Directors' Report

The Directors of your Company take pleasure in presenting their report together with the Company's Annual Financial Statements and Auditors' report thereon for the year ended June 30, 2021.

Operating Results and Appropriation

The operating results of your Company for the year ended June 30, 2021 under review are summarized as follows:

	2021 Rupees	2020 Rupees
Profit for the year before tax	234,914,179	174,982,431
Taxation		
Current Year	121,955,800	185,438,245
Prior Year	(1,422,063)	154,824
	120,533,737	185,593,069
Profit / (Loss) after tax	**114,380,442**	**(10,610,638)**

Dividends and Appropriations

The Directors have recommended a cash dividend of Rs.1 per share (2020: Rs. 1 per share final cash dividend).

Accordingly, the appropriation of profit will be as under:

	2021 Rupees	2020 Rupees
Profit available for appropriation	160,497,593	98,658,075
Appropriation:		
Final Dividend - 2021 : 10% (2020 : 10%)	(55,000,000)	(55,000,000)
	(55,000,000)	(55,000,000)
Un-appropriated profit carried forward	**105,497,593**	**43,658,075**

Board of Directors

The Board comprises of six directors representing Shirazi Investments (Private) Limited. During the year two board meeting were held through video conference. The attendance of directors is as follows:

Sr. No.	Name of Directors	Status	Meeting held on		Attendance
			29-9-2020	15-3-2021	
1	Mr. Iftikhar H. Shirzi	Elected on 5-5-2020	P	P	2
2	Mr. Aamir H. Shirazi	Re-elected on 5-5-2020	P	P	2
3	Mr. Frahim A. Khan	Re-elected on 5-5-2020	P	P	2
4	Mr. Saquib H. Shirazi	Re-elected on 5-5-2020	P	P	2
5	Mr. Ali H. Shirazi	Re-elected on 5-5-2020	P	P	2
6	Mr. Bashir Makki	Re-elected on 5-5-2020	P	P	2

Statement of Directors' Responsibilities

The Board reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed by the Board of Directors in the light of the company's overall objectives. The Board is committed to maintain the high standard of good corporate governance.

Corporate and Financial Reporting Framework

The Directors confirm the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following matters:

- The financial statements prepared by the management of the company, fairly present its state of affairs, the results of its operations, cash flow and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International financial Reporting Standard, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There is no doubt about the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- The Company operates a contributory provident fund scheme for all employees and Defined benefit gratuity fund scheme for its management employees. The value of investments based as at June 30, 2021 are as follows:

- Provident Fund	Rs. 111.95 million
- Gratuity Fund	Rs. 94.37 million

Health, Safety and Environment

We strongly believe in maintaining the highest standards in health, safety and environment (HSE) to ensure the well-being of the people who work with us as well as of the communities where we operate.

Donation

The company has a policy to donate 1% of the prior year's profit before tax. During the year, Company has donated Rs.1.75m to Atlas Foundation.

Contribution to National Exchequer

The Company contributed Rs.686 million towards the National Exchequer on account of various government levies, taxes and import duties in the year under review. Payment of these taxes is 3 times of the profit before tax of the Company.

Code of Conduct

The Company's Code of Conduct promotes guidelines on various ethical standards including issues such as conflict of interests, employee rights, fraud etc. The code encourages honesty, integrity and openness in conduct of company's operation. It strictly abides all to follow the laws and regulations. The Code guides interactions with all stakeholders, including consumers, suppliers, shareholders, and partners.

The Code is communicated to all associates and is available on the Company's website. The responsibility for day to day implementation and monitoring of Code is delegated to the senior management.

Management Committee

The Management Committee comprises of all functional heads, Chief Operating Officer and is headed by Chief Executive, who ensures that a proper system is developed and implemented across the company that enable swift and appropriate decision making. It acts in an advisory capacity to the Chief Executive at the operating level, providing recommendation relating to business and other corporate affairs. It is responsible for reviewing and forwarding long –term-plans, capital and expense budget development and stewardship of business plans. The Committee meets monthly to review the performance of each function against set targets. The Chief Executive also ensures that all decisions and directions given by the Board are properly communicated and implemented.

Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board of Directors recommends their reappointment as statutory auditors of the company for the financial year 2021-22.

Pattern of Shareholding

The pattern of shareholding of the company as at June 30, 2021 is annexed.

Material changes

There have been no material changes since June 30, 2021 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Statement of Value Addition and Distribution

The "Statement of Value Addition" is annexed to this report.

Operating and Financial Data

Operating and Financial Data and key ratios of the company for the last six years are annexed.

Safeguarding of Records

The company places due emphasis for storage and safe custody of this financial records. The Company is using Oracle ERP system for recording its financial information. Access to electronic documentation has been ensured through implementation of a comprehensive password protected authorization matrix.

Communication

Communication with stakeholders and at all management levels is given a high priority. The Company also has a web site www.shirazitrading.com.pk which contains up-to-date information of the Company's activities.

For and on behalf of the Board of Directors

Director   Chief Executive Officer

Karachi: September 23, 2021

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SHIRAZI TRADING COMPANY (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

EY
Building a better working world

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Chartered Accountants
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P.O. Box 15541, Karachi 75530
Pakistan

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Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REPORT

To the members of Shirazi Trading Company (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Shirazi Trading Company (Private) Limited** (the Company), which comprises of the statement of financial position as at **30 June 2021**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the profit, comprehensive profit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

Our opinion on the financial statements does not cover the other information and we will 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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, statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

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

Chartered Accountants

Place: Karachi

Date: 16 November 2021

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021	2020
		------------- Rupees -------------	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	**405,864,885**	330,384,180
Intangible assets	7	**2,440,023**	3,301,207
Long-term investment	8	-	-
Long-term loans and deposits	9	**7,240,477**	1,362,959
		415,545,385	335,048,346
CURRENT ASSETS			
Stock-in-trade	10	**382,728,459**	335,886,564
Trade debts	11	**720,427,854**	760,163,945
Contract asset	12	**82,361,390**	80,154,501
Loans and advances	13	**63,276,586**	78,327,659
Trade deposits and short-term prepayments	14	**159,936,119**	156,364,944
Other receivables	15	**154,173,258**	179,746,165
Taxation - net		**128,280,114**	142,732,375
Bank balances	16	**3,925,001**	3,621,966
		1,695,108,781	1,736,998,119
TOTAL ASSETS		**2,110,654,166**	2,072,046,465
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
80,000,000 (2020: 80,000,000) ordinary shares of Rs.10/- each		**800,000,000**	800,000,000
Issued, subscribed and paid-up capital	17	**550,000,000**	550,000,000
General reserves		**35,265,000**	35,265,000
Unappropriated profit		**160,497,593**	98,658,075
		745,762,593	683,923,075
NON CURRENT LIABILITIES			
Long-term deposits	18	**5,648,020**	4,471,610
Accrual for compensated absences	19	**67,759,033**	61,914,357
Lease liabilities	21	**96,283,988**	39,399,900
Long-term loan	22	**36,556,401**	45,196,443
Deferred income - government grant	23	**1,281,599**	3,696,147
		207,529,041	154,678,457
CURRENT LIABILITIES			
Trade and other payables	20	**408,747,359**	386,868,853
Current portion of lease liabilities	21	**72,151,523**	45,825,011
Current maturity against long term loan	22	**69,102,931**	16,235,835
Current maturity of deferred income - government grant	23	**5,126,395**	2,956,918
Short-term borrowing and running finance	24	**509,908,958**	706,364,156
Contract liability	25	**74,992,422**	50,558,682
Accrued mark-up		**17,332,944**	24,635,478
		1,157,362,532	1,233,444,933
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		**2,110,654,166**	2,072,046,465

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

CHIEF EXECUTIVE	DIRECTOR	CHAIRMAN

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		------------- Rupees	-------------
Turnover - net	27	**3,133,831,637**	3,352,673,139
Cost of sales and services	28	**(2,381,117,439)**	(2,622,504,235)
Gross profit		**752,714,198**	730,168,904
Selling and administrative expenses	29	**(435,527,331)**	(393,335,101)
		317,186,867	336,833,803
Other operating income	30	**15,855,188**	14,239,826
Operating profit		**333,042,055**	351,073,629
Finance costs	31	**(92,039,051)**	(161,858,334)
Other expenses	32	**(6,088,825)**	(14,232,860)
Profit before taxation		**234,914,179**	174,982,435
Taxation	33	**(120,533,737)**	(185,593,069)
Profit / (loss) after taxation		**114,380,442**	(10,610,634)

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

CHIEF EXECUTIVE | DIRECTOR | CHAIRMAN

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	------------- Rupees	-------------
Profit / (loss) after taxation	**114,380,442**	(10,610,634)
Other comprehensive income		
Items that will not be reclassified subsequently to statement of profit or loss		
Actuarial gain recognised during the year	**2,459,076**	2,904,722
Total comprehensive income / (loss) for the year	**116,839,518**	(7,705,912)

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

CHIEF EXECUTIVE	DIRECTOR	CHAIRMAN

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		------------ Rupees ------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**234,914,179**	174,982,435
Adjustments for non-cash items:			
Depreciation	6.1 & 6.2	**73,715,493**	74,824,658
Amortisation	7	**861,184**	2,895,761
Provision for gratuity	20.1.3	**6,458,801**	6,082,220
Provision for compensated absences	19	**8,179,767**	13,826,890
Finance cost	31	**84,136,141**	156,695,456
Loss / (gain) on disposal of operating fixed assets	32	**224,207**	(2,883,979)
Government Grant - SBP Refinance (salaries and wages)	30	**(2,956,918)**	-
Unrealized exchange loss / (gain) - net		**4,869,031**	(821,316)
		175,487,706	250,619,690
Operating cash flows before working capital changes		**410,401,885**	425,602,125
(Increase) / decrease in current assets			
Stock-in-trade		**(46,841,895)**	79,212,408
Trade debts		**37,983,669**	368,450,328
Contract assets		**(2,206,889)**	22,880,297
Loans and advances		**14,194,046**	(23,408,129)
Trade deposits and short-term prepayments		**(3,571,175)**	(33,627,778)
Other receivables		**25,572,907**	(32,319,729)
		25,130,663	381,187,397
Increase / (decrease) in current liabilities			
Trade and other payables		**18,363,469**	(114,522,688)
Contract liability		**24,433,740**	(34,411,353)
		42,797,209	(148,934,041)
		478,329,757	657,855,481
Receipt against long-term loans and deposits		**849,069**	1,804,303
(Payment) / receipt against long term deposits		**(4,236,864)**	377,444
Compensated absences paid	19	**(2,335,091)**	(2,473,439)
Contribution to gratuity fund	20.1.2	**(3,177,498)**	(6,297,790)
Interest paid		**(81,034,177)**	(158,408,445)
Taxes paid		**(106,081,476)**	(226,786,154)
Net cash generated from operating activities		**282,313,720**	266,071,400
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		**(24,962,541)**	(21,420,379)
Proceeds from sale of operating fixed assets		**19,195,688**	39,145,492
Net cash (used in) / generated from investing activities		**(5,766,853)**	17,725,113
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(55,000,000)**	(55,000,000)
Lease rental paid		**(67,408,959)**	(51,726,482)
Loan obtained - net		**42,620,325**	68,085,343
Short term borrowing and running finance - net		**(196,455,198)**	(255,350,279)
Net cash used in financing activities		**(276,243,832)**	(293,991,418)
Net increase / (decrease) in cash and cash equivalents during the year		**303,035**	(10,194,905)
Cash and cash equivalents at beginning of the year	16	**3,621,966**	13,816,871
Cash and cash equivalents at the end of the year		**3,925,001**	3,621,966

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

CHIEF EXECUTIVE	DIRECTOR	CHAIRMAN

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Share Capital	Revenue reserves: General Reserves	Revenue reserves: Unappropriated profit	Total
	---------- Rupees ----------			
Balance as at 30 June 2019	550,000,000	35,265,000	161,363,987	746,628,987
Net profit for the year	-	-	(10,610,634)	(10,610,634)
Final dividend for the year ended 30 June 2019 @ Re.1 per share	-	-	(55,000,000)	(55,000,000)
Other comprehensive income	-	-	2,904,722	2,904,722
Total comprehensive loss for the year	-	-	(62,705,912)	(62,705,912)
Balance as at 30 June 2020	**550,000,000**	**35,265,000**	**98,658,075**	**683,923,075**
Net profit for the year	-	-	**114,380,442**	**114,380,442**
Final dividend for the year ended 30 June 2020 @ Re.1 per share	-	-	**(55,000,000)**	**(55,000,000)**
Other comprehensive income	-	-	**2,459,076**	**2,459,076**
Total comprehensive income for the year	-	-	**61,839,518**	**61,839,518**
Balance as at 30 June 2021	**550,000,000**	**35,265,000**	**160,497,593**	**745,762,593**

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

CHIEF EXECUTIVE | DIRECTOR | CHAIRMAN

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. THE COMPANY AND ITS OPERATIONS

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

Business Unit	**Geographical location and address**
Registered Office	Plot No. 114C, Al-Murtaza Commercial Lane-3, Khayaban-e-Iqbal, Phase VIII, (DHA), Karachi.
Branch Offices	
Karachi	2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi.
Lahore	Plot No. 67/A Block XX, Phase III, (Commercial), DHA Lahore.
Islamabad	Plot No. 41 Sector F-6/G6, Attaturk Avenue. East End Plaza, Blue Area, Islamabad.
Multan	Atlas Group Building, Azmat Wasti Road, Near Dera Addah, Multan.
Peshawar	4th Floor, Marhaba I.T. Tower, University Road Peshawar.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

3.1. These financial statements have been prepared under the historical cost convention except;

- Payable to gratuity (defined benefit plan) which is carried at present value of defined benefit obligation net of fair value of plan assets as required under IAS 19 "Employee benefit"; and
- Stocks-in-trade that are carried at lower of cost or net realisable value.

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

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

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

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

Standard, Amendment or Interpretation
IFRS 3 - Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)
IAS 1 / IAS 8 - Definition of Material (Amendments)

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

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

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

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

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

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

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

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods. The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

	Note
Determining the residual values and useful lives of operating fixed assets	5.2 & 6
Determining the lease term of contracts with renewal and termination options	5.3 & 6.2
Leases - Estimating the incremental borrowing rate	5.3 & 6.2
Determining the residual values and useful lives of intangible assets	5.4 & 7
Recognition of taxation	5.8 & 33
Recognition for staff retirement benefits	5.12 & 20.1
Recognition of allowance for expected credit loss	5.16 & 32.1

5.2 Property and equipment

Owned assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit or loss account over the useful life of the asset on a systematic basis, by applying the reducing balance method at the rates specified in note 6 to these financial statements. In respect of additions and disposal of assets during the year, depreciation is charged from the month in which the asset is put to use and upto the month preceding the disposal respectively.

Maintenance and normal repairs are charged to statement of profit or loss account as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired.

An item of operating fixed assets is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposals of fixed assets, if any, are included in statement of profit or loss account.

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

5.3 Leases

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

Company as a lessee

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

Right-of-use assets

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

Buildings	2 to 3 years
Motor vehicles	4 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the note 5.5 to these financial statements for policy on impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date, where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in interest-bearing loans and borrowings, refer note 5.15 to these financial statements.

Short-term leases and leases of low-value assets

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

Determining the lease term of contracts with renewal and termination options – Company as lessee

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

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

Leases - Estimating the incremental borrowing rate

Where the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates).

5.4 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged to statement of profit or loss account over the useful life of the asset on a systematic basis by applying the straight line method at the rates specified in note 7 to the financial statements.

The cost of intangible asset comprises of its purchase price and any directly attributable expenditure incurred in preparing the asset for its intended use.

5.5 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

5.6 Stock-in-trade

Stock-in-trade, except items-in-transit, is valued at the lower of average purchase cost and net realizable value.

Stock-in-transit is stated at invoice value plus other charges paid thereon to the reporting date.

Net realizable value is determined by considering the prevailing selling prices in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

Provision is made in the financial statements for slow moving and obsolete items, if any.

5.7 Contract assets

A contract asset exists when an entity transfers goods or services to a customer but does not yet have an unconditional right to consideration. A right is unconditional if nothing other than the passage of time is required before the payment of that consideration is due.

A contract asset is initially recognised from revenue earned from after sales services because the receipt of consideration is conditional upon satisfactory performance of the goods transferred to customers upon completion of the performance obligation the contract asset is reclassified to trade receivables.

5.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in statement of other comprehensive income, respectively.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any. However, for income covered under final tax regime, taxation is based on applicable tax rules under such regime.

5.9 Provisions

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

5.10 Foreign currency translation

Transaction in foreign currencies are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into rupees at the exchange rates prevailing on the reporting date. Any resulting gain or loss arising from changes in exchange rates on monetary assets and liabilities are taken to statement of profit or loss account.

5.11 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

5.12 Employees' benefits

5.12.1 Staff gratuity scheme - Defined benefit plan

The Company operates an approved and funded gratuity scheme for its management staff and non management staff who have completed the minimum qualifying period of service for entitlement of gratuity. Contributions under the scheme are made on the basis of actuarial valuation and are charged to statement of profit or loss account. The actuarial valuation of both the schemes was carried out on 30 June 2021 using the "Projected Unit Credit Method".

Actuarial gains or losses if any are recognised in statement of comprehensive income as they occur.

5.12.2 Staff provident and pension fund - Defined contribution plan

The Company operates an approved defined contribution provident fund and an approved defined contribution pension fund for employees who have completed the minimum qualifying period of service. The assets of the pension fund are under the control of Atlas Asset Management Limited, a related party.

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

5.12.3 Employee compensated absences

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date using their current salary levels. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

5.13 Dividend and appropriation to reserves

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

5.14 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents consist of balances with banks.

5.15 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.

i) Financial assets

Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt instrument or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of a debt instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price, determined under IFRS 15) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments). These 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.
- 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.

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.

ii) Financial liabilities

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, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, short-term borrowings, long-term deposits, other payables and accruals.

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 profit or loss. 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 fair value through profit

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

The benefit of a government loan at a below market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan determined at the market interest rate and the proceeds received.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

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 profit or loss.

iii) Offsetting of financial instruments

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

5.16 Impairment / expected credit losses on financial assets

IFRS 9 requires the Company to record an allowance for expected credit losses (ECLs) with a forward-looking approach for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company considers a financial asset in default when contractual payments are past due ranging from 210 days to 300 days depending upon customer segment. However, in certain cases, the 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.

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

5.17 Revenue from contracts with customers

The Company is mainly involved in trading activity which involves import of goods and sale without any value addition to the customers which generally include single performance obligation. Further, company offer after sales services contracts with healthcare and office equipment.

The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Payment is generally due within 60 to 365 days from the date of invoice to the customer depending upon customer segments. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

The Company recognises revenue from services rendered at a point in time as well as over time as required by the contracts with customers. Revenue from point in time service contracts is recognised as an when the services are received by customers. The revenue in case of long term service contracts is recognised on a monthly basis as per the schedule of maintenance when performance obligation is satisfied.

The payment is generally due within 60 to 365 days from the date of invoice to the customer in case of point in time. Advance payment is received at the contract date in case of services provided over a period of time and the same is classified as contract liability until performance obligation is satisfied. Therefore the timings and amounts of revenue from service contracts are consistent in accordance with IFRS 15.

5.17.1 Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

5.18 Government grants

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

Government grants relating to costs are deferred and recognised in statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate as more fully explained in note 22.1 to these financial statements.

6 Property and equipment	Note	2021	2020
		------------- Rupees	-------------
Operating fixed assets	6.1	**223,038,165**	241,600,570
Right of use assets	6.2	**182,826,720**	88,783,610
		405,864,885	330,384,180

6.1 **Operating fixed assets**

	Cost			Accumulated depreciation			Book value	
	As at 01 July 2020	Additions / (disposals)	As at 30 June 2021	As at 01 July 2020	Charge for the year / (disposals) (note 6.1.1)	As at 30 June 2021	As at 30 June 2021	Rate %
	Rupees							
Leasehold improvement	81,057,398	1,967,643 -	83,025,041	29,511,444	5,351,361 -	34,862,805	48,162,238	10
Furniture and fixture	23,300,701	169,900 -	23,470,601	10,125,873	1,306,030 -	11,431,903	12,038,698	10
Office equipment	105,776,905	2,060,275 (7,443,283)	100,393,897	37,169,747	8,929,234 (4,169,922)	39,929,059	60,464,838	10
Computers and related equipment	33,126,236	3,712,170 (2,664,523)	34,173,883	26,845,042	2,543,904 (2,462,879)	26,926,067	7,247,816	30
Tools and other equipment	59,080,724	928,134 -	60,008,858	26,484,937	3,287,633 -	29,772,570	30,236,288	10
Electrical equipment	36,673,897	2,243,804 (506,347)	38,411,354	13,229,019	2,393,787 (314,692)	15,308,114	23,103,240	10
Vehicles	81,108,784	13,880,615 (14,533,572)	80,455,827	35,158,013	10,020,477 (6,507,712)	38,670,778	41,785,049	20
2021	420,124,645	24,982,541 (25,147,725)	419,939,461	178,524,075	31,832,426 (13,455,205)	196,901,296	223,038,165	

	Cost			Accumulated depreciation			Book value	
	As at 01 July 2019	Additions / (disposals)	As at 30 June 2020	As at 01 July 2019	Charge for the year / (disposals)	As at 30 June 2020	As at 30 June 2020	Rate %
	Rupees							
Leasehold improvement	76,017,415	5,136,913 (96,930)	81,057,398	24,120,456	5,446,158 (55,170)	29,511,444	51,545,954	10
Furniture and fixture	23,300,701	- -	23,300,701	8,682,594	1,443,279 -	10,125,873	13,174,826	10
Office equipment	133,700,893	1,120,769 (29,044,757)	105,776,905	34,052,892	6,413,046 (5,296,191)	37,169,747	68,607,158	10
Computers and related equipment	42,539,683	281,876 (9,695,323)	33,126,236	32,925,403	2,874,226 (8,954,587)	26,845,042	6,281,194	30
Tools and other equipment	59,080,724	- -	59,080,724	22,863,186	3,621,751 -	26,484,937	32,595,767	10
Electrical equipment	37,050,574	1,731,111 (2,107,788)	36,673,897	11,745,741	2,612,929 (1,129,651)	13,229,019	23,444,878	10
Motor vehicles	82,844,667	13,149,710 (14,885,593)	81,108,784	32,070,798	10,338,647 (7,251,432)	35,158,013	45,950,771	20
	454,534,657	21,420,379 (55,830,391)	420,124,645	166,461,070	34,750,036 (22,687,031)	178,524,075	241,600,570	
Leased								
Motor vehicles	74,512,200	- (74,512,200)	-	8,987,781	- (8,987,781)	-	-	
	74,512,200	- (74,512,200)	-	8,987,781	- (8,987,781)	-	-	
2020	529,046,857	21,420,379 (130,342,591)	420,124,645	175,448,851	34,750,036 (31,674,812)	178,524,075	241,600,570	

6.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2021	2020
		------------ Rupees ------------	
Cost of sales and services	28	8,544,860	10,810,706
Selling and administrativa expenses	29	23,287,567	23,939,330
		31,832,427	34,750,036

6.1.2 The following fixed assets having eggregating net book value exceeding Rs.5 million end in excess of Rs.500,000 each were disposed off during the year:

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
Vehicle	4,398,500	703,760	3,694,740	4,000,000	305,260	Insurance claim	Atlas insurance - Associated Company
Vehicle	1,805,000	1,063,898	721,102	721,102	-	Company Policy	Ahtesham Qureshi - Employee
Computer related equipmer	1,320,000	803,475	516,525	571,331	54,606	Transfer	Shirazi Investments (Pvt) Ltd. - Holding Company
Office equipment	2,834,786	903,845	1,930,941	1,930,941	-	Transfer	Transfer to stock

6.2 **Right-of-use assets**

The Company has leese contracts for various sales office, warehouses and vehicles used In its operations. Leases of sales offices and warehouses generally have lease terms between 2 to 3 years, while motor vehicles generally have lease terms of between 4 to 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company Is restricted from essigning and sublaasing the leesed assets.

The Company also has certain laases of warehouses with lease terms of 12 months or less. The Company applies the 'short-term lease' exemptions for these leases. For such contracts, the manegement has competitive options available in tha market and the replacement costs are astimated to be minimal.

	2021			2020		
	Sales offices and warehouses	Motor vehicles	Total	Sales offices and warehouses	Motor vehicles	Total
	------------ Rupees ------------			------------ Rupeee ------------		
Cost						
As at July 01	68,451,961	70,950,100	137,402,061	66,451,961	74,512,200	140,964,161
Addition during the year	95,830,553	47,823,000	143,653,553	-	-	-
Disposed off during the year	-	(12,055,000)	(12,055,000)	-	(3,562,100)	(3,562,100)
	162,282,514	106,718,100	269,000,614	66,451,961	70,950,100	137,402,061
Accumulated depreciation						
As at July 01	27,528,766	21,069,685	48,618,451	-	8,987,781	8,967,781
Charged during the yaar	29,101,008	12,782,060	41,863,088	27,528,786	12,545,651	40,074,617
Disposad off during the year	-	(4,327,625)	(4,327,625)	-	(443,947)	(443,947)
	56,629,774	29,544,120	86,173,894	27,528,786	21,069,685	48,818,451
Net carrying value	105,652,740	77,173,980	182,826,720	38,923,195	49,860,415	88,783,610

6.2.1 The depreciation charge for the year has been allocated es follows:

	Note	2021	2020
		------------ Rupees ------------	
Cost of sales and services	28	14,138,762	12,467,163
Selling and administrativa expenses	29	27,744,305	27,607,434
		41,883,067	40,074,617

7 **INTANGIBLE ASSETS**

	Cost			Accumulated Amortisation			Book Value	
	As at 01 July 2020	Additions / (deletion)	As at 30 June 2021	As at 01 July 2020	Charge for the year (note 7.1) / (deletion)	As at 30 June 2021	As at 30 June 2021	Rate %
	------------ Rupees ------------							
Computer software	42,938,545	- -	42,938,545	39,637,338	861,184 -	40,498,522	2,440,023	20-33
2021	42,938,545	- -	42,938,545	39,637,338	861,184 -	40,498,522	2,440,023	

	Cost			Accumulated amortisation			Book value	
	As at 01 July 2019	Additions / (deletion)	As at 30 June 2020	As at 01 July 2019	Charge for the year (note 7.1) / (deletion)	As at 30 June 2020	As at 30 June 2020	Rata %
	------------ Rupees ------------							
Computer software	44,803,667	- (1,865,122)	42,938,545	38,606,699	2,895,761 (1,865,122)	39,637,338	3,301,207	
2020	44,803,667	- (1,865,122)	42,936,545	38,606,699	2,895,761 (1,865,122)	39,637,336	3,301,207	20-33

7.1 The emortisation charge for the year has been allocated to selling and administrative expanses.

		Note	2021	2020
			------------ Rupees ------------	
8	**LONG TERM INVESTMENT**			
	Available for sale - unlisted shares			
	Arabian Sea Country Club Limited 50,000 (2020: 50,000) Ordinary share of Rs.10 each		**500,000**	500,000
	Provision for impairment in value of investment		**(500,000)**	(500,000)
			-	-
9	**LONG-TERM LOANS AND DEPOSITS**			
	Staff Loans - Unsecured, considered good			
	Executives	9.1	**759,388**	2,247,991
	Employees	9.1	**3,748,136**	3,108,602
			4,507,524	5,356,593
	Current portion of long term loans	13	**(3,136,607)**	(3,993,634)
			1,370,917	1,362,959
	Security deposits		**5,869,560**	-
			7,240,477	1,362,959

9.1 Represent interest free loans to employees in accordance with the Company's policy. These loans are recoverable in equal monthly installments. These loans have not been discounted to their present value as the financial impact thereof is not considered material.

		Note	2021	2020
10	**STOCK-IN-TRADE - Finished goods**		------------ Rupees ------------	
	In hand		**346,937,625**	318,935,939
	Less: Provision for obsolete stock	10.1	**(9,906,820)**	(5,588,801)
			337,030,805	313,347,138
	In transit		**45,697,654**	22,539,426
			382,728,459	335,886,564
10.1	Reconciliation of provision for obsolete stock is as follows:			
	As at July 01		**5,588,801**	5,849,105
	Charge for the year	29	**9,906,820**	5,588,801
	Amount written off during the year		**(5,588,801)**	(5,849,105)
			9,906,820	5,588,801
11	**TRADE DEBTS**			
	Considered good			
	Related parties	11.1	**69,556,543**	46,240,849
	Others		**650,871,311**	713,923,096
	Considered doubtful		**35,297,908**	30,965,153
			755,725,762	791,129,098
	Allowance for expected credit loss	11.2	**(35,297,908)**	(30,965,153)
			720,427,854	760,163,945
11.1	The ageing of trade debts of related parties is as follows:			
	Neither Past due nor impaired		**68,037,053**	44,551,814
	Past due but not impaired			
	- 60 - 180 days		**1,050,440**	1,614,314
	- 180 - 365 days		**469,050**	74,721
	- over 365 days		**-**	-
			69,556,543	46,240,849

		Note	2021	2020
			------------- Rupees -------------	
11.2	The ageing of trade debts of non-related parties is as follows:			
	Neither past due nor impaired		398,450,798	311,792,575
	Past due but not impaired			
	- 60 - 180 days		78,480,192	107,930,825
	- 180 - 365 days		11,655,374	74,778,074
	- over 365 days		197,582,855	250,386,775
			686,169,219	744,888,249
11.3	Reconciliation of allowance for expected credit loss (ECL) is as follows:			
	As at July 01		30,965,153	37,369,859
	Charge / (reversal) for the year		4,332,755	(6,404,706)
	As at June 30		35,297,908	30,965,153
12	**CONTRACT ASSETS**			
	Retention money		88,329,572	85,842,738
	Allowance for expected credit loss	12.1	(5,968,182)	(5,688,237)
			82,361,390	80,154,501
12.1	Reconciliation of provision for expected credit loss is as follows:			
	As at July 01		5,688,237	3,958,801
	Charge for the year		279,945	1,729,436
	As at June 30		5,968,182	5,688,237
13	**LOANS AND ADVANCES - Unsecured, considered good**			
	Loans			
	Current portion of long-term loans		3,136,607	3,993,634
	Advances			
	Employees	13.1	1,911,561	2,262,382
	Suppliers		58,228,418	72,071,643
			60,139,979	74,334,025
			63,276,586	78,327,659

13.1 Represent advances given to employees for business purposes and are settled as and when the expenses are incurred.

14	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**	Note	2021	2020
			------------- Rupees -------------	
	Trade deposits			
	Security deposits		-	5,869,560
	Earnest money		147,482,473	137,849,576
	Deposits against letters of guarantee		1,163,737	1,163,737
	Deposits against letters of credit		14,925,900	16,759,275
			163,572,110	161,642,148
	Prepayments			
	Prepaid insurance		2,726,643	-
	Prepaid rent		-	-
	Prepaid software		163,978	-
	Repairs and maintenance		24,624	22,114
			2,915,245	22,114
	Allowance for expected credit loss on earnest money	14.1	(6,551,236)	(5,299,318)
			159,936,119	156,364,944

14.1 Reconciliation of allowance for expected credit loss is as follows:

	Note	2021	2020
		------------- Rupees -------------	
As at July 01		**5,299,318**	7,490,145
Charge / (reversal) for the year	30.1	**1,251,918**	(2,190,827)
As at June, 30		**6,551,236**	5,299,318

15 OTHER RECEIVABLES - secured, considered good

	2021	2020
Sales tax refundable	**139,779,976**	162,788,862
Receivables from suppliers	**14,364,995**	7,442,913
Insurance claim receivables	**-**	920,980
Withholding tax on sales tax	**28,287**	8,593,410
	154,173,258	179,746,165

16 BANK BALANCES

	2021	2020
Current accounts - local currency	**3,925,001**	3,621,966

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020			
--------- No. of Shares ---------				
		Ordinary shares of Rs. 10/- each		
46,000,000	46,000,000	Fully paid in cash	**460,000,000**	460,000,000
9,000,000	9,000,000	Fully paid bonus shares	**90,000,000**	90,000,000
55,000,000	55,000,000		**550,000,000**	550,000,000

17.1 Includes 54,999,995 ordinary shares Rs.10 each held by Shirazi Investments (Private) Limited as at the reporting date.

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

18 LONG-TERM DEPOSITS

	Note	2021	2020
		------------- Rupees -------------	
Deposits	18.1	**9,458,404**	7,825,708
Less: Current portion of long term deposits		**(3,810,384)**	(3,354,098)
		5,648,020	4,471,610

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

19 ACCRUAL FOR COMPENSATED ABSENCES

	Note	2021	2020
		------------- Rupees -------------	
As at July 01		**61,914,357**	50,560,906
Accrual for the year		**8,179,767**	13,826,890
		70,094,124	64,387,796
Paid during the year		**(2,335,091)**	(2,473,439)
As at June 30		**67,759,033**	61,914,357

20 TRADE AND OTHER PAYABLES

	Note	2021	2020
Trade creditors		**37,514,352**	32,785,683
Bills payable		**160,290,448**	129,375,534
Accrued expenses		**2,855,275**	7,428,793
Bonus payable to employees		**42,076,590**	40,999,189
Payable to gratuity fund	20.1	**3,999,725**	3,177,498
Current portion of long term deposits		**3,810,384**	3,354,098
Sindh development and maintenance infrastructure cess payable		**74,553,942**	65,170,606
Withholding tax payable		**278**	1,184,401
Other provisions		**83,646,365**	103,393,051
		408,747,359	386,868,853

20.1 Payable to gratuity fund

The followings tables summarise the components of amounts recognised in statement of financial position and gratuity expense recognised in profit or loss.

	Note	2021	2020
		------------- Rupees -------------	
20.1.1 Reconciliation of obligation as at year end			
Present value of defined benefit obligation		**97,638,453**	81,681,773
Fair value of plan assets		**(94,377,305)**	(78,504,821)
		3,261,148	3,176,952
Payable to associate companies		**738,577**	546
		3,999,725	3,177,498
20.1.2 Movement in net liability			
As at July 01		**3,177,498**	6,297,790
Provision during the year		**6,458,801**	6,082,220
Remeasurement recognised in other comprehensive loss during the year		**(2,459,076)**	(2,904,722)
Contribution paid		**(3,177,498)**	(6,297,790)
		3,999,725	3,177,498
20.1.3 Charge for the year recognised in statement of profit or loss			
Current service cost		**6,199,532**	5,758,596
Interest cost		**7,078,260**	10,238,675
Expected return on assets		**(6,818,991)**	(9,915,051)
Net interest cost		**259,269**	323,624
		6,458,801	6,082,220
20.1.4 Charge for the year has been allocated as follows:			
Cost of sales and services	28	**2,435,049**	2,665,170
Selling and administrative expenses	29	**4,023,752**	3,417,050
		6,458,801	6,082,220
20.1.5 Movement in defined benefit obligation			
As at July 01		**81,681,773**	70,616,869
Service cost		**6,199,532**	5,758,596
Interest cost		**7,078,260**	10,238,675
Re-measurements actuarial loss / (gain)		**4,330,366**	(3,725,922)
Actual benefits paid during the year		**(913,447)**	(1,206,445)
Liability recognised in respect of transferees		**(738,031)**	-
		97,638,453	81,681,773
20.1.6 Movement in fair value of plan assets			
As at July 01		**78,504,821**	71,810,310
Expected return		**6,818,991**	9,915,051
Contribution by the Company		**3,177,498**	6,297,790
Benefits paid		**(913,447)**	(1,206,445)
Actuarial gain / (loss) on plan assets		**6,789,442**	(821,200)
Transfer of assets in respect of transferees		**-**	(7,490,685)
		94,377,305	78,504,821

20.1.7 Historical information

	2021	2020	2019	2018	2017
	Rupees				
Present value of defined benefit obligation	**97,638,453**	81,681,773	70,616,869	75,191,021	61,593,128
Fair value of plan assets	**(94,377,305)**	(78,504,821)	(71,810,310)	(63,042,912)	(52,152,109)
Net liability / (asset)	**3,261,148**	3,176,952	(1,193,441)	12,148,109	9,441,019

20.1.8 Major categories / composition of plan assets are as follows:

	2021	2020
	Rupees	
Debt instruments	**44,048,881**	41,799,357
Mutual Funds	**49,887,144**	36,154,413
Cash and others	**441,280**	551,051
	94,377,305	78,504,821

Fair value of plan asset Investment

	2021	2020
Pakistan Investment Bond	**44,048,881**	41,799,357

20.1.9 Principal actuarial assumption at the reporting date are as follows:

	2021	2020
Discount rate	**10.00%**	8.50%
Future salary rate	**12.00%**	7.50%

20.1.10 Description of the risks to the Company

Morality risks - The risk that the actual morality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

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

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

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

20.1.11 Sensitivity Analysis on significant actuarial assumptions

	Change in assumptions	Increase in assumptions	Decrease in assumptions
		Rupees	
2021			
Discount rate	**1.00%**	**90,938,497**	**105,250,073**
Long term salary increase	**1.00%**	**104,770,571**	**91,241,594**
2020			
Discount rate	1.00%	75,633,082	88,573,389
Long term salary increase	1.00%	88,164,272	75,880,423

20.1.12 Maturity profile of the defined benefit obligation

	2021	2020
Weighted average duration of the BPO	**7.3**	7.41
Distribution of timing of benefit payment (time in years)	Rupees	
Year 1	**12,065,944**	2,949,511
Year 2	**5,402,464**	11,262,702
Year 3	**8,784,623**	5,023,363
Year 4	**5,218,756**	8,009,757
Year 5	**24,649,159**	4,737,436
Years 6-10	**86,326,485**	92,963,266
Years 11-15	**97,500,469**	65,964,268
Years 16-20	**113,957,312**	77,744,478

	2021			2020
	Sales offices and warehouses (note 21.2)	Motor vehicles (note 21.1)	Total	Total
21 LEASE LIABILITIES	Rupees			
As at July 01	**42,877,770**	**42,347,141**	**85,224,911**	65,161,117
Impact of initial application of IFRS 16	-	-	-	66,451,961
Additions during the year	**95,830,552**	**47,823,000**	**143,653,552**	-
Interest expense	**2,592,364**	-	**2,592,364**	6,182,423
Payments during the year	**(32,802,667)**	**(30,232,649)**	**(63,035,316)**	(52,570,590)
	108,498,019	**59,937,492**	**168,435,511**	85,224,911
Current portion under lease liabilities	**(49,774,046)**	**(22,377,477)**	**(72,151,523)**	(45,825,011)
Balance at end of the year	**56,723,973**	**37,560,015**	**96,283,988**	39,399,900

21.1 Represents finance leases entered into with a financial institution for leasa of motor vehicles. Lease rentals due under lease agreement are payable in quarterly installments latest by May 2026. Overdue rental payments are subject to an additional charge at 20% per annum. Taxes, repairs and insurance costs are to be borne by the Company. Financing rates ranging from KIBOR+0.30% (2020: KIBOR+ 0.30%) per annum have been used as discounting factor. These liabilities are secured by way of assigning title of vehicles in the name of the financial institution.

21.2 These represents lease contracts for registered office, branch offices and warehouses used by the Company in its operations and have lease terms between 2 to 3 years. These have been discounted using the incremental borrowing rate of the Company i.e. 7.8% (2020: 13.8%).

	Note	2021	2020
22 LONG-TERM LOAN		Rupees	
Long term loan	22.1	**105,659,332**	61,432,278
Less: Current portion of long-term loan		**(69,102,931)**	(16,235,835)
		36,556,401	45,196,443

22.1 Represents financing obtained from a commercial bank under the refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of 1% per annum. The loan along with the mark-up is repayable in 8 equal quarterly installments commencing from January 2021. The facility is secured by way of first pari-passu hypothecation charge over current assets. The total facility of the loan amounted to Rs.152 million (2020: Rs.72 million) which remained unutilized as at the reporting date.

This loan was initially recorded at present value discounted at the effective interest rate and the difference of the actual proceeds and present value is recognized as a deferred income - government grant. The purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to their employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Company would not lay off, terminate employee of or other wise dismiss any employee for a period of at least three months from the date of receipt of the proceeds, except in the event of disciplinary action.

	Note	2021	2020
23 DEFERRED INCOME - GOVERNMENT GRANT		Rupees	
Government grant	22.1	**6,407,994**	6,653,065
Less: Current portion of deferred income - government grant		**(5,126,395)**	(2,956,918)
		1,281,599	3,696,147
24 SHORT TERM BORROWING AND RUNNING FINANCE			
Money market loan	24.1	-	150,000,000
Murabaha / musharka financing	24.2	**258,215,615**	182,658,608
Short term running finance	24.2	**251,693,344**	373,705,548
		509,908,958	706,364,156

24.1 During the year, this facility has been repaid in full. This facility carried mark-up at the rate of KIBOR + 0.2% payable monthly.

24.2 These facilities have been arranged from various Islamic commercial banks amounting to Rs.2,250 million carrying profit at the rate ranging from KIBOR + 0.1% to KIBOR + 0.5% payable quarterly. The said facilities are secured against first pari passu charge over all the Company's present and future stock and receivables to the extent of facility amount up to Rs.2,250 million plus 11% average margin.

	Note	2021	2020
		------------- Rupees -------------	
25 CONTRACT LIABLITY			
Advance from customer		**46,554,212**	36,538,987
Unearned revenue		**28,438,210**	14,019,695
		74,992,422	50,558,682

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

There are no material contingencies that are required to be disclosed in these financial statements.

	Note	2021	2020
26.2 Commitments		------------- Rupees -------------	
(i) Guarantees issued by banks on behalf of the Company		**1,602,487,742**	1,131,460,378
(ii) Letter of credit in favour of the Company	26.2.1	**94,035,659**	399,933,450
		1,696,523,401	1,531,393,828

26.2.1 These are secured against first pari passu charge over all the Company's present and future stock and receivables.

	Note	2021	2020
27 Turnover - net		------------- Rupees -------------	
Sale of goods		**2,794,498,062**	3,189,077,883
Service income		**598,012,461**	565,338,184
Commission income		**131,242,681**	74,999,581
		3,523,751,204	3,829,415,648
Sale return		**(4,540,389)**	(3,362,781)
Sales and service tax		**(385,379,178)**	(473,379,728)
		3,133,831,637	3,352,673,139
28 COST OF SALES AND SERVICES			
Cost of goods sold			
Stock as at July 01		**335,886,564**	415,098,972
Purchases		**1,938,355,256**	2,080,431,537
		2,274,241,820	2,495,530,509
Transfer (from) / to fixed assets		**(352,990)**	21,479,955
Consumables for internal use		**(1,272,935)**	(958,106)
Stock as at June 30		**(382,728,459)**	(335,886,564)
		1,889,887,436	2,180,165,794
Cost of services rendered			
Salaries and benefits	28.1	**171,728,924**	166,603,442
Storage and transportation		**4,774,804**	3,876,120
Travelling, conveyance and entertainment		**10,985,552**	12,927,898
Vehicle running		**9,623,544**	8,949,921
Postage and telephone		**910,643**	546,679
Repairs and maintenance		**185,414**	133,326
Software charges		**7,046,147**	9,780,504
Subcontracting cost		**259,036,266**	212,100,819
Gas and electricity		**11,547**	8,574
Printing and stationary		**230,035**	211,154
Training expenses		**467,309**	163,580
Insurance		**3,007,015**	3,752,574
Depreciation on operating fixed assets	6.1.1	**8,544,860**	10,810,706
Depreciation on right-of-use assets	6.2.1	**14,138,762**	12,467,183
Others		**539,181**	5,961
		2,381,117,439	2,622,504,235

28.1 Includes staff gratuity and staff provident and pension fund contribution amounting to Rs.2.435 million (2020: Rs.2.665 million) and Rs.7.575 million (2020: Rs.6.946 million) respectively.

29 SELLING AND ADMINISTRATIVE EXPENSES	Note	2021	2020
		------------ Rupees	------------
Salaries and benefits	29.1	**270,881,849**	233,513,807
Travelling, conveyance and entertainment		**13,170,815**	16,266,722
Storage and transportation		**7,852,686**	5,545,872
Printing and stationary		**3,131,859**	1,936,727
Postage and telephone		**14,625,518**	14,483,023
Repairs and maintenance		**9,498,187**	5,301,991
Legal and professional		**5,055,248**	4,274,472
Auditor's remuneration	29.2	**1,876,386**	1,205,756
Subscription and newspapers		**586,253**	767,569
Training expenses		**364,529**	531,000
Advertisement / sales promotion		**2,060,642**	5,230,512
Insurance		**13,310,671**	14,158,437
Tender expenses		**846,367**	669,087
Vehicle running		**16,408,558**	12,790,059
Gas and electricity		**11,705,887**	11,487,010
Donation	29.3	**1,749,824**	3,129,115
Depreciation on operating fixed assets	6.1.1	**23,287,567**	23,939,330
Depreciation on right-of-use assets	6.2.1	**27,744,305**	27,607,434
Amortisation	7	**861,184**	2,895,761
Provision for obsolete stock	10.1	**9,906,820**	5,588,801
Others		**602,176**	2,012,616
		435,527,331	393,335,101

29.1 This includes staff gratuity and staff provident and pension fund contribution amounting to Rs.4.024 million (2020: Rs.3.417 million) and Rs.11.376 million (2020: Rs.10.204 million) respectively.

29.2 Represents auditors' remuneration as follows:	Note	2021	2020
		------------ Rupees	------------
Audit fee for:			
- the Company		**786,500**	715,000
- provident and gratuity fund		**157,300**	143,000
Out of pocket expenses		**118,360**	116,500
Taxation		**814,226**	231,256
		1,876,386	1,205,756

29.3 Represents donation paid to Atlas Foundation - a related party amounting to Rs.1.75 million (2020: Rs.3.13 million).

30 OTHER OPERATING INCOME	Note	2021	2020
		------------ Rupees	------------
Income from financial assets			
Exchange gain - net		**10,491,917**	-
Government Grant - SBP Refinance (salaries and wages)		**2,956,918**	-
Income from non-financial assets			
Gain on sale of operating fixed assets		-	2,883,979
Reversal of allowance for expected credit loss-net	30.1	-	6,866,097
Compensation against insurance claim		**2,308,652**	-
Scrap Sales		**97,701**	4,489,750
		15,855,188	14,239,826

30.1 Reversal of allowance for expected credit loss-net

Allowance for ECL - trade debts	-	6,404,706
Allowance for ECL - contract assets	-	(1,729,436)
Allowance for ECL - earnest money	-	2,190,827
	-	6,866,097

		Note	2021	2020
31	**FINANCE COSTS**		------------ Rupees	------------
	Mark-up on short-term finances		**48,966,946**	76,043,591
	Mark-up on murabaha / musharaka financing		**23,067,148**	67,772,686
	Interest against Lease Liability		**6,671,492**	6,696,756
	Interest on long-term loan		**1,111,979**	6,182,423
	Accretion of interest on long-term loan		**4,318,576**	-
			84,136,141	156,695,456
	Bank charges		**7,902,910**	5,162,878
			92,039,051	161,858,334
32	**OTHER EXPENSES**			
	Allowance for expected credit loss-net	32.1	**5,864,618**	-
	Loss on sale of operating fixed assets		**224,207**	-
	Exchange loss - net		**-**	14,232,860
			6,088,825	14,232,860
32.1	Allowance for expected credit loss-net			
	Allowance for ECL - trade debts		**4,332,755**	-
	Allowance for ECL - contract assets		**279,945**	-
	Allowance for ECL - earnest money		**1,251,918**	-
			5,864,618	-
33	**TAXATION**			
	Current		**121,955,800**	185,438,245
	Prior		**(1,422,063)**	154,824
			120,533,737	185,593,069

33.1 Income tax assessments of the Company have been finalized up to and including the tax year 2020.

33.2 The Company is subject to Minimum Tax under section 113 and Final Tax Regime under section 154 and 233 of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risk arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees the policies for managing each of these risks which are summarised below:

34.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and other prices risk such equity risk. At the reporting date, the Company is not exposed to any equity risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's short-term borrowings and lease liabilities (motor vehicles). Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's profit before tax by Rs.5.69 million and a 1% decrease would result in the increase in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis. The Company manages it's interest rate risk obtaining quotes for interest rate from various reputable banks and opting for the lowest price offered amongst them.

(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. The company has both receivable and payable balances in foreign currency which acts as a natural hedge to company's exposure. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

	2021	2020
	------------- Rupees	-------------
Trade payables - US Dollar	**992,068**	753,737
Trade payables - JPY	**2,246,429**	1,393,300
Trade payables - EUR	**150**	-
Exchange rate – US Dollar	**158.30**	168.75
Exchange rate – JPY	**1.432**	1.566
Exchange rate – EUR	**188.71**	-

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

Year	Change in USD/JPY/EUR rates (%)	Effect of translation of foreign currency asset on profit or loss	Effect on equity
		------------- Rupees	-------------
2021	**-5**	**8,014,522**	**8,014,522**
	+5	**(8,014,522)**	**(8,014,522)**
2020	-5	6,468,779	6,468,779
	+5	(6,468,779)	(6,468,779)

	2021	2020
	------------- Rupees	-------------
Trade Receivables - US Dollar	**634,731**	363,300
Trade Receivables - JPY	-	-
Trade Receivables - EUR	-	-

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

Exchange rate – US Dollar	**158.30**	168.25

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

	Change in USD rates (%)	Effect of translation of foreign currency asset on profit or loss	Effect on equity
		-------------- Rupees	--------------
2021	**+5**	**5,023,896**	**5,023,896**
	-5	**(5,023,896)**	**(5,023,896)**
2020	+5	3,056,261	3,056,261
	-5	(3,056,261)	(3,056,261)

34.2 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Concentration 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. The Company is mainly exposed to credit risk on trade debts and bank balances. The Company seeks to minimize 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.

	2021	2020
	------------- Rupees -------------	
The analysis of trade debts is as follows:		
Neither past due nor impaired	**466,487,851**	356,344,389
Past due but not impaired		
60 to 180 days	**79,530,632**	109,545,139
180 to 365 days	**12,124,424**	74,852,795
over 365 days	**197,582,855**	250,386,773
	289,237,911	434,784,707
	755,725,762	791,129,096
Bank balances		
Ratings - current accounts		
A1+	**55,807**	371,476
No rating	**3,869,194**	3,250,490
	3,925,001	3,621,966

34.3 Liquidity risk

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

2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	----------	----------	---------- Rupees	----------	----------	----------
Short term borrowings	-	-	509,908,958	-	-	509,908,958
Trade and other payables	-	209,222,316	199,525,043	-	-	408,747,359
Lease liabilities	-	-	72,151,523	96,283,988	-	168,435,511
Long term loan	-	-	69,102,931	36,556,401	-	105,659,332
Accrued mark-up	-	17,332,944	-	-	-	17,332,944
Total	-	226,555,260	850,688,455	132,840,389	-	1,210,084,104

2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
			Rupees			
Trade and other payables	-	-	-	72,033,196	-	72,033,196
Accrued mark-up	-	-	16,235,835	45,196,443	-	61,432,278
Liability against assets	-	180,981,014	204,703,438	-	-	385,684,452
under finance lease	-	50,558,682	-	-	-	50,558,682
Short term borrowings	-	-	24,635,478	-	-	24,635,478
Total	-	231,539,696	245,574,751	117,229,639	-	594,344,086

35 CAPITAL RISK MANAGEMENT

The related parties comprise the Holding Company (Shirazi Investments (Private) Limited) and related group companies, directors of the Company, companies where directors also hold directorship, key employees and staff retirement funds. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. Details of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	Note	2021	2020
		Rupees	
The gearing ratios as at June 30 were as follows:			
Lease liabilities	21	**168,435,511**	85,224,911
Long term loan	22	**105,659,332**	61,432,278
Short term borrowings and running finance	24	**509,908,958**	706,364,156
Total debt		**784,003,801**	853,021,345
Cash and bank balances	16	**(3,925,001)**	(3,621,966)
Net debt		**780,078,800**	849,399,379
Share capital	17	**550,000,000**	550,000,000
General reserves		**35,265,000**	35,265,000
Unappropriated profit		**160,497,593**	98,658,075
Total equity		**745,762,593**	683,923,075
Total debt + equity		**1,525,841,393**	1,533,322,454
Gearing ratio		**51.38%**	55.63%

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements for remuneration, including all benefits to Chief Executive and Executives of the Company are as follows:

	2021				2020			
	Chief Executive	Director	Other Executive	Total	Chief Executive	Director	Other Executive	Total
	Rupees				Rupees			
Remuneration	**16,800,036**	-	**48,368,496**	**65,168,532**	13,335,420	-	44,515,944	57,851,364
Fee and subscription	**157,440**	-	**45,600**	**203,040**	166,315	-	12,000	178,315
Bonus	**3,010,006**	-	**5,784,334**	**8,794,340**	1,944,748	-	6,491,909	8,436,657
Retirement benefits	**1,087,056**	-	**3,439,392**	**4,526,448**	1,015,152	-	3,164,532	4,179,684
Others	**2,882,758**	-	**3,190,610**	**6,073,368**	1,130,557	-	3,482,090	4,612,647
	23,937,296	-	**60,828,432**	**84,765,728**	17,592,192	-	57,666,475	75,258,667
Number of persons	**1**	-	**9**	**10**	1	-	9	10

36.1 The Company provides the Chief Executive with free use of the Company maintained car.

37 RELATED PARTY TRANSACTIONS

The details of transactions with related parties during the year are as follows:

37.1 Balances as at year end	2021	2020
	Rupees	
Shirazi Investments (Private) Limited - Holding Company		
Trade debts	**201,972**	154,705
Entities under common directorship - Associated Undertaking		
Atlas Honda Limited		
Trade debts	**31,778,035**	6,950,509
Atlas Battery Limited		
Trade debts	**391,787**	789,661
Atlas Insurance Limited		
Trade debts	**-**	25,560
Trade payable	**3,302,006**	5,412,465
Honda Atlas Cars (Pakistan) Limited		
Trade debts	-	2,100,000
Trade payable	-	-
Atlas Engineering Limited		
Trade debts	**5,730**	5,446,046
Atlas Autos (Private) Limited		
Trade debts	**3,820**	1,207,227
Atlas Power Limited		
Trade debts	**108,841**	460,693
Atlas Metals (Private) Limited		
Trade debts	**-**	-
Trade payable	**-**	295,051
Atlas Hitec (Private) Limited		
Trade debts	**360,630**	578,180
Honda Atlas Power Products (Private) Limited		
Trade debts	13,800	-
Trade payable	-	3,833,598

	2021	2020
	------------- Rupees -------------	
Atlas D.I.D (Private) Limited		
Trade debts	**742,638**	4,708,927
Atlas Energy Limited		
Trade debts	-	105,000
Atlas Global		
Trade payable	**84,373,155**	57,690,648
Trade debts	**35,949,290**	18,268,706
Atlas Worldwide General Trading (L.L.C)		
Trade payable	-	892,500
Trade debts	-	5,396,794

37.2 <u>Transactions during the year</u>

	2021	2020
<u>Holding Company</u>		
Shirazi Investments (Private) Limited		
Sales of goods and rendering of services	**1,938,897**	874,997
Actual reimbursement of expenses	**21,315,445**	486,994
Transfer of operating fixed assets and advances upon transfer of employee	**625,000**	-
Dividend paid	**55,000,000**	55,000,000
Rent	**13,230,000**	20,614,452
<u>**Entities under common directorship - Associated Undertaking**</u>		
Atlas Honda Limited		
Sales of goods and rendering of services	**1,326,505,958**	2,093,319,093
Purchase of vehicles	**3,498,153**	4,349,282
Actual reimbursement of expenses	**1,130,435**	1,016,390
Commission received	**41,507,132**	481,820
Atlas Battery Limited		
Sales of goods and rendering of services	**10,477,208**	2,334,059
Transfer of operating fixed assets and advances upon transfer of employee	**437,912**	-
Atlas Foundation		
Sales of goods and rendering of services	**396,000**	-
Rent paid	**3,435,760**	3,123,371
Donation	**1,749,824**	3,129,115
Honda Atlas Power Products (Private) Limited		
Sales of goods and rendering of services	**95,989**	34,342
Purchase of generator	-	5,713,289
Atlas Engineering Limited		
Sales of goods and rendering of services	**26,489,755**	23,591,072
Commission received	-	67,262
Atlas Autos (Private) Limited		
Sales of goods and rendering of services	**59,733,731**	41,649,440
Commission received	**81,332**	2,897,940
Purchase of aluminium scrap	**5,089,781**	-

	SHIRAZI TRADING COMPANY (PRIVATE) LIMITED	
	2021	2020
	------------- Rupees -------------	
Atlas Insurance Limited		
Sales of goods and rendering of services	**1,362,255**	604,765
Insurance premium	**54,660,398**	53,372,159
Insurance claim	**11,493,985**	31,998
Purchases	**1,434,050**	-
Atlas Power Limited		
Sales of goods and rendering of services	**1,484,512**	2,516,016
Transfer of fixed assets	-	-
Transfer of Security Deposit upon transfer of Employee	-	-
Honda Atlas Cars (Pakistan) Limited		
Sales of goods and rendering of services	**12,100**	2,137,697
Purchase of vehicles	**4,797,000**	-
Atlas Asset Management Limited		
Sales of goods and rendering of services	**146,622**	38,760
Atlas Metals (Private) Limited		
Sales of goods and rendering of services	-	23,400
Purchases	-	295,050
Commission received	**192,070**	283,026
Atlas Hitec (Private) Limited		
Sales of goods and rendering of services	**3,540,163**	2,308,557
Atlas D.I.D (Private) Limited		
Sales of goods and rendering of services	**7,234,860**	4,708,927
Atlas Energy Limited		
Sales of goods and rendering of services	-	105,000
Atlas Global		
Purchases	**232,229,953**	373,053,313
Commission received	**35,949,290**	18,268,706
Atlas Worldwide General Trading (L.L.C)		
Commission received	-	5,396,794
Retirement benefit funds		
Atlas Group of Companies - Management Staff Gratuity Fund		
Contribution paid	**3,177,498**	6,297,790
Shirazi Trading Company (Private) Limited - Employees Provident & Pension Fund		
Contribution paid	**18,783,077**	17,150,435

38 NON ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Company in their meeting held on 23 SEP 2021 have recommended a cash dividend of Re. 1 per ordinary share (2020: Re.1 per ordinary share) amounting to Rs. 55,000,000 (2020: Rs.55,000,000) for approval of the shareholders in the annual general meeting.

39 GENERAL

39.1 The number of employees at the year end are 238 (2020: 236) and average number of employees during the year are 237 (2020: 241).

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

39.3 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

39.4 Figures have been rounded-off to nearest rupee.

39.5 These financial statements have been authorised for issue on 23 SEP 2021 by the Board of Directors of the Company.

CHIEF EXECUTIVE	DIRECTOR	CHAIRMAN