capital management

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

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Group monitors capital using the gearing ratio, which is debt divided by total equity plus debt. Debt includes term loans and short term borrowings:

	2021	2020
	------ (Rupees in '000) ------	
Term loans	**13,631,139**	8,476,570
Short term borrowings	**16,438,930**	15,692,314
Debt	**30,070,069**	24,168,884
Equity	**89,445,106**	79,088,807
Equity plus debt	**119,515,175**	103,257,691
Gearing ratio	**25%**	23%

47. EMPLOYEE'S PROVIDENT FUND

	2021	2020
Size of the fund	**1,126,388**	1,070,507
Carrying value of investments	**1,013,814**	1,032,512
Percentage of investments made	**98%**	97%
Fair value of investments	**1,100,447**	1,038,726

47.1 Break-up of investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2021		2020	
	Investments Rs. in '000	**% of investment as size of the fund**	**Investments Rs. in '000**	**% of investment as size of the fund**
PLS saving accounts	**13**	**0.00%**	12	0.00%
Special saving certificates	**119,722**	**10.63%**	119,722	11.18%
Mutual funds	**62,135**	**5.52%**	62,135	5.80%
Treasury bills	**-**	**0.00%**	32,049	2.99%
Listed shares	**-**	**0.00%**	11,900	1.11%

47.1.1 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017 and conditions specified thereunder.

47.2 Number of employees

	2021	2020
Employees as on year end	**3,604**	3,318
Average number of employees	**3,463**	3,332

48. CORRESPONDING FIGURES

Certain prior year's figures have been reclassified, wherever necessary. However, there were no material reclassifications to the report.

49. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 27 Sep 2021 has approved the following:

(i) Transfer of Rs. 2,300 million from unappropriated profit to general reserve; and

(ii) Payment of cash dividend of Rs. 4.545 per share for the year ended June 30, 2021, amounting to a total distribution of Rs. 1,000,411 million, for approval of the members at the Annual General Meeting to be held on 28 Oct 2021.

50. GENERAL

All figures in these consolidated financial statements have been rounded off to the nearest thousand Rupees.

51. DATE OF AUTHORISATION FOR ISSUE

The consolidated financial statements were authorised for issue by the Board of Directors of the Group on 27 SEP 2021.

Chairman	Chief Executive Officer	Director