Atlas Metals

Director's Report

The Directors of your company are presenting their report together with the Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2019.

Financial Results

The financial results of your company for the year ended June 30, 2019 under review are summarized as follows:

	For the year ended June 30, 2019	For the year ended June 30, 2018
	Rupees	
(Loss)/Profit before taxation	(1,008,401,655)	563,952,581
Taxation	(57,878,073)	(104,771,729)
(Loss)/Profit after taxation	(1,066,279,728)	459,180,852

Loss per Share

Basic (Loss) / Profit per share after tax is Rs. (19.39) per share (2018: Rs. 8.35 per share).

Dividend

The Board of Directors did not recommend any dividend.

	For the year ended June 30, 2019	For the year ended June 30, 2018
	Rupees	
(Loss)/Profit available for appropriation	(1,066,279,728)	459,180,852
Dividend	-	-
Un-appropriated (loss)/Profit carried forward	(1,066,279,728)	459,180,852

Board of Directors

The Board comprises of five directors those are non-executive. All the non-executive directors are independent from management.

For and on behalf of the
Board of Directors

Chief Executive Officer
October 08, 2019

Director
October 08, 2019

Atlas Metals (Private) Limited
Registered Office: 2nd Floor, Federation House, Sharae Firdousi, Clifton, Karachi-75600 **Ph:** 35369474
Factory: Plot No. 347-A, Shed No. 1, 15th Miles, National Highway, Landhi, Karachi **Ph:** 35002310-5
Fax: 35002320 **Email:** aml@atlasmetals.com.pk **Website:** www.atlasmetals.com.pk

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INDEPENDENT AUDITORS' REPORT

To the members of Atlas Metals (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Atlas Metals (Private) Limited** (the Company), which comprises of the statement of financial position as at **30 June 2019**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, and 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, statement of profit or loss, statement of comprehensive income, statement of changes in equity and 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 2019 and of the loss, its comprehensive loss, its changes in equity and the cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss, 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 auditors' report is **Arif Nazeer**.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 25 October 2019

ATLAS METALS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		---------- Rupees ----------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	**1,091,022,255**	1,314,640,671
Long-term investment	6	**-**	700,000,000
Long-term deposits		**5,535,400**	5,535,400
		1,096,557,655	2,020,176,071
CURRENT ASSETS			
Stores, spares and loose tools	7	**113,663,712**	103,528,343
Stock-in-trade	8	**309,242,588**	3,275,542,655
Trade debts	9	**363,998,594**	603,281,754
Loans, advances, deposits and other receivables	10	**136,226,390**	33,483,156
Taxation - net		**568,487,008**	592,439,491
Bank balances	11	**865,429**	3,277,231
		1,492,483,721	4,611,552,630
		2,589,041,376	6,631,728,701
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorised capital			
75,000,000 (2018: 75,000,000) ordinary shares of Rs.10/- each		**750,000,000**	750,000,000
Issued, subscribed and paid-up capital			
55,000,000 (2018: 55,000,000) ordinary shares of Rs.10/- each fully paid in cash	12	**550,000,000**	550,000,000
Revenue reserve - unappropriated profit		**580,989,931**	1,647,951,595
		1,130,989,931	2,197,951,595
NON CURRENT LIABILITIES			
Staff retirement benefits	13	**9,149,371**	12,982,502
Deferred taxation	23	**82,199,711**	88,027,706
		91,349,082	101,010,208
CURRENT LIABILITIES			
Trade and other payables	14	**231,089,612**	643,817,867
Short-term borrowings	15	**1,135,612,751**	3,688,949,031
		1,366,702,363	4,332,766,898
CONTINGENCIES AND COMMITMENTS	16		
		2,589,041,376	6,631,728,701

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

ATLAS METALS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		------------------ Rupees	----------------
Turnover - net	17	**5,472,428,031**	11,526,322,441
Cost of sales	18	**(6,270,854,023)**	(10,624,362,507)
Gross (loss) / profit		**(798,425,992)**	901,959,934
Administrative and distribution expenses	19	**(66,693,640)**	(76,423,516)
Other expenses	20	**(1,484,058)**	(56,873,577)
Other income	21	**136,892,487**	9,023,655
Finance costs	22	**(278,690,452)**	(213,733,915)
(Loss) / profit before taxation		**(1,008,401,655)**	563,952,581
Taxation	23	**(57,878,073)**	(104,771,729)
(Loss) / profit for the year		**(1,066,279,728)**	459,180,852

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

ATLAS METALS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

		June 30, 2019	June 30, 2018
		------------------ Rupees ------------------	
(Loss) / profit for the year		**(1,066,279,728)**	459,180,852
Other comprehensive loss for the year			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss recognized during the year	14.2.1	**(681,936)**	(1,790,955)
Total comprehensive (loss) / income for the year		**(1,066,961,664)**	457,389,897

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

ATLAS METALS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Revenue reserve	
	Issued, subscribed and paid-up capital	Unappropriated profit	Total equity
	---------- Rupees ----------		
Balance as at June 30, 2017	550,000,000	1,190,561,698	1,740,561,698
Profit for the year	-	459,180,852	459,180,852
Other comprehensive loss	-	(1,790,955)	(1,790,955)
Total comprehensive income for the year	-	457,389,897	457,389,897
Balance as at June 30, 2018	**550,000,000**	**1,647,951,595**	**2,197,951,595**
Loss for the year	-	**(1,066,279,728)**	**(1,066,279,728)**
Other comprehensive loss for the year	-	**(681,936)**	**(681,936)**
Total comprehensive loss for the year	-	**(1,066,961,664)**	**(1,066,961,664)**
Balance as at June 30, 2019	**550,000,000**	**580,989,931**	**1,130,989,931**

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER　　CHIEF EXECUTIVE　　DIRECTOR

ATLAS METALS (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(1,008,401,655)	563,952,581
Adjustments for:			
Depreciation	5.1	105,250,428	98,301,803
Gain on disposal of operating fixed assets	5.3	(4,498)	
Provision for gratuity	14.2.1	1,742,043	863,213
Accrual for compensated absences	13.1	1,781,887	5,496,954
Exchange (gain) / loss	21	(2,128,594)	8,363,076
Operating fixed assets written off due to fire	18	120,472,251	-
Insurance claim	21	(115,952,000)	-
Provision for impairment of operating fixed assets	5.1	100,203,358	-
Provision for slow moving raw material	8	34,297,757	-
Finance cost	22	277,265,854	211,344,836
		522,928,486	324,369,882
Operating (loss) / profit before working capital changes		(485,473,169)	888,322,463
Working capital changes:			
Decrease / (increase) in current assets:			
Stores, spares and loose tools		(10,135,369)	(37,796,732)
Stock-in-trade		2,932,002,310	(692,441,496)
Trade debts		241,411,754	(553,661,935)
Loans, advances, deposits and other receivables		13,208,766	19,439,395
		3,176,487,461	(1,264,460,768)
(Decrease) in current liabilities:			
Trade and other payables		(396,540,391)	(127,521,167)
Cash generated from / (used in) operations:		2,294,473,901	(503,659,472)
Income taxes paid		(39,753,585)	(212,630,590)
Finance cost paid		(293,223,530)	(182,609,144)
Compensated absences paid	13.1	(5,615,018)	(3,647,104)
Contributions to gratuity fund	14.2.1	(2,654,168)	(882,903)
Long-term deposits - net		-	(823,400)
Net cash generated from / (used in) in operating activities:		1,953,227,600	(904,252,613)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to operating fixed assets	5.1	(109,490,273)	(151,290,990)
Additions to capital work-in-progress	5.4.1	(11,833,980)	(326,864,474)
Long-term investments made		-	(400,000,000)
Proceeds against disposal of long term investments		700,000,000	-
Proceeds against disposal of operating fixed assets		19,021,131	8,059,299
Net cash generated from / (used in) investing activities		597,696,878	(870,096,165)
Net increase / (decrease) in cash and cash equivalents		2,550,924,478	(1,774,348,778)
Cash and cash equivalents at the beginning of the year		(3,685,671,800)	(1,911,323,022)
Cash and cash equivalents at the end of the year	24	(1,134,747,322)	(3,685,671,800)

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER   CHIEF EXECUTIVE   DIRECTOR

ATLAS METALS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Atlas Metals (Private) Limited (the Company) was incorporated in Pakistan as a Private Limited Company on September 18, 2012 under the repealed Companies Ordinance, 1984 (the Ordinance). The principal activity of the Company is the recycling of ferrous and non-ferrous metals, alloys, polymers and papers. The registered office of the Company is situated at 2nd floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi, Pakistan.

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

During the year, Shirazi Investments (Private) Limited became the Holding Company, by acquiring the total shareholding from Atlas Autos (Private) Limited.

Further, the Company has disposed off its investment in Atlas Aluminium (Private) Limited (100% Subsidiary of the Company) to Atlas Autos (Private) Limited as approved by the Board of Directors. The Board of Directors of the Atlas Aluminium (Private) Limited proposed a scheme of arrangement to merge its business with Atlas Autos (Private) Limited. The arrangement is yet to be finalised including approval from the Court.

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

The Holding Company - 100% Shareholding

- Shirazi Investments (Private) Limited

Associated Companies - Common Directorship with Nil Shareholdings

- Atlas Aluminium (Private) Limited
- Atlas Asset Management Limited
- Atlas Autos (Private) Limited
- Atlas Battery Limited
- Atlas Die Casting (Private) Limited
- Atlas Engineering (Private) Limited
- Atlas Foundation
- Atlas Global FZE * (incorporated in Dubai, UAE)
- Atlas Hitec (Private) Limited
- Atlas Insurance Limited
- Atlas Power Limited
- Honda Atlas Cars (Pakistan) Limited
- Shirazi Trading Company (Private) Limited

Associated Companies - Group Companies

- Atlas Honda Limited
- Atlas Worldwide General Trading [L.L.C] ** (incorporated in Dubai, UAE)
- Honda Atlas Power Product (Private) Limited

Foreign associates

*- The registered address of Atlas Global FZE (AG) is Office 323, Block-B, Techno Park Building, Sheikh Mohammed Bin Zayed Road, Dubai, United Arab Emirates.

**- The registered address of Atlas Worldwide General Trading (L.L.C) (AWWT) is Office 311, Nasir Ahmed Nasir Lootah Building, Khalid Bin Al Waleed Road, Dubai, United Arab Emirates.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. In case requirements differ, the provisions of and directives of the Act, shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for staff gratuity which is stated at present value.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistani rupee, which is the Company's functional and presentation currency.

2.4 New standards or amendments / interpretation to existing Standard, and new interpretations

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

2.4.1 New standards and amendments

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

IFRS 2	Share-based Payments - Classification and Measurement of Share-based Payments Transactions
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IAS 28	Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The nature and effect of the changes as a result of adoption of IFRS 9 and IFRS 15 are described below. The other amendments and interpretations apply for the first time for the reporting period, but do not have any impact on the financial statements of the Company:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 using modified retrospective approach with initial application date of 01 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). The Company has not restated the comparative information, which continues to be reported under IAS 39.

The new accounting policy in respect of financial instruments and impairment of financial assets is stated in note 4.7 to these financial statements.

The effect of adopting IFRS 9 on the classification and carrying amounts of the financial assets at 01 July, 2018 is as follows:

Impact on the statement of financial position

Financial asset	Original category under IAS 39	New category under IFRS 9	Carrying amount under IAS 39 as at 1 July 2018	Impact of ECL in opening equity as at July 01, 2018	Carrying amount under IFRS 9 as at 1 July 2018
				------- Rupees-------	
Long term deposit	Loans and receivables	Amortised cost	5,535,400	-	5,535,400
Trade debts	Loans and receivables	Amortised cost	603,281,754	-	603,281,754
Advance to suppliers	Loans and receivables	Amortised cost	17,649,626	-	17,649,626
Loan to employees	Loans and receivables	Amortised cost	697,640	-	697,640
Trade deposits	Loans and receivables	Amortised cost	15,135,890	-	15,135,890
Bank balances	Loans and receivables	Amortised cost	3,277,231	-	3,277,231

The nature of the impact is described below:

(a) Classification and measurement

There was no impact to the statement of financial position resulting from the Company applying the classification and measurement requirements of IFRS 9.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The adoption of IFRS 9 did not result in any difference in the existing impairment allowances of the Company's financial assets.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company has applied IFRS 15 using modified retrospective approach with initial application date of July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). Based on management's assessment of the contractual arrangements with customers, the adoption of IFRS 15 does not have any impact on the financial statements of the Company. Hence, no cumulative adjustment amounts have been recognised to adjust the opening retained earnings as at July 01, 2018. Accordingly, the information presented for previous years has not been restated, as previously reported, under IAS 18 and related interpretations.

The new accounting policy in respect of revenue recognition is stated in note 4.8 to these financial statements.

2.4.2 Standards, amendments and improvements to IFRSs that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	01 January 2020
IFRS 3 - Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10 / IAS 28 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11 - Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
IAS 1 / IAS 8 - Definition of Material (Amendments)	01 January 2020
IAS 12 - Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments, where applicable, are not expected to have any material impact on the Company's financial statements in the period of initial application, except for IFRS 16 - 'Leases'. The management of the Company is currently evaluating the impact of IFRS 16 - 'Leases' on the financial statements of the Company.

In addition to the above standards, amendments and improvements to various IFRSs have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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 1 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, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The management of the Company expects that below new standards will not have any material impact on the Company's financial statements in the period of initial application.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of IFRSs	January 01, 2004
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 17 - Insurance Contracts	January 01, 2021

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Property, plant and equipment (notes 4.1 & 4.5)

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available to the Company. Any change in the estimates in the future might affect the carrying amount of respective item of operating property, plant and equipment with corresponding effects on the depreciation charge and impairment.

Store and spares & stock-in-trade (notes 4.3 & 4.4)

The Company reviews the net realisable value (NRV) of stores and spares and stock-in-trade to assess any diminution in the respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Trade debts (notes 4.6 & 4.14)

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the statement of profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Taxation (note 4.9)

In making the estimates for current income taxes payable by the Company, the management considers the applicable laws and the decisions / judgements of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made, taking into account these judgements and the best estimates of future results of operations of the Company.

Going Concern

The Company is currently in reframing phase of operations and expects profitability in future as results of the management efforts to expand the operations towards more viable business operations which will be favorable for the Company based on the financial projections prepared by the management of the Company.

During the year, the Company has incurred losses of Rs.1,066.35 million. However, the Holding Company of the Company have confirmed their intent to provide financial support to the Company to enable it to continue as a going concern. Accordingly, these financial statements have been prepared under going concern assumption.

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

Revenue recognition (note 4.8)

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- The Company is involved in the sales of recycled ferrous and non-ferrous metal, alloys, polymer and paper and has determined that each product is distinct as the customer attains benefit from the product on their own.
- The promise to transfer goods are separately identifiable since given the nature of goods sold:
  - the entity does not provide a significant service of integrating the goods promised into a bundle of goods that represent a combined output;
  - goods being sold cannot be subject to customisation or modifications; and
  - goods being sold are not interrelated or interdependent in any way.
- Consequently, the Company has determined the stand-alone transaction price for each distinct product by accounting for various costs incurred along with profit margin.

The Company concluded that revenue shall be recognised at a point in time at which a customer obtains control of the promised goods and the Company satisfies the performance obligation. Therefore, sales are recorded on dispatch of goods to customers which generally coincides with physical delivery of goods i.e. when the control of the asset has been transferred to the customer.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

4.1.1 Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the statement of profit or loss using the reducing balance method. Depreciation on additions during the year is charged from the month when the asset is available for use whereas, depreciation on disposals is not charged in the month in which the disposal takes place.

Major renewals and improvements for assets are capitalised and the assets so replaced, if any, are retired. Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Assets' residual values, useful lives and method of depreciation are reviewed and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is charged to statement of profit or loss.

4.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating fixed assets when they are available for use.

4.2 Investment in subsidiary

Investment in subsidiary is initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of the investment is adjusted accordingly.

The gain or loss on disposal of an interest in subsidiary, represented by the difference between the sale proceeds and the carrying amount of investment, is recognised as an income or expense in the statement of profit or loss in the period of disposal.

4.3 Stores, spares & loose tools

Stores, spares and loose tools are stated at lower of cost and net realisable value. The cost of stores, spares and loose tools is based on weighted average cost. Items-in-transit are stated at cost accumulated up to the reporting date. The Company reviews the carrying amounts of stores, spares and loose tools on an on-going basis and provision is made for obsolescence if there is any change in usage pattern and physical form. Impairment is also made for slow moving items, if any.

4.4 Stock-in-trade

Stock-in-trade is valued at lower of cost and net realisable value. Cost of raw materials and components represent invoice values plus other charges incurred thereon. Cost of inventory is based on weighted average cost. Cost in relation to work-in-process and finished goods represent direct cost of raw materials, wages and appropriate manufacturing overheads. Goods in transit are valued at cost accumulated up to the reporting date.

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

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

4.5 Impairment of assets

An assessment is made at each reporting date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment and intangible assets. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the statement of profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years. Reversal of impairment loss is restricted to the original cost of the asset.

4.6 Provisions

Provisions, if any are recognised when:

a) the Company has a present obligation (legal or constructive) as a result of past events;
b) it is probable that an outflow of resources will be required to settle the obligation; and
c) a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

New accounting policies under IFRS 9 and IFRS 15 effective for period beginning on July 01, 2018

During the year, the Company has adopted IFRS 9 and IFRS 15 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Company for financial instruments and revenue recognition. The changes are discussed in note 2.4.1 to these financial statements.

The new accounting policies for financial instruments and revenue recognition are as follows:

4.7 Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, loan to employees, other receivables and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs 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, discounted at an approximation of the 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.

For trade receivables, the Company applies a simplified approach in calculating ECLs.

Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Company's 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.

4.8 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates and sales tax. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.
Sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer.

- Return on bank deposits is accrued on an effective interest rate method.
- Other income is recognised on accrual basis.

4.9 Taxation

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any. As of the reporting date, taxable loss of the Company amounted to Rs. 740,588,260 (2018: Nil).

4.10 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using statement of financial position liability method. It is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, carry forward of unused tax losses can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4.11 Staff retirement benefits

4.11.1 Defined benefit plan

The Company operates a funded gratuity plan for its permanent employees. The Company's obligation under the plan is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuations were carried out at June 30, 2019. The amounts arising as a result of remeasurements are recognised in the statement of other comprehensive income in the periods in which they occur. All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

4.11.2 Defined contribution plan

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

In prior years, the employees were given option to transfer the complete amount or any portion thereof standing to credit of his accumulated balance in the Fund, to any of the Voluntary Pension Schemes managed by the Atlas Asset Management Company Limited, an associated company under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund by a request to the Trustees of fund, in writing.

As of the reporting date, no eligible employee falls under provident fund as all the eligible employees have opted to transfer the complete balance to voluntary pension schemes managed by the Atlas Management Company Limited. Further, the size of the provident fund as at the year end amounted to Rs.449,036 (2018: Rs.421,001) which are placed in deposit accounts.

4.12 Compensated absences

The Company provides a facility to its eligible employees for accumulating their annual earned leave under an unfunded scheme. Accruals are made to cover the obligation under the scheme on annual basis and are charged to the statement of profit or loss. Accrual for compensated absences is calculated on the basis of one month's gross salary. The amount of liability recognised in the statement of financial position is calculated by the Company using the above basis as the difference in liability is not expected to be material using the Projected Unit Credit Method.

4.13 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupee at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the reporting date. Exchange gains and losses are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.14 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivables and bank balances as at the reporting date. These are stated at amortised cost less impairment, if any.

4.15 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at cost and are defined as cash in hand, cash at banks and short term highly liquid investments, that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances in bank net of short term running finance, if any.

4.16 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the year in which these are approved. However, if these are approved after the reporting date but before the financial statements are authorised for issue they are disclosed to the notes to the financial statements.

Following accounting policies were effective for the period ended on or before June 30, 2018

4.17 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates and sales tax. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.
Sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer.

- Return on bank deposits is accrued on an effective interest rate method.
- Other income is recognised on accrual basis.

4.18 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument; the particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The Company derecognises the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Company recognises the regular way purchase or sale of financial assets using settlement date accounting.

4.19 Trade and other payables

Trade and other payables are recognised and carried at original invoice amount / cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.20 Trade and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

4.21 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognised amounts and the Company intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

		June 30 2019	June 30 2018
5 PROPERTY, PLANT AND EQUIPMENT	**Note**	Rupees	Rupees
Operating fixed assets	5.1	**1,002,268,037**	920,443,500
Capital work-in-progress	5.4	**88,754,218**	394,197,171
		1,091,022,255	1,314,640,671

5.1 Operating fixed assets

	COST				ACCUMULATED DEPRECIATION AND IMPAIRMENT				WRITTEN DOWN VALUE	
	At July 01, 2018	Additions / transfers*	Disposals / written-off**	At June 30, 2019	At July 01, 2018	Charge for the year / impairment***	Disposals / written-off**	At June 30, 2019	At June 30, 2019	Dep Rate %
	---------- Rupees ----------									
Leasehold improvements	298,766,687	48,167,938 210,378,331 *	-	557,312,956	76,806,889	26,676,256	-	103,483,145	453,829,811	10
Plant and machinery	693,484,038	4,139,484 77,776,351 *	- 114,133,629 **	661,266,244	167,744,511	53,536,259 100,203,358 ***	22,416,329 **	299,067,799	362,198,445	10
Furniture and fixtures	3,210,837	7,373,968 10,585,504	-	21,170,309	737,790	718,294	-	1,456,084	19,714,225	10
Vehicles	68,932,813	22,534,441 7,347 *	18,130,726 3,901,042 **	69,442,833	13,360,794	12,633,701	3,931,600 2,231,285 **	19,831,610	49,611,223	20
Electric fittings	56,282,433	6,869,380 18,529,400 *	- 40,371,475 **	41,309,738	19,294,667	2,586,327	- 13,749,344 **	8,131,650	33,178,088	10
Gas installations	34,476,533	-	-	34,476,533	9,847,365	2,462,917	-	12,310,282	22,166,251	10
Office equipments	6,641,226	12,770,382	- 547,035 **	18,864,573	1,774,216	602,831	- 137,056 **	2,239,991	16,624,582	10
Computerised weigh bridge	3,497,000	-	-	3,497,000	922,627	257,437	-	1,180,064	2,316,936	10
Computers	4,177,294	3,017,901	170,015 241,466 **	6,763,714	2,833,520	877,857	39,971 188,383 **	3,483,023	3,300,691	30
Generators	29,573,192	-	-	29,573,192	11,125,609	1,844,759	-	12,970,368	16,602,824	10
Laboratory equipment	29,304,540	1,098,593	6,133,636	24,269,497	3,455,105	2,584,699	1,446,173	4,593,631	19,675,866	10
Moulds	-	3,518,186		3,518,186	-	469,091	-	469,091	3,049,095	20
	1,228,346,593	105,490,273 317,276,933 *	24,434,377 159,194,647 **	1,471,484,775	307,903,093	105,250,428 100,203,358 ***	5,417,744 38,722,397 **	469,216,738	1,002,268,037	

* Represents transferred from capital work-in-progress

** Represents operating fixed assets written-off (refer note 5.1.1)

*** Represents impairment due to closure of the plant (refer note 5.1.2)

	COST				ACCUMULATED DEPRECIATION AND IMPAIRMENT				WRITTEN DOWN VALUE	
	At July 01, 2017	Additions / transfers*	Disposals	At June 30, 2018	At July 01, 2017	Charge for the year / impairment**	On disposals	At June 30, 2018	At June 30, 2018	Dep Rate %
	Rupees									
Leasehold improvements	190,293,925	70,243,529 38,229,233 *	-	298,766,687	54,193,368	22,613,521	-	76,806,889	221,959,798	10
Plant and machinery	676,885,566	10,603,399 5,995,073 *	-	693,484,038	110,126,118	57,618,393	-	167,744,511	525,739,527	10
Furniture and fixtures	1,850,837	1,360,000	-	3,210,837	475,589	262,201	-	737,790	2,473,047	10
Vehicles	33,868,892	46,516,325 2,608,314 *	14,060,718	68,932,813	12,472,660	6,927,451	6,039,317	13,360,794	55,572,019	20
Electric fittings	56,282,433	-	-	56,282,433	15,184,915	4,109,752	-	19,294,667	36,987,766	10
Gas installations	27,603,946	6,872,587	-	34,476,533	7,810,776	2,036,589	-	9,847,365	24,629,168	10
Office equipments	5,226,995	1,414,231	-	6,641,226	1,341,806	432,410	-	1,774,216	4,867,010	10
Computerised weighbridge	2,397,000	1,100,000	-	3,497,000	748,622	174,005	-	922,627	2,574,373	10
Computers	4,087,829	164,465	75,000	4,177,294	2,337,534	533,088	37,102	2,833,520	1,343,774	30
Generators	29,573,192	-	-	29,573,192	9,075,877	2,049,732	-	11,125,609	18,447,583	10
Laboratory equipment	16,270,911	13,016,454 17,175 *	-	29,304,540	1,910,444	1,544,661	-	3,455,105	25,849,435	10
	1,044,341,526	151,290,990 46,849,795 *	14,135,718	1,225,346,593	215,677,709	98,301,803	6,076,419	307,903,093	920,443,500	

* Represents transferred from capital work-in-progress

5.1.1 During the year, the Company write-off some of its assets having book value of Rs.120.47 million due to fire broke out in factory plant.

5.1.2 During the year, the Company recognised a provision for impairment of plant and machinery amounting to Rs.100.203 million due to strategic reason. The valuation was carried out by an independent valuer i.e. Surval. Forced sale value as per the latest available valuation report of plant and machinery as of the reporting date is Rs. 362.20 million.

	June 30 2019	June 30 2018
	------------ Rupees ------------	
5.2 Allocation of depreciation		
Cost of sales	**102,185,465**	95,660,621
Administrative and distribution expenses	**3,064,963**	2,641,182
	105,250,428	98,301,803

5.3 Particulars of operating fixed assets disposed off having book value in excess of Rs.500,000 are as follows

Description	Cost	Accumulated depreciation	Written book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
	------	------	Rupees	------	------		
Spectro Lab	5,300,000	1,397,544	3,902,456	3,863,779	(38,677)	Negotiation	Atlas Battery Limited
City	1,860,000	186,000	1,674,000	1,674,000	-	Company Policy	Atlas Engineering (Private) Limited
BR-V	1,919,667	287,950	1,631,717	1,631,717	-	Company Policy	Atlas Honda Limited
Civic	1,814,679	344,789	1,469,890	1,469,890	-	Company Policy	Atlas Engineering (Private) Limited
Civic	977,818	32,594	945,224	945,224	-	Company Policy	Mr. M. Jamil Awan - Employee
Cultus	1,250,000	364,583	885,417	885,417	-	Company Policy	Atlas Engineering (Private) Limited
Mehran	840,000	42,000	798,000	798,000	-	Company Policy	Atlas Autos (Private) Limited
Mehran	840,000	42,000	798,000	798,000	-	Company Policy	Atlas Autos (Private) Limited
Plasma generator	833,636	48,629	785,007	828,182	43,175	Negotiation	Atlas Battery Ltd
Cultus	1,023,400	245,616	777,784	777,784	-	Company Policy	Mr. Muhammad Shoaib - Employee
Mehran	795,000	66,250	728,750	728,750	-	Company Policy	Mr. Muhammad Ashfaq - Employee
City	1,647,000	940,532	706,468	706,468	-	Company Policy	Mr. Syed M. Shadman - Employee
Mehran	795,000	92,750	702,250	702,250	-	Company Policy	Atlas Autos (Private) Limited
Mehran	732,000	139,893	592,107	592,107	-	Company Policy	Atlas Aluminium (Private) Limited
Mehran	732,000	192,760	539,240	539,240	-	Company Policy	Atlas Honda Limited
Others	3,074,177	993,854	2,080,323	2,080,323	-	Company Policy	Various
Total	**24,434,377**	**5,417,744**	**19,016,633**	**19,021,131**	**4,498**		

5.3.1 No buyer has any relationship with the Company or the Directors of the Company, except of the following related parties.

Atlas Aluminium (Private) Limited
Atlas Autos (Private) Limited
Atlas Battery Limited
Atlas Engineering (Private) Limited
Atlas Honda Limited

		Note	June 30, 2019	June 30, 2018
5.4	**Capital work-in-progress**		---- Rupees ----	
	Leasehold Improvements		-	210,378,332
	Plant and machinery		**88,754,218**	154,696,588
	Furniture and fixtures		-	10,585,504
	Vehicles		-	7,348
	Electric installations		-	18,529,399
		5.4.1	**88,754,218**	394,197,171
5.4.1	**Movement of capital work-in-progress**			
	Balance as at July 01		**394,197,171**	114,182,492
	Advances for capital expenditures		**11,833,980**	326,864,474
	Transferred to operating fixed assets	5.1	**(317,276,933)**	(46,849,795)
	Balance as at June 30		**88,754,218**	394,197,171
6	**LONG-TERM INVESTMENT**			
	Investment in subsidiary - at cost			
	Atlas Aluminium (Private) Limited			
	Nil (2018: 70,000,000) ordinary shares of Rs. 10 each		-	700,000,000

6.1 During the year, the Board of Directors of the Subsidiary Company proposed a scheme of arrangement to merge its business with Atlas Autos (Private) Limited. The arrangement is yet to be finalised including approval from the Court. However, during the year, the Company has disposed off its investment in the subsidiary company at cost to Atlas Autos (Private) Limited as approved by the Board of Directors of the Company.

6.2 The disposal to associated companies or undertakings have been made in accordance with the requirements under the Act.

		Note	June 30, 2019	June 30, 2018
7	**STORES, SPARES AND LOOSE TOOLS**		---- Rupees ----	
	In hand		**113,663,712**	91,266,325
	In transit		-	12,262,018
			113,663,712	103,528,343
8	**STOCK-IN-TRADE**			
	Raw material			
	In hand	18	**342,977,571**	2,522,143,384
	In transit		-	241,091,730
			342,977,571	2,763,235,114
	Work-in-process	18	-	185,650,739
	Finished goods	18	**562,774**	326,656,802
			343,540,345	3,275,542,655
	Provision for slow moving raw material	18	**(34,297,757)**	-
			309,242,588	3,275,542,655

8.1 As of reporting date, raw material costing Rs. 342.98 million (2018: Nil) were carried at their net realizable value of Rs. 308.68 million (2018: Nil).

		Note	June 30, 2019	June 30, 2018
			---- Rupees ----	
9	**TRADE DEBTS - unsecured**			
	Considered good	9.1 & 9.2	**363,998,594**	603,281,754

9.1 This includes balance due from the related parties as follows:

Atlas Battery Limited	**3,591,626**	591,696,021
Atlas Engineering (Private) Limited	**1,702,350**	-
Atlas Global FZE	**72,634,032**	-

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

	Total	Neither past due nor impaired	Within 30 days	31 days - 60 days	61 days - 90 days	91 days and above
			Past due but not impaired			
	Rupees					
Atlas Battery Limited	3,591,626	3,591,626	-	-	-	-
Atlas Engineering (Private) Limited	1,702,350	1,702,350	-	-	-	-
Atlas Global FZE	72,634,032	72,634,032	-	-	-	-
Others	286,070,586	2,448,635	283,621,951	-	-	-
June 30, 2019	**363,998,594**	**80,376,643**	**283,621,951**	-	-	-
June 30, 2018	603,281,754	589,429,438	13,852,316	-	-	-

9.3 The maximum amount receivable from above related parties at any time during the year calculated by reference to month end balances is as follows:

	Note	June 30, 2019	June 30, 2018
		Rupees	
Atlas Battery Limited		**516,102,458**	601,086,000
Atlas Engineering (Private) Limited		**1,804,519**	-
Atlas Aluminium (Private) Limited		**88,916,880**	-
Atlas Global FZE		**70,505,438**	-

10 LOANS, ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	Note	June 30, 2019	June 30, 2018
Loan to employees - considered good	10.1	**510,700**	697,640
Advances to suppliers		**19,418,435**	17,649,626
Insurance claim receivable		**115,952,000**	-
Trade deposits		**345,255**	15,135,890
		136,226,390	33,483,156

10.1 Represents interest free loan to employees for the purchase of motor vehicles in accordance with the Company's policy. These loans are secured against the outstanding balance of compensated absences and gratuity and are recoverable in monthly installments.

11 BANK BALANCES

	Note	June 30, 2019	June 30, 2018
		Rupees	
Current accounts		**88,047**	3,272,061
Deposit accounts	11.1	**777,382**	5,170
		865,429	3,277,231

11.1 These carry profit at the rate ranging from 4.6% to 10.38% (2018: 3.75% to 5.5%) per annum.

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

12.1 During the year, Shirazi Investments (Private) Limited became the Holding Company, by acquiring the total shareholding from Atlas Autos (Private) Limited. As at 30 June 2019, the Shirazi Investments (Private) Limited held 54,999,995 ordinary shares of Rs. 10/- each aggregating to Rs.549,999,950 constituting 99.99% of ordinary share capital and remaining shares pertains with 5 nominee directors carrying each share for qualification as a Director. Voting rights, board selection and similar rights pertains with the Holding Company.

		Note	June 30, 2019	June 30, 2018
			------------ Rupees ------------	
13	**STAFF RETIREMENT BENEFITS**			
	Accrual for compensated absences	13.1	9,149,371	12,982,502
13.1	**Accrual for compensated absences - movement in liability:**			
	Balance as at July 01		12,982,502	11,132,652
	Charge for the year		1,781,887	5,496,954
	Payments made during the year		(5,615,018)	(3,647,104)
	Balance as at June 30		9,149,371	12,982,502
14	**TRADE AND OTHER PAYABLES**			
	Trade creditors		75,775,731	426,763,062
	Amount due to related parties	14.1	4,317,905	3,060,037
	Staff gratuity payable	14.2	2,423,979	2,654,168
	Accrued liabilities		89,770,209	58,640,296
	Bonus payable		-	7,070,051
	Sales tax payable		2,500,115	53,316,346
	Withholding tax payable		9,241,061	7,459,880
	Provisions	14.3	43,095,720	38,883,823
	Workers' Profits Participation Fund	14.4	-	31,147,265
	Workers' Welfare Fund	14.5	1,928,731	13,370,752
	Other liabilities		2,036,161	1,452,187
			231,089,612	643,817,867
14.1	Represents amount payable to the following related parties:			
	Atlas Insurance Limited		4,271,205	2,048,991
	Shirazi Trading Company (Private) Limited		46,700	1,011,046
			4,317,905	3,060,037
14.2	**Staff gratuity - reconciliation of obligation as at year end:**			
	Present value of defined benefit obligation	14.2.3	12,794,792	15,175,811
	Fair value of plan assets	14.2.4	(15,415,158)	(10,350,777)
	Liability / (asset) transferable to other group Companies		5,044,345	(2,170,866)
			2,423,979	2,654,168
14.2.1	**Movement in liability:**			
	Balance as at July 01		2,654,168	882,903
	Charge for the year in statement of profit or loss	14.2.2	1,742,043	863,213
	Actuarial loss charged to other comprehensive income		681,936	1,790,955
	Contributions made during the year		(2,654,168)	(882,903)
	Balance as at June 30		2,423,979	2,654,168

14.2.2 Charge for the year:	Note	June 30, 2019	June 30, 2018
		------- Rupees -------	
Current service cost		1,174,434	797,295
Past service cost		158,776	-
Interest cost - net		408,833	65,918
		1,742,043	863,213

14.2.3 Movement in defined benefit obligation:

Balance as at July 01	15,175,811	10,092,505
Current service cost	1,174,434	797,295
Past service cost	158,776	-
Interest cost	1,486,113	798,037
(Asset) / liability recognised in respect of transferees	(4,475,616)	2,170,866
Benefits paid during the year	(569,308)	-
Actuarial (gain) / loss charged to other comprehensive income	(155,418)	1,317,108
Balance as at June 30	12,794,792	15,175,811

14.2.4 Movement in fair value of plan assets:

Balance as at July 01	10,350,777	9,209,602
Interest income on plan assets	1,077,280	732,119
Contributions made during the year	2,654,168	882,903
Benefits paid during the year	(569,308)	-
Transfer of assets in respect of transferees	2,739,595	-
Actuarial (loss) charged to other comprehensive income	(837,354)	(473,847)
Balance as at June 30	15,415,158	10,350,777

14.2.5 Principal actuarial assumptions:	June 30, 2019 Percentage	June 30, 2018 Percentage
Discount rate	14.25%	9.00%
Expected per annum rate of increase in future salaries	10.00%	12.00%

14.2.6 Plan assets comprise the following:	2019		2018	
	Rupees	%	Rupees	%
Debt				
Mutual funds	8,891,948	58%	5,023,599	49%
Equity instruments	6,309,292	41%	-	0%
Cash	-	0%	5,309,131	51%
	213,918	1%	18,047	0%
	15,415,158	100%	10,350,777	100%

14.2.7 The investments out of fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

14.3 Provisions

	Opening Balance	Charge for the year	Closing Balance
	---------------(Rupees)---------------		
Gas infrastructure development cess	**19,229,489**	**2,178,161**	**21,407,650**
OGRA gas tariff difference	**19,654,334**	**2,033,736**	**21,688,070**
June 30, 2019	**38,883,823**	**4,211,897**	**43,095,720**
Gas infrastructure development cess	10,031,110	9,198,379	**19,229,489**
OGRA gas tariff difference	8,127,563	11,526,771	**19,654,334**
June 30, 2018	18,158,673	20,725,150	38,883,823

	Note	June 30, 2019	June 30, 2018
14.4 Workers' Profits Participation Fund (WPPF)		------------- Rupees -------------	
Balance as at July 1		**31,147,265**	27,076,315
Charge for the year	20	-	30,287,464
Interest on the funds utilised in the Company's businesses		-	523,359
		31,147,265	57,887,138
Amount paid during the year		**(31,147,265)**	(26,739,873)
Balance as at June 30		-	31,147,265
14.5 Workers' Welfare Fund			
Balance as at July 1		**13,370,752**	11,804,545
Charge for the year	20	-	11,509,236
		13,370,752	23,313,781
Amount paid during the year		**(11,442,021)**	(9,943,029)
Balance as at June 30		**1,928,731**	13,370,752
15 SHORT-TERM BORROWINGS - secured			
Banking companies			
Running finance facilities utilised under mark-up arrangements	15.1	**799,581,913**	934,285,048
Money market facilities utilised under mark-up arrangements	15.1	**13,674**	2,020,000,000
Islamic financing	15.2	**336,017,164**	734,663,983
		1,135,612,751	3,688,949,031

15.1 These are under mark-up arrangements and are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. The rate of mark-up on these finances ranges from 3 months KIBOR plus 0.1% to 3 months KIBOR plus 0.5% per annum (2018: 3 months KIBOR plus 0.05% to 6 months KIBOR plus 0.5% per annum). These facilities expire on various dates, latest by December 31, 2019. The renewal of facilites amounting Rs.3,200 million is under process which were expired during the year. The aggregate facilities from various banks amounted to Rs.4,000 million (2018: Rs.4,000 million) of which Rs.3,200.40 million (2018: Rs.1,045.72 million) remain unutilised as at the reporting date.

15.2 These are under mark-up arrangements and are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. The rate of mark-up on these finances ranges from 1 month KIBOR plus 0.3% to 1 month KIBOR plus 0.5% per annum (2018: 1 month KIBOR plus 0.3% to 3 months KIBOR plus 0.3% per annum). These facilities expire on various dates, latest by December 31, 2019. The renewal of facilites amounting Rs.400 million is under process which were expired during the year. The aggregate facilities for Istisna, Murabaha and Musharika finance available from various banks as at June 30, 2019 amounted to Rs.1,400 million (2018: Rs.1,400 million) of which Rs.1,063.98 million (2018: Rs.665.34 million) remain unutilised as at the reporting date.

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Sales tax

a) On 13 June 2018, the Additional Commissioner Inland Revenue (ACIR) issued a show cause notice against the Company for the tax period from July 2016 to June 2017, stating that the Company has claimed excess input tax on purchases of "78-b-Reclaimed Lead" at the rate of 17% instead of 5% amounting to Rs. 140,555,962. The Company submitted its response dated June 30, 2018 stating that the purchases were of "lead scrap" instead of "78-b-Reclaimed Lead" which is subject to 17% sales tax. During the year on 28 September 2019, ACIR raised the demand against the notice amounting Rs.140,555,962 along with default surcharge and penalty. The company has filed appeal before Commissioner IR Appeals where the case is under hearing. Further stay against recovery of demand has been granted to the Company by the Sindh High Court.

b) On December 26, 2017, the Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice against the Company for the tax period from July 2015 to January 2017 in respect of input tax claimed on inadmissible supplies and input tax claimed in excess of output declared by the suppliers amounting to Rs. 30,164,508 and Rs. 1,933,200 respectively. The Company has submitted its reply and the Company has not received any sales tax demand from ACIR. Time limit for issuance of Order against SCN under section 11(5) of Sales Tax Act, 1990 has lapsed.

c) On 3 September 2018, the Additional Commissioner Inland Revenue (ACIR) issued a show cause notice against the Company for the tax period from May 2015 to February 2018, stating that the Company has claimed inadmissible input tax on the purchases from Al-Mustafa Recycling Pvt. Ltd., who was involved in claiming input tax against fake invoices amounting to Rs. 32,474,357. The Company submitted its response dated September 27, 2018 stating that the said suppplier was neither blacklisted nor blocked by FBR at the time of input claim and that subsequent blacklisting of a supplier could not deprived the regiestered person of its right of claim of input tax. Further the company has complied with all the requirments as required under Sales Tax Act, 1990 for claim of input tax. On 18 January 2019, ACIR raised the demand against the notice amounting Rs.32,474,357. The company has filed appeal before Commissioner IR Appeals where the case is under hearing. Further stay against recovery of demand has been granted to the Company by the Sindh High Court.

d) On 6 February 2019, the Additional Commissioner Inland Revenue (ACIR) issued a show cause notice against the Company for the tax period from February 2014 to September 2017, stating that the Company has claimed inadmissible input tax on the purchases from certain suspended / blacklisted suppliers amounting to Rs. 117,269,444. The Company submitted its response dated February 27, 2019 stating that the said suppppliers ware neither blacklisted nor suspended by FBR at the time of input claim and that subsequent blacklisting of a supplier could not deprived the regiestered person of its right of claim of input tax. Further the company has complied with all the requirments as required under Sales Tax Act, 1990 for claim of input tax. On 28 May 2019, ACIR raised the demand against the notice amounting Rs.135,974,289 along with default surcharge and penalty. The company has filed appeal before Commissioner IR Appeals where the case is under hearing. Further stay against recovery of demand has been granted to the Company by the Sindh High Court.

In respect of the aforementioned matters, the Company, based on the advice of the tax advisor, is confident that the ultimate outcome will be in favor of the Company. Accordingly, no provision has been recorded in theses financial statements.

16.2 Commitments	Note	June 30, 2019	June 30, 2018
		----------- Rupees -----------	
Letter of credit availed		-	372,672,034
Limit	16.2.1	2,100,000,000	2,100,000,000

16.2.1 The aforesaid letter of credit facility is secured by way of lien over import documents.

17 TURNOVER - NET	Note	June 30, 2019	June 30, 2018
		----------- Rupees -----------	
Gross sales		6,365,923,353	13,485,797,256
Less: sales tax		(893,495,322)	(1,959,474,815)
		5,472,428,031	11,526,322,441

18 COST OF SALES

	Note	June 30, 2019	June 30, 2018
Raw material consumed	18.1	4,758,949,936	9,895,742,066
Stores, spares and loose tools consumed	18.2	118,861,131	333,709,924
Staff salaries, wages and other benefits	18.3	116,097,392	99,343,073
Utilities	18.4	83,254,211	225,623,956
Rent	18.5	97,333,977	183,644,762
Repair and maintenance		23,577,224	28,727,213
Insurance	18.6	53,064,050	67,255,943
Legal and professional charges		70,276,998	15,769,492
Support services		-	10,800,000
Travelling and conveyance		5,287,069	13,585,564
Cartage		61,931,643	24,138,902
Health, safety and environmental costs		7,395,141	21,559,315
Depreciation	5.2	102,185,465	95,660,621
Provision for impairment of operating fixed assets	5.1	100,203,358	-
Operating fixed assets written off due to fire		120,472,251	-
Provision for slow moving raw material	8	34,297,757	-
Others		5,921,653	3,922,494
		5,759,109,256	11,019,483,325
Work-in-process - opening		185,650,739	86,124,985
Work-in-process - closing	8	-	(185,650,739)
Cost of goods manufactured		5,944,759,995	10,919,957,571
Finished goods - opening		326,656,802	31,061,738
Finished goods - closing	8	(562,774)	(326,656,802)
		6,270,854,023	10,624,362,507

18.1 Raw material consumed

	Note	June 30, 2019	June 30, 2018
Opening - raw material		2,522,143,384	2,353,395,667
Purchases		2,579,784,123	10,064,489,783
Closing - raw material	8	(342,977,571)	(2,522,143,384)
		4,758,949,936	9,895,742,066

18.2 Stores and spares consumed

	Note	June 30, 2019	June 30, 2018
Opening - stores, spares and loose tools		91,266,325	63,130,264
Purchases		141,258,518	361,845,985
Closing - stores, spares and loose tools	7	(113,663,712)	(91,266,325)
		118,861,131	333,709,924

18.3 This includes Rs.0.784 million and Rs.2.708 million (2018: Rs.0.675 million and Rs.3.870 million) in respect of provision for gratuity and accrual for compensated absences, respectively.

18.4 This includes Rs.40.820 million (2018: Rs.85.117 million) paid to Atlas Engineering Limited – a related party in respect of reimbursement of utilities.

18.5 This includes Rs.77.145 million (2018: Rs.79.626 million) paid to Atlas Engineering Limited – a related party and Rs.Nil (2018: Rs.76.338 million paid to Shirazi Investments (Private) Limited – a related party.

18.6 Represents amount paid to Atlas Insurance Limited - a related party.

19 ADMINISTRATIVE AND DISTRIBUTION EXPENSES	Note	June 30, 2019	June 30, 2018
		---------- Rupees	----------
Staff salaries, wages and other benefits	19.1	**43,548,306**	46,619,038
Freight charges		**9,262,939**	17,806,831
Legal and professional charges		**4,266,713**	1,624,943
Communication		**2,403,999**	1,983,228
Travelling and conveyance		**933,012**	2,397,452
Printing and stationery		**228,470**	396,954
Advertising expenses		**-**	588,860
Depreciation	5.2	**3,064,963**	2,641,182
Miscellaneous		**2,985,238**	2,365,028
		66,693,640	76,423,516

19.1 This includes Rs.0.958 million and Rs.(0.927) million (2018: Rs.0.825 million and Rs.1.627 million) in respect of provision for gratuity and accrual for compensated absences, respectively.

20 OTHER EXPENSES	Note	June 30, 2019	June 30, 2018
		---------- Rupees	----------
Auditors' remuneration	20.1	**1,484,058**	1,074,280
Workers' Profit Participation Fund (WPPF)		**-**	30,287,464
Workers' Welfare Fund (WWF)		**-**	11,509,236
Donations		**-**	5,639,521
Exchange loss - net		**-**	8,363,076
		1,484,058	56,873,577

20.1 Auditors' remuneration

Statutory audit fee		**900,000**	800,000
Interim review fee		**482,349**	-
Other assignment		**-**	200,000
Out of pocket expenses		**101,709**	74,280
		1,484,058	1,074,280

21 OTHER INCOME

Income from financial assets:			
Profit on deposit accounts		**138,384**	8,358
Income from non-financial assets:			
Scrap sales		**18,669,011**	9,015,297
Exchange gain		**2,128,594**	-
Insurance claim		**115,952,000**	-
Gain on disposal of assets		**4,498**	-
		136,754,103	9,015,297
		136,892,487	9,023,655

		Note	June 30, 2019	June 30, 2018
22	**FINANCE COSTS**		------------- Rupees	-------------
	Mark-up on:			
	Running finance facilities		**56,311,893**	39,236,422
	Money market facilities		**152,047,341**	110,412,358
	Finance against trust receipts		-	1,921,977
	Interest on WPPF		-	523,359
	Profit on Islamic financing		**68,906,620**	59,250,720
	Bank charges		**1,424,598**	2,389,079
			278,690,452	213,733,915

23 TAXATION

Current	**63,706,068**	2,507
Super	-	16,741,516
Deferred	**(5,827,995)**	88,027,706
	57,878,073	104,771,729

23.1 DEFERRED TAX (ASSET) / LIABILITY

This comprises of the following:

Deferred tax liability on taxable temporary differences:		
Accelerated tax depreciation	**94,691,786**	91,792,631
Deferred tax asset on deductible temporary differences:		
Provision	**(12,492,075)**	(3,764,925)
	82,199,711	88,027,706

24 CASH AND CASH EQUIVALENTS

	Note		
Bank balances	11	**865,429**	3,277,231
Short-term running finance	15	**(1,135,612,751)**	(3,688,949,031)
		(1,134,747,322)	(3,685,671,800)

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

25.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentrations of credit risk 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. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company seeks to minimise the credit risk exposure by dealing mostly with regular and permanent parties who pay on due dates.

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

	Note	June 30, 2019	June 30, 2018
		------------ Rupees ------------	
Long term deposit	6	**5,535,400**	5,535,400
Trade debts	9	**363,998,594**	603,281,754
Advance to supplier	10	**19,418,435**	17,649,626
Insurance claim receivable	10	**115,952,000**	-
Trade deposits	10	**345,255**	15,135,890
Bank balances	11	**865,429**	3,277,231
		500,579,713	639,344,501

25.1.1 Bank balances - rating

A-1+	**865,429**	3,277,231

25.1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	------	------	Rupees	------	------
Trade and other payables	**43,095,720**	**176,252,716**	**-**	**-**	**219,348,436**
Short-term running finance	**-**	**1,135,612,751**	**-**	**-**	**1,135,612,751**
June 30, 2019	**43,095,720**	**1,311,865,467**	**-**	**-**	**1,354,961,187**

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	------	------	Rupees	------	------
Trade and other payables	38,883,823	544,157,818	-	-	583,041,641
Short-term running finance	-	3,688,949,031	-	-	3,688,949,031
June 30, 2018	38,883,823	4,233,106,849	-	-	4,271,990,672

25.1.3 Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company manages its interest rate risk by placing its excess funds in deposit accounts in banks. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowings. All the borrowings of the Company are obtained in the functional currency. The analysis is made based on the assumption that all other variables remain constant.

	(Increase) / decrease in interest rates %	Effect on loss before tax Rupees
June 30, 2019	**+1%**	**(11,348,354)**
	-1%	**11,348,354**
June 30, 2018	+1%	(36,889,439)
	-1%	36,889,439

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. It mainly arises when receivables and payables exist due to transactions in foreign currency. As of the reporting date the Company is not materially exposed to foreign currency risk.

The following is the foreign currency exposure as at the reporting date:

	June 30, 2019	June 30, 2018
Trade receivable - USD	**453,963**	-
Trade payable - USD	**-**	2,117,611
Trade payable - Euro	**-**	48,588

The following significant exchange rates have been applied at reporting dates:

	June 30, 2019	June 30, 2018
Exchange rate - USD	**160.05**	121.60
Exchange rate - Euro	**-**	141.57

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar and Euro exchange rates, with all other variables held constant, of the Company's loss before tax and the Company's equity.

	Change in USD / Euro %	Effect on loss before tax Rupees	Effect on equity Rupees
June 30, 2019	**± 10**	**7,265,678**	**7,265,678**
June 30, 2018	± 10	26,438,010	26,438,010

25.2 Fair value of financial instrument

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of bank balances, trade deposits, loans and other receivables. Financial liabilities consist of trade and other payables and short-term running finance. The fair values of financial instruments are not materially different from their carrying values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

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

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

25.3 Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximise shareholders value. No changes were made in the objectives, policies or processes during the period ended June 30, 2019. The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital and accumulated losses. The Company has obtained a long-term loan and accordingly the gearing ratio of the Company as at June 30, 2019 is as follows:

	Note	June 30, 2019	June 30, 2018
		------------ Rupees ------------	
Short-term borrowings	15	**1,135,612,751**	3,688,949,031
Bank deposits	11	**(777,382)**	(5,170)
		1,134,835,369	3,688,943,861
Shareholder's equity		**1,130,989,931**	2,197,951,595
Gearing ratio		**50%**	63%

The Company finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

26 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise the ultimate holding company, the holding company, subsidiary company, associated companies, directors and key management personnel. The transactions with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

Relationship with the Company	Nature of transactions	June 30, 2019	June 30, 2018
		------------ Rupees ------------	
Associated entities/ other related parties	Sale of goods	**5,749,857,489**	13,408,686,555
	Purchase of goods and services	**229,478,292**	1,435,419,411
	Sale of operating fixed assets	**17,538,403**	2,133,998
	Purchase of operating fixed assets	**26,014,479**	76,958,929
	Sale of investment	**700,000,000**	-
	Rent paid during the year	**77,144,579**	155,963,062
	Donations paid during the year	**-**	4,978,964
	Contribution to retirement benefit funds during the year	**6,078,284**	3,937,867
	Insurance premium	**77,185,487**	95,625,351
Key management personnel	Managerial remuneration	**8,275,437**	8,736,528
	House rent allowance	**3,723,940**	3,931,440
	Cost of living allowance	**1,241,317**	1,310,484
	Utilities	**827,547**	873,648
	Bonus	**-**	1,237,675
	Retirement benefits	**910,302**	961,020
	Medical	**125,000**	100,000

26.1 The related parties' status of outstanding receivables and payables, if any, as at June 30, 2019 are disclosed in the respective notes to these financial statements.

26.2 All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

27 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)					
Managerial remuneration	7,468,092	-	8,105,826	6,789,168	-	4,843,812
House rent allowance	3,360,637	-	3,647,628	3,055,128	-	2,179,716
Cost of living allowance and utilities	1,867,021	-	2,026,456	1,697,292	-	1,210,962
Bonus	-	-	-	961,799	-	684,455
Retirement benefits	821,490	-	891,641	746,808	-	532,824
Medical	70,000	-	305,000	50,000	-	150,000
	13,587,240	-	14,976,551	13,300,195	-	9,601,769
Number	1	5	5	1	5	3

27.1 In addition, the Chief Executive is provided with free use of Company maintained car and membership at club.

27.2 No amount has been paid or is payable by the Company on account of remuneration of Directors for the year.

28 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for better presentation. However, there are no material reclassifications to report.

29 NUMBER OF EMPLOYEES

The number of employees as on the date of the financial statements were 31 (2018: 53) and average number of employees during the year were 42 (2018: 48). All factory workers are hired on contract basis.

30 DATE OF AUTHORISATION FOR ISSUE

0 8 OCT 2019

These financial statements were authorised for issue on ____________ by the Board of Directors of the Company.

31 CAPACITY AND PRODUCTION

The production capacity of the plant cannot be determined as this depends upon the relative proportion of various types of lead products produced.

32 GENERAL

Figures presented in these financial statements have been rounded off to the nearest rupee, unless otherwise stated.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR