



Quarterly Report March 31,

2019

2019



# CONTENTS

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|   |    |
|---|----|
| Company Information   | 2  |
| Chairman's Review (English)   | 4  |
| Chairman's Review (Urdu)  | 7  |
| Condensed Interim Statement of Financial Position                               | 8  |
| Condensed Interim Statement of Profit or Loss and<br>Other Comprehensive Income | 9  |
| Condensed Interim Statement of Changes in Equity                                | 10 |
| Condensed Interim Statement of Cash Flows                                       | 11 |
| Notes to the Condensed Interim Financial Information                            | 13 |

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# COMPANY INFORMATION

## Board of Directors

Yusuf H. Shirazi  
Chairman

Ariful Islam  
Director

Azam Faruque  
Director

Bashir Makki  
Director

Frahim Ali Khan  
Director

Toru Furuya  
Director

Ali H. Shirazi  
President / Chief Executive

Abdullah Zaheer  
Company Secretary

## Audit Committee

Azam Faruque  
Chairman

Bashir Makki  
Member

Frahim Ali Khan  
Member

Faiz Ullah Ghazi  
Secretary & Head of Internal Audit

## Human Resource and Remuneration Committee

Azam Faruque  
Chairman

Bashir Makki  
Member

Frahim Ali Khan  
Member

Ahmar Waheed  
Secretary

## Management Committee

Ali H. Shirazi  
President / Chief Executive

Talha Saad  
Managing Director

Ahmar Waheed  
General Manager Human Resource

Mansoor Jamil Khan  
General Manager Quality Assurance and  
Technical Services

Mohsin Khan  
General Manager Marketing

Qasim Imran Khan  
General Manager Information Technology

Rizwan Ahmed  
Chief Financial Officer

Sheikh Adeel-ur-Rehman  
General Manager Supply Chain

Tehseen Raza  
General Manager Plant

## Auditors

ShineWing Hameed Chaudhri & Co.  
Chartered Accountants

## Legal Advisors

Agha Faisal Barrister at Law  
Mohsin Tayebaly & Co.

## Tax Advisor

EY Ford Rhodes  
Chartered Accountants

# COMPANY INFORMATION

## Bankers

Allied Bank Limited  
Bank Alfalah Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
Soneri Bank Limited  
United Bank Limited

## Share Registrar

Hameed Majeed Associates (Pvt) Limited  
Karachi Chambers, Hasrat Mohani Road,  
Karachi  
Tel: (021) 32424826 & 32469573  
Fax: (021) 32424835  
E-mail: shares@hmaconsultants.com.pk

## Registered Office and Factory

D-181, Central Avenue, S.I.T.E.,  
Karachi-75730  
Tel: (021) 32567990-94  
Fax: (021) 32564703

## Karachi Sales Office

4-C, Khayaban-e-Tanzeem,  
Tauheed Commercial, Phase V,  
D.H.A., Karachi  
Tel: (021) 35877911-15  
Fax: (021) 35877916

## Karachi Service Center

PPI Building, Near Sindh Secretariat, Karachi  
Tel: (021) 32636057 & 32626478

## Sukkur Sales Office and Service Center

Commercial Plot No. 38-39, Block-E,  
Pak Memon Cooperative Housing Society  
Limited, Opposite Abad Wheat Godown,  
Shikarpur Road, Sukkur  
Tel: (071) 5806124

## Lahore Sales Office

Plaza No. 68/1, XX-Block, Khayaban-e-Iqbal,  
Phase 3, D.H.A, Lahore  
Tel: (042) 37186388-90  
Fax: (042) 37186391

## Lahore Service Center

Shop No. 1, E-24, Qureshi Market  
Islam Nagar, Main Walton Road,  
Lahore Cantt  
Tel: (042) 36666064-65

## Faisalabad Sales Office and Service Center

312 Chenab Market Madina Town, Faisalabad  
Tel: (041) 8713127

## Multan Sales Office

Azmat Wasti Road, Chowk Dera Adda,  
Multan-60000  
Tel: (061) 4548017

## Multan Service Center

Shop No. 17 Khilji Arcade Near  
Railway Station, Multan  
Tel: (061) 4548020

## Peshawar Sales Office and Service Center

First Floor, Zeenat Plaza, GT Road, Peshawar  
Tel: (091) 2262485

## Islamabad Sales Office

Plot No. 784/785, Islamabad Corporate  
Center, Golra Road, Islamabad  
Tel: (051) 5495638 & 5495788

## Rawalpindi Service Center

New Naralla Market, Shop No. 3,  
IJP Road, Near Metro Bus Station, Rawalpindi  
Tel: (051) 4856515

## Rahim Yar Khan Sales Office and Service Center

Makhdoom Altaf Road, West Sadiq,  
Canal Bank, Near City School,  
Rahim Yar Khan  
Tel: (068) 5883419

## Sahiwal Sales Office and Service Center

Plot No. 449-1, Ice Factory, Main GT Road,  
Near Pakpattan Chowk, Sahiwal  
Tel: (040) 4400445, 4400545

## Company Website

[www.atlasbattery.com.pk](http://www.atlasbattery.com.pk)

## Email Address

[abl@atlasbattery.com.pk](mailto:abl@atlasbattery.com.pk)

# CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited condensed interim results of your Company for the nine months ended March 31, 2019.

## ECONOMY

Second half of FY 2018-19 will be challenging for the economy. The current account deficit recorded a sizeable contraction during the first two months of 2019, which together with bi-lateral inflows, helped ease pressures on SBP's foreign exchange reserves. The GDP growth rate projection for the current fiscal year has been revised downwards to 3.5% from target of 6.2% and well below the 5.8% growth realized in previous year. Average CPI inflation is inching up and stands at 6.5% during July-February of FY 2018-19, compared to 3.8% in the corresponding period of FY 2017-18. Rising input costs on the back of higher energy prices and the lagged impact of exchange rate depreciation are likely to maintain upward pressure on inflation.

To ensure macro-economic stability and to keep aggregate demand in control, the State Bank of Pakistan raised the interest rate to 10.75% in five rounds since July 2018, an increase of 4.25%. The stock market remained bearish during nine months of FY 2018-19 and declined more than 7.8% since July 01, 2018. This was largely due to the uncertain economic climate which in particular kept foreign investors away in anticipation of significant Pak Rupee devaluation.

Large Scale Manufacturing sector has shown decline of 2.3% during first seven months of FY 2018-19 when compared with the same period of last year mainly due to moderation in domestic demand and sector specific challenges. Estimates of major crops also depict a lackluster performance by the agriculture sector. During July-February of FY 2018-19, exports were stagnant at US\$ 16.0 billion. Imports decreased to US\$ 35.3 billion, down by 1.6%, as compared to US\$ 35.8 billion during the same period last year. Foreign remittances increased to US\$ 14.4 billion, up 11.8% as compared to US\$ 12.8 billion in the corresponding period of last year. The above factors narrowed the current account deficit to US\$ 8.8 billion as compared to US\$ 11.4 billion in the corresponding period of last year. Financing of current account deficit required increased reliance on external borrowings, leading to a considerably higher accumulation in external debt during the period. The current account deficit led to increased pressures on foreign exchange reserves and exchange rate. Some structural changes are required to enhance broader based revenue collection, generate value added exports, reduction in import bill and improve yield of our cash crops.

## OPERATING RESULTS

During third quarter, your Company achieved sales of Rs.3,132 million as compared to Rs.5,038 million in the same quarter of last year, down by 37.8%. This was mainly due to change in sales mix in the replacement market and general depressed economic conditions. However, decline in cost of sales was 34.3% from Rs.4,598 million to Rs.3,021 million resulting in gross profit of Rs.110 million as compared to Rs.440 million during the same quarter of last year.

Operating expenses stood at Rs.202 million, decreased by Rs.37 million as compared to Rs.239 million in the corresponding quarter of last year. Your Company incurred loss from operations of Rs.90 million as compared to profit of Rs.242 million during corresponding quarter. Finance cost increased to Rs.67 million from Rs.35 million.

The loss before tax for third quarter of FY 2018-19 was Rs.157 million as compared to profit of Rs.207 million in the corresponding quarter of last year. After providing Rs.41 million for taxation, the loss after tax of your Company stood at Rs.198 million as compared to profit of Rs.176 million. Loss per share for the quarter was Rs.8.13 as compared to earnings of Rs.7.21 for the same quarter of last year.

During nine months, your Company achieved sales of Rs.8,837 million as compared to Rs.13,420 million in the same period of last year, down by 34.2%, largely due to the same factors cited

above. However, decline in cost of sales was 25.6% from Rs.11,989 million to Rs.8,919 million resulting in gross loss of Rs.82 million as compared to gross profit of Rs.1,432 million during the same period of last year.

Operating expenses stood at Rs.603 million, decreased by Rs.101 million as compared to Rs.704 million in the corresponding period of last year. Your Company incurred loss from operations of Rs.363 million as compared to profit of Rs.682 million during corresponding period. Finance cost increased to Rs.166 million from Rs.88 million.

The loss before tax for nine months of FY 2018-19 was Rs.529 million as compared to profit of Rs.593 million in the corresponding period of last year. After providing Rs.115 million for taxation, the loss after tax of your Company stood at Rs.644 million as compared to profit of Rs.439 million. Loss per share for the nine months was Rs.26.43 as compared to earnings of Rs.18.01 for the same period of last year.

## FUTURE OUTLOOK

The State Bank of Pakistan believes the share of private financial flows need to increase on sustainable basis to achieve medium-to-long term stability in the country's external accounts.

Being a vendor of automotive industry, your Company's product is highly dependent on the growth of the automotive industry. During July-February of FY 2018-19, sales of locally manufactured cars, trucks, buses, etc. decreased by 9.8% to 199,641 units from 221,260 units during the corresponding period last year. Motorcycles and three wheelers segment (assemblers who are registered with PAMA) also witnessed decline of 4.7% to 1,197,222 units from 1,256,517 units during the corresponding period last year. Withdrawal of ban on purchase of vehicles upto 1300cc capacity by non-filers is a positive step for automotive industry and is likely to boost sale of vehicles in 4th quarter of FY 2018-19.

The battery industry is expected to face continued competition in replacement market during 4th quarter of FY 2018-19 mainly due to surplus capacity on one hand and shrinking market size of batteries on the other. Some of the battery manufacturers have resorted to unfair trade practices and are resultantly offering extraordinarily high discounts on their products, which cannot be matched by law abiding companies like ours. Profitability in future will also be affected due to low volume, particularly of heavy batteries, devaluation of Pak Rupee, upward trend of interest rates and inflationary pressures leading to increasing the cost of doing business. Your Company is well aware of the challenges being faced and will leave no stone unturned to come out of this difficult situation. The improvement in human resource capabilities and value addition for shareholders is always a prime focus of your Company. I am sure that your Company will continue to focus on productivity and efficiency while meeting customers' desire for superior quality by following the principles of "The Atlas Way":

مُدارِ حمت کُنند ایں عاشقانِ پاکِ طینت را

## ACKNOWLEDGEMENTS

I would like to thank our JV Partners GS Yuasa International Limited; Japan, Board of Directors, shareholders, bankers, vendors and customers for their continuous support and guidance. I also thank Mr. Ali H. Shirazi; President and Chief Executive of your Company and the management team for their dedication and commitment to achieve sustained growth year after year.



Yusuf H. Shirazi  
Chairman



Ali H. Shirazi  
President / Chief Executive

Karachi: April 26, 2019

عمل کاری کی مصارف 101 ملین روپے کی کے ساتھ 603 ملین روپے پر موجود رہے، جبکہ گزشتہ سال اسی مدت میں 704 ملین روپے تھے۔ آپ کی کمپنی نے آپریشن سے پچھلے سال حاصل ہونے والے 682 ملین روپے منافع کے مقابلے میں 363 ملین روپے کا نقصان برداشت کیا۔ مالیاتی اخراجات 88 ملین روپے سے بڑھ کر 166 ملین روپے ہو گئے۔

مالی سال 2018-19 کے لیے قبل ازیکس نقصان 529 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں 593 ملین روپے کا منافع تھا۔ ٹیکس کی مد میں 115 ملین روپے فراہم کرنے کے بعد، آپ کی کمپنی کا بعد ازیکس نقصان 439 ملین روپے منافع کے مقابلے میں 644 ملین روپے ہو گیا۔ اس نو ماہی میں فی حصص نقصان 26.43 روپے رہا جبکہ گزشتہ سال اسی مدت کے دوران آمدنی فی حصص 18.01 روپے رہی۔

## مستقبل کے خدو خال

انٹیٹ بینک آف پاکستان اس بات پر یقین رکھتا ہے کہ ملک کے بیرونی کھاتوں میں وسط یا طویل مدت استحکام حاصل کرنے کے لیے نجی رقوم کی آمد کے حصے میں پائیدار بنیادوں پر اضافے کی ضرورت ہے۔

آٹوموٹیو انڈسٹری میں بطور وینڈر، آپ کی کمپنی کی مصنوعات آٹوموٹیو انڈسٹری کی ترقی پر انحصار کرتی ہے۔ مالی سال 2018-19 کے جولائی سے فروری کے دوران، مقامی سطح پر تیار کردہ کاروں، ٹرکوں، بسوں وغیرہ کی فروخت 9.8 فیصد کی کے بعد 199,641 یونٹ ہو گئی جو کہ گزشتہ سال اسی مدت کے دوران 221,260 یونٹ تھی۔ موٹر سائیکلوں اور تین پہیوں والی گاڑیاں (PAMA سے رجسٹرڈ اسبلرز) 4.7 فیصد کی کے بعد 1,197,222 یونٹ فروخت ہوئیں، جو کہ گزشتہ سال اسی مدت کے دوران 1,256,517 یونٹ فروخت ہوئی تھیں۔ نان فائلرز سے 1300cc تک کی گاڑیوں کی خریداری پر پابندی ہٹانے کا فیصلہ آٹوموٹیو انڈسٹری کے لیے ایک مثبت قدم ہے اور یہ مالی سال 2018-19 کی چوتھی سہ ماہی میں گاڑیوں کی فروخت میں اضافے میں معاون ثابت ہو گا۔


بیٹری انڈسٹری کے مالی سال 2018-19 کی چوتھی سہ ماہی کے دوران متبادل مارکیٹ میں ایک طرف فاضل پیداواری صلاحیتوں کے سبب اور دوسری طرف مارکیٹ میں بیٹریوں کی طلب کے کم ہوتے حجم کے سبب توقع کی جاتی ہے کہ بیٹری انڈسٹری کو مشکل صورت حال کا سامنا کرنا پڑے گا۔ کچھ مینوفیکچررز نے غیر منصفانہ تجارت کا سہارا لیا اور نتیجے میں اپنی مصنوعات پر وہ غیر معمولی ڈسکاؤنٹ پیش کر رہے ہیں، جو کہ ہماری جیسی قانون کی پاسداری کرنے والی کمپنیوں کے لیے ممکن نہیں ہے۔ حجم بطور خاص بڑی بیٹریوں میں، پاکستانی روپے کی قدر میں کمی، شرح سود میں اضافے کا رجحان اور افراط زر کے دباؤ کے سبب مینوفیکچرنگ کی لاگت میں اضافہ، مستقبل میں منافع میں مزید کمی کا باعث بنے گا۔


کمپنی درپیش چیلنجز سے اچھی طرح واقف ہے اور ان مشکل حالات سے نکلنے کے لیے کوششوں میں کوئی کسر نہیں چھوڑے گا۔ انسانی وسائل کی صلاحیتوں میں اضافہ اور حصص داران کے لیے ویلیو ایڈیشن ہمیشہ کی طرح ہماری توجہ کا مرکز ہیں اور مجھے یقین ہے کہ آپ کی کمپنی "The Atlas Way" کے سنہرے اصولوں پر کاربند ہوتے ہوئے صارفین کی توقعات پر پورا اترے گی اور انہیں سب سے بہترین پروڈکٹس پیش کرے گی۔

خدا رحمت کنندہ! اس عاشقان پاک وطنیت را

## اظہار تشکر

میں اس موقع پر اپنے جوائنٹ وینچر پارٹنرز IGSA Yuasa انٹرنیشنل لمیٹڈ، جاپان، بورڈ آف ڈائریکٹرز، حصص یافتگان، بینکار، فروخت کار اور گاہکوں کے مسلسل سپورٹ اور راہنمائی پر شکر یہ ادا کرتا ہوں۔ میں اس کے ساتھ ساتھ آپ کی کمپنی کے صدر اور چیف ایگزیکٹو آفیسر جناب علی ایچ شیرازی اور انتظامیہ کے تمام اراکین کا دلجمعی اور محنت کے ساتھ کام کرنے پر شکر یہ ادا کرتا ہوں۔

  
علی ایچ شیرازی  
پریزیڈنٹ/چیف ایگزیکٹو

  
یوسف ایچ شیرازی  
چیئر مین

کراچی، 26 اپریل، 2019

## چیمبر مین کا جائزہ

میں نہایت مسرت کے ساتھ 31 مارچ 2019 کو ختم ہونے والی نو ماہی کے لیے آپ کی کمپنی کے غیر پڑتال شدہ عبوری مالیاتی نتائج پیش کر رہا ہوں۔

### معیشت

مالی سال 2018-19 کا دوسرا نصف معیشت کے لیے چیلنج کا باعث رہے گا۔ جاری اکاؤنٹ خسارے میں سال 2019 کے پہلے دو مہینوں کے دوران نمایاں کمی ریکارڈ کی گئی، جس نے دو طرفہ اندرونی بہاؤ کے ساتھ اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر پر دباؤ کو کم کرنے میں مدد دی۔ رواں مالی سال کے لیے شرح نمو کی پیشین گوئی 6.2 فیصد کے ہدف سے کم کر کے 3.5 فیصد کی طرف نظر ثانی کی گئی ہے جو کہ گزشتہ سال میں حاصل کئے گئے 5.8 فیصد سے کم ہے۔ مالی سال 2018-19 کے جولائی سے فروری کے دوران اوسط عمومی صارف اشاریہ قیمت مہنگائی 6.5 فیصد پر موجود ہے جو کہ گزشتہ سال 2017-18 کے مالی سال کے اسی عرصے میں 3.8 فیصد تھا۔ توانائی کی بلند قیمتوں کے پیچھے لاگتی اخراجات میں اضافہ اور آپٹیمائزیشن کی شرح میں کمی کے اثرات کے باعث افراط زر پر پڑتا ہوا دباؤ برقرار رہنے کا امکان ہے۔

میکرو اکنامک استحکام کو یقینی بنانے اور بڑھتی ہوئی طلب کو کنٹرول کرنے کے لیے اسٹیٹ بینک آف پاکستان نے 4.25 فیصد اضافے کے ساتھ جولائی 2018 سے پانچ راؤنڈز میں شرح سود 10.75 فیصد تک بڑھادی ہے۔ اسٹاک مارکیٹ میں مالی سال 2018-19 کے نو ماہ کے دوران مندی کا رجحان رہا، جس کے باعث اسٹاک مارکیٹ 1 جولائی 2018 کے بعد سے اب تک 7.8 فیصد تک کم ہوئی ہے۔ اس کی وجہ غیر یقینی اقتصادی ماحول ہے جس نے غیر ملکی سرمایہ کاروں کو پاکستانی روپے کی قدر میں کمی کے خدشے کے باعث مارکیٹ سے دور رکھا ہے۔

مجموعی طور پر، بڑے پیمانے پر میٹالوجی کے سیکٹر میں مالی سال 2018-19 کے پہلے سات مہینوں کے دوران گزشتہ سال کی اسی مدت کے مقابلے میں 2.3 فیصد کمی دیکھی گئی، اس کی بنیادی وجوہات مقامی طلب میں اعتدال پسندی اور شعبے سے متعلقہ چیلنجز کا سامنا ہے۔ زرعی شعبے کی جانب سے اہم فصلوں کے تخمینے بھی مایوس کن کارکردگی کی عکاسی کر رہے ہیں۔ مالی سال 2018-19 کے جولائی سے فروری کے دوران، برآمدات 16.0 بلین امریکی ڈالر پر محدود کا شکار ہیں۔ جبکہ درآمدات 1.6 فیصد کمی کے ساتھ 35.5 بلین امریکی ڈالر پر آئیں جو کہ گزشتہ سال اسی مدت کے دوران 35.8 بلین امریکی ڈالر ہیں۔ اور غیر ملکی ترسیلات زر گزشتہ سال اسی عرصے میں 12.8 بلین امریکی ڈالر کے مقابلے میں 11.8 فیصد اضافے کے ساتھ 14.4 بلین امریکی ڈالر ہیں۔ ان مندرجہ بالا عوامل کے باعث کرنٹ اکاؤنٹ خسارہ 8.8 بلین امریکی ڈالر تک پہنچ گیا ہے جبکہ گزشتہ سال اسی مدت کے دوران کرنٹ اکاؤنٹ خسارہ 11.4 بلین امریکی ڈالر تھا۔ اس مالی سال کے دوران جاری اکاؤنٹ کے خسارے کی فنانسنگ کے لیے غیر ملکی قرضوں پر بڑھتے ہوئے انحصار کے باعث غیر ملکی قرضوں کے حجم میں خاطر خواہ اضافہ ہوا ہے۔ کرنٹ اکاؤنٹ کے خسارے کے باعث زرمبادلہ کے ذخائر اور شرح مبادلہ پر دباؤ میں اضافہ ہوا۔ اس صورت حال کو دیکھتے ہوئے وسیع پیمانے پر محصولات بڑھانے، ویلیو ایڈڈ برآمدات، درآمدی مل میں کمی اور ہماری نفعی فصلوں کی پیداوار کو بہتر بنانے کے لیے بنیادی نوعیت کی تبدیلیوں کی ضرورت ہے۔

### آپریٹنگ نتائج

تیسری سہ ماہی کے دوران، آپ کی کمپنی کی فروخت 3,132 ملین روپے رہی جو کہ گزشتہ سال اسی سہ ماہی کے دوران 5,038 ملین روپے کی فروخت کے مقابلے میں 37.8 فیصد کم ہے۔ اس کی بنیادی وجہ کمرشل مارکیٹ میں تبدیل ہوتی فروخت کا مرکب اور دباؤ کا شکار اقتصادی صورت حال ہے۔ البتہ فروخت کی لاگت 34.3 فیصد کمی کے ساتھ 3,021 ملین روپے رہی جو کہ گزشتہ سال 4,598 ملین روپے تھی، جس کے نتیجے میں 110 ملین روپے کا مجموعی منافع ہوا جبکہ گزشتہ سال اسی مدت کے دوران 400 ملین روپے کا منافع ہوا تھا۔

عمل کاری مصارف 37 ملین روپے کی کمی کے ساتھ 202 ملین روپے ہو گئے جو کہ گزشتہ سال کی اسی مدت کے دوران 239 ملین روپے تھے۔ نتیجتاً آپ کی کمپنی کو اس سہ ماہی میں گزشتہ سال کے 242 ملین روپے منافع کے مقابلے میں آپریشن سے 90 ملین روپے کا نقصان پہنچا۔ مالیاتی اخراجات 35 ملین روپے سے بڑھ کر 67 ملین روپے تک پہنچ گئے۔

مالی سال 2018-19 کی تیسری سہ ماہی کے لیے قبل از ٹیکس نقصان 157 ملین روپے رہا جبکہ گزشتہ سال اسی سہ ماہی کے دوران منافع 207 ملین روپے تھا۔ ٹیکس کی مدد میں 41 ملین روپے فراہم کرنے کے بعد، آپ کی کمپنی کا ٹیکس بعد نقصان 198 ملین روپے ہو گیا جو کہ گزشتہ سال اس مدت کے دوران 176 ملین روپے کا منافع تھا۔ اس سہ ماہی کے لیے فی حصص نقصان 8.13 روپے رہا جبکہ گزشتہ سال اسی مدت کے دوران آمدنی فی حصص 7.21 روپے رہی۔


اس نو ماہ کے دوران آپ کی کمپنی کی فروخت 8,837 ملین روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران 13,420 ملین روپے کے مقابلے میں اوپر دئے گئے عوامل کی بنا پر 34.2 فیصد کم ہے۔ البتہ فروخت کی لاگت 25.6 فیصد کمی کے ساتھ 11,989 ملین روپے سے 8,919 ملین روپے پر آگئی، جس کے نتیجے میں کمپنی کو گزشتہ سال کی اس مدت میں 1,432 ملین روپے منافع کے مقابلے میں 82 ملین روپے کا نقصان اٹھانا پڑا۔


# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION


## AS AT MARCH 31, 2019

|  | Note | Un-audited<br>March 31,<br>2019<br>----- (Rupees in '000) ----- | Audited<br>June 30,<br>2018 |
|--|------|---|-----------------------------|
| <b>ASSETS</b>                              |      |   |                             |
| <b>Non-current assets</b>                  |      |   |                             |
| Property, plant and equipment              | 5    | 3,585,863   | 3,591,257                   |
| Intangible assets                          |      | 271   | 1,002                       |
| Investments                                |      | -   | -                           |
| Long term loans                            |      | 1,266   | 1,759                       |
| Long term deposits                         |      | 20,281  | 20,401                      |
|  |      | <u>3,607,681</u>  | <u>3,614,419</u>            |
| <b>Current assets</b>                      |      |   |                             |
| Stores, spares and loose tools             |      | 236,414   | 218,914                     |
| Stock-in-trade                             | 6    | 2,461,983   | 2,689,010                   |
| Trade debts                                | 7    | 2,029,729   | 1,754,311                   |
| Loans and advances                         |      | 15,371  | 13,835                      |
| Deposits and prepayments                   | 8    | 77,911  | 16,890                      |
| Investments                                | 9    | 123,169   | 861,921                     |
| Other receivables                          |      | 9,610   | 6,685                       |
| Sales tax receivable - net                 |      | 19,219  | 31,739                      |
| Taxation - net                             |      | 573,122   | 547,349                     |
| Cash and bank balances                     |      | 477,904   | 381,180                     |
|  |      | <u>6,024,432</u>  | <u>6,521,834</u>            |
| <b>Total assets</b>                        |      | <u><u>9,632,113</u></u>   | <u><u>10,136,253</u></u>    |
| <b>EQUITY AND LIABILITIES</b>              |      |   |                             |
| <b>Share capital and reserves</b>          |      |   |                             |
| Authorized capital                         |      |   |                             |
| 50,000,000 (June 30, 2018: 50,000,000)     |      |   |                             |
| ordinary shares of Rs.10 each              |      | 500,000   | 500,000                     |
| Issued, subscribed and paid up capital     |      |   |                             |
| 24,359,676 (June 30, 2018: 17,399,769)     |      |   |                             |
| ordinary shares of Rs.10 each              |      | 243,597   | 173,998                     |
| Revenue reserves                           |      |   |                             |
| General reserve                            |      | 5,037,500   | 4,697,500                   |
| (Accumulated loss) / Unappropriated profit |      | (638,006)   | 589,307                     |
|  |      | <u>4,399,494</u>  | <u>5,286,807</u>            |
| Capital reserve                            |      |   |                             |
| Surplus on revaluation of leasehold land   |      | 193,886   | 193,886                     |
| <b>Total equity</b>                        |      | <u>4,836,977</u>  | <u>5,654,691</u>            |
| <b>Liabilities</b>                         |      |   |                             |
| <b>Non-current liabilities</b>             |      |   |                             |
| Staff retirement benefits                  |      | 76,243  | 72,813                      |
| Deferred taxation                          |      | 246,901   | 251,028                     |
|  |      | <u>323,144</u>  | <u>323,841</u>              |
| <b>Current liabilities</b>                 |      |   |                             |
| Trade and other payables                   |      | 1,582,711   | 1,643,053                   |
| Accrued mark-up                            |      | 64,498  | 20,259                      |
| Short term borrowings                      |      | 2,786,691   | 2,459,687                   |
| Unclaimed dividend                         |      | 38,092  | 34,722                      |
|  |      | <u>4,471,992</u>  | <u>4,157,721</u>            |
| <b>Total liabilities</b>                   |      | <u>4,795,136</u>  | <u>4,481,562</u>            |
| <b>Contingencies and commitments</b>       | 10   |   |                             |
| <b>Total equity and liabilities</b>        |      | <u><u>9,632,113</u></u>   | <u><u>10,136,253</u></u>    |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Yusuf H. Shirazi  
Chairman

  
Ali H. Shirazi  
President / Chief Executive

  
Rizwan Ahmed  
Chief Financial Officer


# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2019


|  | Note | Quarter ended                |             | Period ended                 |              |
|--|------|------------------------------|-------------|------------------------------|--------------|
|  |      | March 31,                    |             | March 31,                    |              |
|  |      | 2019                         | 2018        | 2019                         | 2018         |
|  |      | ----- (Rupees in '000) ----- |             | ----- (Rupees in '000) ----- |              |
| Sales - net                                |      | 3,131,572                    | 5,037,683   | 8,836,715                    | 13,420,292   |
| Cost of sales                              | 11   | (3,021,462)                  | (4,597,865) | (8,918,789)                  | (11,988,620) |
| <b>Gross (loss) / profit</b>               |      | 110,110                      | 439,818     | (82,074)                     | 1,431,672    |
| Distribution cost                          |      | (154,548)                    | (176,594)   | (432,900)                    | (519,622)    |
| Administrative expenses                    |      | (47,737)                     | (62,613)    | (169,863)                    | (184,425)    |
| Other income                               | 12   | 4,654                        | (19,370)    | 352,050                      | 67,201       |
| Other expenses                             | 13   | (2,472)                      | 60,896      | (30,424)                     | (113,142)    |
| <b>(Loss) / profit from operations</b>     |      | (89,993)                     | 242,137     | (363,211)                    | 681,684      |
| Finance cost                               |      | (67,107)                     | (35,294)    | (165,946)                    | (88,228)     |
| <b>(Loss) / profit before taxation</b>     |      | (157,100)                    | 206,843     | (529,157)                    | 593,456      |
| Taxation                                   |      | (40,885)                     | (31,253)    | (114,559)                    | (154,854)    |
| <b>(Loss) / profit after taxation</b>      |      | (197,985)                    | 175,590     | (643,716)                    | 438,602      |
| Other comprehensive income                 |      | -                            | -           | -                            | -            |
| <b>Total comprehensive (loss) / income</b> |      | (197,985)                    | 175,590     | (643,716)                    | 438,602      |


----- (Rupees) -----

|   |    | Restated |      | Restated |       |
|---|----|----------|------|----------|-------|
| Basic and diluted (loss) / earnings per share | 14 | (8.13)   | 7.21 | (26.43)  | 18.01 |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Yusuf H. Shirazi  
Chairman


  
Ali H. Shirazi  
President / Chief Executive


  
Rizwan Ahmed  
Chief Financial Officer


## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2019

|  | Issued,<br>subscribed<br>and paid-up<br>capital | Revenue Reserves    |   | Capital Reserve                                   | Total            |
|--|---|---------------------|---|---|------------------|
|  |   | General<br>reserves | (Accumula-<br>ted loss) /<br>Unappro-<br>priated profit<br>(Rupees in '000) | Surplus on<br>revaluation<br>of leasehold<br>land |                  |
| <b>Balance as at July 1, 2017</b>  | 173,998   | 3,827,500           | 1,483,462   | 193,886   | 5,678,846        |
| Transfer to general reserve  | -   | 870,000             | (870,000)   | -   | -                |
| <b>Transactions with owners, recognised directly in equity</b>                   |   |                     |   |   |                  |
| Cash dividend for the year ended June 30, 2017 at the rate of Rs.35.00 per share | -   | -                   | (608,992)   | -   | (608,992)        |
| <b>Total comprehensive income for the period ended March 31, 2018</b>            |   |                     |   |   |                  |
| Profit for the period  | -   | -                   | 438,602   | -   | 438,602          |
| Other comprehensive income   | -   | -                   | -   | -   | -                |
|  | -   | -                   | 438,602   | -   | 438,602          |
| <b>Balance as at March 31, 2018</b>  | 173,998   | 4,697,500           | 443,072   | 193,886   | 5,508,456        |
| <b>Total comprehensive income for the period ended June 30, 2018</b>             |   |                     |   |   |                  |
| Profit for the period  | -   | -                   | 151,992   | -   | 151,992          |
| Other comprehensive loss   | -   | -                   | (5,757)   | -   | (5,757)          |
|  | -   | -                   | 146,235   | -   | 146,235          |
| <b>Balance as at June 30, 2018</b>   | 173,998   | 4,697,500           | 589,307   | 193,886   | 5,654,691        |
| Transfer to general reserve  | -   | 340,000             | (340,000)   | -   | -                |
| <b>Transactions with owners, recognised directly in equity</b>                   |   |                     |   |   |                  |
| Cash dividend for the year ended June 30, 2018 at the rate of Rs.10.00 per share | -   | -                   | (173,998)   | -   | (173,998)        |
| Bonus shares at the rate of 40% issued during the period                         | 69,599  | -                   | (69,599)  | -   | -                |
| <b>Total comprehensive loss for the period ended March 31, 2019</b>              |   |                     |   |   |                  |
| Loss for the period  | -   | -                   | (643,716)   | -   | (643,716)        |
| Other comprehensive income   | -   | -                   | -   | -   | -                |
|  | -   | -                   | (643,716)   | -   | (643,716)        |
| <b>Balance as at March 31, 2019</b>  | <u>243,597</u>                                  | <u>5,037,500</u>    | <u>(638,006)</u>  | <u>193,886</u>                                    | <u>4,836,977</u> |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Yusuf H. Shirazi  
Chairman

  
Ali H. Shirazi  
President / Chief Executive

  
Rizwan Ahmed  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)


## FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2019


|  | Period ended                 |                    |
|--|------------------------------|--------------------|
|  | March 31,                    |                    |
|  | 2019                         | 2018               |
|  | ----- (Rupees in '000) ----- |                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                  |                              |                    |
| (Loss) / profit before taxation  | (529,157)                    | 593,456            |
| <b>Adjustments for non-cash charges and other items:</b>                     |                              |                    |
| Depreciation   | 235,750                      | 215,746            |
| Amortisation   | 731                          | 600                |
| Provision for gratuity   | 3,275                        | 5,152              |
| Provision / (reversal) for compensated leave absences                        | 12,333                       | (1,660)            |
| Gain on sale of investments at fair value through profit or loss             | (4,450)                      | (8,197)            |
| Dividend income  | (7,905)                      | (45,806)           |
| Fair value (gain) / loss on investments at fair value through profit or loss | (5,111)                      | 43,964             |
| (Gain) / loss on sale of operating fixed assets                              | (327,664)                    | 5,778              |
| Provision for doubtful debts   | 350                          | 1,039              |
| Finance cost   | 165,946                      | 88,228             |
|  | <u>(455,902)</u>             | <u>898,300</u>     |
| <b>Changes in working capital:</b>   |                              |                    |
| (Increase) / decrease in current assets                                      |                              |                    |
| Stores, spares and loose tools   | (17,500)                     | (24,233)           |
| Stock-in-trade   | 227,027                      | (803,288)          |
| Trade debts  | (275,768)                    | (1,355,761)        |
| Loans and advances   | (1,536)                      | (21,522)           |
| Deposits and prepayments   | (61,021)                     | (58,906)           |
| Other receivables  | (2,925)                      | 694                |
| Sales tax receivable - net   | 12,520                       | -                  |
|  | <u>(119,203)</u>             | <u>(2,263,016)</u> |
| Increase / (decrease) in current liabilities                                 |                              |                    |
| Trade and other payables   | (49,592)                     | 369,728            |
| Sales tax payable - net  | -                            | 64,707             |
|  | <u>(49,592)</u>              | <u>434,435</u>     |
|  | <u>(168,795)</u>             | <u>(1,828,581)</u> |
| <b>Cash used in operations</b>   | <u>(624,697)</u>             | <u>(930,281)</u>   |
| Finance cost paid  | (121,707)                    | (64,304)           |
| Income taxes paid (including tax deducted at source)                         | (144,459)                    | (241,781)          |
| Gratuity paid  | (13,888)                     | (6,799)            |
| Compensated leave absences paid  | (9,040)                      | (2,923)            |
| Long term loans - net  | 493                          | (189)              |
| Long term deposits - net   | 120                          | 2,183              |
|  | <u>(288,481)</u>             | <u>(313,813)</u>   |
| <b>Net cash used in operating activities - carried forward</b>               | <u>(913,178)</u>             | <u>(1,244,094)</u> |


## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2019

|  | Period ended                 |             |
|--|------------------------------|-------------|
|  | March 31,                    |             |
|  | 2019                         | 2018        |
|  | ----- (Rupees in '000) ----- |             |
| <b>Net cash used in operating activities</b> - brought forward | (913,178)                    | (1,244,094) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                    |                              |             |
| Payments for property, plant and equipment                     | (573,444)                    | (455,246)   |
| Proceeds from sale of property, plant and equipment            | 670,752                      | 31,536      |
| Payments for investments                                       | (124,777)                    | (959,292)   |
| Proceeds from sale of investments                              | 873,090                      | 2,503,105   |
| Dividend received  | 7,905                        | 45,806      |
| <b>Net cash generated from investing activities</b>            | 853,526                      | 1,165,909   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                    |                              |             |
| Short term borrowings - net                                    | 327,004                      | 1,219,715   |
| Dividend paid  | (170,628)                    | (599,660)   |
| <b>Net cash generated from financing activities</b>            | 156,376                      | 620,055     |
| <b>Net increase in cash and cash equivalents</b>               | 96,724                       | 541,870     |
| <b>Cash and cash equivalents</b> - at beginning of the period  | 381,180                      | 14,873      |
| <b>Cash and cash equivalents</b> - at end of the period        | 477,904                      | 556,743     |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Yusuf H. Shirazi  
Chairman

  
Ali H. Shirazi  
President / Chief Executive

  
Rizwan Ahmed  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2019

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Atlas Battery Limited (the Company) was incorporated as a public limited company on October 19, 1966 and its shares are quoted on Pakistan Stock Exchange Limited. The Company is engaged in manufacturing and sale of automotive and motorcycle batteries & allied products. The registered office is located at D-181, Central Avenue, S.I.T.E., Karachi. The manufacturing facilities of the Company are located at S.I.T.E., Karachi with branches at Karachi, Lahore, Multan, Islamabad, Faisalabad, Sahiwal, Peshawar, Sukkur and Rahim Yar Khan. The Company is a subsidiary of Shirazi Investments (Private) Limited, which holds 58.86% (June 30, 2018: 58.86%) of issued, subscribed and paid-up capital of the Company as at March 31, 2019.

## 2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements of the Company for the year ended June 30, 2018.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2018. These are considered not to be relevant or to have any significant effect on Company's financial reporting and operations and are, therefore, not disclosed in the condensed interim financial statements.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2018.

|   | Note | Un-audited<br>March 31,<br>2019<br>---- (Rupees in '000) ---- | Audited<br>June 30,<br>2018 |
|---|------|---|-----------------------------|
| <b>5. PROPERTY, PLANT AND EQUIPMENT</b>   |      |   |                             |
| Operating fixed assets  | 5.1  | 2,959,811   | 3,334,426                   |
| Capital work-in-progress  | 5.5  | 626,052   | 256,831                     |
|   |      | <u>3,585,863</u>  | <u>3,591,257</u>            |
| <b>5.1 Operating fixed assets</b>   |      |   |                             |
| Net book value at beginning of the period / year  |      | 3,334,426   | 3,090,004                   |
| Additions during the period / year  | 5.2  | 204,216   | 585,776                     |
| Disposals costing Rs.359,969 thousand<br>(June 30, 2018: Rs.65,822 thousand)  |      |   |                             |
| - at net book value   | 5.3  | (343,081)   | (39,169)                    |
| Written off   |      | -   | (7,685)                     |
| Depreciation charged during the period / year   |      | (235,750)   | (294,500)                   |
| Net book value at end of the period / year  | 5.4  | <u>2,959,811</u>  | <u>3,334,426</u>            |
| <b>5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:</b> |      |   |                             |
| Buildings on leasehold land   |      | 40,015  | 293,476                     |
| Plant and machinery   |      | 104,017   | 209,399                     |
| Office equipment  |      | 112   | 1,074                       |
| Computer and accessories  |      | 8,542   | 7,583                       |
| Furniture and fixtures  |      | 7,249   | 17,667                      |
| Air conditioners  |      | 1,627   | 2,727                       |
| Vehicles  |      | 42,654  | 53,850                      |
|   |      | <u>204,216</u>  | <u>585,776</u>              |
| <b>5.3 Disposals / write off during the period / year:</b>  |      |   |                             |
| Leasehold land  |      | 322,140   | -                           |
| Plant and machinery   |      | 1,471   | 7,118                       |
| Computers and accessories   |      | 9   | 150                         |
| Air conditioners  |      | 19  | 68                          |
| Vehicles  |      | 19,442  | 31,833                      |
|   |      | <u>343,081</u>  | <u>39,169</u>               |
| <b>5.4 Includes dies and molds:</b>   |      |   |                             |
| - Related parties [aggregate cost Rs.16,875 thousand<br>(June 30, 2018: Rs.16,225)]   |      | 14,438  | 14,935                      |
| - Others [aggregate cost Rs.108,601 thousand<br>(June 30, 2018: Rs.85,563)]   |      | 61,653  | 53,319                      |
|   |      | <u>76,091</u>   | <u>68,254</u>               |

These are held by various vendors of the Company as these dies and moulds are used by the vendors for producing certain parts for supply to the Company.

|                                     | Note | Un-audited<br>March 31,<br>2019<br>---- (Rupees in '000) ---- | Audited<br>June 30,<br>2018 |
|-------------------------------------|------|---|-----------------------------|
| <b>5.5 Capital work-in-progress</b> |      |   |                             |
| Buildings on leasehold land         |      | 447,443   | 192,298                     |
| Plant and machinery                 |      | 164,935   | 54,379                      |
| Computers and accessories           |      | 368   | 942                         |
| Furniture and fixtures              |      | 6,583   | 4,662                       |
| Air conditioners                    |      | 4,618   | -                           |
| Vehicles                            | 5.6  | 295   | 3,750                       |
| Intangible asset                    |      | 1,810   | 800                         |
|                                     |      | <u>626,052</u>  | <u>256,831</u>              |

**5.6** Includes Rs.295 thousand (June 30, 2018: Rs.2,956 thousand) advance payment to related parties for purchase of vehicles.

|                          | Note | Un-audited<br>March 31,<br>2019<br>---- (Rupees in '000) ---- | Audited<br>June 30,<br>2018 |
|--------------------------|------|---|-----------------------------|
| <b>6. STOCK-IN-TRADE</b> |      |   |                             |

Raw materials and components:

|                      |     |         |         |
|----------------------|-----|---------|---------|
| - in hand            |     | 995,630 | 481,928 |
| - with third parties | 6.1 | 36,932  | 29,349  |

Work-in-process

|                  |  |                  |                  |
|------------------|--|------------------|------------------|
| Finished goods   |  | 660,308          | 511,277          |
| Items in transit |  | 749,529          | 687,340          |
|                  |  | 19,584           | 79,354           |
|                  |  | <u>2,461,983</u> | <u>2,689,010</u> |

**6.1** Includes raw materials Rs.9,266 thousand (June 30, 2018: Rs.6,302 thousand) to related parties for further processing into parts to be supplied to the Company.

**6.2** Stock in trade and trade debts upto maximum amount of Rs.5,534,020 thousand (June 30, 2018: Rs.4,201,487 thousand) are under hypothecation of commercial banks as security for short term borrowings.

|                                   | Un-audited<br>March 31,<br>2019<br>---- (Rupees in '000) ---- | Audited<br>June 30,<br>2018 |
|-----------------------------------|---|-----------------------------|
| <b>7. TRADE DEBTS - Unsecured</b> |   |                             |

**Consider good**

|                      |                  |                  |
|----------------------|------------------|------------------|
| Associated Companies | 23,892           | 102,531          |
| Others               | 2,005,837        | 1,651,780        |
|                      | <u>2,029,729</u> | <u>1,754,311</u> |

**Consider doubtful**

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Others                       | 10,298           | 9,948            |
|                              | <u>2,040,027</u> | <u>1,764,259</u> |
| Provision for doubtful debts | (10,298)         | (9,948)          |
|                              | <u>2,029,729</u> | <u>1,754,311</u> |

## 8. DEPOSITS AND PREPAYMENTS

Includes prepayments of Rs.64,415 thousand (June 30, 2018: Rs. 10,221) in respect of renewals of insurance policies, rental agreements and other expenses.

| Un-audited<br>March 31,<br>2019 | Audited<br>June 30,<br>2018 |
|---------------------------------|-----------------------------|
| ---- (Rupees in '000) ----      |                             |

## 9. INVESTMENTS - at fair value through profit or loss

Investments in units of mutual funds:

|                   |                |                |
|-------------------|----------------|----------------|
| - Related parties | -              | 744,707        |
| - Others          | 123,169        | 117,214        |
|                   | <u>123,169</u> | <u>861,921</u> |

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

**10.1.1** There is no significant change in status of the contingencies as disclosed in note 26.1 of the audited annual financial statements of the Company for the year ended June 30, 2018.

**10.1.2** Assistant / Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, for the tax year 2017 passed an order dated October 24, 2018 under section 161 / 205 of the Income Tax Ordinance, 2001 (the Ordinance) on account of non-deduction of tax on (i) trade discount allowed to dealers, (ii) sales promotion, (iii) travelling, (iv) repair and maintenance expenses, (v) water charges, (vi) cartages and (vii) local purchase. DCIR through the order created an aggregate demand of Rs.266.079 million including default surcharge and penalty. The Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] on November 13, 2018 against (i) and (ii), where as tax levied for (iii), (iv), (v), (vi) and (vii) were not contested in appeal. The Company paid the demand of Rs.1.441 million on November 19, 2018 in respect of issues not contested in appeals. Pursuant to the appeal, CIR(A), on December 20, 2018, passed an order under section 129 of the Ordinance and granted relief in respect of issue contested at (ii) sales promotion and upheld the decision of DCIR in respect of issue contested at (i) trade discount allowed to dealers. The Company has filed an appeal on December 31, 2018 against the abovementioned order of CIR(A) in respect of issue at (i) trade discount allowed to dealers before the Appellate Tribunal Inland Revenue (ATIR). ATIR has granted a stay against demand on January 07, 2019. The main appeal is pending before ATIR.

| Un-audited<br>March 31,<br>2019 | Audited<br>June 30,<br>2018 |
|---------------------------------|-----------------------------|
| ---- (Rupees in '000) ----      |                             |

### 10.2 Outstanding bank guarantees

|         |        |
|---------|--------|
| 105,711 | 93,764 |
|---------|--------|

### 10.3 Commitments

In respect of confirmed letters of credit relating to:

|   |         |         |
|---|---------|---------|
| - raw materials, stores, spares and loose tools | 133,930 | 270,386 |
| - capital expenditure                           | 29,389  | 66,020  |

In respect of capital expenditure other than through letters of credit

|                |                |
|----------------|----------------|
| 67,082         | 97,761         |
| <u>230,401</u> | <u>434,167</u> |

----- Un-audited -----

|      | Quarter ended<br>March 31, |      | Period ended<br>March 31, |      |
|------|----------------------------|------|---------------------------|------|
| Note | 2019                       | 2018 | 2019                      | 2018 |

----- (Rupees in '000) -----

**11. COST OF SALES**

|                                 |                  |                  |                  |                   |
|---------------------------------|------------------|------------------|------------------|-------------------|
| Opening stock of finished goods | 529,290          | 1,334,618        | 1,411,039        | 422,668           |
| Cost of goods manufactured      | 3,241,701        | 4,274,750        | 8,200,531        | 12,032,913        |
| Purchases during the period     | -                | 149,708          | 56,748           | 694,250           |
|                                 | <u>3,770,991</u> | <u>5,759,076</u> | <u>9,668,318</u> | <u>13,149,831</u> |
| Closing stock of finished goods | (749,529)        | (1,161,211)      | (749,529)        | (1,161,211)       |
|                                 | <u>3,021,462</u> | <u>4,597,865</u> | <u>8,918,789</u> | <u>11,988,620</u> |

**11.1 Cost of goods manufactured**

|                                       |                  |                  |                  |                   |
|---------------------------------------|------------------|------------------|------------------|-------------------|
| Opening work-in-process               | 528,187          | 699,786          | 687,340          | 663,469           |
| Raw materials and components consumed | 2,596,404        | 3,513,462        | 5,819,841        | 9,669,917         |
| Factory overheads                     | 777,418          | 816,700          | 2,353,658        | 2,454,725         |
|                                       | <u>3,373,822</u> | <u>4,330,162</u> | <u>8,173,499</u> | <u>12,124,642</u> |
|                                       | <u>3,902,009</u> | <u>5,029,948</u> | <u>8,860,839</u> | <u>12,788,111</u> |
| Closing work-in-process               | (660,308)        | (755,198)        | (660,308)        | (755,198)         |
|                                       | <u>3,241,701</u> | <u>4,274,750</u> | <u>8,200,531</u> | <u>12,032,913</u> |

**12. OTHER INCOME**

|   |              |                 |                |               |
|---|--------------|-----------------|----------------|---------------|
| Dividend income   | -            | -               | 7,905          | 45,806        |
| Gain / (loss) on sale of investments at fair value through profit or loss | -            | (21,674)        | 4,450          | 8,197         |
| Fair value gain on investments at fair value through profit or loss       | 2,580        | -               | 5,111          | -             |
| Scrap sales   | 1,849        | 2,304           | 6,920          | 13,198        |
| Gain on sale of fixed assets  | 225          | -               | 327,664        | -             |
|   | <u>4,654</u> | <u>(19,370)</u> | <u>352,050</u> | <u>67,201</u> |

**13.** Include fair value loss on investment at fair value through profit or loss aggregating Rs. Nil (March 31, 2018: Rs. 43,964 thousand).

**14. (LOSS) / EARNINGS PER SHARE**

----- Un-audited -----

|  | Quarter ended<br>March 31, |      | Period ended<br>March 31, |      |
|--|----------------------------|------|---------------------------|------|
|  | 2019                       | 2018 | 2019                      | 2018 |

----- (Rupees in '000) -----

**14.1 Basic (loss) / earnings per share**

|                                    |                  |                |                  |                |
|------------------------------------|------------------|----------------|------------------|----------------|
| Net (loss) / profit for the period | <u>(197,985)</u> | <u>175,590</u> | <u>(643,716)</u> | <u>438,602</u> |
|------------------------------------|------------------|----------------|------------------|----------------|

----- (Number of shares) -----

|  | Restated |  | Restated |  |
|--|----------|--|----------|--|
|--|----------|--|----------|--|

|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Weighted average number of ordinary shares in issue during the period | <u>24,359,676</u> | <u>24,359,676</u> | <u>24,359,676</u> | <u>24,359,676</u> |
|---|-------------------|-------------------|-------------------|-------------------|

----- (Rupees) -----

|  | Restated |  | Restated |  |
|--|----------|--|----------|--|
|--|----------|--|----------|--|

|   |               |             |                |              |
|---|---------------|-------------|----------------|--------------|
| Basic and diluted (loss) / earnings per share | <u>(8.13)</u> | <u>7.21</u> | <u>(26.43)</u> | <u>18.01</u> |
|---|---------------|-------------|----------------|--------------|

14.2 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2019 and March 31, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

## 15. FINANCIAL RISK MANAGEMENT

### 15.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and price risk).

The condensed interim financial statements does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement of the Company as at June 30, 2018.

There have been no change in the risk management policies since the year end.

### 15.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements are a reasonable approximation of their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 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 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

|  | Level 1                    | Level 2 | Level 3 | Total   |
|--|----------------------------|---------|---------|---------|
|  | ----- Rupees in '000 ----- |         |         |         |
| <b>Assets - Recurring fair value measurement</b>             |                            |         |         |         |
| <b>Financial assets at fair value through profit or loss</b> |                            |         |         |         |
| Short term investments                                       | 123,169                    | -       | -       | 123,169 |

There was no transfers amongst the levels and any change in valuation techniques during the period.

## 16. TRANSACTIONS WITH RELATED PARTIES

16.1 Significant transactions with related parties are as follows:

|                                | ----- Un-audited -----<br>March 31,<br>2019                      2018<br>---- (Rupees in '000) ---- |         |
|--------------------------------|---|---------|
| <b>Holding Company</b>         |   |         |
| Rent / service charges paid    | 59,905  | 115,217 |
| Dividend paid                  | 102,417   | 358,460 |
| Bonus shares issued            | 40,967  | -       |
| Sale of operating fixed assets | 650,000   | 11,501  |
| Expenses charged               | 1,189   | -       |
| Reimbursement of expenses      | -   | 2,058   |

|   | ----- Un-audited -----<br>March 31,<br>2019                      2018<br>---- (Rupees in '000) ---- |            |
|---|---|------------|
| <b>Associated Companies</b>                         |   |            |
| Sale of:  |   |            |
| - goods   | 762,121   | 1,645,214  |
| - operating fixed assets                            | 2,875   | 3,314      |
| Purchases of:                                       |   |            |
| - goods and services                                | 5,641,944   | 10,078,877 |
| - operating fixed assets                            | 27,021  | 28,129     |
| Rent / service charges paid                         | 10,265  | 14,327     |
| Reimbursement of expenses                           | 3,482   | 1,965      |
| Insurance premium                                   | 105,745   | 124,647    |
| Insurance claims                                    | 16,721  | 24,742     |
| Purchase of units in mutual funds                   | 3,200   | 936,293    |
| Sale of units in mutual funds                       | 755,031   | 2,503,105  |
| Dividend received                                   | 3,764   | 45,806     |
| Dividend paid                                       | 32,332  | 113,163    |
| Bonus shares issued                                 | 12,933  | -          |
| Royalty and technical fee                           | 99,717  | 134,862    |
| Donation paid                                       | 8,417   | 20,652     |
| Contribution to pension funds                       | 10,436  | 9,209      |
| <b>Other related parties</b>                        |   |            |
| Contributions paid to:                              |   |            |
| - gratuity funds                                    | 13,891  | 6,477      |
| - provident fund                                    | 4,553   | 4,577      |
| <b>Key Management Personnel</b>                     |   |            |
| - salaries and other short term employment benefits | 82,747  | 87,912     |
| - sale of vehicles                                  | 1,509   | 1,830      |

16.2 Period / year end balances of related parties other than disclosed any where else are as follows:

|   | Un-audited<br>March 31,<br>2019<br>---- (Rupees in '000) ---- | Audited<br>June 30,<br>2018 |
|---|---|-----------------------------|
| <b>Receivables from related parties</b> |   |                             |
| Loans and advances                      | -   | 164                         |
| Deposits and prepayments                | 22,131  | -                           |
| Other receivables                       | 7,292   | -                           |
| <b>Payables to related parties</b>      |   |                             |
| Trade and other payables                | 665,740   | 784,755                     |
| Staff retirement benefits               | 26,462  | 25,550                      |

These are in the normal course of business.

**17. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements was authorized for issue on April 26, 2019 by the Board of Directors of the Company.

**18. CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2018, whereas, the condensed interim statement of profit or loss account and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial statements of the Company for the period ended March 31, 2018. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.



**Yusuf H. Shirazi**  
Chairman



**Ali H. Shirazi**  
President / Chief Executive



**Rizwan Ahmed**  
Chief Financial Officer

inside back

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