



Quarterly Report  
September 30, 2016

# CONTENTS

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Company Information	2
Chairman's Review	4
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Information	11

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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

Rizwan Ahmed  
Company Secretary

## Audit Committee

Frahim Ali Khan  
Chairman

Azam Faruque  
Member

Bashir Makki  
Member

M. Rizwan Jamil  
Secretary & Head of Internal Audit

## Human Resource and Remuneration Committee

Bashir Makki  
Chairman

Ali H. Shirazi  
Member

Frahim Ali Khan  
Member

Ahmar Waheed  
Secretary

## Management Committee

Ali H. Shirazi  
President / Chief Executive

Talha Saad  
Managing Director

Mohsin Khan  
General Manager Marketing

Muhammad Iqbal  
General Manager Supply Chain

Muhammad Jamil Awan  
General Manager Technical Development

Nehal Asghar  
General Manager Plant

Adeel Sartaj  
General Manager Quality Assurance

Ahmar Waheed  
General Manager Human Resource

Malik Nasir Mohyuddin  
General Manager After Sales & Business Development

Mansoor Jamil Khan  
General Manager Engineering & Projects

Qasim Imran Khan  
General Manager Information Technology

Rizwan Ahmed  
Chief Financial Officer & Company Secretary

## Auditors

ShineWing Hameed Chaudhri & Co.  
Chartered Accountants

## Legal Advisors

Agha Faisal Barrister at Law  
Mohsin Tayebaly & Co.

## Tax Advisor

Ernst & Young 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  
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 & 32412754  
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

## Zonal Office Karachi

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

## Sukkur Office

F-33/4, Barrage Colony,  
Workshop Road, Sukkur  
Tel: (071) 5612532  
Fax: (071) 5612532

## Zonal Office Lahore

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

## Faisalabad Office

54-Chenab Market,  
Madina Town, Faisalabad  
Tel: (041) 8713127  
Fax: (041) 8726628

## Multan Office

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

## Peshawar Office

Ground Floor, Zeenat Plaza,  
Near General Bus Stand,  
G.T. Road, Peshawar  
Tel: (091) 2262485

## Islamabad Office

Plot No. 23, Ground Floor,  
Sector I-11/3, Near Nescom,  
Islamabad  
Tel: (051) 4863962-63

## Sahiwal Office

647-V-7, Al-Hilal Building,  
Nishter Road, Sahiwal-57000  
Tel: (040) 4461539

## 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, 2016.

## ECONOMY

The macro-economic indicators suggest that the economy has stabilized and primed for high growth in the near future. The investors' confidence has improved on the back of stable law and order situation and progress on CPEC. The corporate sector is now well positioned to lead the economic strength to the next level through the shift in policy focus from stabilization to growth. Healthy corporate balance sheets along with historic low interest rates and marked improvement in security conditions are offering a golden opportunity to promote investment in the country. GDP growth has been targeted at 5.7% for FY 2016-17. Meanwhile, Pak Rupee remained unchanged during the 1st quarter of FY 2016-17. CPI inflation rose to 3.8% in two months of FY 2016-17 from 1.8% in the corresponding period last year. During July 2016 to August 2016, foreign remittances decreased to US\$ 3.1 billion, down by 3.2% as compared to US\$ 3.2 billion in the corresponding period last year. Exports decreased to US\$ 3.2 billion, down by 7.8% as compared to US\$ 3.5 billion in the corresponding period last year whereas imports increased to US\$ 7.0 billion, up 2.4% as compared to US\$ 6.8 billion in the corresponding period last year. This resulted in a current account deficit of US\$ 3.7 billion as compared to US\$ 3.3 billion in the corresponding period last year. On the other hand, the Pakistan Stock Exchange has crossed all previous milestones and become a highly attractive emerging market for the local and foreign investors.

## OPERATING RESULTS

During 1st quarter, your Company achieved net sales revenue of Rs.3,743 million as compared to Rs.3,875 million for the same quarter of last year, decrease of 3.4%. However, cost of sales also decreased by 5.7% from Rs.3,262 million to Rs.3,076 million. Lower raw material prices helped the increase in gross profit ratio which stood at 17.8% as compared to 15.8% in the corresponding quarter of last year.

Operating expenses at Rs.212 million increased by Rs.27 million compared to Rs.185 million in the corresponding quarter of last year. Other income increased from Rs.47 million to Rs.63 million mainly due to healthy return on investment in equity based mutual funds. Profit from operations increased to Rs.478 million from Rs.363 million, up 31.8%. Finance cost decreased from Rs.13 million to Rs.11 million, down by Rs.2 million as compared to corresponding quarter.

Thus, profit before tax for 1st quarter of FY 2016-17 stood at Rs.467 million as compared to Rs.350 million in the corresponding quarter of last year, up 33.4%. After providing Rs.123 million in respect of current and deferred taxation, the after tax profit of your Company stood at Rs.344 million as compared to Rs.252 million, up 36.6%. Earnings per share for the quarter improved from Rs.14.47 to Rs.19.76 for the same period.

## FUTURE OUTLOOK

Being a vendor of automotive industry, your Company's product is highly dependent on the growth of the automotive industry. During two months of FY 2016-17, sales of locally manufactured cars, trucks, buses, jeeps and tractors etc. decreased by 9.8% to 36,832 units from 40,835 units during the corresponding period last year. Motorcycles and three wheelers segment (assemblers who are registered with PAMA) witnessed growth of 2.4% to 220,397 units from 215,243 units during the corresponding period last year. This situation is likely to prevail during the remaining period of FY 2016-17.

Contrarily, the replacement market is likely to witness sluggish demand, excess supply and stiff competition during the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of FY 2016-17. New entrants will also tighten the competition. Direct exposure of your Company to the rise of major material prices in the international and local market, depreciation of Pak Rupee against international currencies, hike in energy tariffs and inflationary pressure on other input costs may impact the financial results. However, the Management is focused on managing costs, maintaining high quality of product and services and growth in sales for improved market penetration. This will enhance efficiency and result in improved financial performance and growth of your Company, 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":

خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے  
خدا بندے سے خود پہ چھ بتا تیری رضا کیا ہے

(Your determination may be your self resolve)

## 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 / 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

Karachi: October 25, 2016

# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2016

	Note	Un-audited September 30, 2016 ----- (Rupees in '000) -----	Audited June 30, 2016
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	2,862,818	2,672,742
Intangible assets		5,018	4,883
Long term loans		1,222	1,152
Long term deposits		15,147	14,647
		<u>2,884,205</u>	<u>2,693,424</u>
<b>Current assets</b>			
Stores, spares and loose tools		196,803	182,314
Stock-in-trade	6	1,779,585	1,889,810
Trade debts	7	262,103	119,477
Loans and advances		5,576	5,561
Deposits and prepayments	8	146,671	6,457
Investments	9	1,618,756	1,558,861
Other receivables		3,059	8,840
Taxation - net		123,395	196,036
Cash and bank balances	10	52,196	45,257
		<u>4,188,144</u>	<u>4,012,613</u>
		<u>7,072,349</u>	<u>6,706,037</u>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
50,000,000 (June 30, 2016: 50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid up capital			
17,399,769 (June 30, 2016: 17,399,769) ordinary shares of Rs.10 each		173,998	173,998
General reserve		3,827,500	2,827,500
Unappropriated profit		350,874	1,276,794
		<u>4,352,372</u>	<u>4,278,292</u>
<b>Total equity</b>			
<b>Surplus on revaluation of leasehold land</b>		193,886	193,886
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Staff retirement benefits		71,011	65,359
Deferred taxation		223,115	216,880
		<u>294,126</u>	<u>282,239</u>
<b>Current liabilities</b>			
Trade and other payables		1,226,275	1,193,182
Sales tax payable - net		104,495	18,057
Accrued mark-up		7,757	4,392
Short term borrowings	11	857,029	735,989
Dividend payable		36,409	-
		<u>2,231,965</u>	<u>1,951,620</u>
		<u>2,526,091</u>	<u>2,233,859</u>
<b>Total liabilities</b>			
<b>Contingencies and commitments</b>	12		
<b>Total equity and liabilities</b>		<u>7,072,349</u>	<u>6,706,037</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Yusuf H. Shirazi**  
Chairman



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



**Frahim Ali Khan**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	Quarter Ended September 30,	
		2016	2015
		----- (Rupees in '000) -----	
Sales		3,742,500	3,875,051
Cost of sales	13	(3,075,871)	(3,261,587)
<b>Gross profit</b>		666,629	613,464
Distribution cost		(138,441)	(119,215)
Administrative expenses		(73,361)	(65,731)
Other income		63,264	46,752
Other expenses		(39,936)	(112,424)
<b>Profit from operations</b>		478,155	362,846
Finance cost		(11,145)	(12,867)
<b>Profit before taxation</b>		467,010	349,979
Taxation	14	(123,233)	(98,249)
<b>Profit after taxation</b>		343,777	251,730
Other comprehensive income		-	-
<b>Total comprehensive income</b>		343,777	251,730
		----- (Rupees) -----	
<b>Basis and diluted earnings per share</b>		19.76	14.47


The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Yusuf H. Shirazi**  
Chairman



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



**Frahim Ali Khan**  
Director



# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

## FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter Ended	
	September 30,	
	2016	2015
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	467,010	349,979
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	57,902	47,306
Amortisation	1,465	1,465
Provision for gratuity	1,595	1,758
Provision for compensated leave absences	5,998	3,362
Dividend income	(5,378)	(45,795)
Mark-up income	-	(52)
Fair value (gain) / loss on investments at fair value through profit or loss	(55,440)	73,692
Loss / (gain) on sale of operating fixed assets	2,100	(30)
Provision for doubtful debts	-	3,090
Finance cost	11,145	12,867
<b>Operating profit before working capital changes</b>	486,397	447,642
<b>Changes in working capital:</b>		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(14,489)	(31,078)
Stock-in-trade	110,225	4,143
Trade debts	(142,626)	(623,458)
Loans and advances	(15)	21,770
Deposits and prepayments	(140,214)	(163,461)
Other receivables	5,781	6,596
	(181,338)	(785,488)
Increase / (decrease) in current liabilities:		
Trade and other payables	44,896	280,029
Sales tax payable - net	86,438	(67,356)
	131,334	212,673
	(50,004)	(572,815)
<b>Cash generated from / (used in) operations</b>	436,393	(125,173)
Finance cost paid	(7,780)	(10,070)
Mark-up income received	-	52
Income taxes paid (including tax deducted at source)	(44,357)	96,067
Gratuity paid	(13,359)	-
Compensated leave absences paid	(385)	(42)
Long term loans - net	(70)	(75)
Long term deposits - net	(500)	-
	(66,451)	85,932
<b>Net cash generated from / (used in) operating activities</b>		
- carried forward	369,942	(39,241)

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

## FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter Ended	
	September 30,	
	2016	2015
	----- (Rupees in '000) -----	
<b>Net cash generated from / (used in) operating activities</b>		
- brought forward	369,942	(39,241)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(261,210)	(115,685)
Proceeds from sale of property, plant and equipment	11,132	7,111
Purchases of intangible assets	(1,600)	-
Investments acquired	(4,455)	(100,000)
Dividend received	5,378	45,795
<b>Net cash used in investing activities</b>	(250,755)	(162,779)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings - net	121,040	448,861
Dividend paid	(233,288)	(180,610)
<b>Net cash (used in) / generated from financing activities</b>	(112,248)	268,251
<b>Net increase in cash and cash equivalents</b>	6,939	66,231
<b>Cash and cash equivalents - at beginning of the period</b>	45,257	78,318
<b>Cash and cash equivalents - at end of the period</b>	52,196	144,549

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Yusuf H. Shirazi**  
Chairman



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



**Fahim Ali Khan**  
Director


**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Issued, subscribed and paid up capital	General reserves	Unappro- riated Profit	Total
----- (Rupees in '000) -----				
<b>Balance as at July 1, 2015</b>	173,998	2,027,500	1,019,277	3,220,775
Transfer to general reserve	-	800,000	(800,000)	-
<b>Transactions with owners, recognised directly in equity</b>				
Cash dividend for the year ended June 30, 2015 at the rate of Rs.12.00 per share	-	-	(208,797)	(208,797)
<b>Total comprehensive income for the quarter ended September 30, 2015</b>				
Profit for the quarter	-	-	251,730	251,730
Other comprehensive income	-	-	-	-
	-	-	251,730	251,730
<b>Balance as at September 30, 2015</b>	173,998	2,827,500	262,210	3,263,708
<b>Total comprehensive income for the period ended June 30, 2016</b>				
Profit for the period	-	-	1,019,097	1,019,097
Other comprehensive loss	-	-	(4,513)	(4,513)
	-	-	1,014,584	1,014,584
<b>Balance as at June 30, 2016</b>	173,998	2,827,500	1,276,794	4,278,292
Transfer to general reserve	-	1,000,000	(1,000,000)	-
<b>Transactions with owners, recognised directly in equity</b>				
Cash dividend for the year ended June 30, 2016 at the rate of Rs.15.50 per share	-	-	(269,697)	(269,697)
<b>Total comprehensive income for the quarter ended September 30, 2016</b>				
Profit for the quarter	-	-	343,777	343,777
Other comprehensive income	-	-	-	-
	-	-	343,777	343,777
<b>Balance as at September 30, 2016</b>	173,998	3,827,500	350,874	4,352,372

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Yusuf H. Shirazi**  
Chairman



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



**Fahim Ali Khan**  
Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

## 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. The registered office and manufacturing facilities are located at D-181, Central Avenue, S.I.T.E., Karachi with branches at Karachi, Lahore, Multan, Islamabad, Faisalabad, Sahiwal, Peshawar and Sukkur.

## 2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended September 30, 2016 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2016.

## 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, 2016.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2016. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, 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 judgements 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, 2016.

## 5. PROPERTY, PLANT AND EQUIPMENT

		Un-audited September 30, 2016	Audited June 30, 2016
Note		---- (Rupees in '000) ----	
Operating fixed assets	5.1	2,658,330	2,602,811
Capital work-in-progress	5.5	204,488	69,931
		2,862,818	2,672,742

	Note	Un-audited September 30, 2016 ---- (Rupees in '000) ----	Audited June 30, 2016
<b>5.1 Operating fixed assets</b>			
Net book value at beginning of the period / year		2,602,811	1,894,974
Additions during the period / year	5.2	126,654	953,103
Disposals and write-offs, costing Rs.23,191 thousand (June 30, 2016: Rs.62,418 thousand) - at net book value	5.3	(13,233)	(41,297)
Depreciation charged during the period / year		(57,902)	(203,969)
Net book value at end of the period / year		2,658,330	2,602,811
<b>5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:</b>			
Leasehold land		-	322,140
Buildings on leasehold land		3,575	200,157
Plant and machinery		90,120	371,369
Office equipment		155	1,256
Computer and accessories		1,222	6,216
Furniture and fixtures		2,071	13,834
Air conditioners		1,309	2,872
Vehicles		28,202	35,259
		126,654	953,103
<b>5.3 Disposals and write-offs during the period / year:</b>			
Plant and machinery		5,700	26,408
Office Equipment		174	-
Air conditioners		-	520
Vehicles		7,359	14,369
		13,233	41,297
<b>5.4</b> Plant and machinery includes certain dies and moulds having cost aggregating Rs.88,824 thousand (June 30, 2016: Rs.88,824 thousand) and net book value of Rs.56,487 thousand (June 30, 2016: Rs.57,936 thousand) which 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 September 30, 2016 ---- (Rupees in '000) ----	Audited June 30, 2016
<b>5.5 Capital work-in-progress</b>			
Buildings on leasehold land		36,218	9,947
Plant and machinery		142,037	51,142
Furniture and fixtures		1,402	1,277
Vehicles	5.6	24,831	7,565
		204,488	69,931
<b>5.6</b> Includes Rs.17,112 million (June 30, 2016: Rs.4,657 million) advance payment to related parties for purchase of vehicles.			

**Un-audited**      **Audited**  
**September 30,**      **June 30,**  
**2016**                      **2016**  
---- (Rupees in '000) ----

**6. STOCK-IN-TRADE**

Raw materials and components:

- in hand	974,539	913,940
- with third parties	39,957	28,394
	1,014,496	942,334

Work-in-process

Finished goods

Goods in transit

	1,779,585	1,889,810
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**7. TRADE DEBTS - Unsecured**

**Consider good**

Associated Companies

Others

	262,103	119,477
--	---------	---------

**Consider doubtful**

Others

	268,958	126,332
--	---------	---------

Provision for doubtful debts

	262,103	119,477
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**8. DEPOSITS AND PREPAYMENTS**

Include prepayments of Rs.126,520 thousand (June 30, 2016: Rs.2,338 thousand) in respect of renewals of insurance policies and rental agreements.

	<b>Un-audited</b>	<b>Audited</b>
	<b>September 30,</b>	<b>June 30,</b>
	<b>2016</b>	<b>2016</b>
<b>Note</b>	---- (Rupees in '000) ----	

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

Investments in units of mutual funds:

- Related parties

- Others

	1,618,756	1,558,861
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**10. CASH AND BANK BALANCES**

Cash in hand

Balances with banks on current accounts

Cheques / pay orders / demand drafts in hand

10.1

	52,196	45,257
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**10.1** 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, 2016 ---- (Rupees in '000) ----	Audited June 30, 2016
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## 11. SHORT TERM BORROWINGS - Secured

Running finances / musharakah	507,029	735,989
Demand finances	350,000	-
	857,029	735,989
	857,029	735,989

- 11.1 Short term borrowings include Rs.296,007 thousand (June 30, 2016: Rs.33,872 thousand) payable to Meezan Bank Limited - an Associated Company.

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

Except for the following, there has been no significant change in the status of contingencies as reported in note 25.1 to the preceding audited annual financial statements of the Company for the year ended June 30, 2016.

The Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, for the tax year 2015 passed an order under section 161 / 205 of the Income Tax Ordinance, 2001 (the Ordinance) on account of non-deduction of withholding tax on various expenses and created a demand of Rs.56.449 million (including default surcharge and penalty of Rs.3.450 million and Rs.0.525 million, respectively). The Company filed a rectification application against the aforesaid order pursuant to which the DCIR passed a rectified order under section 221 / 161 / 205 of the Ordinance. As a result of the rectified order, the total demand of Rs.56.449 million identified in the original order was reduced to Rs.0.398 million (inclusive of default surcharge and penalty of Rs.0.038 million and Rs.0.033 million, respectively).

While passing the rectified order, the DCIR created an additional demand of Rs.81.593 million (inclusive of default surcharge and penalty of Rs.7.777 million and Rs.6.710 million, respectively) on account of non-deduction of tax on discounts allowed to dealers. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the rectified order and challenged the aggregate demand of Rs.81.991 million. Pursuant to this appeal, CIR(A), on June 08, 2016 passed an order under section 129 of the Ordinance and granted relief to the Company on aggregate demand of Rs.81.991 million. The Commissioner Inland Revenue (CIR) has filed an appeal against the above mentioned order of CIR(A) before the Appellate Tribunal Inland Revenue; which is pending for hearing.

Un-audited September 30, 2016 ---- (Rupees in '000) ----	Audited June 30, 2016
---	-----------------------------

- 12.2 Outstanding bank guarantees

75,162	75,162
75,162	75,162

### 12.3 Commitments

In respect of confirmed letters of credit relating to:

- raw materials, stores, spares and loose tools
- capital expenditure

122,027	218,961
32,310	48,810

In respect of capital expenditure other than through letters of credit

110,104	52,650
264,441	320,421
264,441	320,421

		----- Un-audited ----- Quarter ended September 30, 2016                      2015 ---- (Rupees in '000) ----	
	Note		
<b>13. COST OF SALES</b>			
Opening stock of finished goods		327,649	80,684
Cost of goods manufactured	13.1	2,767,026	3,127,510
Purchases during the period		137,203	252,497
		3,231,878	3,460,691
Closing stock of finished goods		(156,007)	(199,104)
		3,075,871	3,261,587
<b>13.1 Cost of goods manufactured</b>			
Opening work-in-process		586,649	541,194
Raw materials and components consumed		2,058,225	2,406,034
Factory overheads		681,199	722,845
		2,739,424	3,128,879
		3,326,073	3,670,073
Closing work-in-process		(559,047)	(542,563)
		2,767,026	3,127,510
<b>14. TAXATION</b>			
Current year		116,998	125,936
Deferred		6,235	(27,687)
		123,233	98,249

## 15. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency 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, 2016.

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



## 16. TRANSACTIONS WITH RELATED PARTIES

16.1 Significant transactions with related parties are as follows:

	----- Un-audited ----- Quarter ended September 30, 2016                      2015 ---- (Rupees in '000) ----	
<b>Associated Companies</b>		
Sale of:		
- goods	394,250	472,453
- operating fixed assets	-	1,771
Purchases of:		
- goods and services	1,996,745	2,035,087
- operating fixed assets	53,706	50,713
- Intangible assets	1,824	-
Rent / service charges paid	112,738	167,878
Mark-up on short term borrowings	2,946	5,142
Mark-up paid	1,467	3,700
Reimbursement of expenses	791	332
Insurance premium	66,222	63,467
Insurance claims	8,723	9,038
Purchase of units in mutual funds	4,454	100,000
Dividend received	5,378	45,795
Dividend paid	172,453	130,379
Royalty and Technical fee	36,083	36,137
Donation paid	18,682	14,807
<b>Associated Companies</b>		
Contribution to pension funds	2,342	2,290
<b>Other related parties</b>		
Contribution paid to:		
- gratuity fund	13,361	-
- provident fund	1,924	1,813
Key Management Personnel		
- salaries and other short term employment benefits	26,789	25,326
- sale of vehicles	981	2,512

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

	Un-audited September 30, 2016	Audited June 30, 2016
	---- (Rupees in '000) ----	
<b>Receivables from related parties</b>		
Deposits and prepayments	138,683	-
Other receivables	-	6,523
<b>Payables to related parties</b>		
Trade and other payables	281,315	172,966
Accrued mark-up	2,946	1,468

These are in the normal course of business.

## 17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 25, 2016 by the Board of Directors of the Company.

## 18. CORRESPONDING FIGURES

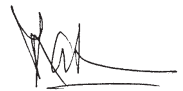
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2016, whereas, the condensed interim profit and loss account, condensed interim cash flow statement 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, 2015.



**Yusuf H. Shirazi**  
Chairman



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



**Fahim Ali Khan**  
Director

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