Directors' Report

The Directors of your company take pleasure in presenting their report together with the Audited Accounts and Auditor's Report thereon for the year ended June 30, 2020.

Financial Results

The financial results of your company for the year ended June 30, 2020 under review are summarized as follows:

	Year ended June 30, 2020	Year ended June 30, 2019
	------ (Rupees in 000's)-----	
(Loss)/profit before taxation	(290,175)	2,112
Taxation	83,632	11,437
Profit after taxation	**(206,543)**	**13,549**

(Loss) / Earnings per Share

Basic (loss) / earnings per share after tax is Rs. (8.72) per share (2019: Rs. 0.57).

Overview of Company's affairs

Year 2019-20 proved to be a scarce and challenging financial year. Devaluation of Pak Rupee, increase in utilities prices and other inflationary burdens depleted profitability. Higher interest rates till 3rd quarter of the financial year further increased cost of doing business. Sluggish motorcycle sales during the financial year resulted in decrease in motorcycle parts' segment revenue. Low liquidity in after sales market and inflationary impact on purchasing power of consumers leaded to lower revenue in radiator segment, as compared to corresponding year. Novel COVID-19 pandemic and resultant lock down situation during the last quarter of the Financial Year severely hampered the sales and profitability of the Company.

During the financial year, restructuring of assets and liabilities had been carried out. Relatively less performing fixed assets had been disposed-off. Investments of Rs. 258 million made on Balancing, Modernization and Replacement (BMR). To restructure financing mode, long term loan of Rs. 300 million has been obtained from Commercial Bank. It improved liquidity of the Company and strengthen the balance sheet. We are also pleased to report that precious asset of the Company 'land' has been revalued to Rs. 5 billion. It magnified the asset base of the Company.

During challenging period of lock down, your Company, being socially responsible, has duly taken care of compensational entitlements of their employees & associates and ensured timely and unabridged disbursements. Nevertheless, after relaxation in lock down by the Government and resumption of Company's operations in late May 2020, Company has strictly safeguarded wellbeing of their employees & associates and ensured compliance with Standard Operating Procedures (SOPs) to cope with COVID-19 pandemic.

Dividend

The Board of Directors has recommended final cash dividend of Rs. Nil per share, i.e., Nil. (2019: Nil). Accordingly, following appropriation has been made.

	------(Rupees in 000's)-----	
	2020	**2019**
Profit available for appropriation	**546,155**	752,698
Appropriation		
- Proposed Dividend	-	-
Un-appropriated profit carried forward	**546,155**	752,698

Board of Directors

The Board comprises of one Executive and six Non-Executive directors, as at June 30, 2020. All the non-executive directors are independent from management.

Future Outlook

The economic future depends on the time it takes to reverse the adverse effects of the pandemic on economic activities. With the extraordinary challenges posed by the crisis on almost all sectors of the national economy, the need to maintain food security and livelihoods has become even more important. It is, therefore, imperative to take measures for boosting agriculture production.

Given the Company's strengths, and as the growth path becomes a reality, it is possible that demand effects of COVID-19 may be less overwhelming than what these appear today. It has become even more important to leverage every opportunity of cost optimization and productivity gains. The principles of the Atlas Way will continue to provide a firm premise for the Company's all future endeavors

For and on behalf of the
Board of Directors

Chief Executive Officer

Chairman

Karachi: September 09, 2020

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ATLAS ENGINEERING (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Atlas Engineering (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Atlas Engineering (Private) Limited** (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss, comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements and our auditor's report thereon.

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

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

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

The Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Tariq Feroz Khan**.

EY Ford Rhodes

Chartered Accountants
Place: Karachi
Date: 10 September 2020

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousands)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**5,964,526**	1,638,223
Intangibles	8	**3,588**	2,023
Long-term loans and advances	9	**410**	607
Long-term deposits	10	**3,193**	2,800
Deferred taxation - net	11	**33,099**	-
		6,004,816	1,643,653
CURRENT ASSETS			
Stores, spare parts and loose tools	12	**69,659**	50,818
Stock-in-trade	13	**245,076**	397,562
Trade debts	14	**20,331**	53,265
Loans and advances	15	**9,053**	3,575
Trade deposits and short-term prepayments	16	**19,329**	8,124
Other receivables	17	**50,614**	43,857
Taxation – net		**92,825**	71,328
Short-term investments	18	**300,000**	-
Cash and bank balances	19	**5,577**	7,947
		812,464	636,476
		6,817,280	2,280,129
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (2019: 40,000,000) ordinary shares of Rs. 10/- each		**400,000**	400,000
Issued, subscribed and paid-up capital	20	**236,865**	236,865
Revenue reserve			
- Unappropriated profit		**546,155**	752,698
Other components of equity			
- Surplus on revaluation of leasehold land		**4,937,524**	548,061
- Remeasurement loss on defined benefit plans		**(1,694)**	(1,416)
		4,935,830	546,645
		5,718,850	1,536,208
NON-CURRENT LIABILITIES			
Long-term financing	22	**317,541**	-
Deferred liabilities	23	**29,469**	26,365
Deferred income - government grant	24	**2,437**	-
Deferred taxation - net	11	**-**	32,415
		349,447	58,780
CURRENT LIABILITIES			
Trade and other payables	25	**365,973**	400,083
Current maturity of long-term financing	22	**46,886**	-
Unclaimed dividends		**848**	848
Short-term borrowings	26	**310,835**	271,792
Current portion of deferred income - government grant	24	**4,239**	-
Accrued mark-up		**20,202**	12,418
		748,983	685,141
CONTINGENCIES AND COMMITMENTS	27		
		6,817,280	2,280,129

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

ATLAS ENGINEERING (PRIVATE) LIMITED

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousands)	
Sales - net	28	**1,688,900**	2,075,915
Cost of sales	29	**(1,739,954)**	(2,022,380)
Gross (loss) / profit		**(51,054)**	53,535
Selling and distribution expenses	30	**(22,554)**	(26,929)
Administrative expenses	31	**(111,106)**	(110,000)
Allowance for expected credit loss	14.3	**(14,997)**	-
Other expenses	32	**(115,725)**	(13,446)
		(264,382)	(150,375)
Operating loss		**(315,436)**	(96,840)
Finance costs	33	**(74,855)**	(43,517)
Other income	34	**100,116**	142,469
(Loss) / profit before taxation		**(290,175)**	2,112
Taxation	35	**83,632**	11,437
Net (loss) / profit for the year		**(206,543)**	13,549

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in thousands)	
Net (loss) / profit for the year	**(206,543)**	13,549
Other comprehensive income / (loss) not to be reclassified to statement of profit or loss in subsequent periods		
Revaluation surplus on leasehold land	**4,389,463**	-
Re-measurement loss on defined benefit plan	**(392)**	(3,072)
Income tax effect	**114**	891
	(278)	(2,181)
Other comprehensive income / (loss) for the year	**4,389,185**	(2,181)
Total comprehensive income for the year	**4,182,642**	11,368

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

		Reserves				
		Revenue reserve	Other components of equity			
	Issued, subscribed and paid-up capital	Unappropriated profit	Remeasurement loss on defined benefit plans	Surplus on revaluation of leasehold land (note 21)	Total reserves	Total equity
	---------------------- (Rupees in thousands) ----------------------					
Balance as at June 30, 2018	236,865	762,836	765	548,061	1,311,662	1,548,527
Net profit for the year	-	13,549	-	-	13,549	13,549
Other comprehensive loss	-	-	(2,181)	-	(2,181)	(2,181)
Total comprehensive income for the year	-	13,549	(2,181)	-	11,368	11,368
Final dividend for the year ended June 30, 2018 @ Re. 1/- per share	-	(23,687)	-	-	(23,687)	(23,687)
Balance as at June 30, 2019	**236,865**	**752,698**	**(1,416)**	**548,061**	**1,299,343**	**1,536,208**
Net loss for the year	-	(206,543)	-	-	(206,543)	(206,543)
Other comprehensive income / (loss)	-	-	(278)	4,389,463	4,389,185	4,389,185
Total comprehensive income for the year	-	(206,543)	(278)	4,389,463	4,182,642	4,182,642
Balance as at June 30, 2020	**236,865**	**546,155**	**(1,694)**	**4,937,524**	**5,481,985**	**5,718,850**

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	**239,661**	91,911
Finance costs paid		**(66,902)**	(34,789)
Gratuity paid	23.1.4	**(3,927)**	(2,995)
Compensated absences paid	23.2	**(2,619)**	(2,990)
Income taxes paid - net		**(46,830)**	(77,938)
Intra group settlement - under group taxation		**-**	88,072
Long-term loans and advances		**197**	(102)
Long-term deposits		**(393)**	-
Net cash generated from operating activities		**119,187**	61,169
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7.1 & 7.4	**(246,519)**	(234,523)
Proceeds from disposal of operating fixed assets		**18,599**	20,759
Additions to intangible assets	8	**(3,761)**	(955)
Net cash used in investing activities		**(231,681)**	(214,719)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing	37	**371,081**	-
Proceeds from short-term loan	37	**-**	80,000
Repayment of short-term loan	37	**(80,000)**	-
Dividend paid	37	**-**	(23,687)
Net cash generated from financing activities		**291,081**	56,313
Net increase / (decrease) in cash and cash equivalents		**178,587**	(97,237)
Cash and cash equivalents at beginning of the year		**(183,845)**	(86,608)
Cash and cash equivalents at end of the year	38	**(5,258)**	(183,845)

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

ATLAS ENGINEERING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 THE COMPANY AND ITS OPERATIONS

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

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 as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; 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 Measurement

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for leasehold land which is valued at revalued amount and provision for management staff gratuity fund and non-management staff gratuity scheme which are stated at present value.

3.2 These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

4 STANDARDS, AMENDMENTS AND IMPROVEMENTS APPLICABLE TO FINANCIAL STATEMENTS

4.1 New standards, amendments, interpretation and improvements effective during the year

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

Standard, Amendment or Interpretation

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 (2015-2017 cycle)

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, interpretations and improvements to the accounting standards did not have any effect on the Company's financial statements except IFRS 16 as explained below:

4.1.1 IFRS 16 Leases

IFRS 16 superceedes 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 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 note on statement of financial position model.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of July 1, 2019. As at the initial application date, the Company entered into two tenancy agreements and considering the tenure of the agreements, the Company has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'). The new accounting policy in respect of short-term leases is stated in note 6.13 of these financial statements.

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

Standard or Amendments		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2020
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)	01 January 2020
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1 / IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2022*
IAS 16	Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

*The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

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

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 01 January 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.

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 IFRSs	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

5 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards require management to make judgments and estimates that affects the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

	Note
- valuation of leasehold land	6.1 & 7.1
- determining the residual values, useful lives and impairment of property, plant and equipment and intangibles	6.1 & 7.1
- impairment of non-financial assets	6.4
- provision for slow moving stock-in-trade and adjustment of stock-in-trade to their net realisable value (NRV)	6.5 & 6.6
- allowance for expected credit loss on financial assets	6.7 & 6.3.3
- recognition of taxation and deferred taxation	6.9
- accounting for staff retirement benefits and compensated absences	6.10 & 6.11

6 SIGNIFICANT ACCOUNTING POLICIES

6.1 Property, plant and equipment

6.1.1 Operating fixed assets

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

Depreciation on operating fixed assets is charged to the statement of profit or loss applying the reducing balance method, except for *measuring instruments, dies, jigs, patterns, and other equipments*, *plant and machinery of radiator and CDI & Regulator segment* and *Computer and other IT related Equipments* which are being depreciated applying the straight line method, at the rates specified in note 7.1 to the financial statements. Depreciation is charged from the month asset is available for use while no depreciation is charged in the month in which an asset is disposed off. Assets' residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each statement of financial position date.

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

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

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

6.1.2 Capital work-in-progress

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

6.2 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized on straight line method when assets are available for use. Amortization is charged from the month in which addition / capitalization occurs while no amortization is charged in the month in which an asset is disposed.

6.3 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.

6.3.1 Financial assets

The financial assets of the company mainly include trade debts, loans, advances to employees, trade deposits, other receivables, cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Company, the financial assets of the Company are measured and classified under IFRS 9 as follows;

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

6.3.2 Financial Liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are either classified at amortized cost or fair value through profit or loss. The Company does not have any financial liability at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

6.3.3 Impairment of financial assets - allowance for expected credit loss

Expected credit loss (ECL) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each statement of financial position date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

6.3.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

6.4 Impairment of non-financial assets

The carrying value of non-financial assets are assessed at statement of financial position date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risks specific to the assets.

6.5 Stores, spare parts and loose tools

Stores, spares and loose tools are stated at cost less provision for slow moving and obsolete items. The cost is determined by the weighted moving average cost method except for those in transit which are valued at actual cost.

6.6 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost is determined on weighted average basis and includes costs incurred in bringing raw material to its present location and condition. Work-in-process and finished goods consist of direct materials and labour and a proportion of manufacturing overheads.

Stock in transit is stated at invoice price plus other charges paid thereon upto the date of statement of financial

6.7 Trade debts, loans and advances, trade deposits and short-term prepayments and other receivables

Trade debts, loans and advances, trade deposits and short-term prepayments and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any. Allowance for expected credit loss is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans and advances, trade deposits and short-term prepayments and other receivables. Bad debts, if any, are written off as and when considered irrecoverable.

6.8 Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents comprise of cash in hand, bank balances, short-term investments less short-term running finance with a maturity of three months or less from the date of acquisition. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

6.9 Taxation

6.9.1 Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher in accordance with Income Tax Ordinance, 2001. The Company has opted for group taxation under section 59AA of the Income Tax Ordinance, 2001 and accordingly, the assessed tax losses of the Company are surrendered in favour of the Group.

6.9.2 Deferred

Deferred tax is recognised using the statement of financial position liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

6.10 Staff retirement benefits

6.10.1 Defined benefit plan

The Company operates a funded gratuity scheme for management staff and an unfunded gratuity scheme for non-management employees'. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuations were carried out at June 30, 2020. The amounts arising as a result of remeasurements are recognised comprehensive income in the periods in which they occur. Past service costs are recognised immediately in statement of profit or loss irrespective of the fact that the benefits are vested or non-vested.

6.10.2 Defined contribution plan

The Company operates a recognized 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 the Company in accordance with the rules of the scheme.

6.11 Compensated absences

Company provides a facility to its permanent employees for accumulating their annual earned leave under an unfunded scheme.

Provisions are made to cover the obligation under the scheme on accrual basis and are charged to the statement of profit or loss. Provision for compensated absences is calculated on the basis of one month's gross salary. The Company's liability under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuations were carried out at June 30, 2020.

6.12 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation;

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.13 Short-term leases

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

6.14 Deferred income - government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate as more fully explained in note 22.2 to these financial statements.

6.15 Provisions

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

6.16 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees (presentation currency) at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates ruling at the statement of financial position date. Exchange differences on foreign currency translations are included in the statement of profit or loss.

6.17 Revenue recognition

6.17.1 Revenue from contracts with customers

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 Company expects to be entitled in exchange for those goods or services.

The Company receives revenue for supply of goods to external customers. The majority of contracts that the Company enters into relate to sales orders containing single performance obligations for the delivery of the goods. The Company 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.

6.17.2 Other Income

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

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

6.18 Borrowing costs

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

6.19 Ijarah rentals

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

7 PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		(Rupees in thousands)	
Operating fixed assets	7.1	**5,944,318**	1,579,168
Capital work-in-progress	7.4	**20,208**	59,055
		5,964,526	1,638,223

7.1 Operating fixed assets

	COST / REVALUATION **				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at July 01, 2019	Additions / Transfers */ Revaluation **	Disposals	As at June 30, 2020	As at July 01, 2019	Charge for the year (note 7.2)	Disposals	As at June 30, 2020	As at June 30, 2020	Depreciation rate %
	(Rupees in thousands)									
Leasehold land (note 21.1)	611,190	4,389,463 **	-	5,000,653	-	-	-	-	5,000,653	-
Factory building on leasehold land	283,864	18,940 *	(3,881)	298,923	56,029	23,287	(944)	78,372	220,551	10
Office building on leasehold land	4,353	-	-	4,353	2,716	28	-	2,744	1,609	5
Plant and machinery	653,937	173,131 *	(222,704)	604,364	251,790	50,915	(124,984)	177,721	426,643	10 & 20
Power generators	240,661	37,775	(75,124)	203,312	69,623	17,987	(56,111)	31,499	171,813	10 & 35
Electrical fittings	39,178	4,774	(322)	43,630	7,357	3,342	(183)	10,516	33,114	10
Office equipment	11,062	92	(2,051)	9,103	4,201	1,000	(1,198)	4,003	5,100	15
Computers and other IT related equipme	21,195	2,445	(885)	22,755	14,290	3,728	(477)	17,541	5,214	33.33
Furniture and fittings	7,400	365	(690)	7,075	2,371	435	(344)	2,462	4,613	10
Vehicles	20,708	10,654	(12,629)	18,733	6,069	2,959	(3,385)	5,643	13,090	20
Sui gas, water and drainage lines	4,568	-	-	4,568	1,472	310	-	1,782	2,786	10
Measuring instruments, dies, jigs, patterns and other equipments	172,813	37,190	(2,783)	207,220	75,843	74,408	(2,163)	148,088	59,132	50
2020	2,070,929	93,295 192,071 * 4,389,463 **	(321,069)	6,424,689	491,761	178,399	(189,789)	480,371	5,944,318	

	COST / REVALUATION **				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at July 01, 2018	Additions / Transfers */ Revaluation **	Disposals/	As at June 30, 2019	As at July 01, 2018	Charge for the year (note 7.2)	Disposals	As at June 30, 2019	As at June 30, 2019	Depreciation rate %
	(Rupees in thousands)									
Leasehold land (note 21.1)	601,030	10,160	-	611,190	-	-	-	-	611,190	-
Factory building on leasehold land	220,601	63,392 *	(129)	283,864	34,474	21,640	(85)	56,029	227,835	10
Office building on leasehold land	4,368	-	(15)	4,353	2,694	29	(7)	2,716	1,637	5
Plant and machinery	606,817	65,457 *	(18,337)	653,937	216,409	44,755	(9,374)	251,790	402,147	10 & 20
Power generators	234,753	33,173	(27,265)	240,661	77,260	18,526	(26,163)	69,623	171,038	10 & 35
Electrical fittings	35,852	3,341	(15)	39,178	4,049	3,320	(12)	7,357	31,821	10
Office equipment	8,914	2,148	-	11,062	3,209	992	-	4,201	6,861	15
Computers and other IT related equipment	16,218	4,977	-	21,195	11,737	2,553	-	14,290	6,905	33.33
Furniture and fittings	6,344	1,056	-	7,400	1,976	395	-	2,371	5,029	10
Vehicles	24,454	11,883	(15,629)	20,708	11,381	2,534	(7,846)	6,069	14,639	20
Sui gas, water and drainage lines	4,568	-	-	4,568	1,128	344	-	1,472	3,096	10
Measuring instruments, dies, jigs, patterns and other equipments	95,796	77,017	-	172,813	31,535	44,308	-	75,843	96,970	50
2019	1,859,715	143,755 128,849 *	(61,390)	2,070,929	395,852	139,396	(43,487)	491,761	1,579,168	

		Note	2020	2019
			(Rupees in thousands)	
7.2	**The depreciation charge for the year has been allocated as follows:**			
	Cost of sales	29	**173,070**	135,896
	Selling and distribution expenses	30	**37**	17
	Administrative expenses	31	**5,292**	3,483
			178,399	139,396

7.3 Particulars of disposals of each operating fixed assets having book value of five hundred thousand rupees or more, where aggregate book value of that class of assets exceeds five million rupees are as follows:

	Cost	Accumulated Depreciation	Net Book value	Sale proceeds	Gain or (Loss)	Mode of Disposal	Particulars of buyers	Relationship with buyer
	----------(Rupees in thousands)----------							
Plant and machinery	193,993	107,938	86,055	5,439	(80,616)	Negotiation	M/s Akram Scrap Dealer	None
Power generators								
Cummins Powergenerator 1540 KW	45,895	32,846	13,049	1,990	(11,059)	Negotiation	M/s Akram Scrap Dealer	None
Diesel Genset For It Servers	3,043	1,329	1,714	261	(1,453)	Negotiation	M/s Akram Scrap Dealer	None
Generator 750 KVA	2,613	1,032	1,581	241	(1,340)	Negotiation	M/s Akram Scrap Dealer	None
Cense Module	1,510	132	1,378	210	(1,168)	Negotiation	M/s Akram Scrap Dealer	None
Vehicles								
Honda City	1,674	296	1,378	1,378	-	Company policy	Atlas Autos (Private) Limited	Related party - fellow subsidiary
Suzuki Cultus	1,250	499	751	751	-	Company policy	Syed Anwar Hussain	Employee
Suzuki Cultus	713	-	713	713	-	Company policy	Mr. Khwaja Naeem Uddin	Employee
Suzuki Cultus	713	-	713	713	-	Company policy	Mr. Najeeb Ullah Khan	Employee
Suzuki Mehran	712	-	712	712	-	Company policy	Mr. Muhammad Aslam	Employee
Suzuki Mehran	562	-	562	562	-	Company policy	Mr. Fazul ur Rehman	Employee

7.4 **Capital work-in-progress**

	Factory building on leashold land	Plant and machinery	Total
	----------(Rupees in thousands)----------		
Balance as at July 01, 2019	-	**59,055**	59,055
Capital expenditure incurred / advances paid	**18,940**	**134,284**	153,224
Transferred to operating fixed assets	**(18,940)**	**(173,131)**	(192,071)
Balance as at June 30, 2020	**-**	**20,208**	**20,208**
Balance as at July 01, 2018	1,670	84,082	85,752
Capital expenditure incurred / advances paid	61,722	40,430	102,152
Transferred to operating fixed assets	(63,392)	(65,457)	(128,849)
Balance as at June 30, 2019	-	59,055	59,055

7.5 During the year, borrowing costs were capitalized to plant and machinery and power generators amounting to Rs. 0.68 million (2019: Rs. 2.73 million) as a part of cost of such assets. The rate used to determine the amount of borrowing costs eligible for capitalisation was 3 months Kibor + 0.5% (2019: 3 months Kibor + 0.5%) which is the EIR of general borrowing.

8 INTANGIBLES

8.1 Computer softwares

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	As at July 01, 2019	Additions	As at June 30, 2020	As at July 01, 2019	Charge for the year (note 30)	As at June 30, 2020	As at June 30, 2020	Amortization rate
	(Rupees in thousands)							%
2020	**13,323**	**3,761**	**17,084**	**11,300**	**2,196**	**13,496**	**3,588**	**33.33**
2019	12,368	955	13,323	10,339	961	11,300	2,023	33.33

9 LONG-TERM LOANS AND ADVANCES

	Note	2020	2019
		(Rupees in thousands)	
Loans - secured, considered good			
- due from employees	9.1	**540**	852
current maturity shown under current assets	15	**(130)**	(260)
		410	592
Advances - secured, conidered good			
- due from employees		**2,715**	3,330
current maturity shown under current assets	15	**(2,715)**	(3,315)
		-	15
		410	607

9.1 Represent loans provided to employees in accordance with the terms of employment . These carry mark-up at the rate of 1% (2019: 1%) per month and are recoverable in equal monthly installments over a period of maximum 20 months. These are secured against employees' retirement benefits.

10 LONG-TERM DEPOSITS

	2020	2019
	(Rupees in thousands)	
Ijarah	**1,128**	735
Utilities	**1,051**	1,051
Suppliers	**246**	246
Others	**768**	768
	3,193	2,800

11 DEFERRED TAXATION - net

	2020	2019
Deductible temporary differences arising in respect of		
- provisions	**17,780**	10,905
- unused tax losses	**83,906**	45,004
	101,686	55,909
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation and amoritisation	**(68,587)**	(88,324)
	33,099	(32,415)

		Note	2020	2019
			(Rupees in thousands)	
12	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores and spare parts		**17,482**	14,490
	Loose tools		**52,177**	36,328
			69,659	50,818
13	**STOCK-IN-TRADE**			
	Raw and ancillary materials:			
	- in hand		**173,483**	285,899
	- in transit		**4,010**	26,976
	Work-in-process		**16,890**	20,833
	Finished goods		**77,973**	75,094
			272,356	408,802
	Less: Provision for slow moving	13.1	**(27,280)**	(11,240)
			245,076	397,562
13.1	**Movement of provision for slow moving:**			
	Balance at beginning of the year		**11,240**	6,204
	Charge for the year	29	**16,040**	5,036
	Balance at end of the year		**27,280**	11,240
14	**TRADE DEBTS – unsecured**			
	Considered good	14.1	**20,331**	53,265
	Considered doubtful		**14,997**	-
		14.2	**35,328**	53,265
	Less: Allowance for expected credit loss	14.3	**(14,997)**	-
			20,331	53,265

14.1 The ageing analysis of unimpaired trade debts is as follows:

Neither past due nor impaired	**20,331**	33,920
Past due but not impaired		
- upto 3 months	-	19,180
- more than 3 months and upto 6 months	-	76
- more than 6 months and upto 9 months	-	89
	20,331	53,265

14.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. Nil (2019: Nil).

		Note	2020	2019
			(Rupees in thousands)	
14.3	**Allowance for expected credit loss on trade debts**			
	Balance at beginning of the year		-	-
	Increase during the year (based on specific provisioning)		**14,997**	-
	Balance at end of the year		**14,997**	-
15	**LOANS AND ADVANCES - secured, considered good**			
	Current maturity of long-term loans			
	- due from employees	9	**130**	260
	Current maturity of advances			
	- due from employees	9	**2,715**	3,315
	- suppliers		**6,208**	-
			8,923	3,315
			9,053	3,575

16 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2020	2019
		(Rupees in thousands)	
Deposits			
LC margin		**16,261**	4,887
Others		**525**	1,561
		16,786	6,448
Prepayments			
Ijarah		**790**	-
Insurance		**599**	667
Others		**1,154**	1,009
		2,543	1,676
		19,329	8,124

17 OTHER RECEIVABLES - considered good

	Note	2020	2019
Provident fund	17.1	-	5,060
Sales tax refundable		**1,438**	-
Profit on term deposit receipts		**2,130**	-
Receivable against disposal of plant and machinery		**3,480**	1,199
Due from related parties			
- Shirazi Investments (Private) Limited	17.2 & 17.3	**43,566**	-
- Atlas Aluminum (Private) Limited	17.2 & 17.3	-	37,598
		43,566	37,598
		50,614	43,857

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

17.2 Represents amount receivable in respect of group taxation under section 59AA of the Income Tax Ordinance, 2001 for the year ended 30 June, 2019. The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 43.566 million (2019: Rs. 124 million).

17.3 Ageing analysis of amounts due from related parties, included in other receivables, are as follows:

	Note	2020	2019
		(Rupees in thousands)	
Upto 3 months		-	37,598
More than 3 months and upto 6 months		**43,566**	-
		43,566	37,598

18 SHORT-TERM INVESTMENTS

	Note	2020	2019
Term deposit receipts	18.1	**300,000**	-

18.1 Term deposit receipts (TDRs) have maturity of 30 days (2019: Nil) from respective date of acquisition. Mark-up on these TDRs ranges from 7.30% to 8.25% (2019: Nil) per annum.

19 CASH AND BANK BALANCES

	2020	2019
	(Rupees in thousands)	
Cash in hand	**85**	838
Cash at banks - current accounts	**5,492**	7,109
	5,577	7,947

20 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
Number of shares			(Rupees in thousands)	
		Ordinary shares of Rs.10/- each		
21,610,283	21,610,283	- fully paid in cash	**216,103**	216,103
49,800	49,800	- issued for consideration other than cash	**498**	498
3,013,307	3,013,307	- issued bonus shares	**30,133**	30,133
(986,936)	(986,936)	- reduction in capital	**(9,869)**	(9,869)
23,686,454	23,686,454		**236,865**	236,865

20.1 As of the statement of financial position date, Shirazi Investments (Private) Limited, the Parent Company held 100% (2019: 100%) ordinary shares of the Company.

	Note	2020	2019
		(Rupees in thousands)	
21 SURPLUS ON REVALUATION OF LEASEHOLD LAND	21.1	**4,937,524**	**548,061**

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

22 LONG-TERM FINANCING

	Note	2020	2019
		(Rupees in thousands)	
Financing under term finance agreement	22.1	**300,000**	-
Financing under refinance scheme for salaries and wages	22.2	**64,427**	-
		364,427	-
Less: Current portion of long-term financing		**(46,886)**	-
		317,541	-

22.1 Represents financing obtained from a commercial bank for capital expenditure (incurred and to be incurred) carrying mark-up at the rate of 3 month KIBOR + 0.95% (2019: Nil). The loan along with the mark-up is repayable in 18 equal quarterly installments commencing from January 2021. The facility is secured by way of first pari-passu charge over immovable fixed assets and by way of hypothecation on movable fixed assets of the Company. The total facility of the loan amounted to Rs. 500 million (2019: Nil) out of which Rs. 200 million (2019: Nil) remained unutilized as at the statement of financial position date. The maturity analysis of the financing under term finance agreement is as follows:

	2020	2019
	(Rupees in thousands)	
Not later than one year	**33,333**	-
Later than one year and not later than five years	**266,667**	-
	300,000	-
Current maturity shown under current liabilities	**(33,333)**	-
	266,667	-

22.2 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 markup is repayable in 8 equal quarterly installments commencing from January 2021. The facility is secured by way of first pari-passu hypothecation charge over current assets. The total facility of the loan amounted to Rs. 101 million (2019: Nil) out of which Rs. 30 million (2019: Nil) 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 disciplinery action. The maturity analysis of the financing under refinance scheme for salaries and wages is as follows:

	2020	2019
	(Rupees in thousands)	
Not later than one year	13,553	-
Later than one year and not later than five years	50,874	-
	64,427	-
Current maturity shown under current liabilities	(13,553)	-
	50,874	-

23 DEFERRED LIABILITIES

	Note	2020	2019
Management staff gratuity fund	23.1.1	13,013	12,012
Non-management employees' gratuity scheme	23.1.1	2,130	2,391
Compensated absences	23.2	14,326	11,962
		29,469	26,365

23.1 The disclosures made in notes 23.1.1 to 23.1.13 of these financial statements are based on the information included in the actuarial valuation reports as of June 30, 2020.

	2020		2019	
	Management staff gratuity fund	Non-Management employees' gratuity scheme	Management staff gratuity fund	Non-Management employees' gratuity scheme
	---------- (Rupees in thousands) -------------			
23.1.1 Statement of financial position reconciliation as at year end				
Present value of defined benefit obligation	31,630	2,130	32,029	2,391
Fair value of plan assets	(20,577)	-	(20,168)	-
	11,053	2,130	11,861	2,391
Payable in respect of inter group transfers	1,960	-	151	
Net liability as at the end of the year	13,013	2,130	12,012	2,391
23.1.2 Movement in present value of defined benefit obligation				
Balance at beginning of the year	32,029	2,391	30,749	2,245
Current service cost	2,239	101	2,949	88
Interest cost	4,606	344	2,664	201
Benefits paid	(5,613)	(509)	(5,649)	(326)
Remeasurement loss / (gain)	71	(198)	1,269	183
Liability (derecognized) / recognized in respect of inter group transfers	(1,702)	-	47	-
Balance at end of the year	31,630	2,130	32,029	2,391
23.1.3 Movement in fair value of plan assets				
Balance at beginning of the year	20,168	-	28,122	-
Expected return on plan assets	3,016	-	2,195	-
Contributions	3,418	-	2,669	-
Benefits paid	(5,613)	-	(5,649)	-
Remeasurement loss	(519)	-	(1,620)	-
Assets recognized / (derecognized) in respect of inter group transfers	107	-	(5,549)	-
Balance at end of the year	20,577	-	20,168	-
23.1.4 Movement in net liability in the statement of financial position				
Balance at beginning of the year	12,012	2,391	8,374	2,245
Expense recognised for the year	3,829	445	3,418	289
Contributions made / benefits paid	(3,418)	(509)	(2,669)	(326)
Remeasurement	590	(198)	2,889	183
	13,013	2,129	12,012	2,391

	2020		2019	
	Management staff gratuity fund	Non-Management employees' gratuity scheme	Management staff gratuity fund	Non-Management employees' gratuity scheme
	---------- (Rupees in thousands) -------------			
23.1.5 Amounts recognised in the statement of profit or loss				
Current service cost	2,239	101	2,949	88
Interest cost	4,606	344	2,664	201
Expected return on assets	(3,016)	-	(2,195)	-
Charge for the year	3,829	445	3,418	289
23.1.6 Remeasurements recognised in other comprehensive income				
Remeasurements: Actuarial (gain) / loss on obligation				
- (gain) / loss due to change in financial assumptions	651	33	(832)	(59)
- (gain) / loss due to change in experience adjustments	(580)	(231)	2,101	242
	71	(198)	1,269	183
Remeasurements: Actuarial (gain) / loss on plan assets				
- actual return on plan assets	2,497	-	574	-
- expected return on plan assets	(3,016)	-	(2,194)	-
	(519)	-	(1,620)	-
	590	(198)	2,889	183
23.1.7 Principal actuarial assumptions:				
Discount rate – per annum compound	8.50%	9.25%	14.25%	9%
Expected rate of return on plan assets – per annum	12%	-	8%	-
Expected rate of increase in future salaries – per annun	7.50%	8.25%	10%	8%
23.1.8 Actual return on plan assets	2,497	-	574	-

23.1.9 Plan assets comprise of the following:

	2020		2019	
	(Rupees in thousands)	%	(Rupees in thousands)	%
Debt instruments	10,957	53%	11,634	58%
Shares and units of mutual funds	9,476	46%	8,255	41%
Cash	144	1%	280	1%
	20,577	100%	20,169	100%

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

23.1.11 Expected contribution to management staff gratuity fund for the year ending June 30, 2021 is Rs. 3.06 million (2020: Rs. 3.83 million).

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

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
2020			
Discount rate	1.00%	(30,122)	33,336
Salary growth rate	1.00%	33,181	(30,237)
2019			
Discount rate	1.00%	(30,416)	33,832
Salary growth rate	1.00%	33,684	(30,524)

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the statement of financial position date) has been applied as when calculating the liability recognised in the statement of financial position.

23.1.13 The Gratuity scheme exposes the entity to the following risks:

Mortality risks – The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

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

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

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

		Notes	2020	2019
			(Rupees in thousands)	
23.2	**Compensated absences**			
	Balance at beginning of the year		**11,962**	9,757
	Charge for the year		**4,983**	5,195
	Benefits paid		**(2,619)**	(2,990)
	Balance at end of the year		**14,326**	11,962
24	**DEFERRED INCOME - GOVERNMENT GRANT**			
	Balance at beginning of the year		**-**	-
	Recognized during the year	22.2	**6,823**	-
	Ammortization of deferred income - government grant	34	**(147)**	-
	Balance at end of the year		**6,676**	-
	Less: Current portion of deferred income - government grant		**(4,239)**	-
			2,437	-
25	**TRADE AND OTHER PAYABLES**			
	Trade creditors		**41,324**	61,756
	Murabaha		**-**	53,920
	Accrued liabilities		**38,669**	41,468
	Advance rent from related parties	25.1	**-**	3,754
	Royalty and technical fee payable		**6,117**	7,845
	Sales tax payable		**-**	6,292
	Provisions	25.2	**263,399**	219,950
	Deposits from employees		**3,422**	3,015
	Others		**13,042**	2,083
			365,973	400,083

25.1 Represents advance rent received from Atlas Hitech (Private) Limited - a related party

25.2 **Provisions**

	Balance at beginning of the year	Charge for the year	Payments during the year	Balance at end of the year
	----------- (Rupees in thousands) -----------			
Gas infrastructure development cess (note 25.2.1)	**123,855**	**22,228**	**-**	**146,083**
OGRA Gas tariff difference	**47,572**	**-**	**-**	**47,572**
Sindh Infrastructure development cess	**23,736**	**6,007**	**(3,002)**	**26,741**
Bonus	**24,787**	**43,003**	**(24,787)**	**43,003**
2020	**219,950**	**71,238**	**(27,789)**	**263,399**
2019	217,308	78,959	(76,317)	219,950

25.2.1 Subsequent to the statement of financial position date, the Honorable Supreme Court of Pakistan (the Court) on 13 August, 2020 announced its reserved verdict in the Gas Infrastructure Development Cess (GIDC) ordering recovery of amount due under GIDC Act, 2015. The management of the Company intends to file a review petition using suitable platform within the prescribed time limit.

26 SHORT TERM BORROWINGS - secured	Note	2020	2019
		(Rupees in thousands)	
Short-term running finance	26.1	310,835	191,792
Short-term loan	26.2	-	80,000
		310,835	271,792

26.1 Represents running facilities from various commercial banks for working capital purposes carrying mark-up ranging between 1 month KIBOR + 0.20% to 3 month KIBOR + 2% (2019: 1 month + 0.10% to 3 month KIBOR + to 1%) per annum. As of the statement of financial position date, unutilised facilities amounted to Rs. 361.165 million (2019: Rs. 489.208 million). The facilities are secured against first pari-passu hypothecation charge of stock-in-trade and joint pari-passu charge on trade debts of the Company.

26.2 Represents facility for short-term loan obtained from a commercial bank carrying mark-up at the rate of Nil (2019: 1 month KIBOR + 0.35%) per annum. As of the statement of financial position date, unutilised facility amounted to Rs. Nil (2019: Rs. 80 million). The facility is secured by way of first pari-passu joint hypothecation of stock and book debts of the Company.

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

As of the statement of financial position date, there are no material contingencies to report.

27.2 Commitments	2020	2019
	(Rupees in thousands)	
27.2.1 Letters of credit		
- outstanding	68,120	68,843
- limit	1,080,000	1,180,000
27.2.2 Letter of guarantees		
- outstanding	103,367	92,446
- limit	115,000	115,000
27.2.3 Commitments for capital expenditure	-	2,449

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

	2020	2019
	(Rupees in thousands)	
Within one year	10,656	10,118
After one year but not more than five years	16,953	31,881
	27,609	41,999

	Note	2020	2019
		(Rupees in thousands)	
28 SALES – net			
Local sales		**1,982,050**	2,455,520
Less: discount		**(1,908)**	(12,767)
Less: sales tax		**(291,242)**	(373,782)
		1,688,900	2,068,971
Export sales		**-**	6,944
		1,688,900	2,075,915
29 COST OF SALES			
Raw and ancillary materials consumed		**767,875**	1,041,995
Stores, spare parts and loose tools consumed		**96,059**	103,415
Salaries, wages and other benefits	29.1	**444,858**	468,347
Fuel, water and power		**163,456**	208,220
Depreciation	7.2	**173,070**	135,896
Rent, rates and taxes		**188**	341
Insurance		**12,289**	10,354
Training expenses		**-**	3,962
Travelling		**1,990**	5,523
Repairs and maintenance		**35,001**	37,121
Provision for slow moving	13.1	**16,040**	5,036
Ijarah rentals		**26,461**	5,834
Royalty and technical fee	29.2	**12,982**	12,917
Printing and stationery		**488**	687
Postage, telephone and telegrams		**557**	495
General expenses		**8,397**	7,643
Reimbursement of fixed expenses	29.3	**(20,821)**	(26,949)
		1,738,890	2,020,837
Opening work-in-process		**20,833**	18,093
Closing work-in-process	13	**(16,890)**	(20,833)
		3,943	(2,740)
Cost of goods manufactured		**1,742,833**	2,018,097
Opening stock of finished goods		**75,094**	79,377
Closing stock of finished goods	13	**(77,973)**	(75,094)
		(2,879)	4,283
		1,739,954	2,022,380

29.1 These include Rs. 8.424 million (2019: Rs. 7.767 million) in respect of staff retirement benefits.

29.2 Royalty paid during the year (excluding Sindh Sales Tax on services) comprise of the following:

Company Name	**Address**	2020	2019
		(Rupees in thousands)	
- Honda Foundary Ltd	1620, Matoba Kawago, Saitama, Japan.	**14,626**	**11,558**
- Shingdengen Electric Ltd.	New-Ohtemachi Bldg., 2-1 Ohtemachi 2-chome,Chiyoda-Ku, Tokyo, Japan.	**85**	**2,313**

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

		Note	2020	2019
			(Rupees in thousands)	
30	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries, wages and allowances	30.1	**11,084**	11,329
	Advertisement and publicity		**1,208**	1,199
	Cartage and octroy		**1,259**	2,328
	Travelling and conveyance		**3,003**	4,681
	Insurance		**3,437**	4,482
	Rent, rates and taxes		**651**	1,568
	Depreciation	7.2	**37**	17
	Ijarah rentals		**1,299**	857
	Postage, telephone and telegrams		**254**	241
	General expenses		**322**	227
			22,554	26,929

30.1 These include Rs. 0.850 million (2019: Rs. 0.784 million) in respect of staff retirement benefits

		Note	2020	2019
			(Rupees in thousands)	
31	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and allowances	31.1	**76,638**	77,299
	Repairs and maintenance		**10,190**	11,226
	Travelling and conveyance		**1,931**	2,718
	Rent, rates and taxes	31.2	**2,742**	2,263
	Depreciation	7.2	**5,292**	3,483
	Amortization	8.1	**2,196**	961
	Insurance		**1,068**	1,058
	Printing and stationery		**116**	583
	Postage, telephone and telegrams		**576**	467
	Subscriptions		**440**	476
	Ijarah rentals		**4,067**	3,773
	Advertisement and publicity		**234**	288
	Training expenses		**21**	875
	General expenses		**5,595**	4,530
			111,106	110,000

31.1 These include Rs.2.591 million (2019: Rs. 2.389 million) in respect of staff retirement benefits.

31.2 This includes an amount of Rs. 1.961 million (2019: Nil) in respect of short-term leases.

		Note	2020	2019
			(Rupees in thousands)	
32	**OTHER EXPENSES**			
	Loss on disposal of operating fixed assets		**110,400**	8,352
	Legal and professional charges		**3,438**	3,550
	Auditors' remuneration	32.1	**1,887**	1,544
			115,725	13,446
32.1	**Auditors' remuneration**			
	Audit fee		**1,030**	800
	Other certifications		**732**	634
	Out of pocket expenses		**125**	110
			1,887	1,544

		Note	2020	2019
			(Rupees in thousands)	
33	**FINANCE COSTS**			
	Mark-up on long term financing		**7,371**	-
	Mark-up on short-term borrowings		**65,388**	41,959
	Bank and other charges		**2,096**	1,558
			74,855	43,517
34	**OTHER INCOME**			
	Rental income from related parties	34.1	**95,296**	142,469
	Mark-up income on investment in TDR		**4,673**	-
	Ammortization of deferred income - government grant	24	**147**	-
			100,116	142,469

34.1 Represents rental income earned from following related parties:

Atlas Metals (Private) Limited	**-**	76,524
Atlas Autos (Private) Limited	**56,562**	12,508
Atlas Hi-tech (Private) Limited	**15,027**	13,495
Atlas GCI (Private) Limited	**328**	-
Atlas DID (Private) Limited	**23,379**	-
Atlas Aluminium (Private) Limited	**-**	34,992
Atlas Die Casting (Private) Limited	**-**	4,950
	95,296	142,469

35 TAXATION

- Current	**25,334**	23,777
- Prior	**1,438**	2,661
- Deferred	**(110,404)**	(37,875)
	(83,632)	(11,437)

35.1 Provision for current taxation has been made on the basis of minimum tax under section 113 of Income Tax Ordinance 2001. Accordingly, tax expense reconciliation with the accounting profit is not presented.

		Note	2020	2019
			(Rupees in thousands)	
36	**CASH GENERATED FROM OPERATIONS**			
	(Loss) / profit before taxation		**(290,175)**	2,112
	Adjustments for:			
	Depreciation	7.2	**178,399**	139,396
	Amortization	8	**2,196**	961
	Provision for slow moving	13.1	**16,040**	5,036
	Allowance for expected credit loss	14.3	**14,997**	-
	Loss on disposal of operating fixed assets	32	**110,400**	8,352
	Provision for gratuity	23.1.5	**4,274**	3,707
	Ammortization of deferred income - government grant	34	**(147)**	-
	Provision for compensated absences	23.2	**4,983**	5,195
	Finance costs	33	**74,855**	43,517
			405,997	206,164
	Operating profit before working capital changes		**115,822**	208,276
	Working capital changes	36.1	**123,839**	(116,365)
	Cash generated from operations		**239,661**	91,911

	2020	2019
	(Rupees in thousands)	
36.1 Working capital changes		
(Increase) / decrease in current assets		
Stores, spares parts and loose tools	**(18,841)**	(5,160)
Stock-in-trade	**136,446**	(105,514)
Trade debts	**17,937**	(13,690)
Loans and advances	**(5,478)**	1,944
Trade deposits and short-term prepayments	**(11,205)**	(4,187)
Other receivables	**39,090**	(42,658)
	157,949	(169,265)
(Decrease) / increase in current liabilities		
Trade and other payables	**(34,110)**	52,900
	123,839	(116,365)

37 RECONCILIATION OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES:

	2020			2019		
	Long-term financing (note 22)	Short-term loan (note 25)	Unclaimed dividend	Long-term financing (note 22)	Short-term loan (note 25)	Unclaimed dividend
	(Rupees in thousands)					
Balance at beginning of the year	-	80,000	848	-	-	848
Changes from financing cash flows						
Dividend paid	-	-	-	-	-	(23,687)
Payments made	-	(80,000)	-	-	-	-
Proceeds received	371,081	-	-	-	80,000	-
	371,081	(80,000)	-	-	80,000	(23,687)
Other changes						
Dividend declared	-	-	-	-	-	23,687
Balance at end of the year	371,081	-	848	-	80,000	848

	Note	2020	2019
		(Rupees in thousands)	
38 CASH AND CASH EQUIVALENTS			
Short-term investments	18	**300,000**	-
Cash and bank balances	19	**5,577**	7,947
Short-term running finance	26	**(310,835)**	(191,792)
		(5,258)	(183,845)

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousands)					
Managerial remuneration	**10,030**	9,560	-	-	**17,634**	15,562
Rent	**3,925**	3,741	-	-	**5,244**	4,515
Bonus	-	1,178	-	-	-	1,418
Utilities	**872**	831	-	-	**1,410**	1,003
Retirement benefits	**997**	914	-	-	**1,467**	1,104
Reimbursable expenses	**1,020**	874	-	-	**2,163**	1,896
	16,844	17,098	-	-	**27,918**	25,498
Number of persons	**1**	1	**6**	6	**5**	5

In addition to the above, Chief Executive is provided with Company maintained car and telephone at residence.

40 FINANCIAL INSTRUMENTS BY CATEGORY

	2020	2019
	(Rupees in thousands)	
FINANCIAL ASSETS - amortized cost		
Long-term loans	**410**	592
Long-term deposits	**3,193**	2,800
Current portion of long-term loans	**130**	260
Trade debts	**20,331**	53,265
Advances to employees	**2,715**	3,315
Trade deposits	**16,786**	6,448
Other receivables	**50,614**	43,857
Short-term investments	**300,000**	-
Cash and bank balances	**5,577**	7,947
	399,756	118,484
FINANCIAL LIABILITIES - amortized cost		
Long-term financing	**317,541**	-
Trade and other payables	**145,577**	204,920
Current maturity of long-term financing	**46,886**	-
Unclaimed dividends	**848**	848
Short-term borrowings	**310,835**	271,792
Accrued mark-up	**20,202**	12,418
	841,889	489,978

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

41.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The Company's attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the creditworthiness of counterparties.

Concentrations of credit risks arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions.

The maximum exposure to credit risk at the statement of financial position date is as follows:

	2020	2019
	(Rupees in thousands)	
Long-term loans	**410**	592
Long-term deposits	**3,193**	2,800
Current portion of long-term loans	**130**	260
Trade deposits	**16,786**	6,448
Advances to employees	**2,715**	3,315
Trade debts - net	**20,331**	53,265
Other receivables	**50,614**	43,857
Cash at bank - current accounts	**5,492**	7,109
Short-term investments	**300,000**	-
	399,671	117,646

Quality of financial assets

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties, thereby mitigating any significant concentration of credit risk.

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as follows:

	2020	2019
	(Rupees in thousands)	
Customers with no defaults in the past one year		
Trade debts	**35,328**	53,265

Set out below is the infomration about the credit risk on the Company's trade debts:

	2020				
	Days Past Due				
	(Rupees in thousands)				
	Current	**1-90 days**	**91-180 days**	**181-270 days**	**Total**
Expected credit loss rate	**0%**	**100%**	**100%**	**100%**	
Estimated total gross carrying amount at default	**20,331**	**7,113**	**5,739**	**2,145**	**35,328**
Less: Expected credit loss	**-**	**(7,113)**	**(5,739)**	**(2,145)**	**(14,997)**
Amounts past due but not impaired	**20,331**	**-**	**-**	**-**	**20,331**

	2019				
	Days Past Due				
	(Rupees in thousands)				
	Current	**1-90 days**	**91-180 days**	**181-270 days**	**Total**
Expected credit loss rate	0%	0%	0%	0%	
Estimated total gross carrying amount at default	33,920	19,180	76	89	53,265
Less: Expected credit loss	-	-	-	-	-
Amounts past due but not impaired	33,920	19,180	76	89	53,265

The credit quality of balances with banks can be assessed with reference to external credit rating as follows:

	2020	2019
	(Rupees in thousands)	
Bank balances		
A1+	**-**	-
A-1+	**5,492**	7,109
A-1	**-**	-
	5,492	7,109

41.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following statement of financial position dates:

	2020			
	Not later than 3 months	**Later than 3 months but not more than a year**	**1 to 5 years**	**Total**
	--------- (Rupees in thousands) -------			
Long-term financing	**-**	**46,886**	**317,541**	**364,427**
Short-term borrowings - secured	**310,835**	**-**	**-**	**310,835**
Trade and other payables	**-**	**3,422**	**142,155**	**145,577**
Accrued mark-up	**20,202**	**-**	**-**	**20,202**
Unclaimed dividend	**848**	**-**	**-**	**848**
	331,885	**50,308**	**459,696**	**841,889**

	2019			
	Not later than 3 months	Later than 3 months but not more than a year	1 to 5 years	Total
	--------- (Rupees in thousands) -------			
Long-term financing	-	-	-	-
Short-term borrowings - secured	271,792	-	-	271,792
Trade and other payables	-	3,015	201,905	204,920
Accrued mark-up	12,418	-	-	12,418
Unclaimed dividend	848	-	-	848
	285,058	3,015	201,905	489,978

41.3 Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates to the Company's Long term financing and short term running finance with floating interest rates. The company mitigates its risk against the exposure through focusing on maintaining sufficient bank balances.

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
	(Rupees in thousands)	
2020	**± 100**	**± 6,810**
2019	± 100	± 2,718

41.4 Foreign currency risk

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

41.5 Equity price risk

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

41.6 Capital risk management

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

The gearing ratios as at June 30 were as follows:	Note	2020	2019
		(Rupees in thousands)	
Long-term financing	22	**317,541**	-
Current maturity of long-term financing	22	**46,886**	-
Short-term borrowings	26	**310,835**	271,792
Total interest bearing debt		**675,262**	271,792
Total equity		**5,718,850**	1,536,208
		6,394,112	1,808,000
Gearing ratio		**10.56%**	15.03%

41.7 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

As at June 30, 2020, the Company's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Company's leasehold land are stated at revalued amounts, being the fair value at the date of revaluation. The latest fair valuation of the Company's leasehold land was carried out by M/s. Surval - Engineers, Surveyor and Technical Consultant (an independent valuer) as at June 30, 2020.

Provision for management staff gratuity fund and non-management staff gratuity scheme are stated at present value, being the fair value at the date of remeasurement. The latest actuarial valuations were carried out at June 30, 2020.

The valuation techniques and inputs used to develop fair value measurements of aforementioned assets are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

42 RELATED PARTY TRANSACTIONS

42.1 The related parties comprise the parent Company, associated Companies, directors, key management personnel and retirement funds. Balances outstanding with related parties have been disclosed in the respective notes to these financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

Relationship	Nature of transactions	2020	2019
		(Rupees in thousands)	
Parent Company	Rent expense	**1,473**	1,473
Fellow Subsidiaries	Purchases	**166,793**	369,616
	Sales	**1,431,146**	1,857,253
	Purchase of operating fixed assets	**30,930**	65,448
	Sale of operating fixed assets	**4,563**	4,099
	Rent expense	**415**	754
	Insurance premium	**28,569**	29,580
Retirement funds	Contribution charge / during the year	**11,865**	10,940

42.2 Details to compensation to the key management personnel have been disclosed in the note 39 to the financial statements.

42.3 Following are the details of related parties of the Company:

Company Name	Relationship	Percentage of shareholding in the Company	Registered Address	Country of Incorporation
Shirazi Investments (Private) Limited	Parent Company	100%	2nd Floor, Federation House, Sharah-e-Firdousi, Clifton, Karachi	Pakistan
Atlas Honda Limited	Fellow Subsidiary	Nil	F-36, Estate Avenue, SITE Area, Karachi	Pakistan
Atlas Asset Management Limited	Fellow Subsidiary	Nil	Ground Floor, Federation House, Sharah-e-Firdousi, Clifton, Karachi	Pakistan
Atlas Metals (Private) Limited	Fellow Subsidiary	Nil	15th Mile National Highway, Landhi, Karachi	Pakistan
Atlas Autos (Private) Limited	Fellow Subsidiary	Nil	F-36, Estate Avenue, SITE Area, Karachi	Pakistan
Atlas Hitech (Private) Limited	Fellow Subsidiary	Nil	F-36, Estate Avenue, SITE Area, Karachi	Pakistan
Atlas Die Casting (Private) Limited	Fellow Subsidiary	Nil	F-35, Estate Avenue, SITE Area, Karachi	Pakistan
Atlas Foundation	Fellow Subsidiary	Nil	2nd Floor, Federation House, Sharah-e-Firdousi, Clifton, Karachi	Pakistan
Atlas Insurance Limited	Fellow Subsidiary	Nil	Federation House, Abdullah Shah Ghazi Road, Main Clifton Karachi	Pakistan
Shirazi Trading (Private) Limited	Fellow Subsidiary	Nil	Plot no. 114C, Al-Murtaza Commercial lane-3 off Khayaban-e-Iqbal, Phase VIII DHA, Karachi	Pakistan
Atlas Aluminum (Private) Limited	Fellow Subsidiary	Nil	15th Mile National Highway, Landhi, Karachi	Pakistan
Atlas Worldwide	Fellow Subsidiary	Nil	Office No. 311, Nasir Ahmed Nasir Lootah Bldg, Khalid Bin Waleed Road Dubai, United Arab Emirates	United Arab Emirates
Atlas Global	Fellow Subsidiary	Nil	Office 323, Block-B, Techno Park Building, Sheikh Mohammed Bin Zayed Road Dubai, United Arab Emirates	United Arab Emirates
Atlas Venture	Fellow Subsidiary	Nil	Room 17, Floor 14, Wangfujing Building No. 'B' Shapingba District, Chongqing, China	China
Provident fund	Retirement benefits	Nil	15th Mile, National Highway, Landhi, Karachi, Pakistan	Pakistan

43 NUMBER OF EMPLOYEES

	2020	2019
Total number of employees as at year end	156	156
Average number of employees during the year	154	154

44 PRODUCTION CAPACITY

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

45 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The sudden spread of Covid-19 has disrupted lives, livelihoods, communities and businesses worldwide. In March, 2020, the relevant authorities announced a temporary lockdown as a measure to reduce the spread of the Covid-19. Complying with the lockdown, the Company temporarily suspended its operations from the month of March. At that difficult time, our focus was to safeguard the well-being of everyone including our associates and those within the dealer & the supply chain network. The Company believes that this crisis presents an opportunity to take bold actions and show leadership and solidarity. Level of communication has been significantly increased and associates have been empowered to work remotely.

The revenue of the Company was impacted by Covid-19 in the period of lockdown and in addition, the Company had to incur additional cost to ensure safety of its employees and stakeholders. Consequently, COVID-19 being one of the major factors which contributed toward the overall decrease in revenue by approximately 20% and corresponding variable costs and overheads. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. Due to this, the management has considered the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- The impairment of tangible and intangible assets under IAS 36, "Impairment of non-financial assets"
- The net realizable value of inventory under IAS 2, "Inventories"
- Allowance for expected credit loss under IFRS 9, "Financial instruments"

Based on the assessment, there is no significant financial and accounting implication of the effects of Covid-19 in these financial statements except for allowance for expected credit loss as disclosed in note 14.3 to these financial statements and decrease in revenue and corresponding variable costs and overheads as stated above.

46 GENERAL

46.1 Certain prior year figures have been rearranged and reclassified, wherever necessary, for better presentation. However, there are no material reclassifications to report.

46.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

47 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 09.09.2020 by the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR