ATLAS ENGINEERING (PRIVATE) LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Atlas Engineering (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

SHC

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

SHC

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

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

Shinewing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI;

Date: August 30, 2024

UDIN: AR202410105ZE7luTLp4

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
		---- Rupees in '000 ----	
ASSETS			
Non current assets			
Property, plant and equipment	5	**5,544,053**	5,531,777
Long term loans	6	**262**	297
Long term deposits	7	**2,066**	2,066
Deferred taxation		**-**	9,854
		5,546,381	5,543,994
Current assets			
Stores, spares and loose tools	8	**17,859**	45,150
Stock-in-trade	9	**108,094**	171,155
Trade debts	10	**-**	-
Loans and advances	11	**1,880**	4,922
Trade deposits	12	**45,555**	52,614
Other receivables	13	**10,767**	222,387
Taxation - net		**30,597**	22,796
Short term investments	14	**962,515**	292,445
Cash and bank balances	15	**65,118**	64,068
		1,242,385	875,537
Total assets		**6,788,766**	6,419,531

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

Chairman

Chief Executive Officer

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
		---- Rupees in '000 ----	
EQUITY AND LIABILITIES			
Share capital and reserve			
Share capital	16	236,865	236,865
Revenue reserves - unappropriated profits		728,064	526,208
Capital reserves - surplus on revaluation of leasehold land	17	4,945,371	4,937,524
Total equity		5,910,300	5,700,597
Liabilities			
Non current liabilities			
Long term loans	18	124,813	131,363
Deferred income - government grant	19	29,112	38,848
Deferred liabilities	20	31,709	24,563
Deferred taxation	21	16,922	-
		202,556	194,774
Current liabilities			
Trade and other payables	22	640,277	493,428
Current portion of long term loans	18	24,402	14,907
Unclaimed dividends		848	848
Current portion of deferred income - government grant	19	9,825	10,097
Accrued mark-up		558	4,880
		675,910	524,160
Total liabilities		878,466	718,934
Contingencies and commitments	24		
Total equity and liabilities		6,788,766	6,419,531

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

Chairman

Chief Executive Officer

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		---- Rupees in '000 ----	
Sales	25	**2,237,651**	1,830,917
Cost of sales	26	**(2,013,134)**	(1,738,289)
Gross profit		**224,517**	92,628
Administrative and general expenses	27	**(195,044)**	(167,843)
Other expenses	28	**(31,654)**	(77,535)
Other income	30	**248,783**	183,991
Profit from operations		**246,602**	31,241
Finance cost	29	**(17,683)**	(68,886)
Profit / (loss) before income taxation, minimum and final taxes		**228,919**	(37,645)
Final taxes	31.1	**(10,296)**	(9,481)
Revenue tax	31.2	**-**	(23,135)
Profit / (loss) before income tax		**218,623**	(70,261)
Income tax (expense) / reversal	31	**(17,207)**	56,829
Profit / (loss) after income tax		**201,416**	(13,432)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		**620**	(2,239)
Impact of deferred tax		**(180)**	649
Surplus on revaluation of leasehold land	17.1	**7,847**	-
Other comprehensive income / (loss) for the year - net of tax		**8,287**	(1,590)
Total comprehensive income / (loss)		**209,703**	(15,022)

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

Chairman | **Chief Executive Officer**

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid-up capital	Revenue reserves - unappropriated profits	Surplus on revaluation of leasehold land	Total
	Rupees in '000			
Balance as at July 1, 2022	236,865	576,760	4,937,524	5,751,149
Final cash dividend for the year ended June 30, 2022 at the rate of Rs.1.5 per share	-	(35,530)	-	(35,530)
Total comprehensive loss for the year ended June 30, 2023				
Loss for the year	-	(13,432)	-	(13,432)
Other comprehensive loss	-	(1,590)	-	(1,590)
	-	(15,022)	-	(15,022)
Balance as at June 30, 2023	**236,865**	**526,208**	**4,937,524**	**5,700,597**
Total comprehensive income for the year ended June 30, 2024				
Profit for the year	-	201,416	-	201,416
Other comprehensive income	-	440	7,847	8,287
	-	201,856	7,847	209,703
Balance as at June 30, 2024	**236,865**	**728,064**	**4,945,371**	**5,910,300**

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

Chairman

Chief Executive Officer

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation and levies	**228,919**	(37,645)
Adjustments for:		
Depreciation	**81,556**	96,192
Amortisation	**-**	346
Provision for compensated absences	**3,053**	1,056
Provision for gratuity	**12,810**	2,934
Reversal for expected credit loss allowance	**(1,558)**	(1,358)
Adjustment for slow moving inventories - net	**179**	502
Finance cost	**17,683**	68,886
Loss on disposal of operating fixed assets	**4,871**	72,592
Dividend income from mutual funds	**(68,638)**	(63,208)
Gain on sale of investments at fair value through profit or loss	**(27,120)**	(2,521)
Fair value gain on investments in mutual funds	**(3,906)**	(542)
Cash flows before working capital changes	**247,849**	137,234
Changes in working capital		
Decrease / (increase) in current assets		
- Stores, spares and loose tools	**28,568**	(19,852)
- Stock-in-trade	**61,605**	87,978
- Trade debts	**1,558**	1,358
- Loans and advances	**3,042**	(1,789)
- Trade deposits	**7,059**	(26,030)
- Other receivables	**211,620**	(55,133)
	313,452	(13,468)
Increase in trade and other payables	**146,849**	54,031
Cash generated from operations	**708,150**	177,797
Gratuity paid	**-**	(4,160)
Compensated absences paid	**(8,098)**	(3,548)
Income taxes - net	**(8,708)**	15,516
Long term loans and advances - net	**35**	(244)
Net cash generated from operating activities - carried forward	**691,379**	185,361

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		---- Rupees in '000 ----	
Net cash generated from operating activities - brought forward		**691,379**	185,361
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(96,034)**	(49,525)
Short term investments acquired		**(1,798,300)**	(30,951)
Proceeds from sale of short term investments		**1,159,257**	150,000
Dividend received		**68,638**	63,208
Sale proceeds from disposal of operating fixed assets		**5,178**	19,880
Net cash (used in) / generated from investing activities		**(661,261)**	152,612
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		**(7,063)**	(237,766)
Dividend paid		**-**	(35,530)
Finance cost paid		**(22,005)**	(78,160)
Net cash used in financing activities		**(29,068)**	(351,456)
Net increase / (decrease) in cash and cash equivalents		**1,050**	(13,483)
Cash and cash equivalents at beginning of the year		**64,068**	77,551
Cash and cash equivalents at end of the year	**15**	**65,118**	64,068

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

Chairman

Chief Executive Officer

ATLAS ENGINEERING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. LEGAL STATUS AND OPERATIONS

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

The Board of Directors of the Company has passed a resolution authorizing the Company to explore the viability of the potential merger between the Atlas Autos (Private) Limited and into the Company. The Company has engaged the services of a consultant and decided on a swap ratio in exchange of shares for Atlas Autos (Private) Limited consequently, the Board of Directors on November 7, 2023, have approved a Scheme of Arrangement (the Scheme) for merger / amalgamation of the entire undertaking of the Atlas Autos (Private) Limited with and into the Company with an effective date of July 1, 2024 or such other date as may be stated by the Court. On November 21, 2023, the petition was filed in the Honourable High Court of Sindh, Karachi to this effect under sections 279 to 283 and 285 of the Companies Act, 2017. The Company on instructions of Honourable High Court of Sindh, Karachi have conveyed meetings of shareholders on December 19, 2023 and of secured creditors on March 22, 2024. Currently, the Scheme is pending at Honourable High Court of Sindh, Karachi for adjudication / order. The envisaged approval of the above said Scheme will result in amalgamation of the entire undertaking of the Atlas Autos (Private) Limited with and into the 'Company, by transferring to, merging with and vesting Atlas Autos (Private) Limited in the Company, as a going concern, including all the assets, liabilities and obligations of the Atlas Autos (Private) Limited. Further, the Company will issue and allot its shares as per SWAP ratio to the shareholders of the Atlas Autos (Private) Limited.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgements

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

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

The areas involving significant estimates or judgements are:

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

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

(iii) Provision for doubtful debts - note 4.10;

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

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

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

New and amended standards mandatory for the first time for the financial year beginning July 1, 2023:

(a) IAS 1: Disclosure of Accounting Policies **Effective date: January 1, 2023**

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

(b) IAS 8: Definition of accounting estimates **Effective date: January 1, 2023**

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

(c) IAS 12: Deferred tax **Effective date: January 1, 2023**

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2023 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2023 and have not been early adopted by the Company:

(a) IAS 1: Classification of liabilities as current or non current **Effective date: January 1, 2024**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.

At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

(b) IFRS 16: Sale and Leaseback transaction **Effective date: January 1, 2024**

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

(c) IAS 21: Lack of exchangeability **Effective date: January 1, 2025**

Amendments to IAS 21 'The effects of Changes in Foreign Exchange Rates' address situations where a currency may lack exchangeability, often due to government-imposed controls. In such cases, companies must estimate a spot exchange rate reflecting orderly transactions at the measurement date. The amendments provide flexibility, allowing the use of observable rates without adjustment or other estimation techniques, provided they meet the estimation objective. The assessment considers factors like the availability of multiple rates, purpose, nature, and update frequency. The amendments requires new disclosures, including the nature and financial impact of non-exchangeability, the spot exchange rate used, the estimation process, and associated risks.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures. There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below.

4.1 Property, plant and equipment

(a) Operating fixed assets

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

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

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

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

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

(b) Capital work-in-progress

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

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised using the straight-line method over their estimated useful lives. Amortisation is charged at the rate of 33.33 percent.

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

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

Intangible assets as at June 30, 2024 include items having an aggregate cost of Rs.17,084 thousand (2023:17,084 thousand) that have been fully amortized and are still in use of the company.

4.3 Financial assets

4.3.1 Classification

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

(a) Financial assets at amortised cost

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

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

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

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

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

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

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

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

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

4.3.2 Recognition and measurement

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

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

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

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

4.4 Financial liabilities

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

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

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

4.5 Off-setting of financial assets and financial liabilities

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

4.6 Impairment of non-financial assets

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

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

4.7 Stores, spares and loose tools

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

4.8 Stock-in-trade

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

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

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

4.9 Loans and advances

These are stated at amortised cost less impairment if any.

4.10 Trade debts and other receivables and related impairment

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

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

4.11 Cash and cash equivalents

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

4.12 Retirement and other service benefits

The Company has following plans for its employees:

4.12.1 Defined contribution plan

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

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

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

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

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

4.12.2 Defined benefit plan - Gratuity

The Company operates a funded gratuity scheme for management staff and an unfunded gratuity scheme for non-management employees. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuations were carried out at June 30, 2024.

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

4.12.3 Compensated absences

Provisions are made to cover the obligations under the scheme on accrual basis and are charged to the statement of profit or loss. Provision for compensated absences is calculated on the basis of one month's gross salary. The Company's liability under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation were carried out at June 30, 2024.

4.13 Trade and other payables

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

4.14 Borrowing costs

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

4.15 Ijarah rentals

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

4.16 Government grants

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

4.17 Provisions

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

4.18 Foreign currency translations

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

4.19 Interest / mark-up bearing loans and borrowings

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

4.20 Taxation

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

The Company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37.

Current

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

Deferred

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

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

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

4.21 Revenue recognition

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

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when the entity satisfies a performance obligation.

The Company manufactures and sales automotive parts and allied products. Revenue from sale of goods is recognized when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are dispatched to customers.

4.22 Other income

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

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

4.23 Dividend and appropriation to reserves

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

5. PROPERTY, PLANT AND EQUIPMENT	**Note**	**2024**	2023
		--- Rupees in '000 ---	
Operating fixed assets	**5.1**	**5,544,053**	5,531,777

5.1 Operating fixed assets

	Leasehold Land	Factory Building on Leasehold Land	Plant and Machinery	Power Generators	Electrical Fittings	Office Equipment	Computer and Other IT Related Equipment	Vehicles	Dies, Jigs & Other Equipment	Total
	Rupees in '000									
At July 1, 2022										
Revaluation / cost	5,000,653	171,892	484,903	138,122	3,669	1,505	10,380	37,894	41,545	5,890,563
Accumulated depreciation	-	66,988	84,719	48,996	796	581	3,151	7,656	13,913	226,800
Net book value	**5,000,653**	**104,904**	**400,184**	**89,126**	**2,873**	**924**	**7,229**	**30,238**	**27,632**	**5,663,763**
Year ended June 30, 2023										
Opening net book value	5,000,653	104,904	400,184	89,126	2,873	924	7,229	30,238	27,632	5,663,763
Additions including transfer from CWIP	-	18,900	4,955	-	-	-	1,233	18,327	13,263	56,678
Disposal / transfers (note 5.3)										
- cost	-	-	69,752	74,046	-	1,024	706	12,126	-	157,654
- accumulated depreciation	-	-	(30,422)	(31,857)	-	(515)	(535)	(1,853)	-	(65,182)
	-	-	39,330	42,189	-	509	171	10,273	-	92,472
Depreciation charge	-	11,826	39,883	9,099	287	120	3,480	7,584	23,913	96,192
Closing net book value	**5,000,653**	**111,978**	**325,926**	**37,838**	**2,586**	**295**	**4,811**	**30,708**	**16,982**	**5,531,777**
At June 30, 2023										
Revaluation / cost	5,000,653	190,792	420,106	64,076	3,669	481	10,907	44,095	54,808	5,789,587
Accumulated depreciation	-	78,814	94,180	26,238	1,083	186	6,096	13,387	37,826	257,810
Net book value	**5,000,653**	**111,978**	**325,926**	**37,838**	**2,586**	**295**	**4,811**	**30,708**	**16,982**	**5,531,777**
Year ended June 30, 2024										
Opening net book value	5,000,653	111,978	325,926	37,838	2,586	295	4,811	30,708	16,982	5,531,777
Revaluation / Additions	7,847	42,000	8,018	1,300	-	-	-	7,807	36,909	103,881
Disposal / transfers (note 5.3)										
- cost	-	-	-	-	3,669	481	10,908	5,736	41,545	62,339
- accumulated depreciation	-	-	-	-	(1,126)	(194)	(6,637)	(2,788)	(41,545)	(52,290)
	-	-	-	-	2,543	287	4,271	2,948	-	10,049
Depreciation charge	-	13,648	33,111	3,860	43	8	540	6,798	23,548	81,556
Closing net book value	**5,008,500**	**140,330**	**300,833**	**35,278**	-	-	-	**28,769**	**30,343**	**5,544,053**
At June 30, 2024										
Revaluation / cost	5,008,500	232,792	428,124	65,376	-	-	-	46,166	50,172	5,831,130
Accumulated depreciation	-	92,462	127,291	30,098	-	-	-	17,397	19,829	287,077
Net book value	**5,008,500**	**140,330**	**300,833**	**35,278**	-	-	-	**28,769**	**30,343**	**5,544,053**
Depreciation rate (% per annum)		**10**	**10**	**10**	**10**	**15**	**33.33**	**20**	**50**	

5.2 Depreciation charge has been allocated as follows:

	Note	2024	2023
		--- Rupees in '000 ---	
Cost of sales	26.1	**77,651**	88,470
Administrative and general expenses	27	**3,905**	7,722
		81,556	96,192

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss	Method of disposal	Sold / transferred to
	----------	----------	Rupees in '000	----------	----------		
Items having net book value exceeding Rs.500,000 each							
Electrical fittings	3,451	1,080	2,371	480	(1,891)	Negotiation	Akram Scrap Dealer, Karachi
Computer and IT equipments	4,014	2,230	1,784	185	(1,599)	Negotiation	Akram Scrap Dealer, Karachi
	1,886	1,048	838	87	(751)	Negotiation	Akram Scrap Dealer, Karachi
	5,900	**3,278**	**2,622**	**272**	**(2,350)**		
Vehicles	1,441	564	877	877	-	Company policy	Mr. Syed Ijlas Hassan -Ex employee
	1,398	752	646	646	-	Company policy	Mr. Muhammad Nawaz- Ex employee
	2,839	**1,316**	**1,523**	**1,523**	-		
	12,190	**5,674**	**6,516**	**2,275**	**(4,241)**		
Items having net book value upto Rs.500,000 each	**50,149**	**46,616**	**3,533**	**2,903**	**(630)**		
June 30, 2024	**62,339**	**52,290**	**10,049**	**5,178**	**(4,871)**		
June 30, 2023	157,654	65,182	92,472	19,880	(72,592)		

6. LONG TERM LOANS

	Note	2024	2023
		--- Rupees in '000 ---	
Considered good			
Loans and advances to employees other than key management personnel	6.1	**1,651**	1,080
Less: amounts due within one year and shown under current assets	11	**1,389**	783
		262	297

6.1 These represent loans and advances provided to employees as per the terms of employment. These carry mark-up at the rate of 1% per month (2023: 1%) and are recoverable in equal monthly instalments over a period of maximum 24 montns. These loans are secured against employees' retirement benefits.

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

7. LONG TERM DEPOSITS

	2024	2023
	--- Rupees in '000 ---	
Considered good - unsecured and interest-free		
Security deposits for:		
-Utilities	**1,051**	1,051
-Suppliers	**246**	246
-Others	**769**	769
	2,066	2,066

8. STORES, SPARES AND LOOSE TOOLS

	2024	2023
Consumable stores	**4,848**	12,131
Maintenance spares	**2,895**	5,127
Loose tools	**19,165**	38,218
	26,908	55,476
Less: provision for slow moving stock	**9,049**	10,326
	17,859	45,150

9. STOCK-IN-TRADE

	2024	2023
Raw materials and components - in hand	**48,755**	130,657
Work in process	**15,876**	7,125
Finished goods	**12,797**	40,136
Goods in transit	**39,578**	693
	117,006	178,611
Less: provision for slow moving stock	**8,912**	7,456
	108,094	171,155

9.1 Movement of provision for slow moving inventories

	Stores, spares and loose tools		Stock-in-trade	
	2024	2023	**2024**	2023
	--- Rupees in '000 ---		--- Rupees in '000 ---	
Balance at beginning of the year	**10,326**	-	**7,456**	17,280
Provision made during the year	-	10,326	**1,456**	-
Provision adjusted during the year	**(1,277)**	-	-	(9,824)
Balance at end of the year	**9,049**	10,326	**8,912**	7,456

10. TRADE DEBTS - Unsecured

	Note	2024	2023
		--- Rupees in '000 ---	
Consider doubtful - others		**13,209**	14,767
Less: expected credit loss allowance	**10.1**	**-**	14,767
Less: balance written off during the year		**13,209**	-
		-	-

10.1 Expected credit loss allowance

	2024	2023
Balance at beginning of the year	**14,767**	16,125
Less: reversal during the year	**1,558**	1,358
Less: written off during the period	**13,209**	-
Balance at end of the year	**-**	14,767

10.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.58.08 million (2023: Rs.76.34 million).

11. LOANS AND ADVANCES

	Note	2024	2023
		--- Rupees in '000 ---	
Considered good			
Current portion of long term loans to employees other than key management personnel	6	**1,389**	783
Advances to suppliers - unsecured		**478**	4,139
Advances to employees - unsecured		**13**	-
		1,880	4,922

12. TRADE DEPOSITS

	Note	2024	2023
Margin against letter of guarantees	**12.1**	**38,685**	25,862
Margin against letters of credit		**1,500**	21,282
Deposit to suppliers / others		**5,370**	5,470
		45,555	52,614

12.1 This includes term deposits of Rs.33.798 million (2023: Rs.22.825 million) and placed on roll over basis with commercial banks at a mark-up rate upto 19.50% (2023: 18.50%) and are under lien with the banks against bank guarantees issued on behalf of the Company.

13. OTHER RECEIVABLES - considered good

	Note	2024	2023
		--- Rupees in '000 ---	
Sales tax refundable - net		**769**	18,428
Profit on term deposit receipts and saving account		**9,998**	4,780
Due from Shirazi Investments (Private) Limited - related party	**13.1**	**-**	199,179
		10,767	222,387

13.1 Minimum tax and carry forward losses aggregating Rs.42,250 thousand (2023: Rs.41,250 thousand) recouped (note.31). Further, the Company during the year, have fully received the amount.

14. SHORT TERM INVESTMENTS

	Note	2024	2023
		--- Rupees in '000 ---	
Investment in mutual fund - at fair value	**14.1**	**697,517**	292,445
Investment in treasury bills - at amortised cost	**14.2**	**264,998**	-
		962,515	292,445

14.1

2024	2023		2024	2023
----- Number of units -----		Related party	--- Rupees in '000 ---	
189,513	575,106	Atlas Money Market Fund	**96,849**	292,445
1,138,771	-	Atlas Income Fund	**600,668**	-
1,328,284	575,106		**697,517**	292,445

14.2 It has maturity upto 306 days from date of acquisition and carry markup at the rate of 19.9%.

15. CASH AND BANK BALANCES

	Note	2024	2023
		--- Rupees in '000 ---	
Cash at banks in:			
- current accounts		**21,992**	64,065
- saving deposit account	15.1.	**43,091**	-
		65,083	64,065
Cash in hand		**35**	3
		65,118	64,068

15.1 Saving accounts carry profit ranging up to 20.5% per annum.

16. SHARE CAPITAL

16.1 Authorised capital

2024	2023		2024	2023
---Number of shares---			--- Rupees in '000 ---	
40,000,000	40,000,000	Ordinary shares of Rs.10 each	**400,000**	400,000

16.2 Issued, subscribed and paid-up capital

2024	2023		2024	2023
---Number of shares---			--- Rupees in '000 ---	
21,610,283	21,610,283	Ordinary shares of Rs.10 each fully paid in cash	**216,103**	216,103
49,800	49,800	Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash	**498**	498
3,013,307	3,013,307	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**30,133**	30,133
(986,936)	(986,936)	Reduction in capital	**(9,869)**	(9,869)
23,686,454	23,686,454		**236,865**	236,865

16.3 Shirazi Investments (Private) Limited and its nominees hold 100% ordinary shares of the Company as at June 30, 2024 and 2023.

17. SURPLUS ON REVALUATION OF LEASEHOLD LAND

	Note	2024	2023
		---- Rupees in '000 ----	
Surplus on revaluation of leasehold land	17.1	**4,945,371**	4,937,524

17.1 The latest revaluation of leasehold land was carried out in June 18, 2024 by M/s. Tri Star International Consultant (Private) Limited resulting in surplus amounting Rs.7.85 million which is credited to surplus on revaluation of leasehold land. Had the land been carried at cost, it would have been carried Rs.63.13 million. Forced sale value of the land at the time of revaluation was Rs.4,006.8 million.

18. LONG TERM LOANS

	Note	2024	2023
		---- Rupees in '000 ----	
Islamic Temporary Economic Refinance Facility	18.1	**188,152**	195,215
Adjustment pertaining to fair value of loan at below market interest rate	18.3	**(38,937)**	(48,945)
		149,215	146,270
Current maturity		**(24,402)**	(14,907)
		124,813	131,363

18.1 Movement in long term loan at face value

	2024	2023
Balance at beginning of the year	**195,215**	432,981
Loan re-paid during the year	**(7,063)**	(237,766)
	188,152	195,215

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

18.3 Adjustment pertaining to fair value of loan at below market interest rate

	Note	2024	2023
		---- Rupees in '000 ----	
Difference of fair value of loan and loan received		**48,945**	58,698
Amortisation of loan		**(10,008)**	(9,753)
		38,937	48,945

19. DEFERRED INCOME - GOVERNMENT GRANT

	Note	2024	2023
Balance at beginning of the year		**48,945**	58,698
Less: released to the statement of profit or loss	30	**10,008**	9,753
Balance at end of the year		**38,937**	48,945
Less: current portion		**9,825**	10,097
		29,112	38,848

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

20. DEFERRED LIABILITIES

	Note	2024	2023
		---- Rupees in '000 ----	
Staff retirement benefit funds - gratuity	20.1.4	**20,234**	8,043
Compensated absences	20.2	**11,475**	16,520
		31,709	24,563

20.1 Staff retirement benefit funds - gratuity

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

20.1.2 These benefit plans are trustee-administered funds and are governed by local regulations which mainly include Sindh Trust Act, 2020, Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contributions schedules lies with the board of trustees. The Company appoints the trustees and all trustees are employees of the Company.

20.1.3 The latest actuarial valuations of the Funds as at June 30, 2024 were carried out using the 'Projected Unit Credit Method'. Details of the Funds as per the actuarial valuations are as follows:

	2024		2023	
	Management	**Non-Management**	Management	Non-Management
	Rupees in '000			
20.1.4 Reconciliation				
Present value of defined benefit obligation	**29,898**	**5,028**	28,256	4,363
Fair value of plan assets	**(15,406)**	**-**	(27,546)	-
	14,492	**5,028**	710	4,363
Payable in respect of inter group transfers	**714**	**-**	2,970	-
	15,206	**5,028**	3,680	4,363
20.1.5 Movement in present value of defined benefit obligation				
Balance at beginning of the year	**28,256**	**4,363**	29,086	3,020
Current service cost	**1,568**	**569**	1,773	311
Past service cost (note 20.1.13)	**9,646**	**-**		
Interest cost	**3,663**	**704**	3,568	382
Benefits paid	**(14,360)**	**-**	(5,563)	(149)
Re-measurements	**3,682**	**(608)**	552	799
Receivable from related parties in respect of transferees	**(2,557)**	**-**	(1,160)	-
Balance at end of the year	**29,898**	**5,028**	28,256	4,363
20.1.6 Movement in fair value of plan assets				
Balance at beginning of the year	**27,546**	**-**	25,558	-
Expected return on plan assets	**3,340**	**-**	3,100	-
Contributions	**-**	**-**	4,011	-
Benefits paid	**(14,360)**	**-**	(5,563)	-
Re-measurement	**3,694**	**-**	(888)	-
(Receivable from) / payable to related parties in respect of transferees	**(4,814)**	**-**	1,328	-
Balance at end of the year	**15,406**	**-**	27,546	-
20.1.7 Movement in net liability in the statement of financial position				
Balance at beginning of the year	**3,681**	**4,363**	4,011	3,020
Expense recognised for the year	**11,537**	**1,273**	2,241	693
Contributions benefits paid	**-**	**-**	(4,011)	(149)
Re-measurements	**(12)**	**(608)**	1,440	799
Balance at end of the year	**15,206**	**5,028**	3,681	4,363

	2024		2023	
	Management	**Non-Management**	Management	Non-Management
	Rupees in '000			
20.1.8 Amounts recognised in the statement of profit or loss				
Current service cost	**1,568**	**569**	1,773	311
Past service cost	**9,646**	**-**	-	-
Interest cost	**3,663**	**704**	3,568	382
Expected return on assets	**(3,340)**	**-**	(3,100)	-
Charge for the year	**11,537**	**1,273**	2,241	693
20.1.9 Re-measurements recognised in other comprehensive income				
Loss / (gain) from change in financial assumptions	**3,682**	**(608)**	552	799
(Gain) / loss on re-measurement of plan assets	**(3,694)**	**-**	888	-
	(12)	**(608)**	1,440	799
20.1.10 Principal actuarial assumptions:				
Discount rate as at June 30,	**14.75%**	**14.75%**	16.25%	16.25%
Expected rate of increase in future salaries - first year	**15.00%**	**15.00%**	15.00%	15.00%
-long term	**13.75%**	**13.75%**	15.25%	15.25%
Mortality rates (for death in service)	**SLIC (2001-05)-1**	**SLIC (2001-05)-1**	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	**Moderate**	**Heavy**	Moderate	Heavy
20.1.11 Actual return on plan assets	**7,025**	**-**	2,172	-

20.1.12 Plan assets comprise of the following:	2024		2023	
	Rs. in '000	**%**	Rs. in '000	%
Debt instruments	**974**	**6.3%**	4,195	15.2%
Shares and units of mutual funds	**14,424**	**93.6%**	23,330	84.7%
Cash	**8**	**0.1%**	21	0.1%
	15,406	**100%**	27,546	100%

20.1.13 The Board of Trustees, passed the resolutions by circulation, on June 10, 2024, approved the revision of the existing gratuity payable criteria. The new criteria changes from 15 days' last drawn basic salary for each year of eligible service to a graduated scale of gratuity payable based on the length of eligible service, effective from June 1, 2024 resulting the past service cost.

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

20.1.15 Expected contribution to management and non management staff gratuity fund for the year ending June 30, 2025 is Rs.4.081 million and Rs.1.351 million respectively.

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

	Impact on defined benefit obligation - Non Management			Impact on defined benefit obligation - Management		
	Change in assumptions	**Increase in assumption**	**Decrease in assumption**	**Change in assumptions**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**0.50%**	**182**	**(197)**	**1.00%**	**1,946**	**(2,227)**
Future salary increase	**0.50%**	**(187)**	**174**	**1.00%**	**(2,086)**	**1,854**

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

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

20.1.17 The weighted average duration of defined benefit obligation for management and non-management plans is 6.90 years and 7.55 years respectively. The expected maturity analysis of undiscounted retirement benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	---------- Rupees in '000 ----------				
Management staff	**880**	**3,088**	**24,112**	**126,763**	**154,843**
Non-management staff	**737**	**887**	**2,330**	**143,570**	**147,524**
Total	**1,617**	**3,975**	**26,442**	**270,333**	**302,367**

20.2 Compensated absences

	2024	2023
	---- Rupees in '000 ----	
Balance at beginning of the year	**16,520**	19,012
Add: provision for the year	**3,053**	1,056
Less: payments made during the year	**8,098**	3,548
Balance at end of the year	**11,475**	16,520

20.2.1 Includes liability in respect of key management personnel aggregating to Rs.Nil (2023: Rs. 6.512 million).

21. DEFERRED TAXATION - NET

	2024	2023
	---- Rupees in '000 ----	
Deductible temporary differences arising in respect of:		
- provisions	**(14,404)**	(15,152)
- unused tax depreciation	**-**	(20,152)
	(14,404)	(35,304)
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation and amortisation	**31,326**	25,450
	16,922	(9,854)

			2024	2023
21.1	**Movement in the account of deferred tax**	**Note**	**--- Rupees in '000 ---**	
	Balance at beginning of the year		**(9,854)**	11,670
	Charge for the year:			
	- Statement of profit and loss		**26,596**	(20,875)
	- Other comprehensive (loss) / income		**180**	(649)
			16,922	(9,854)
22.	**TRADE AND OTHER PAYABLES**			
	Creditors		**79,981**	89,449
	Bills payable		**6,961**	-
	Accrued liabilities		**225,953**	121,656
	Advance from related parties		**-**	19,113
	Royalty and technical fee payable		**10,960**	9,087
	Workers' Welfare Fund	**28**	**4,578**	-
	Workers profit participation fund	**28**	**10,071**	-
	Provisions	**22.1**	**283,200**	236,228
	Deposit from employees		**3,625**	2,784
	Others		**14,948**	15,111
			640,277	493,428

22.1 Provisions

	Balance at beginning of the year	Adjustment / charge for the year	Payments during the year	Balance at end of the year
	----------- (Rupees in '000) -----------			
Gas Infrastructure Development Cess (note 22.1.1 & 22.1.2)	**147,095**	**21,408**	**-**	**168,503**
OGRA Gas tariff difference (note 22.1.2)	**47,572**	**21,688**	**-**	**69,260**
Sindh Infrastructure Development Cess	**41,117**	**4,320**	**-**	**45,437**
Bonus	**444**	**114,120**	**(114,564)**	**-**
2024	**236,228**	**161,536**	**(114,564)**	**283,200**
2023	243,805	73,953	(81,530)	236,228

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

22.1.2 Adjustment for the year represents amount received from Atlas Metals (Private) Limited, a related party.

23. SHORT TERM BORROWINGS - Secured

23.1 Represents the running finance facilities available from various commercial banks under mark-up arrangements aggregated to Rs.772 million (2023: Rs.772 million) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts with 25% margin. The rates of mark-up of these facilities during the year ranged from 3 months KIBOR + 0.2% to 1 month KIBOR + 1.5% (2023: 3 months KIBOR + 0.2% to 1 month KIBOR + 1.5%) per annum. These facilities are expiring on various dates by February 28, 2025.

23.2 The facilities for opening letters of credit as at June 30, 2024 aggregated to Rs.844 million (2023: Rs.844 million) of which the amount remained unutilised at year end was Rs. 771.33 million (2023: Rs.698.22 million). These finance facilities are also secured against lien over import documents.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

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

Guarantees aggregating to Rs.136.690 million (2023: Rs. 126.008 million) have been issued by commercial banks to government and semi government institutions for utilities, import of raw materials and supply of goods.

24.2 Commitments

24.2.1 Commitments outstanding for letters of credit relating to capital expenditure, raw materials and components as at June 30, 2024 aggregated to Rs.72.667 million (2023: Rs.145.338 million).

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

	Note	2024	2023
		--- Rupees in '000 ---	
Within one year		**8,610**	14,088
After one year but not more than five years		**9,086**	17,498
		17,696	31,586

25. SALES - Net

	Note	2024	2023
Local sales - manufacturing activity		**2,640,428**	2,148,919
Less: sales tax		**402,777**	318,002
		2,237,651	1,830,917

26. COST OF SALES

	Note	2024	2023
Opening stock of finished goods		**40,136**	69,668
Cost of goods manufactured	**26.1**	**1,985,795**	1,708,757
Less: closing stock of finished goods		**12,797**	40,136
		2,013,134	1,738,289

26.1 Cost of goods manufactured

	Note	2024	2023
		--- Rupees in '000 ---	
Raw and ancillary materials consumed		**741,672**	689,950
Stores, spares and loose tools consumed		**131,723**	86,633
Salaries and other benefits	**26.2**	**454,008**	368,723
Travelling		**274**	387
Fuel, water and power		**486,171**	400,389
Ijarah rentals		**14,562**	7,435
Repair and maintenance		**122,860**	80,090
Rent, rates and taxes		**886**	2,320
Royalty and technical fee	**26.3**	**21,097**	20,975
Insurance		**11,644**	11,714
Printing & stationery, postage and telephone		**767**	471
Depreciation related to operating fixed assets	**5.2**	**77,651**	88,470
General expenses		**14,549**	12,162
Provision for slow moving stocks - net	**9.1**	**179**	502
Reimbursement of fixed expenses	**26.4**	**(83,497)**	(68,190)
		1,994,546	1,702,031
Opening work-in-process		**7,125**	13,851
Closing work-in-process		**(15,876)**	(7,125)
		(8,751)	6,726
Cost of goods manufactured		**1,985,795**	1,708,757
Opening stock of finished goods		**40,136**	69,668
Closing stock of finished goods		**(12,797)**	(40,136)
		27,339	29,532
		2,013,134	1,738,289

26.2 These include Rs.16.426 million (2023: Rs. 7.496 million) in respect of staff retirement benefits.

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

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

27. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2024	2023
		--- Rupees in '000 ---	
Salaries, wages and allowances	27.1	**151,804**	124,348
Repairs and maintenance		**25,593**	21,782
Travelling and conveyance		**3,702**	2,269
Depreciation	5.2	**3,905**	7,722
Amortisation	6	-	346
Insurance		**2,075**	1,530
Subscription		**547**	539
Ijarah rentals		**3,836**	2,051
Printing & stationery, postage and telephone		**1,026**	1,129
Rent rates and taxes		**1,366**	1,366
General expenses		**1,190**	4,761
		195,044	167,843

27.1 Salaries and other benefits include Rs.5.497 million (2023: Rs.2.466 million) in respect of staff retirement benefits.

28. OTHER EXPENSES

	Note	2024	2023
		--- Rupees in '000 ---	
Loss on disposal of operating fixed assets	5.3	**4,871**	72,592
Legal and professional charges		**6,648**	1,672
Workers' welfare fund	22	**4,578**	-
Workers' profit participation fund	22	**10,071**	-
Donation	28.1	**3,804**	1,326
Auditors' remuneration			
- statutory audit fee		**1,255**	1,030
- certifications and others		**262**	750
- out of pocket expenses		**165**	165
		1,682	1,945
		31,654	77,535

28.1 Donation of Rs.3.665 million (2023: Rs.1.326 million) charged in these financial statements pertains to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi (the Foundation). Mr. Frahim Ali Khan, Director of the Company is also Director of the Foundation.

29. FINANCE COSTS

	2024	2023
	--- Rupees in '000 ---	
Mark-up on long term loans	**15,834**	40,623
Mark-up on short term finances	**268**	26,880
Bank and other financial charges	**1,581**	1,383
	17,683	68,886

30. OTHER INCOME

	Note	2024	2023
		--- Rupees in '000 ---	
Rental income from related parties	30.1	**102,344**	96,781
Mark-up income on investment in term deposit receipts and t-bills	30.2	**11,829**	1,869
Dividend income from mutual funds		**68,638**	63,208
Gain on sale of investments at fair value through profit or loss		**27,120**	2,521
Fair value gain on investments at fair value through profit or loss - mutual funds		**3,906**	542
Mark-up income on saving account		**23,289**	7,959
Amortisation of deferred income - government grant	19	**10,008**	9,753
Mark-up interest on long term loan	6.1	**15**	-
Exchange gain		**76**	-
Reversal in expected credit loss allowance	10.1	**1,558**	1,358
		248,783	183,991

30.1 Represents rental income earned from following related parties:

	2024	2023
Atlas Autos (Private) Limited	**59,153**	56,337
Atlas Hitec (Private) Limited	**19,215**	18,301
Atlas GCI (Private) Limited	**1,481**	722
Atlas DID (Private) Limited	**22,495**	21,421
	102,344	96,781

30.2 Mark-up on these TDRs and treasury bills range upto 19.9% (2023: 18.50%) per annum.

31. LEVIES AND INCOME TAXATION

31.1 This represents final taxes paid under sections 150 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

31.2 This represents portion of minimum tax paid under section 113 of the Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

31.3 Income taxation	Note	2024	2023
		--- Rupees in '000 ---	
Current tax			
Current tax on profit for the year	31.5	**33,297**	601
Adjustments for current tax of prior years		**(436)**	4,660
Minimum tax / losses of previous year recouped	13.1	**(42,250)**	(41,215)
		(9,389)	(35,954)
Deferred tax -			
Origination and reversal of temporary differences		**26,596**	(20,875)
		17,207	(56,829)

31.4 Reconciliation of current tax charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	2024	2023
	--- Rupees in '000 ---	
Current tax liability for the year as per applicable tax laws	**43,593**	33,217
Portion of current tax liability as per tax laws, representing income tax under IAS 12	**(33,297)**	(601)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	**(10,296)**	(32,616)
	-	-

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

	2024 Rupees in '000
Profit before income taxation, minimum and final taxes	**228,919**
Tax at the applicable rate of 29%	**66,387**
Tax effect of:	
- expenses not deductible for tax purposes	**(31,163)**
- expenses deductible for tax purposes but not taken to profit and loss account	**32,542**
- income not subject to tax / income subject to final tax regime - net / tax credit / minimum taxes	**(76,719)**
Adjustments in respect of prior years	**(436)**
Deferred taxation	**26,596**
Income tax charge	**17,207**

32. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer / Director		**Executives**	
	2024	2023	**2024**	2023
	---- Rupees in '000 ----		**---- Rupees in '000 ----**	
Managerial remuneration	**15,911**	14,206	**16,173**	14,467
House rent and utilities	**7,541**	6,794	**7,734**	6,919
Bonus	**10,755**	5,950	**10,436**	6,242
Retirement benefits	**7,776**	2,718	**2,061**	1,797
Reimbursable expenses	**2,827**	2,260	**6,349**	3,595
	44,810	31,928	**42,753**	33,020
Number of person(s)	**1**	1	**6**	6

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

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

33. RELATED PARTIES

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

33.1 Name and nature of relationship

a) The Holding Company

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

b) Associated Companies due to common directorship

Atlas Honda Limited	Atlas Metals (Private) Limited
Atlas Insurance Limited	Shirazi Trading Company (Private) Limited
Atlas Autos (Private) Limited	Atlas DID (Private) Limited
Atlas Foundation	Honda Atlas Cars Pakistan Limited
Atlas Asset Management Limited	Atlas Battery Limited
Atlas GCI (Private) Limited	Atlas Hitec (Private) Limited
Atlas Global, FZE, Jebeal Ali, UAE	

c) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Company considers its Chief Executive, Directors and Chief Financial Officer to be its key management personnel.

33.2 Transactions with related parties

	2024	2023
	--- Rupees in '000 ---	
The Holding Company		
Dividend paid	-	35,530
Purchases of goods and services	**4,450**	3,804
Receipt under group taxation	**264,664**	-

Associated Companies	**2024**	2023
	--- Rupees in '000 ---	
Sales of		
- goods and services	**2,237,652**	1,828,790
- operating fixed assets	**931**	3,536
Purchases of		
- goods and services	**84,669**	69,242
- operating fixed assets	**64,726**	15,864
Insurance premium paid	**22,013**	20,861
Lease rentals received	**102,344**	96,858
Reimbursement of expenses from	**615,205**	524,818
Reimbursement of expenses to	**4,985**	1,246
Purchase of units in mutual funds	**595,000**	30,951
Sale of units in mutual funds	**215,000**	150,000
Dividend received	**68,638**	63,208
Donation paid	**1,875**	5,000
Other related parties		
Contributions paid to:		
- Gratuity funds	-	4,160
- Provident fund / pension scheme	**12,119**	11,944
Key management personnel		
- salaries and other employment benefits	**50,612**	35,740
- sale of vehicles and laptops under company policy	-	24

The related party status of outstanding balances as at June 30, 2024 is included in 'Other receivables - note 13.1'. 'Short term investments - note 14' and 'Compensated absences - note 20.2.1' respectively. These are generated in ordinary course of business.

34. FINANCIAL INSTRUMENTS BY CATEGORY

	2024	2023
	--- Rupees in '000 ---	
FINANCIAL ASSETS - amortised cost		
Long term loans and advances	**262**	297
Long term deposits	**2,066**	2,066
Current portion of long term loans and advances	**1,389**	783
Trade deposits	**45,555**	52,614
Other receivables	**10,767**	222,387
Short term investments - treasury bills	**264,998**	-
Cash and bank balances	**65,118**	64,068
	390,155	342,215
At fair value through profit or loss		
Short term investments - mutual funds	**697,517**	292,445
	1,087,672	634,660

FINANCIAL LIABILITIES - amortised cost	2024	2023
	--- Rupees in '000 ---	
Long term loans	**124,813**	131,363
Trade and other payables	**357,077**	257,644
Current maturity of long term loan	**24,402**	14,907
Unclaimed dividends	**848**	848
Accrued mark-up	**558**	4,880
	507,698	409,642

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

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

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

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

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

(a) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The financial assets exposed to credit risk amounted to Rs.1,087,637 thousand (2023: Rs.634,657 thousand) as at June 30, 2024.

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

	2024	2023
	---- Rupees in '000 ----	
Long term loans	**262**	297
Long term deposits	**2,066**	2,066
Current portion of long term loans	**1,389**	783
Trade deposits	**45,555**	52,614
Other receivables	**10,767**	222,387
Short term investments	**962,515**	292,445
Bank balances	**65,083**	64,065
	1,087,637	634,657

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

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

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

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

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

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty, in meeting obligation associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2024, the Company had Rs.772 million available borrowings limits from banks / financial institutions and bank balances of Rs.65.083 million.

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

	Carrying amount	**Contrac-tual cash flows**	**Maturity upto one year**	**Maturity more than one year**
	Rupees in '000			
June 30, 2024				
Long term loans	**149,215**	**205,200**	**29,773**	**175,427**
Trade and other payables	**640,277**	**640,277**	**640,277**	**-**
Accrued mark-up	**558**	**558**	**558**	**-**
Unclaimed dividend	**848**	**848**	**848**	**-**
	790,898	**846,883**	**671,456**	**175,427**

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
	---------- Rupees in '000 ----------			
June 30, 2023				
Long term loans	146,270	220,865	24,037	196,828
Trade and other payables	493,428	493,428	493,428	-
Accrued mark-up	4,880	4,880	4,880	-
Unclaimed dividend	848	848	848	-
	645,426	720,021	523,193	196,828

(c) Market risk

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

Foreign exchange risk

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

Interest rate risk

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

The Company's interest rate exposure arises from long term loans and short term borrowings. Borrowings issued at variable rates expose the Company to cash flow risk and borrowing issued at fixed rate expose the Company to fair value interest rate risk. At June 30, 2024, the Company's interest bearing borrowings aggregated to Rs.149,215 thousand (2023: Rs.146,270 thousand).

At June 30, 2024, if the interest rates on the Company's borrowings had been 1% higher / (lower) with all other variables held constant, the calculated post-tax profit for the year would have been Rs.1,492 thousand (2023: Rs.1,463 thousand) lower / higher mainly as a result of higher / (lower) interest expense on floating rate borrowings.

Equity price risk

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

35.2 Fair value measurement of financial instruments

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

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

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

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

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

35.3 Capital risk management

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

	Note	**2024**	2023
		--- Rupees in '000 ---	
Long term loans	**18**	**149,215**	146,270
Total equity		**5,910,300**	5,700,597
		6,059,515	5,846,867
Gearing ratio		**2.46%**	2.50%

36. PLANT CAPACITY AND ACTUAL PRODUCTION

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

37. NUMBER OF EMPLOYEES

	2024	2023
	Numbers	
Total number of employees	**108**	121
Average number of employees	**115**	124

38. CORRESPONDING FIGURES

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

39. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on August 30, 2024 by the Board of Directors of the Company.

Chairman **Chief Executive Officer**