



Quarterly Report September 30,

2018

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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

Muhammad Iqbal  
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

Mohsin Khan  
General Manager Marketing

Muhammad Iqbal  
General Manager Corporate Affairs & Co. Sect.

Nehal Asghar  
General Manager Engineering & Projects

Qasim Imran Khan  
General Manager Information Technology

Rizwan Ahmed  
Chief Financial Officer

Malik Nasir Mohyuddin  
General Manager Service & Business Development

Sheikh Adeel-ur-Rehman  
General Manager Supply Chain

Tehseen Raza  
General Manager Production

## Auditors

ShineWing Hameed Chaudhri & Co.  
Chartered Accountants

## Legal Advisors

Agha Faisal Barrister at Law  
Mohsin Tayebaly & Co.

## Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder  
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  
MUFG Bank Limited  
(Formerly The Bank of  
Tokyo-Mitsubishi UFJ, 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 & 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,  
Touheed 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 # 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 #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 # 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 quarter ended September 30, 2018.

## ECONOMY

Pakistan witnessed change of government during current quarter. However, concerns on economic front continue to persist on the back of rising inflation and large twin deficits that are likely to adversely impact high economic growth path. Inflation is inching up and in the first two months of FY19, averaged 5.8% compared to 3.2% in corresponding period of last year. Following a healthy growth of 5.8% in FY18, economic activity is likely to slowdown in FY19 as the government is now focusing on stabilization and pursuing a fiscal consolidation program. Moreover, the government has announced regulatory measures to slowdown the growing pressures on the external front. As a result, domestic demand is projected to decelerate in the coming months. The recent monetary and fiscal measures are likely to affect large scale manufacturing, as reflected by a meagre growth of 0.5% in July 2018 as compared to 14.5% in corresponding month of last year. After incorporating these factors, it is projected that GDP growth will remain at around 4.5% in FY 19. Pakistan Stock Exchange is in a bearish trend and has further dropped by more than 8% since June 30, 2018.

During July-Aug, exports increased to US\$ 4.1 billion, up 5.1% as compared to US\$ 3.9 billion, in corresponding period of last year. However, imports also increased to US\$ 10.0 billion, up 11.1% as compared to US\$ 9.0 billion in the corresponding period of last year. Foreign remittances increased to US\$ 4.0 billion, up 14.3% as compared to US\$ 3.5 billion in the corresponding period of last year. The above factors pushed the current account deficit to US\$ 2.7 billion as compared to US\$ 2.5 billion in the corresponding period of last year. Some structural reforms are required to enhance broad based revenue collection, generate value added exports and improve yield of our cash crops.

## OPERATING RESULTS

During 1st quarter, your Company achieved sales of Rs.2,983 million as compared to Rs.4,628 million in the same quarter of last year, down by 35.5% mainly due to decline in demand for UPS batteries and general depressed economic conditions. Likewise, cost of sales also declined by 27.2% from Rs.4,036 million to Rs.2,938 million resulting in gross profit of Rs.45 million as compared to Rs.592 million in the same quarter of last year. GP ratio stood at 1.5% as compared to 12.8% during the same quarter of last year.

Operating expenses stood at Rs.210 million, decreased by Rs.30 million as compared to Rs.240 million in the corresponding quarter of last year. Net income from investment in mutual funds stood at Rs.13 million as compared to net loss of Rs.33 million from this avenue last year. Resultantly, your Company incurred loss from operations of Rs.158 million as compared to profit of Rs.301 million during corresponding quarter. Finance cost increased to Rs.48 million from Rs.18 million.

The loss before tax for 1st quarter of FY 2018-19 was Rs.206 million as compared to profit of Rs.283 million in the corresponding quarter of last year. After providing Rs.25 million for taxation, the loss after tax of your Company stood at Rs.230 million as compared to profit of Rs.200 million. Loss per share for the quarter was Rs.9.45 as compared to earnings of Rs.8.21 for the same quarter of last year.

## FUTURE OUTLOOK

Being a vendor of automotive industry, your Company's product is highly dependent on the growth of the automotive industry. During July-August of FY 19, sales of locally manufactured cars, trucks, buses, jeeps, pick-ups, tractors etc. dropped by 8.9% to 48,335 units from 53,081 units during the corresponding period last year. Motorcycles and three wheelers segment (assemblers who are registered with PAMA) also witnessed decline of 10.2% to 290,907 units from 324,050 units during the corresponding period last year. Automotive industry is likely to remain under pressure as new government has announced continuation of restriction on non-filers to buy cars.

The battery industry is expected to face continuation of stiff competition in replacement market during 2nd quarter of FY 2018-19, due to capacity expansion by existing battery manufacturers and new entrants on one hand and shrinking market size of batteries on the other hand. Profitability in future will also be affected due to low volume, particularly of heavy batteries, devaluation of Pak Rupee and inflationary pressure pushing the manufacturing and operating costs higher. However, the management of your Company is determined to remain focused on cost reduction, process efficiency, maintaining high quality of product and services, improved market penetration by exploring virgin territories and export market as well. The improvement in human resource capabilities and value addition for shareholders will remain 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 and new innovative products by following the principles of "The Atlas Way":

درجوانی تو بہ کردن شیواہ بینگیری  
وقت پیری گر گئے ظالم سے شود پرہیزگار

## 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 would like to thank Mr. Ali H. Shirazi; President; and Chief Executive of your Company, the management team and all associates for their dedication and commitment.



Yusuf H. Shirazi  
Chairman



Ali H. Shirazi  
President / Chief Executive

Karachi: October 24, 2018

## مستقبل کے خدو خال

آٹوموٹیو انڈسٹری میں بطور وینڈر، آپ کی کمپنی کی پروڈکٹ آٹوموٹیو انڈسٹری کی ترقی پر انحصار کرتی ہے۔ جولائی تا اگست 2018-19 کے دوران مقامی سطح پر تیار کردہ کاروں، ٹرکس، بسوں، جنپس، پک آپ، ٹریکٹرز وغیرہ کی فروخت 8.9 فیصد کی بعد 48355 یونٹس ہو گئی جو کہ گزشتہ سال اسی مدت کے دوران 53081 یونٹس تھی۔ موٹر سائیکل اور تین پہیوں والی گاڑیوں (PAMA سے رجسٹرڈ اسمبلرز) میں 10.2 فیصد کی ساتھ 290,907 یونٹس فروخت کیے گئے جو کہ گزشتہ سال اسی مدت کے دوران 324,050 یونٹس فروخت کیے گئے تھے۔ نئی حکومت کی جانب سے نان فائلرز پر کاروں کی خریداری کے لیے پابندی کے تسلسل کے اعلان کے سبب آٹوموٹیو انڈسٹری کے دباؤ میں رہنے کے امکانات نظر آتے ہیں۔

مالی سال 2018-19 کی دوسری سہ ماہی میں ایک جانب انڈسٹری میں موجود اور نئی آنے والی مسابقتی کمپنیوں کی بڑھتی ہوئی پیداواری صلاحیتوں کے سبب متبادل مارکیٹ میں مسابقتی رجحان بڑھنے، اور دوسری جانب مارکیٹ میں بیٹریوں کی طلب کے کم ہوتے حجم کے سبب توقع کی جاتی ہے کہ بیٹری انڈسٹری کو مشکل صورتحال کا سامنا کرنا پڑے گا۔ کم حجم بطور خاص بڑی بیٹریوں میں، پاکستانی روپے کی قدر میں کمی اور افراط زر کے دباؤ کے سبب مینوفیکچرنگ کی لاگت میں اضافہ مستقبل میں منافع میں مزید کمی کا باعث بنے گا۔ تاہم آپ کی کمپنی کی انتظامیہ بہترین کارکردگی، اخراجات پر قابو رکھنے اور پروڈکٹ و خدمات کے معیار کو برقرار رکھنے کے ساتھ ساتھ مارکیٹ میں رسائی کو بڑھا کر مقامی فروخت اور برآمدات میں اضافے کے عزم کے ساتھ سرگرم عمل ہے۔ انسانی وسائل کی صلاحیتوں میں اضافہ، اور حصص داران کے لیے ویلیو ایڈیشن ہمیشہ کی طرح ہماری توجہ کا مرکز رہیں گے۔ مجھے یقین ہے کہ آپ کی کمپنی "The Atlas Way" کے سنہرے اصولوں پر کاربند رہتے ہوئے پیداوار اور کارکردگی پر توجہ مرکوز رکھے گی اور صارفین کی توقعات پر پورا اترتے ہوئے انہیں سب سے بہترین کوالٹی پروڈکٹس پیش کرے گی۔

درجوانی تو بہ کردن شیواہ پیغمبری  
وقت بیری گرے ظالم سے شوہر بہر نگار

اظہار تشکر

میں اس موقع پر اپنے جوائنٹ وینچر پارٹنرز GS Yuasa انٹرنیشنل لمیٹڈ، جاپان، بورڈ آف ڈائریکٹرز، حصص یافتگان، بیکار، فروخت کار اور گاہکوں کا مسلسل سپورٹ اور رہنمائی پر شکریہ 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 شکریہ ادا کرتا ہوں۔



علی ایچ شیرازی  
پریذیڈنٹ / چیف ایگزیکٹو



یوسف ایچ شیرازی  
چیئر مین

کراچی: 24 اکتوبر 2018

## چیرمین کا جائزہ

میں نہایت مسرت کے ساتھ 30 ستمبر 2018 کو ختم ہونے والی سہ ماہی کے لیے آپ کی کمپنی کے غیر پڑتال شدہ عبوری مالیاتی نتائج پیش کر رہا ہوں۔

### معیت

اس سہ ماہی کے دوران پاکستان میں حکومت کی تبدیلی دیکھی گئی۔ تاہم، معاشی محاذ پر بڑھتے ہوئے افراط زر اور بڑے دوہرے خسارے کے خدشات کی وجہ سے معاشی ترقی کی راہ پر منفی اثرات مرتب ہونے کا امکان ہے۔ افراط زر میں مسلسل اضافہ ہو رہا ہے اور مالی سال 2019 کے ابتدائی دو ماہ کے دوران اوسط افراط زر 5.8 فیصد رہا جبکہ گزشتہ سال اسی مدت کے دوران 3.2 فیصد تھا۔ مالی سال 2018 میں 5.8 فیصد کی صحت افزاء شرح نمو کے بعد، اب مالی سال 2019 میں معاشی ترقی کی رفتار کچھ سست رہے گی کیونکہ حکومت کی توجہ استحکام اور مالیاتی مضبوطی کے پروگرام پر مرکوز ہے۔ مزید یہ کہ حکومت نے بیرونی محاذ پر بڑھتے ہوئے دباؤ کو کم کرنے کے لیے ریگولیٹری اقدامات کا اعلان کیا ہے، جس کے نتیجے میں آنے والے مہینوں کے دوران داخلی طلب میں کمی کا امکان ہے۔ حالیہ زری اور مالیاتی اقدامات سے بڑے پیمانے پر مینوفیکچرنگ پر منفی اثرات مرتب ہونے کا امکان ہیں، جیسا کہ جولائی 2018 میں 0.5 فیصد ترقی ریکارڈ کی گئی جبکہ یہی ترقی گزشتہ سال اسی مدت کے دوران 14.5 فیصد تھی۔ ان تمام عناصر کو مد نظر رکھتے ہوئے اس بات کی پیش گوئی کی جاسکتی ہے کہ مالی سال 2019 میں شرح نمو 4.5 فیصد رہے گی۔ پاکستان اسٹاک ایکسچینج میں کمی کا سلسلہ جاری ہے اور 30 جون 2018 سے تاحال 8 فیصد کمی کی واقع ہو چکی ہے۔

جولائی۔ اگست کے دوران، برآمدات 5.1 فیصد اضافے کے ساتھ 4.1 بلین ڈالر تک جا پہنچیں جو کہ گزشتہ سال اسی مدت کے دوران 3.9 بلین ڈالر تھیں۔ اسی طرح درآمدات بھی 11.1 فیصد اضافے کے ساتھ 10.0 بلین ڈالر تک جا پہنچیں جو کہ گزشتہ سال اسی مدت کے دوران 9.0 بلین ڈالر تھیں۔ بیرون ملک مقیم پاکستانیوں کی جانب سے بھیجی جانے والی ترسیلات زر 14.3 فیصد اضافے کے ساتھ 4.0 بلین ڈالر ہیں جو کہ گزشتہ سال اسی مدت کے دوران 3.5 بلین ڈالر تھیں۔ مندرجہ بالا عناصر نے کرنٹ اکاؤنٹ خسارے کو 2.7 بلین ڈالر تک جا پہنچایا جو کہ گزشتہ سال اسی مدت کے دوران 2.5 بلین ڈالر تھا۔ ایسی صورتحال میں ٹیکس کے دائرے میں اضافے، ویلویو ایڈ برآمدات اور نقد آ وراجٹاس میں اضافے جیسی اہم اصلاحات کے نفاذ کی ضرورت ہے۔

### آپریٹنگ نتائج

پہلی سہ ماہی کے دوران کمپنی کی فروخت 2,983 ملین روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران 4,628 ملین روپے کی فروخت کے مقابلے میں 35.5 فیصد کم ہے، اس کمی کی بنیادی وجہ یو پی ایس کی بیزیوں کی طلب میں کمی اور مایوس کن اقتصادی حالات ہیں۔ اسی طرح فروخت کی لاگت 27.2 فیصد کمی کے ساتھ 4,036 ملین روپے سے کم ہو کر 2,938 ملین روپے ہو گئی ہے۔ جس کے نتیجے میں مجموعی منافع 45 ملین روپے رہا جو کہ گزشتہ سال اسی سہ ماہی کے دوران 592 ملین روپے رہا تھا۔ مجموعی منافع کا تناسب 1.5 فیصد رہا جو کہ گزشتہ سال اسی سہ ماہی کی مدت کے دوران 12.8 فیصد تھا۔

عمل کاری مصارف 30 ملین روپے کی کمی کے ساتھ 210 ملین روپے ہو گئے جو کہ گزشتہ سال اسی مدت کے دوران 240 ملین روپے تھے۔ میوچل فنڈز میں سرمایہ کاری سے حاصل ہونے والی خالص آمدنی 13 ملین روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران 33 ملین روپے خالص نقصان میں تھی۔ ان تمام عناصر کے سبب، کمپنی کو آپریٹنگز کی مدد میں 158 ملین روپے کا نقصان ہوا جبکہ گزشتہ سال اسی مدت کی سہ ماہی کے دوران 301 ملین روپے منافع حاصل ہوا تھا۔ مالیاتی لاگت 18 ملین روپے سے بڑھ کر 48 ملین روپے ہو گئی ہے۔

مالی سال 2018-19 کی پہلی سہ ماہی میں قبل از ٹیکس نقصان 206 ملین روپے رہا جبکہ گزشتہ سال اسی سہ ماہی میں 283 ملین روپے منافع حاصل ہوا تھا۔ 25 ملین روپے ٹیکس کی فراہمی کے بعد، آپ کی کمپنی کا بعد از ٹیکس نقصان 230 ملین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 200 ملین روپے بعد از ٹیکس منافع تھا۔ اس سہ ماہی میں نقصان فی حصص 9.45 روپے رہا جبکہ گزشتہ سال اسی مدت کے دوران آمدنی فی حصص 8.21 روپے رہی تھی۔



# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

	Note	Un-audited September 30, 2018 ----- (Rupees in '000) -----	Audited June 30, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	3,710,701	3,591,257
Intangible assets		758	1,002
Investments		-	-
Long term loans		1,579	1,759
Long term deposits		20,401	20,401
		<u>3,733,439</u>	<u>3,614,419</u>
<b>Current assets</b>			
Stores, spares and loose tools		237,787	218,914
Stock-in-trade	6	2,111,068	2,689,010
Trade debts	7	2,073,837	1,754,311
Loans and advances		18,133	13,835
Deposits and prepayments	8	89,847	16,890
Investments	9	118,352	861,921
Other receivables		10,922	6,685
Sales tax receivable - net		-	31,739
Taxation - net		595,116	547,349
Cash and bank balances	10	262,326	381,180
		<u>5,517,388</u>	<u>6,521,834</u>
<b>Total assets</b>		<u>9,250,827</u>	<u>10,136,253</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
Unappropriated (loss) / profit		(224,573)	589,307
		<u>4,812,927</u>	<u>5,286,807</u>
Capital reserve			
Surplus on revaluation of leasehold land		193,886	193,886
<b>Total equity</b>		<u>5,250,410</u>	<u>5,654,691</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits		76,916	72,813
Deferred taxation		248,307	251,028
		<u>325,223</u>	<u>323,841</u>
<b>Current liabilities</b>			
Trade and other payables		1,044,532	1,643,053
Sales tax payable - net		47,167	-
Accrued mark-up		44,480	20,259
Short term borrowings	11	2,330,295	2,459,687
Dividend payable		173,998	-
Unclaimed dividend		34,722	34,722
		<u>3,675,194</u>	<u>4,157,721</u>
<b>Total liabilities</b>		<u>4,000,417</u>	<u>4,481,562</u>
<b>Contingencies and commitments</b>	12		
<b>Total equity and liabilities</b>		<u>9,250,827</u>	<u>10,136,253</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



**Yusuf H. Shirazi**  
Chairman



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



**Rizwan Ahmed**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS  
ACCOUNT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

		Quarter Ended	
		September 30,	
	Note	2018	2017
		----- (Rupees in '000) -----	
Sales		2,983,097	4,628,040
Cost of sales	13	(2,938,439)	(4,035,807)
<b>Gross profit</b>		44,658	592,233
Distribution cost		(146,946)	(177,736)
Administrative expenses		(63,559)	(62,711)
Other income	14	14,911	51,621
Other expenses	15	(6,568)	(102,460)
<b>(Loss) / profit from operations</b>		(157,504)	300,947
Finance cost		(48,159)	(17,695)
<b>(Loss) / profit before taxation</b>		(205,663)	283,252
Taxation		(24,620)	(83,165)
<b>(Loss) / profit after taxation</b>		(230,283)	200,087
Other comprehensive income		-	-
Total comprehensive income		(230,283)	200,087
		----- (Rupees) -----	
			Restated
<b>Earnings per share - basic and diluted</b>	16	(9.45)	8.21

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



**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 ENDED SEPTEMBER 30, 2018

	Quarter ended September 30,	
	2018	2017
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(205,663)	283,252
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	76,469	69,530
Amortisation	244	200
Provision for gratuity	1,092	1,717
Provision for compensated leave absences	6,856	3,014
Gain on sale of investments at fair value through profit or loss	(4,450)	-
Dividend income	(7,905)	(45,806)
Fair value (gain) / loss on investments at fair value through profit or loss	(293)	78,691
Loss on disposal of operating fixed assets	1,308	110
Finance cost	48,159	17,695
	(84,183)	408,403
<b>Changes in working capital:</b>		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(18,873)	(14,510)
Stock-in-trade	577,942	(124,051)
Trade debts	(319,526)	(597,765)
Loans and advances	(4,298)	(18,014)
Deposits and prepayments	(72,957)	(137,525)
Other receivables	(4,237)	1,576
	158,051	(890,289)
Increase / (decrease) in current liabilities		
Trade and other payables	(599,567)	17,011
Sales tax payable - net	78,906	(5,522)
	(520,661)	11,489
	(362,610)	(878,800)
<b>Cash used in operations</b>	(446,793)	(470,397)
Finance cost paid	(23,938)	(7,333)
Income taxes paid (including tax deducted at source)	(75,108)	(52,016)
Compensated leave absences paid	(2,799)	(954)
Long term loans - net	180	120
Long term deposits - net	-	1,163
	(101,665)	(59,020)
<b>Net cash used in operating activities - carried forward</b>	(548,458)	(529,417)

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

### FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended September 30,	
	2018	2017
	----- (Rupees in '000) -----	
<b>Net cash used in operating activities - brought forward</b>	(548,458)	(529,417)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(208,343)	(141,486)
Proceeds from sale of property, plant and equipment	11,122	17,881
Payments for investments	(124,777)	(40,080)
Proceeds from sale of investments	873,089	-
Dividend received	7,905	45,806
<b>Net cash generated from / (used in) investing activities</b>	558,996	(117,879)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings - net	(129,392)	705,581
Dividend paid	-	(21)
<b>Net cash (used in) / generated from financing activities</b>	(129,392)	705,560
<b>Net (decrease) / increase in cash and cash equivalents</b>	(118,854)	58,264
<b>Cash and cash equivalents - at beginning of the period</b>	381,180	14,873
<b>Cash and cash equivalents - at end of the period</b>	262,326	73,137

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



**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 ENDED SEPTEMBER 30, 2018

	Issued, subscribed and paid up capital	Revenue Reserve General reserves	Capital Reserve Unappro- priated (loss)/Profit Surplus on revaluation of leasehold land	Total
	(Rupees in '000)			
Balance as at July 1, 2017	173,998	3,827,500	1,483,462	5,678,846
Transfer to general reserve	-	870,000	(870,000)	-
Transactions with owners, recognised directly in equity				
Cash dividend for the year ended June 30, 2017 at the rate of Rs.35.00 per share	-	-	(608,992)	(608,992)
Total comprehensive income for the quarter ended September 30, 2017				
Profit for the quarter	-	-	200,087	200,087
Other comprehensive income	-	-	-	-
	-	-	200,087	200,087
Balance as at September 30, 2017	173,998	4,697,500	204,557	5,269,941
Total comprehensive income for the period ended June 30, 2018				
Profit for the period	-	-	390,507	390,507
Other comprehensive loss	-	-	(5,757)	(5,757)
	-	-	384,750	384,750
Balance as at June 30, 2018	173,998	4,697,500	589,307	5,654,691
Transfer to general reserve	-	340,000	(340,000)	-
Transactions with owners, recognised directly in equity				
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)	-
Total comprehensive income for the quarter ended September 30, 2018				
Profit for the period	-	-	(230,283)	(230,283)
Other comprehensive income	-	-	-	-
	-	-	(230,283)	(230,283)
Balance as at September 30, 2018	243,597	5,037,500	(224,573)	5,250,410

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



**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 ENDED SEPTEMBER 30, 2018

### 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 September 30, 2018.

### 2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of or 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 information 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 information.

### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information 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 information, 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 September 30, 2018 ---- (Rupees in '000) ----	Audited June 30, 2018
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	3,318,861	3,334,426
Capital work-in-progress	5.5	391,840	256,831
		<u>3,710,701</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	73,326	585,776
Disposals / write off costing Rs.22,687 thousand (June 30, 2018: Rs.76,129 thousand)			
- at net book value	5.3	(12,422)	(46,854)
Depreciation charged during the period / year		(76,469)	(294,500)
		<u>(88,891)</u>	<u>(341,354)</u>
Net book value at end of the period / year	5.4	<u>3,318,861</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		-	293,476
Plant and machinery		43,418	209,399
Office equipment		44	1,074
Computer and accessories		2,679	7,583
Furniture and fixtures		1,690	17,667
Air conditioners		954	2,727
Vehicles		24,541	53,850
		<u>73,326</u>	<u>585,776</u>
<b>5.3 Disposals / write off during the period / year:</b>			
Buildings on leasehold land		-	7,685
Plant and machinery		1,472	7,118
Computers and accessories		-	150
Air conditioners		-	68
Vehicles		10,950	31,833
		<u>12,422</u>	<u>46,854</u>
<b>5.4 Includes dies and molds:</b>			
- Related parties [aggregate cost Rs.16,225 thousand (June 30, 2018: Rs.16,225)]		14,562	14,935
- Others [aggregate cost Rs.106,777 thousand (June 30, 2018: Rs.85,563)]		63,143	53,319
		<u>77,705</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.

		Un-audited September 30, 2018 ---- (Rupees in '000) ----	Audited June 30, 2018
<b>5.5 Capital work-in-progress</b>			
Buildings on leasehold land		279,788	192,298
Plant and machinery		89,974	54,379
Computers and accessories		1,383	942
Furniture and fixtures		6,019	4,662
Vehicles	5.6	13,396	3,750
Intangible asset	5.6	1,280	800
		<u>391,840</u>	<u>256,831</u>

**5.6** Includes Rs.8,076 thousand (June 30, 2018: Rs.2,956 thousand) advance payment to related parties for purchase of vehicles and computer software.

		Un-audited September 30, 2018 ---- (Rupees in '000) ----	Audited June 30, 2018
<b>6. STOCK-IN-TRADE</b>			
Raw materials and components:			
- in hand		575,390	481,928
- with third parties	6.1	38,616	29,349
		<u>614,006</u>	<u>511,277</u>
Work-in-process		535,848	687,340
Finished goods		946,293	1,411,039
Items in transit		14,921	79,354
		<u>2,111,068</u>	<u>2,689,010</u>

**6.1** Includes raw materials Rs.9,143 thousand (June 30, 2018: Rs.6,302 thousand) to related parties for further processing into parts to be supplied to the Company.

		Un-audited September 30, 2018 ---- (Rupees in '000) ----	Audited June 30, 2018
<b>7. TRADE DEBTS - Unsecured</b>			
<b>Consider good</b>			
Associated Companies		131,316	102,531
Others		1,942,521	1,651,780
		<u>2,073,837</u>	<u>1,754,311</u>
<b>Consider doubtful</b>			
Others		9,948	9,948
		<u>2,083,785</u>	<u>1,764,259</u>
Provision for doubtful debts		(9,948)	(9,948)
		<u>2,073,837</u>	<u>1,754,311</u>

## **8. DEPOSITS AND PREPAYMENTS**

Includes prepayments of Rs.85,901 thousand (June 30, 2018: Rs. Nil) in respect of renewals of insurance policies, rental agreements and other expenses.

		Un-audited September 30, 2018 ---- (Rupees in '000) ----	Audited June 30, 2018
<b>9. INVESTMENTS - at fair value through profit or loss</b>			
Investments in units of mutual funds:			
- Related parties		-	744,707
- Others		118,352	117,214
		<u>118,352</u>	<u>861,921</u>



	Note	Un-audited September 30, 2018 ---- (Rupees in '000) ----	Audited June 30, 2018
<b>10. CASH AND BANK BALANCES</b>			
Cash in hand		266	-
Balances with banks on current accounts	10.1	152,304	26,514
Cheques-in-hand		109,756	354,666
		<u>262,326</u>	<u>381,180</u>
<b>10.1</b>	Represents banking instruments received by the Company from dealers at regional offices in respect of sales but not deposited in the Company's bank account till reporting date.		
		Un-audited September 30, 2018 ---- (Rupees in '000) ----	Audited June 30, 2018
<b>11. SHORT TERM BORROWINGS - Secured</b>			
Running finances / musharakah		2,080,295	2,359,687
Demand finances		250,000	100,000
		<u>2,330,295</u>	<u>2,459,687</u>
<b>12. CONTINGENCIES AND COMMITMENTS</b>			
<b>12.1 Contingencies</b>			
<b>12.1.1</b>	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.		
		Un-audited September 30, 2018 ---- (Rupees in '000) ----	Audited June 30, 2018
<b>12.2 Outstanding bank guarantees</b>		93,764	93,764
<b>12.3 Commitments</b>			
In respect of letters of credit / contract relating to:			
- raw materials, stores, spares and loose tools		150,637	270,386
- capital expenditure		218,749	66,020
In respect of capital expenditure other than through letters of credit		157,113	97,761
		<u>526,499</u>	<u>434,167</u>
		----- Un-audited -----	
		Quarter ended	
		September 30,	
	Note	2018	2017
		---- (Rupees in '000) ----	
<b>13. COST OF SALES</b>			
Opening stock of finished goods		1,411,039	422,668
Cost of goods manufactured	13.1	2,416,945	3,945,417
Purchases during the period		56,748	299,730
		<u>3,884,732</u>	<u>4,667,815</u>
Closing stock of finished goods		(946,293)	(632,008)
		<u>2,938,439</u>	<u>4,035,807</u>

----- Un-audited -----  
**Quarter ended**  
**September 30,**  
**2018                      2017**  
**---- (Rupees in '000) ----**

**13.1 Cost of goods manufactured**

Opening work-in-process	687,340	663,469
Raw materials and components consumed	1,486,856	3,025,023
Factory overheads	778,597	825,715
	2,265,453	3,850,738
	2,952,793	4,514,207
Closing work-in-process	(535,848)	(568,790)
	2,416,945	3,945,417

**14. OTHER INCOME**

Dividend income	7,905	45,806
Gain on sale of investments at fair value through profit or loss	4,450	-
Fair value gain on investments at fair value through profit or loss	293	-
Scrap sales	2,263	5,815
	14,911	51,621

- 15.** Include fair value loss on investment at fair value through profit or loss aggregating Rs. Nil (September 30, 2017: Rs. 78,691).

**16. EARNINGS PER SHARE**

----- Un-audited -----  
**Quarter ended**  
**September 30,**  
**2018                      2017**  
**---- (Rupees in '000) ----**

**16.1 Basic and diluted earnings per share**

Net (loss) / profit for the period	(230,283)	200,087
------------------------------------	-----------	---------

**---- (Number of shares) ----**  
**Restated**

Weighted average number of ordinary shares in issue during the period	24,359,676	24,359,676
---	------------	------------

**---- (Rupees) ----**  
**Restated**

Basic and diluted earnings per share	(9.45)	8.21
--------------------------------------	--------	------

- 16.2** There is no dilutive effect on the earnings per share of the Company. Weighted average number of shares in issue and earnings per share for the quarter ended September 30, 2017 have been restated taking into effect of bonus shares at the rate of 40% issued during the current period.

## 17. FINANCIAL RISK MANAGEMENT

### 17.1 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 information 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.

### 17.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in the financial information 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	118,352	-	-	118,352

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

## 18. TRANSACTIONS WITH RELATED PARTIES

18.1 Significant transactions with related parties are as follows:

	----- Un-audited ----- September 30, 2018                      2017 ---- (Rupees in '000) ----	
<b>Holding Company</b>		
Rent / service charges	42,298	122,458
Reimbursement of expenses	-	2,058
Sale of operating fixed assets	-	11,501
<b>Associated Companies</b>		
Sale of:		
- goods	270,777	696,975
- operating fixed assets	2,345	2,313
Purchases of:		
- goods and services	1,382,541	3,145,448
- operating fixed assets	9,536	8,677
Rent / service charges paid	4,662	389
Reimbursement of expenses	1,595	162
Insurance premium	100,262	84,600
Insurance claims	1,797	2,850
Purchase of units in mutual funds	3,200	40,080
Sale of units in mutual funds	755,031	-
Dividend received	3,764	45,806
Royalty and technical fee	32,406	45,143
Contribution to pension funds	3,569	3,014
<b>Other related parties</b>		
Contributions paid to:		
- provident fund	1,535	1,556
<b>Key Management Personnel</b>		
- salaries and other short term employment benefits	31,193	27,286
- sale of vehicles under company policy	-	794

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

	Un-audited September 30, 2018	Audited June 30, 2018
	----- (Rupees in '000) ----	
<b>Receivables from related parties</b>		
Deposits and prepayments	72,665	-
Other receivables	8,605	-
<b>Payables to related parties</b>		
Trade and other payables	392,127	784,755

These are in the normal course of business.

## 19. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 24, 2018 by the Board of Directors of the Company.

## 20. 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 and 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 information of the Company for the period ended September 30, 2017. The corresponding figures have been rearranged and reclassified, wherever considered necessary.



**Yusuf H. Shirazi**  
Chairman



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



**Rizwan Ahmed**  
Chief Financial Officer

## Atlas Battery Limited

D-181, Central Avenue, S.I.T.E., Karachi-75730

Ph: (92-21) 32567990-4,

Fax: (92-21) 32564703

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

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