



Annual Report

2017

2017



DRIVING FORCE
OF EXCELLENCE



Atlas Battery Limited
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DRIVING FORCE OF EXCELLENCE

Atlas Battery has achieved milestones of distinction, charged with continuous self-improvement. The company's performance rests greatly on its attention towards **safety** to minimize incidents, injuries or other hazards at the workplace. Atlas Battery consciously ensure workers' **health**, improving hygiene standards and reducing **environmental** impact. All this has resulted in paving our path towards excellence in quality, production and performance.



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About us

The foundation of the Group was laid with the incorporation of Shirazi Investments (Private) Limited (SIL) in 1962 by Mr. Yusuf H. Shirazi, the Founder of Atlas Group. Today Atlas is a diversified group dealing in engineering, power generation, financial services and trading. It consists of 18 companies of which four are quoted on the Pakistan Stock Exchange.

Atlas Battery Limited was incorporated in 1966 and signed a technical collaboration agreement with Japan Storage Battery Co. Ltd., Japan in 1969 (now known as GS Yuasa Corporation) for production and sale of Japanese quality batteries in Pakistan. Atlas Battery started production in 1969 with the genesis of the brand "AGS" – "A" for Atlas and "GS" for Genzo Shimadzu (the founder of Japan Storage Battery Co. Ltd., Japan). The Company manufactures a wide range of polypropylene batteries suitable for passenger cars, heavy vehicles, motorcycles, construction equipment as well as stationary and industrial applications including gensets, solar electric panels and Uninterruptible Power Supply (UPS) equipments.

Our journey of over 50 years is a reflection of our focus on superior quality and product innovation. With continuous focus on Japanese technology products, we have introduced for the first time in Pakistan a high quality, low maintenance hybrid battery. The tagline "Maintenance Mein Kum aur Performance Mein Dum" succinctly encapsulates the unique selling proposition of the product.

The Company has a successful track record of growth by focusing on HSE, selling superior quality products, investing in engineering and development for product development and enhancing the after sales service network for consumer education.

Profile of the Company

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, and their allied products. 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.

Group Structure

The pioneer of Pakistan's industry, Mr. Yusuf H. Shirazi, laid the foundation of Atlas in 1962 with the establishment of Shirazi Investments (Pvt) Limited with a capital of half a million rupees and three men doing business in trading shares and real estate. The Atlas motto coined by him, 'organization development through self-development', has been the essence of success for Atlas.

Today, Atlas is a diversified group dealing in manufacturing, power generation, trading and financial services, embodying the spirit of development as it endeavors to fuel the growth of Pakistan's economy. It comprises of 18 companies, 4 of which are quoted on the Pakistan Stock Exchange. Atlas shareholders equity and assets stand at over 2 billion US dollars and annual sales approaching 3 billion US dollars.

With an aggressive focus on development, Atlas is firmly established as the technology and knowledge leader in Pakistan. Having institutionalized its values and management structure, providing a sense of active participation at every level, Atlas is driven by the ambition of making Pakistan self-sufficient and prosperous generation after generation.





Vision

A leading innovative organization, manufacturing and marketing superior quality automotive, motorcycle and industrial batteries for domestic and international market.

Mission

Ensuring customer satisfaction through the highest degree of quality and service with innovation and dynamic management while meeting stakeholders' expectations and serving as a model corporate citizen.

Values

- Transparency
- Meritocracy
- Integrity
- Quality
- Safety
- Excellence



Strategic Objectives

The Company is determined to follow its key strategic objectives and gauge the performance against certain parameters laid down by the Company. They are regularly monitored and will remain relevant in measuring ongoing progress.

Objectives

Associates

To develop, update and enhance our associates' skills, knowledge and creative potential.

Consumer

Dedicated to provide highest level of satisfaction to our consumers and value for their money.

Quality

To maintain an edge over competitors in terms of quality of products and services meeting the Japanese standards of excellence.

Technology

To develop a support model and technical infrastructure that strikes the appropriate balance between central and decentralized support and satisfies the diverse needs of the Company.

Innovation

Driven for innovation and continuous improvement.

Shareholders

To safeguard shareholders' interest through a healthy and viable business, that regularly pays satisfactory dividends and adds value to their investment.

Corporate Governance

Committed to the principles of good Corporate Governance by managing and supervising the Company responsibly with proper internal controls, risk management and efficient and effective operations.

Corporate Success

To recognize that Leadership, Empowerment and Accountability are essential for corporate success.

Indicators

- Resources allocated to identifying and meeting training needs of associates.
- Dedicate responsibilities with empowerment for confidence building.

- Quality product.
- After sales services.
- Expeditious warranty claims settlement.

- Quality control assurance and quality audits.
- International certification to maintain quality standards.
- Training sessions for associates on quality production.
- Investment in research and development.

- Automation of processes.
- Investment in information technology.
- B2C and B2B implementation.

- Capex allocation towards improvement of production facilities.
- Process Reengineering.
- New product development.
- Introduce updated technology.

- Earnings per share.
- Market price per share.
- Return on equity.
- Dividend per share.

- Compliance with Code of Corporate Governance.
- Ensure ethical practices at all levels.
- Operations structured under appropriate polices and SOPs.
- Law abidance.

- Clear strategy and direction from dynamic Board of Directors.
- Succession planning.
- Associates' turnover.
- Job rotation and career development.

Significant changes from previous periods

There has been no significant change in management's objectives and strategies from previous year.

Relationship between Company's Results and Management's Objectives

The management has set objectives after detailed analysis and consideration which includes various factors such as market conditions, economic affairs of local and international markets, prevailing industry norms, operations, available resources, financial capacity, liquidity, historical experiences and customer demand.

The Company has shown positive growth during the year with bright future prospects backed by capacity expansion, superior quality, product innovation and initiatives for highest level of customer satisfaction.

Following the Code of Corporate Governance, providing healthy returns to shareholders and ensuring customer satisfaction are integral to management objectives and are duly reflected in Company's financial performance.



Quality Policy and Management

We will continue to manufacture batteries by fostering superior technologies and innovations through strict compliance of our Quality Management System to meet the needs and expectations of our customers.

Quality Management Process

Atlas Battery Limited will continue to manufacture high quality Lead Acid and low maintenance Hybrid batteries. For that purpose, the Company has already aligned its Quality Management System as per ISO 9001:2015 guidelines. ABL Quality Management System provides us the means to regulate, validate and trace all processes associated with product, research, design, manufacturing, logistics, sales and after sales service.

Company is equipped with a sophisticated laboratory having latest measuring equipments for testing the performance of our batteries through chemical and electrical testing. Our in-house laboratory performs timely, accurate and cost-effective testing that ensures every product, from raw materials to finished batteries, meet all quality requirements.

The Company has also invested in the equipments necessary to ensure safe delivery of batteries as per customers' requirement and specifications.

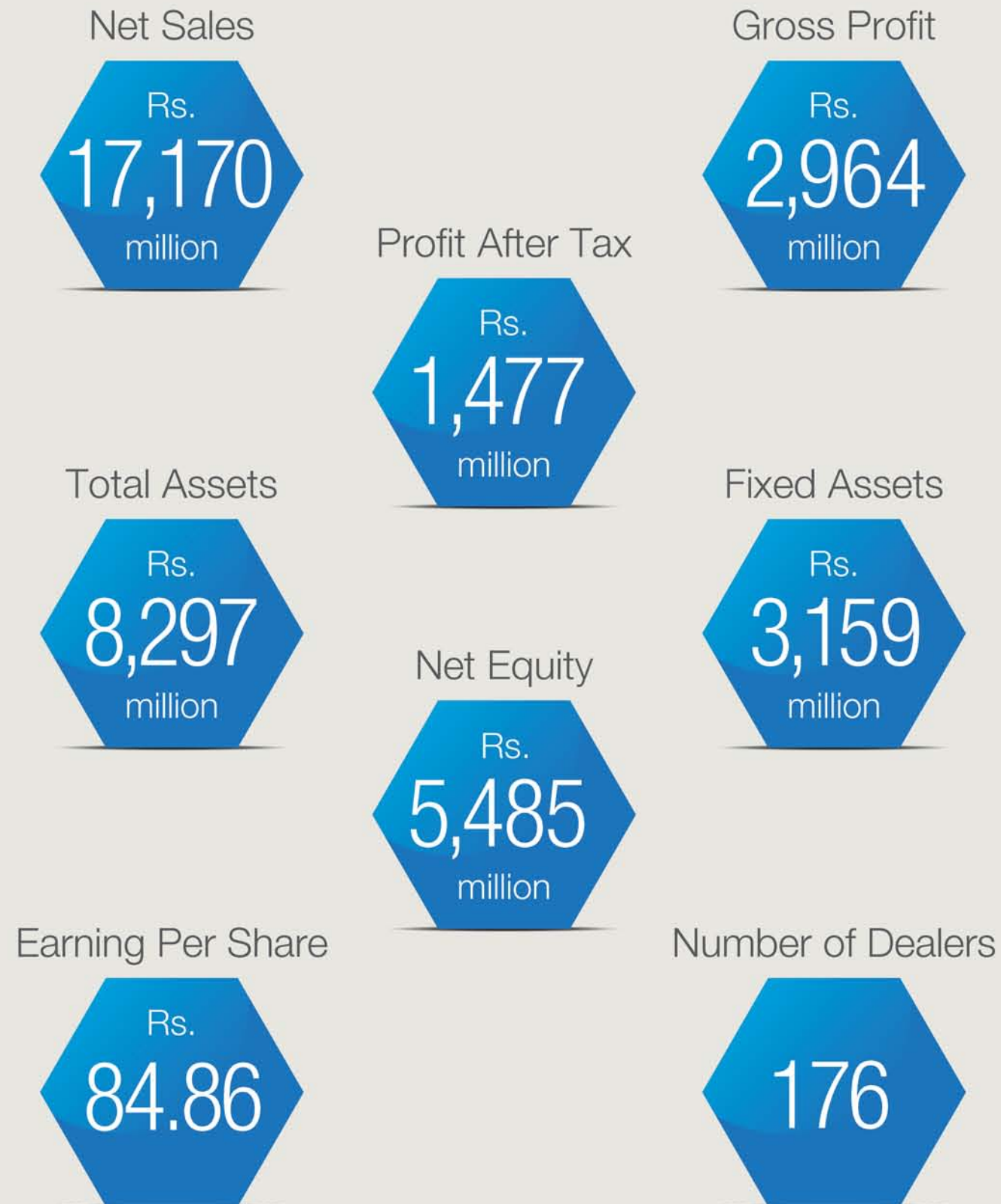


Journey of Success

- 1966** Incorporation of the Company.
- 1968** Public floatation of shares.
- 1969** Technical collaboration with Japan Storage Battery Co. Ltd., Japan.
- 1969** Automotive batteries production started.
- 1974** Motorcycle batteries production started.
- 1979** Nominated for KSE Top 25 Companies.
- 1981** Nominated for KSE Top 25 Companies.
- 1984** Plant expansion.
- 1986** Introduced polypropylene batteries.
- 1988** Joint Venture established with Japan Storage Battery Co. Ltd., Japan with 10% equity injection.
- 1990** Joint Venture was strengthened with Japan Storage Battery Co. Ltd., Japan with further 5% equity injection.
- 1994** PSI Certification (Quality) for automotive batteries.
- 1996** Export of motorcycle batteries.
- 1998** Export of automotive batteries.
- 1998** PSI Certification (Quality) for motorcycle batteries.
- 1999** 2nd plant expansion with automatic assembly line.
- 2000** ISO – 9002 Certification.
- 2000** Best Presented Annual Report Awards – ICAP and ICMAP.
- 2001** Best Presented Annual Report Awards – ICAP and ICMAP.
- 2003** ISO – 9001 – 2000 E.
- 2006** World Quality Commitment – Paris 2006 Gold.
- 2008** Awarded Brand of the Year Award by the Prime Minister of Pakistan for being No. 1 in Consumer Preference.
- 2009** Crossed the one million production milestone in automotive batteries segment.
- 2011** Won the Karachi Stock Exchange (KSE) Top 25 Companies Award (2007-08 and 2008-09).
- 2012** Won the Karachi Stock Exchange (KSE) Top 25 Companies Award (2009-10) for the third year consecutively.
- 2012** Awarded the “Management Excellence Award” by the Management Association of Pakistan (MAP).
- 2013** Won the Karachi Stock Exchange (KSE) Top 25 Companies Award (2010-11) for the fourth year consecutively.
- 2013** Awarded the “Management Excellence Award” by the Management Association of Pakistan (MAP).
- 2013** First battery manufacturer to launch company branded distilled water.
- 2014** Won the Karachi Stock Exchange (KSE) Top 25 Companies Award (2011-12) for the fifth year consecutively.
- 2015** ISO – 9001: 2008 certification.
- 2015** Won the Karachi Stock Exchange (KSE) Top 25 Companies Award (2012-13) for the sixth year consecutively.
- 2015** First battery manufacturer to launch “Hybrid” battery under the brand name “Atlas”.
- 2016** Awarded the “Management Excellence Award” by the Management Association of Pakistan (MAP).
- 2016** Most Popular brand in Pakistan declared by PakWheels.com
- 2017** Company announced six months free warranty of conventional automotive batteries and one year for hybrid batteries.
- 2017** Won the Pakistan Stock Exchange (PSX) Top 25 Companies Award (2013-14 and 2014-15) for the seventh and eighth year consecutively.
- 2017** Awarded the “Management Excellence Award” by the Management Association of Pakistan (MAP).
- 2017** Best Corporate Report Awards (2015) – ICAP and ICMAP.
- 2017** ISO – 9001:2015 certification.



Performance at a Glance



Company's Most Significant Resources

The Company's most significant resources include the following:

Human Capital

The Company has human capital with adequate skills and experience, who have been inducted through a formal process. The associates are well versed and educated in respect of their field of work. In addition, the Company arranges various academic and professional courses for its associates including foreign trainings.

Quality of Products

Quality of products is our main strength, which is achieved through quality of people, work and processes. We believe to serve customers through high quality products.

After Sales Service

The Company believes in long term relationship with its customers. To embrace this motive, the Company is highly emphasized to provide after sales service to its customers by increasing after sales service network through out the country.

Fixed Assets

The Company has Rs.3,159 million of fixed assets as at June 30, 2017, constituting 38.1% of total assets of the Company.

Financial Reserves

The Company has Rs.5,485 million as reserves as at June 30, 2017 depicting positive and healthy financial status.

Debt Free

The Company is debt free as at June 30, 2017 and envisages to remain debt free in the future as well.

Shareholders' Value

The shareholders' value is increasing year on year basis which is reflected by healthy return on equity and strong earning per share.



Geographical Presence



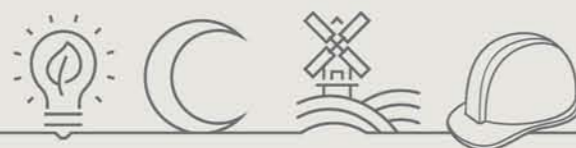
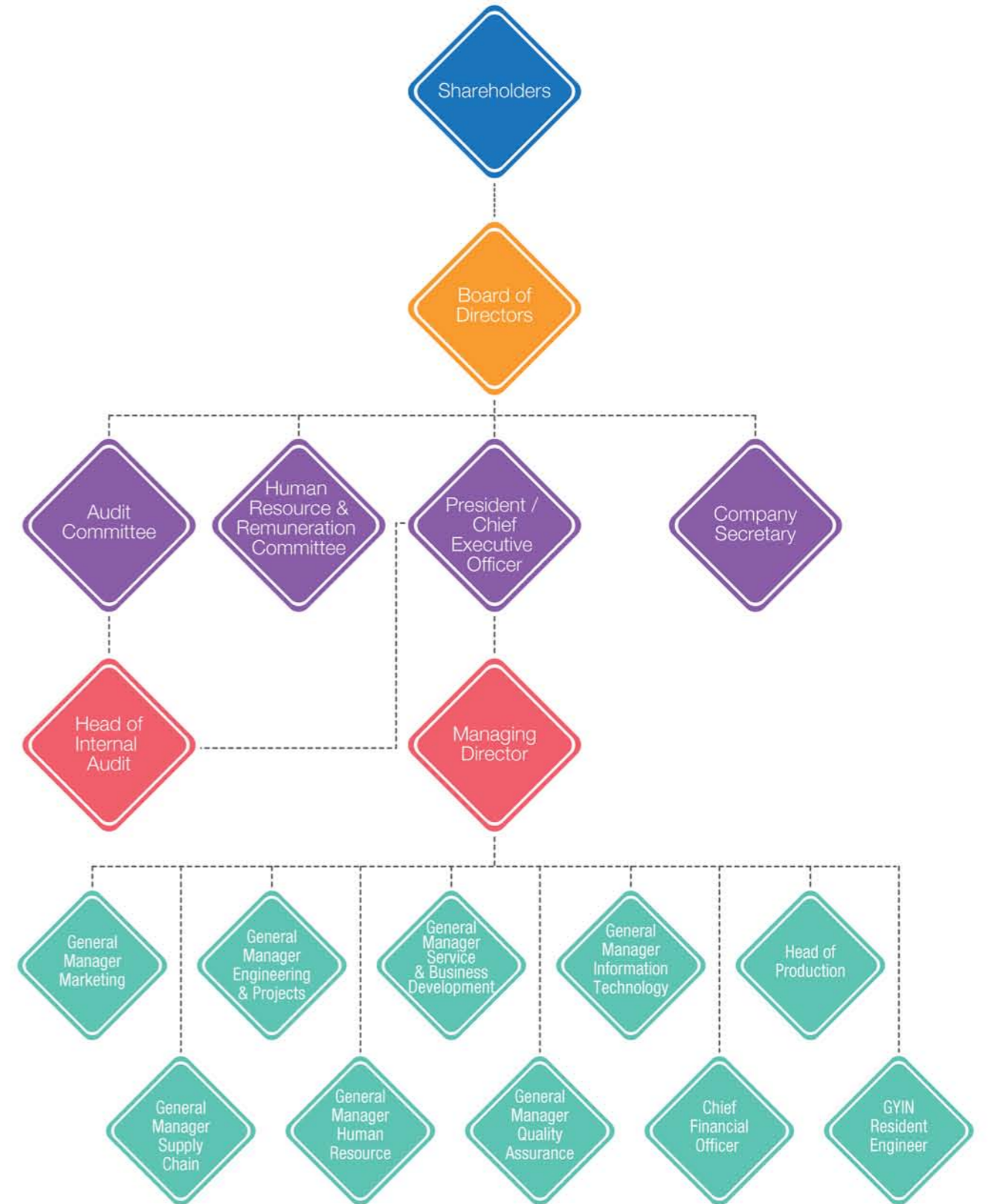
 Regional Offices

Dealership Network

The Company has presence throughout the country with regional offices, extensive dealership network and service centers at all strategic locations.

Dealer network profile is available on our website www.atlasbattery.com.pk

Organization Chart



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 Irfan
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

Nehal Asghar
General Manager Engineering & Projects

Ahmar Waheed
General Manager Human Resource

Malik Nasir Mohyuddin
General Manager Services & Business Development

Mansoor Jamil Khan
General Manager Quality Assurance

Qasim Imran Khan
General Manager Information Technology

Rizwan Ahmed
Chief Financial Officer

Tehseen Raza
Head of 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

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

Karachi Office

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

Lahore Office

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, Nishtar Road,
Sahiwal-57000
Tel: (040) 4461539

Company Website

www.atlasbattery.com.pk

Email Address

abl@atlasbattery.com.pk





ACHIEVING SAFETY THROUGH IMPLEMENTATION



Atlas Battery ensures safety precautions for all employees. Exercises such as Fire Drills and Safety Week awareness sessions are some of the highlights. Workers are given information on various safety sign boards and emergency procedures. Furthermore, the in-house clinic has been re-modernized to accommodate any sudden accidents or emergency hazards.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at 9:30 a.m. on Friday, September 29, 2017 at 2nd Floor, Federation House, Sharae Firdousi, Clifton, Karachi, to transact the following business:

Ordinary Business:

1. To confirm Minutes of Extraordinary General Meeting held on May 19, 2017.
2. To receive, consider and adopt the Audited Annual Financial Statements of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' Reports, thereon.
3. To consider and approve the Cash dividend at the rate of 350% (Rs.35/- per share) for the year ended June 30, 2017 as recommended by the Board of Directors.
4. To appoint auditors and fix their remuneration for the year ending June 30, 2018. The present auditors M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

Other Business:

5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD



Company Secretary

Karachi: September 08, 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed from September 15, 2017 to September 29, 2017 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Hameed Majeed Associates (Private) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi before the close of business on September 14, 2017 will be considered in time for the purpose of entitlement for cash dividend.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company or at the office of our Share Registrar M/s. Hameed Majeed Associates (Private) Limited not less than 48 hours before the time of the meeting.
3. The Company will provide the video link facility to those member(s) who hold minimum 10% shareholding of the total paid-up capital and resident of city other than Karachi where Company's Annual General Meeting is to be placed, upon request. Such member(s) should submit request in writing to the Company at least seven days before the date of the meeting.
4. Any individual Beneficial Owner of the Central Depository Company (CDC), entitled to vote at this meeting must bring his / her Computerized National Identity Card (CNIC) or passport (in case of foreigner) along with CDC account number to prove his / her identity and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
5. Members are requested to immediately inform the Company's Share Registrar of any change in their mailing address.
6. Members are requested to provide by mail or fax, photocopy of their CNIC or passport (in case of foreigner), unless it has been provided earlier, enabling the Company to comply with relevant laws.



7. As per Section 242 of Companies Act, 2017 enacting from May 31, 2017, the payment of cash dividend through electronic mode has now become mandatory. However, as per Circular No.18/2017 dated August 01, 2017 the Securities and Exchange Commission of Pakistan (SECP) has granted one time relaxation till October 31, 2017 to comply with above requirement. Therefore, all shareholders are advised to provide their bank details (if it is not provided earlier) in the "Dividend Mandate Form", attached in the last portion of this report, enable the Company to transfer your cash dividend into your bank account. Shareholders maintaining shareholding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant / CDC Investor Account Service.
8. The Government of Pakistan through Finance Act, 2014, has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on payment of cash dividend by the companies. Further, the Government of Pakistan through Finance Act, 2017 has revised the rates as under:
- a) For filers of income tax returns - 15%
- b) For non-filers of income tax returns - 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not appearing in the latest Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

For any query / information, the investors may contact the Company and / or the Share Registrar at the following:

Company's Registered Office

D-181, Central Avenue, S.I.T.E., Karachi-75730
 Tel: (021) 32567990-4
 Fax: (021) 32564703

Share Registrar

M/s. Hameed Majeed Associates (Private) Limited,
 Karachi Chambers, Hasrat Mohani Road, Karachi.
 Tel: (021) 32424826 & 32412754
 Fax: (021) 32424835

The corporate electronic shareholders having CDC accounts are required to update their National Tax Numbers (NTN) with their respective participants, whereas corporate physical shareholders should send copy of their NTN certificates to the Company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote their respective folio numbers, for identification purpose.

9. In order to enable the Company to follow the directives of regulators to determine shareholding ratio of the Joint shareholder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on the upcoming cash dividend of the Company, shareholders are requested to furnish the shareholding details of the Principal shareholder and the Joint shareholder(s) in the following manner, to the Company's Share Registrar, enabling the Company to compute withholding tax on each shareholder accordingly. In case of non-receipt of the information by September 14, 2017, then each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

| Folio No. / CDC Account No. | Total No. of Shares | Principal Shareholder | | Joint Shareholder(s) | |
|-----------------------------|---------------------|-----------------------|---|----------------------|---|
| | | Name and CNIC No. | Shareholding Proportion (No. of Shares) | Name and CNIC No. | Shareholding Proportion (No. of Shares) |
| | | | | | |

10. Financial statements have been placed on Company's website at www.atlasbattery.com.pk.

Information for Shareholders

Company's Registered Office

D-181, Central Avenue, S.I.T.E., Karachi-75730
Tel: (021) 32567990-4
Fax: (021) 32564703

Share Registrar

M/s. Hameed Majeed Associates (Private) Limited
Karachi Chambers, Hasrat Mohani Road, Karachi.
Tel: (021) 32424826 & 32412754
Fax: (021) 32424835

Listing on Stock Exchange

Atlas Battery Limited is listed on Pakistan Stock Exchange Limited (PSX).

Listing Fee

The annual listing fee for the financial year 2016-17 has been paid within the prescribed time limit.

Stock Symbol

The stock symbol for dealing in equity shares of Atlas Battery Limited at PSX is 'ATBA'.

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 (now repealed) and allied rules, the Securities and Exchange Commission of Pakistan (SECP) regulations and the listing requirements.

Share Transfer System

Share transfers received by the Company's Share Registrar are registered within 30 days from the date of receipt, provided the documents are completed in all respects.

Dividend Announcement

The Board of Directors of the Company has proposed a Final Cash Dividend of Rs.35.00 each for the year ended June 30, 2017, subject to the approval by the shareholders of the Company at the Annual General Meeting.

Dividend paid for the previous year ended June 30, 2016 was, Cash Dividend of Rs.15.50 per share (155%).

Book Closure Dates

The Register of Members and Share Transfer Books of the Company will remain closed from September 15, 2017 to September 29, 2017 (both days inclusive).

Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid within the statutory time limit of 30 days.

(i) For shares held in physical form

To shareholders whose names appear in the members register of the Company after entertaining all requests for transfer of shares lodged with the Company by September 14, 2017.

(ii) For shares held in electronic form

To shareholders whose names appear in the statement of beneficial ownership furnished by CDC at end of business on September 14, 2017.

Withholding of Tax & Zakat on Dividend

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company, wherever applicable.



Zakat is also deductible at source from the dividend amount at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have submitted an undertaking for non-deduction.

Dividend Warrants

Cash dividends are paid through dividend warrants at registered addresses of the ordinary shareholders whose names appear in the register of members at the date of book closure. Shareholders are requested to deposit those warrants into their bank accounts, at the earliest, thus helping the Company to clear the unclaimed dividend account.

The shareholders are informed that SECP through S.R.O. 831(I)/2012 dated July 5, 2012 has directed all listed companies to issue dividend warrant(s) only cross as "A/C Payee Only" in the name of the shareholder or authorized person. It has also made it mandatory that dividend warrants issued by the issuer should bear Computerized National Identity Card (CNIC) numbers of the registered shareholders or authorized person, except in the case of minor(s) and corporate shareholders. The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of a foreigner, copy of passport, unless it has already been provided. The members while sending their CNIC or copy of passport must quote their respective folio number.

Dividend Mandate (Compulsory)

As per Section 242 of Companies Act, 2017 enacting from May 31, 2017, the payment of cash dividend through electronic mode has become mandatory. However, as per Circular No.18/2017 dated August 01, 2017 the Securities and Exchange Commission of Pakistan (SECP) has granted one time relaxation till October 31, 2017 to comply with above requirement. Therefore, all shareholders are advised to provide their bank details (if it is not provided earlier) in

the "Dividend Mandate Form", attached in the last portion of this report, enable the Company to transfer your cash dividend into your bank account. Shareholders maintaining shareholding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant / CDC Investor Account Service.

Annual General Meetings

Pursuant to Section 132 of the Companies Act, 2017, Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having nationwide circulation.

Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another member as his / her proxy to attend and vote on his / her behalf. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy, who ought to be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be submitted at the registered office of the Company not less than forty eight hours before the meeting.

Website

Updated information regarding the Company can be accessed at www.atlasbattery.com.pk. The website contains latest financial results of the Company together with Company's profile and product range, etc.



Nature of Business

Industry

The Company is involved in manufacturing and marketing of automotive, motorcycle and industrial batteries for domestic and international market and falls in the category of automobiles parts and accessories industry.

Markets

The Company serves various segments including Original Equipment Manufacturers (OEMs), domestic appliances, industrial equipment and second hand transportation market through a wide range of dealers' network. Major usage of batteries includes vehicles, motorcycles, heavy vehicles including tractors, buses, UPS - Uninterrupted Power Supply units, Solar Panels and Gensets etc.

Legal Framework

The Company is incorporated under the Companies Act, 2017 (formerly: Companies Ordinance, 1984). It is listed on Pakistan Stock Exchange under the listing regulations. The Company adheres to all laws and regulations, as applicable in Pakistan.

Products and their Applications

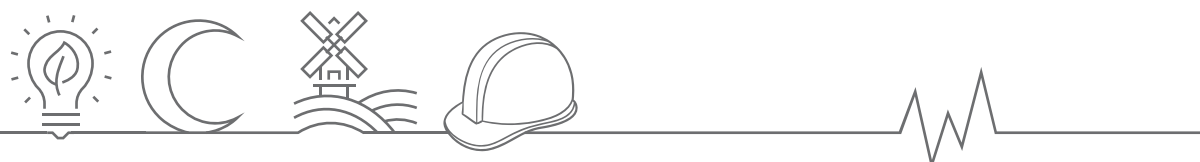
The Company is specialized in manufacturing of automotive, motorcycle and industrial batteries. The Company's products are mainly categorized in light, medium and heavy batteries for automotives, motorcycle batteries and distill water. The detailed application of product types and their applications are enlisted in "Others" section of this report.

International Certifications

| Standard | Description | Certified By | Certified Since |
|---------------|---------------------------|----------------|-----------------|
| ISO 9001:2015 | Quality Management System | Bureau Veritas | 2017 |

Brands

- Atlas
- AGS



Capital Structure

The paid-up capital of the Company stands at Rs.174.0 million represented by 17.40 million shares of Rs.10/- each. The balance sheet footing stands at Rs.8.3 billion and net worth of Rs.5.5 billion.

The Company is a subsidiary of Shirazi Investments (Private) Limited who hold 58.86% shareholding after merger of Shirazi Capital (Private) Limited and Shirazi (Private) Limited with and into Shirazi Investments (Private) Limited. Another major shareholder of the Company is GS Yuasa International Limited - Japan by having 15.00% shareholding.

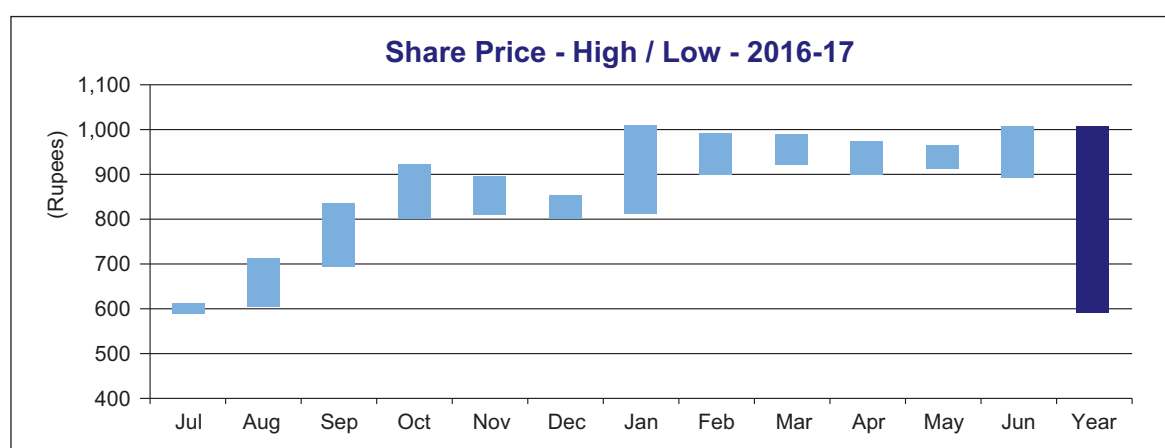
Market Capitalization, Share Price and Volume

Atlas Battery share reached at a record high of Rs.1,005 on January 27, 2017 at Pakistan Stock Exchange. The market capitalization at that instant was Rs.17.49 billion.

The following table shows the monthly high, low and closing share prices of the Company and the volume of shares traded on the Pakistan Stock Exchange during the financial year ended June 30, 2017.

| Months | Highest (Rs.) | Lowest (Rs.) | Closing (Rs.) | No. of shares traded | Market Capitalization in Value* (Rs. in bln) |
|--------|---------------|--------------|---------------|----------------------|--|
| Jul 16 | 610.00 | 590.00 | 603.33 | 43,000 | 10.61 |
| Aug 16 | 710.00 | 605.05 | 689.99 | 163,400 | 12.35 |
| Sep 16 | 832.90 | 693.65 | 809.00 | 144,250 | 14.49 |
| Oct 16 | 919.00 | 800.00 | 807.58 | 82,700 | 15.99 |
| Nov 16 | 890.00 | 807.60 | 821.00 | 78,350 | 15.49 |
| Dec 16 | 850.00 | 800.00 | 834.99 | 61,650 | 14.79 |
| Jan 17 | 1,005.00 | 810.25 | 940.50 | 171,200 | 17.49 |
| Feb 17 | 989.50 | 900.01 | 930.90 | 269,600 | 17.22 |
| Mar 17 | 984.00 | 920.05 | 940.00 | 594,950 | 17.12 |
| Apr 17 | 970.00 | 897.75 | 945.99 | 17,250 | 16.88 |
| May 17 | 960.00 | 910.00 | 945.00 | 19,450 | 16.70 |
| Jun 17 | 1,004.52 | 893.05 | 900.00 | 52,950 | 17.48 |
| Year | 1,005.00 | 590.00 | 900.00 | 1,698,750 | 17.49 |

* Based on highest price



Shares held by Directors / Sponsor / Executives

Details of shares held by Directors / Sponsors / Executives are given in Pattern of Shareholding.



Pattern of Shareholding

As at June 30, 2017

| NO. OF SHAREHOLDERS | HAVING SHARES | | SHARES HELD | PERCENTAGE |
|---------------------|---------------|------------|-------------------|----------------|
| | FROM | TO | | |
| 579 | 1 | 100 | 15,384 | 0.09% |
| 278 | 101 | 500 | 74,111 | 0.43% |
| 137 | 501 | 1,000 | 99,425 | 0.57% |
| 224 | 1,001 | 5,000 | 496,303 | 2.85% |
| 46 | 5,001 | 10,000 | 329,221 | 1.89% |
| 21 | 10,001 | 15,000 | 263,262 | 1.51% |
| 3 | 15,001 | 20,000 | 53,031 | 0.30% |
| 3 | 20,001 | 25,000 | 67,966 | 0.39% |
| 2 | 25,001 | 30,000 | 56,857 | 0.33% |
| 6 | 30,001 | 35,000 | 196,368 | 1.13% |
| 3 | 35,001 | 40,000 | 110,076 | 0.63% |
| 2 | 55,001 | 60,000 | 115,083 | 0.66% |
| 1 | 60,001 | 65,000 | 62,208 | 0.36% |
| 1 | 75,001 | 80,000 | 79,600 | 0.46% |
| 1 | 95,001 | 100,000 | 98,300 | 0.56% |
| 2 | 105,001 | 110,000 | 215,000 | 1.24% |
| 2 | 240,001 | 245,000 | 483,616 | 2.78% |
| 1 | 300,001 | 305,000 | 303,420 | 1.74% |
| 1 | 315,001 | 320,000 | 319,872 | 1.84% |
| 1 | 325,001 | 330,000 | 325,522 | 1.87% |
| 1 | 365,001 | 370,000 | 367,300 | 2.11% |
| 1 | 415,001 | 420,000 | 416,174 | 2.39% |
| 1 | 2,605,001 | 2,610,000 | 2,609,947 | 15.00% |
| 1 | 10,240,001 | 10,250,000 | 10,241,723 | 58.86% |
| <u>1,318</u> | | | <u>17,399,769</u> | <u>100.00%</u> |

The slabs representing nil holding have been omitted.

| Categories of Shareholders | Number of Shareholders | Number of Shares held | Percentage of Shares held |
|--|------------------------|-----------------------|---------------------------|
| Directors, Chief Executive and their spouse and minor children | 7 | 2,515 | 0.01% |
| Associated companies, undertakings & related parties (Note 1) | 4 | 13,474,962 | 77.44% |
| NIT and ICP | 5 | 4,453 | 0.03% |
| Banks, DFIs & NBFCs | 6 | 87,735 | 0.50% |
| Insurance Companies | 4 | 435,078 | 2.50% |
| Modarabas and Mutual Funds | 6 | 67,250 | 0.39% |
| Public Sector Companies & Corporations | 1 | 240,566 | 1.39% |
| General Public | | | |
| Local | 1,261 | 2,609,957 | 15.00% |
| Foreign | - | - | 0.00% |
| Others: | | | |
| Joint Stock Companies | 22 | 473,772 | 2.72% |
| Trustee of Iftikhar Shirazi Family Trust | 1 | 1 | 0.00% |
| Trustees Al-Bader Welfare Trust | 1 | 3,480 | 0.02% |
| | <u>1,318</u> | <u>17,399,769</u> | <u>100.00%</u> |

Note:

1. Following shareholders are shown under Associated Companies category:

| | | |
|--|------------|--------|
| Atlas Foundation | 319,872 | 1.84% |
| Atlas Insurance Limited | 303,420 | 1.74% |
| GS Yuasa International Limited - Japan | 2,609,947 | 15.00% |
| Shirazi Investments (Private) Limited | 10,241,723 | 58.86% |



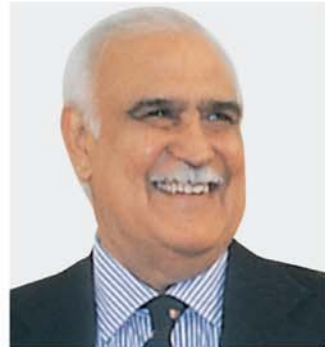
Pattern of Shareholding as at June 30, 2017

Information required under the Code of Corporate Governance

| Categories of Shareholders | Number of Shareholders | Number of Shares held | Percentage of Shares held |
|--|------------------------|-----------------------|---------------------------|
| Directors, Chief Executive and their spouse and minor children | | | |
| Mr. Yusuf H. Shirazi & Mrs. Khawar S. Shirazi | 1 | 1 | - |
| Mr. Ariful Islam | 1 | 2,500 | 0.01% |
| Mr. Azam Faruque | 1 | 10 | - |
| Mr. Bashir Makki | 1 | 1 | - |
| Mr. Frahim Ali Khan | 1 | 1 | - |
| Mr. Toru Furuya | 1 | 1 | - |
| Mr. Ali H. Shirazi | 1 | 1 | - |
| | 7 | 2,515 | 0.01% |
| Associated Companies, Undertakings and Related Parties | | | |
| Atlas Foundation | 1 | 319,872 | 1.84% |
| Atlas Insurance Limited | 1 | 303,420 | 1.74% |
| GS Yuasa International Limited - Japan | 1 | 2,609,947 | 15.00% |
| Shirazi Investments (Private) Limited | 1 | 10,241,723 | 58.86% |
| | 4 | 13,474,962 | 77.44% |
| NIT and ICP | | | |
| Investment Corporation of Pakistan | 4 | 1,534 | 0.01% |
| IDBL - (ICP Unit) | 1 | 2,919 | 0.02% |
| | 5 | 4,453 | 0.03% |
| Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarabas and Mutual Funds | | | |
| | 10 | 522,813 | 3.00% |
| Mutual Funds | | | |
| AFC Umbrella Fund | 1 | 34,800 | 0.20% |
| CDC - Trustee Pakistan Pension Fund - Equity Sub Fund | 1 | 12,700 | 0.07% |
| CDC-Trustee Pakistan Islamic Pension Fund - Equity Sub Fund | 1 | 10,400 | 0.06% |
| CDC - Trustee Nafa Islamic Active Allocation Equity Fund | 1 | 5,300 | 0.03% |
| Pak Qatar Individual Family Participant Invest Fund | 1 | 3,750 | 0.02% |
| Trustees UBL Fund Managers Ltd. Employee Provident Fund | 1 | 300 | - |
| | 6 | 67,250 | 0.38% |
| Public Sector Companies & Corporations | | | |
| State Life Insurance Coporation of Pakistan | 1 | 240,566 | 1.38% |
| General Public | | | |
| | 1,261 | 2,609,957 | 15.01% |
| Others | | | |
| | 24 | 477,253 | 2.74% |
| | <u>1,318</u> | <u>17,399,769</u> | <u>100.00%</u> |
| Shareholders holding 5% or more voting interest | | | |
| GS Yuasa International Limited - Japan | 1 | 2,609,947 | 15.00% |
| Shirazi Investments (Private) Limited | 1 | 10,241,723 | 58.86% |



Board of Directors



Yusuf H. Shirazi
Chairman

Mr. Shirazi is a Law graduate (LLB) with BA (Hons.) and JD (Diploma in Journalism) from Punjab University with role of Honour and AMP Harvard. He served in the financial services of the Central Superior Services of Pakistan for eight years where he authored 50 reports as to how the businesses are carried and tax assessed. He was an instructor in the Finance Services Academy on Law and Accounts. He is the author of seven books including "Aid or Trade" adjudged by the Writers Guild as the best book of the year and continues to be a columnist, particularly on matters – socio – politico – economic.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with GS Yuasa International, Honda, and MAN to name a few. Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others, on the Board of Fauji Foundation, Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology – Space & Upper Atmosphere Research Commission (SUPARCO).

Mr. Shirazi has been awarded Sitara-e-Eisaar and Sitara-e-Imtiaz the top Civilian Awards. Sitara-e-Imtiaz conferred by the Government of Pakistan recognizes individuals who have made an "especially meritorious contribution to the security or national interests of Pakistan, world peace, cultural or other significant public endeavors". Sitara-e-Eisaar Award is in recognition of CSR activities in Pakistan. A distinguished Formanite Award for outstanding achievements as an entrepreneur was awarded by Forman Christian College – University Lahore.

The Government of Japan also acknowledged Mr. Shirazi's contributions to promote economic relationship between the two countries by conferring the Japanese National Award.



Mr. Ariful Islam
Director

Mr. Ariful Islam is a senior banker with over 32 years experience with various banks in Bahrain and Pakistan. He is a Chartered Accountant from England and Wales and a Fellow member of the Institute of Chartered Accountants of Pakistan. He joined Meezan Bank in April 1999 as the Bank's first Chief Operating Officer. He has previously worked with Faysal Bank Limited and MCB Bank Limited, where he held various senior management positions. He is a 'Certified Director' from IBA, Karachi. Currently, Mr. Islam is Deputy CEO & Executive Director of Meezan Bank Limited. He is also the Chairman of the Board of Al Meezan Investment Management Limited – the Bank's asset management subsidiary, and a Director on the Board of Atlas Battery Limited.



Mr. Azam Faruque
Director

Mr. Azam Faruque is a graduate in Electrical Engineering and Computer Sciences from the Princeton University, U.S.A. and an MBA (High Honours) from the University of Chicago, Booth School of Business, U.S.A. He is the Chief Executive of Cherat Cement Company Limited. He has served as a member on the Boards of the State Bank of Pakistan, National Bank of Pakistan, Oil & Gas Development Company Limited, Privatization Commission of Pakistan, and on the Board of Governors of the GIK Institute. He was also a member of the National Commission of Science and Technology. Presently, he is on the Board of Directors of Faruque (Private) Limited, Greaves Pakistan (Private) Limited, Indus Motor Company Limited, International Industries Limited and Madian Hydro Power Limited. He is also a Member of the National Committee of the Aga Khan Foundation. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.



Mr. Bashir Makki
Director

Mr. Bashir Makki is an MBA from IBA, Karachi and has over 35 years of corporate management experience. He formerly worked with ICI Pakistan Limited for 22 years, which also included 2 years of secondment with ICI Malaysia Holdings.

He is a member of the Group's Executive Committee and holds the position of Group Director for Human Resources & HSE. Additionally, he also oversees the Trading Company's operations.

Mr. Makki is a certified trainer and has over the years conducted several organizational development programs. He has also attended executive development programs at Harvard Business School, U.S.A. and Ashridge College in the U.K. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.



Mr. Frahim Ali Khan
Director

Mr. Frahim Ali Khan is a Law graduate from Karachi University, and has over 50 years of experience in General Management, Finance, Investment and Taxation. He has also attended the Senior Managers' Program from Harvard University, USA, Financial Management Program from Stanford University, USA and General Management Program from Insead University, France. He joined the Atlas Group in 1967 and has served in different positions. Currently, his other directorships include Atlas Engineering Limited, Atlas Power Limited, Shirazi Trading Company (Private) Limited, Atlas Hitec (Private) Limited, Atlas Autos (Private) Limited, Atlas Metals (Private) Limited, Atlas Foundation and Atlas Asset Management Limited. Earlier, he has also served on the boards of Atlas Honda Limited and Atlas Insurance Limited and has been CEO of Shirazi Investments (Private) Limited, Shirazi Trading Company (Private) Limited and former Atlas Investment Bank Limited.



Mr. Toru Furuya
Director

Mr. Toru Furuya specializes in chemistry and has a career working at battery design, quality assurance and quality control departments in Japan. He has also experience working at PT. Trimitra Baterai Prakasa (TBP), one of the affiliate companies of GS Yuasa International Limited in Indonesia. He is a 'Certified Director' from the University of Lahore.



Mr. Ali H. Shirazi
President / Chief Executive

Mr. Ali H. Shirazi graduated with a BA from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is member of the Group Executive Committee, responsible for Group's financial services. He is on the Board of Atlas Asset Management Limited, Atlas Engineering Limited, Atlas Insurance Limited, Atlas Metals (Private) Limited, Pakistan Society of Training and Development (Vice President), YPO (Young Professional Organization), National Management Foundation (sponsoring body of LUMS) and Techlogix International Limited. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.



Major Events during the Year

July 2016

- Annual Sales Conference 2015-16 was held on July 18 & 19, 2016 at Karachi.

August 2016

- Board of Directors in its meeting held on August 22, 2016 approved the audited annual accounts for the year ended June 30, 2016 and recommended a Final Cash Dividend @ 155% (Rs.15.50 per share) for the year ended June 30, 2016.

September 2016

- Annual General Meeting was held on September 27, 2016 where audited annual financial statements and cash dividend for the year ended June 30, 2016, were approved by the shareholders along with appointment of external auditors, M/s. ShineWing Hameed Chaudhri & Co. for the year ending 2017.

October 2016

- Meeting of Board of Directors was held on October 25, 2016 to consider and approve the quarterly accounts for the quarter ended September 30, 2016.
- Won Joint 4th position in Best Corporate Report Awards 2015, ICAP and ICMAP.

February 2017

- Meeting of Board of Directors was held on February 22, 2017 to consider and approve the half yearly accounts for the half year ended December 31, 2016.
- Mr. Yusuf H. Shirazi, Chairman Atlas Group of Companies inaugurated the Electrical Utility Building and new Motorcycle Batteries Assembly Shop.
- Awarded the "Management Excellence Award" by Management Association of Pakistan (MAP).

March 2017

- 4th ABL Shaheen Circle Convention was held on March 25, 2017 where QCC themes related to quality, productivity and cost saving were presented by employees & vendors of the Company.

April 2017

- Meeting of Board of Directors was held on April 27, 2017 to consider and approve the quarterly accounts for the period ended March 31, 2017.

May 2017

- Extraordinary General Meeting of the shareholders held on May 19, 2017 to elect seven Directors, for a term of three years commencing from May 21, 2017.
- Mr. Shunichi Amada, First Secretary from Embassy of Japan, Islamabad visited ABL factory.

June 2017

- Meeting of Board of Directors was held on June 21, 2017 to consider and approve the annual budget 2017-18.



Major Events during the Year



Media Gallery

Advertisement

TVC

- TVC of Atlas Battery was launched and went on air on major TV channels.
- Sparkistan TVC went on air on major TV channels.
- Eid Mubarak greeting telope was aired on various TV channels nationwide during Eid.
- AGS TVC was aired on Ten Sports and PTV Sports during the complete Pakistan vs England series and Pakistan vs West Indies series as part of media sponsorship.

Radio Shots

- AGS radio advertisement was aired on 5 radio channels i.e. FM 89, FM 91, FM 103, FM 105 and FM 107.4.
- Atlas Hybrid radio advertisement campaign continued in the month of August 2015 on top rated radio channels.

Sponsorships and live programs

- Sponsorship of a fund-raising event 'Anwar Maqsood aur Halat-e-Hazra' organized by Professional Education Foundation (PEF) on September 24, 2016 at Marriott Hotel, Karachi.
- Sponsored brand activation and free battery check-up campaign at Pakwheels Auto show in all major cities of the country.
- Brand activation and free battery check-up activity conducted during road shows all across the county.
- Participated in 3-days JETRO Exhibition 2016 from December 06 to 08, 2016 at PC Hotel, Karachi.
- Event sponsorship of Pakistan Japan Cultural Festival held on February 10, 2017 at Royal Palm Golf & Country Club.
- Event sponsorship of MAP's 32nd Corporate Excellence Awards 2017 held on February 28, 2017 at Marriott Hotel, Karachi.

Print Media

- Panel ads promoting Atlas Battery products were published on a weekly basis in leading newspapers.
- Sparkistan articles published in leading newspapers and on famous blogging websites such as Dawn and Express Tribune.

Model Shops

- During the year, the Company built 38 model shops throughout country with a view to standardize all dealer shops.



Media Gallery

Consumer Awareness Program

- After Sales team carried out various training and preventive maintenance programs through out the year in all major regions of the country. During the programs, numerous dealers, retailers, technicians of OEMs and end users were in attendance.

Others

- 2017 calendars were distributed nationwide.
- Ramadan schedule calendars were distributed nationwide.
- Newly designed shop boards were installed at dealers' shops nationwide.
- Sparkistan digital campaign launched on January 23, 2017 across all ABL digital platforms.
- Hybrid standee distribution amongst dealers and retailers.

Financial Calendar

The Company's financial year starts on July 01 and ends on June 30 of subsequent year.

Financial results will be announced as per the following tentative schedule:

| | |
|---------------------------------------|------------------------------|
| Annual General Meeting | Last week of September, 2017 |
| 1st quarter ending September 30, 2017 | Last week of October, 2017 |
| Half year ending December 31, 2017 | Last week of February, 2018 |
| 3rd quarter ending March 31, 2018 | Last week of April, 2018 |
| Year ending June 30, 2018 | Last week of August, 2018 |



Media Gallery



Media Gallery



Business Model

We act legally and ethically. Moreover, we focus on delivering on a defined Vision and Mission statements. The Atlas Way is our ethos and ensures sustainable business success while winning the trust and confidence of all stakeholders.

Atlas Culture

- Corporate Governance
- Respect, Recognition and Reward (3Rs)
- Recruitment and career advancement based on integrity, merit, experience and skills
- Education and training of staff and descendants
- Self reliance
- Leading by example
- Humility and excellence
- Living with one's means, saving for the future and donating for good cause
- To be happy and healthy

Atlas Systems

- Management by Objectives (MBO) to align activities agreed Company goals
- Implementing 7S vision (Strategy, Structure, System, Style, Staff, Skills and Shared Values) for the Company
- Inducting and retaining competent and skilled staff - right man for the right job
- Using BCG model for strategic direction
- Creating value through implementation of internal controls (SOPs and policy manuals)
- Management development to produce performers, organization builders and strategists
- Active participation in management meetings for continuous performance improvement
- Ensuring accuracy and control performance improvement
- Ensuring accuracy and control of information / data through efficient MIS
- Judicious sharing of profitability between employee bonuses, dividend payout and profit retention.

Good Governance

We are committed to act ethically and promote corporate culture from top to bottom for every associate. We encourage honesty and professionalism in our acts to provide long-term benefits to all stakeholders as a group as well as individually.

Strengthen customer relationships

We believe in strong customer relationships by ensuring quality of product, quality of management, quality of network, product innovation and after sales service. Simplified claim settlement is also integral to the Company's vision to win and build long term co-operation with customers.

Customers' interaction development

Our major customers are companies and dealers within the transportation or genset industries. The reliability and productivity of the products are important and in many cases crucial to the customers' business operations. An expansive and effective Sales and Service network along with customers' education are of vital importance for the Company.

The ultimate goal of the Company is, to be regarded as number one in customer satisfaction, in terms of both quality products and superior services.



A high-performing organization - committed associates

The Company's vision is to become a leading innovative organization, manufacturing and marketing superior quality automotive, motorcycle and industrial batteries for domestic and international markets. A deciding factor in fulfilling this vision is our associates' knowledge and skills. The Company is committed to investing, training, educating and motivating people. Our support to educational initiatives stems from the idea of strengthening individuals, families and ultimately society through better provision of education.

Attracting and retaining competence

The Company's aim is to offer challenging opportunities and unique company culture that helps us attract and retain the best people. By engaging associates, who are willing to take an active part in the Company's development and future, the Company will succeed in pursuing its strategies.

Succession Planning

The Company ensures implementation of succession planning. This is done by development of successors for all key positions across the organization.

Trainings and Academic Partner Program

The Company is involved in a comprehensive series of programs with academic institutions to educate and train associates. On job trainings and technical trainings are given strong emphasis. One such example is the Diploma Program conducted by Institute of Business Administration (IBA) exclusively for Atlas Group associates.

The cooperation with universities is also important for creating relationships with students and potential associates to secure access to future competence.

Developing talents

Every manager is responsible for assessing and developing talent in the organization by encouraging creativity and independence among our associates.

A career development program is operated by Company on the basis of a consistent Performance Management Review Process. It provides the Company with a structured approach to nurturing talent for management and leadership roles.



State of Art Information Technology Infrastructure

The company enjoys state of the art information technology infrastructure to meet the growing needs of the business. This includes innovations and improvements in core business processes (manufacturing and assembly lines) and non-core business processes (supply chain, finance, etc). We are also aligning business and IT to attain full benefit in a significant and persistent way for data management through ERP and striving for a paperless environment. Further, we are focused on **B2C (Business to Customer)** system, **Business Continuity Plan (BCP)**, **Business Process Reengineering (BPR)** and **B2B (Business to Business)** system.



The Company has successfully implemented material resource planning (MRP) module of Oracle EBS. Developing a comprehensive dashboard of management information system (MIS) comprising of operational and non-operational divisional reporting is in progress.

ACCELERATING PERFORMANCE BY BEST PRACTICES



Atlas Battery ensures care for the surroundings it operates in. A greenbelt has been made in the vicinity by planting trees to combat climate change. The Company invests in proper hygiene through dust removal and spot cooling. Air ventilation and circulation system in the plants have also been improved.



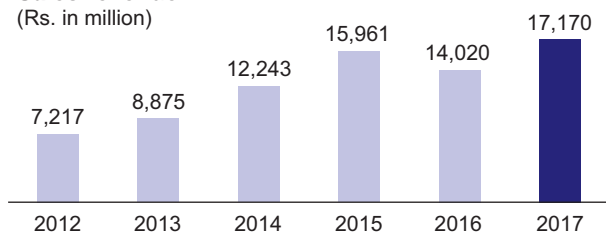
Financial Highlights

| | | | | |
|--|------------|------------|-------|---|
| Sales | 17,169,908 | 14,019,507 | 22.5% | + |
| Gross Profit | 2,964,472 | 2,747,473 | 7.9% | + |
| Operating Profit | 2,133,367 | 1,940,061 | 10.0% | + |
| Profit before Tax | 2,065,197 | 1,868,186 | 10.5% | + |
| Profit after Tax | 1,476,626 | 1,270,827 | 16.2% | + |
| Earnings Per Share - Basic & Diluted (Rupees) | 84.86 | 73.04 | 16.2% | + |
| Shareholders' Equity | 5,484,960 | 4,278,292 | 28.2% | + |
| Property, Plant & Equipment - Net of Revaluation Reserve | 3,158,027 | 2,672,742 | 18.2% | + |
| Book value per share (Rupees) | 315.2 | 246.0 | 28.2% | + |

| | ---- (Rupees in '000) ---- | | | |
|--|----------------------------|------------|-------|---|
| | 2017 | 2016 | % | |
| Sales | 17,169,908 | 14,019,507 | 22.5% | + |
| Gross Profit | 2,964,472 | 2,747,473 | 7.9% | + |
| Operating Profit | 2,133,367 | 1,940,061 | 10.0% | + |
| Profit before Tax | 2,065,197 | 1,868,186 | 10.5% | + |
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| Shareholders' Equity | 5,484,960 | 4,278,292 | 28.2% | + |
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| Book value per share (Rupees) | 315.2 | 246.0 | 28.2% | + |

Business Growth

Sales revenue (Rs. in million)

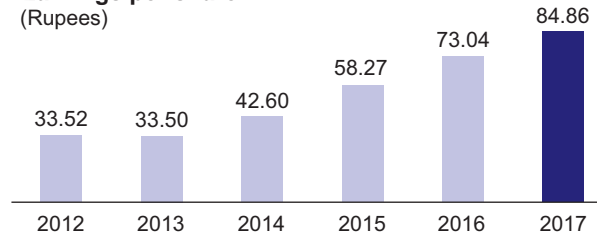


Sales revenue growth

22.5% Over 2016 | 18.9% CAGR over 6 years

Shareholder Value Accretion

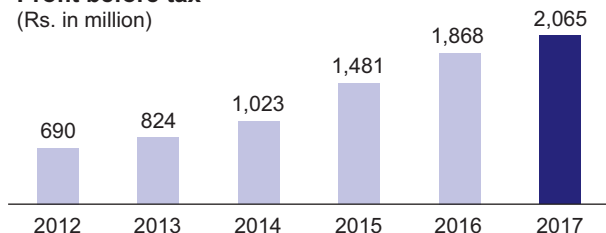
Earnings per share (Rupees)



Earnings per share growth

16.3% Over 2016 | 20.4% CAGR over 6 years

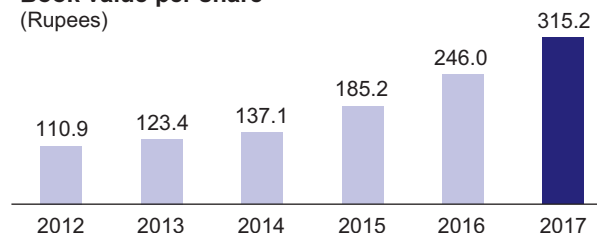
Profit before tax (Rs. in million)



Profit before tax growth

10.5% Over 2016 | 24.5% CAGR over 6 years

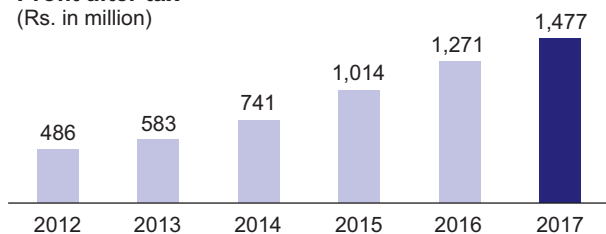
Book value per share (Rupees)



Book value per share growth

28.2% Over 2016 | 23.5% CAGR over 6 years

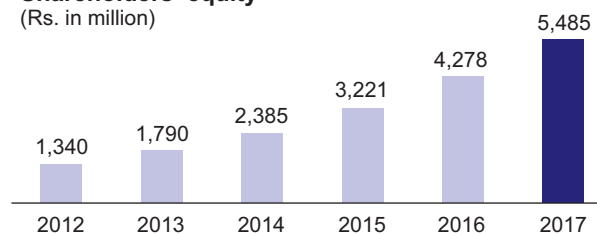
Profit after tax (Rs. in million)



Profit after tax growth

16.2% Over 2016 | 24.9% CAGR over 6 years

Shareholders' equity (Rs. in million)



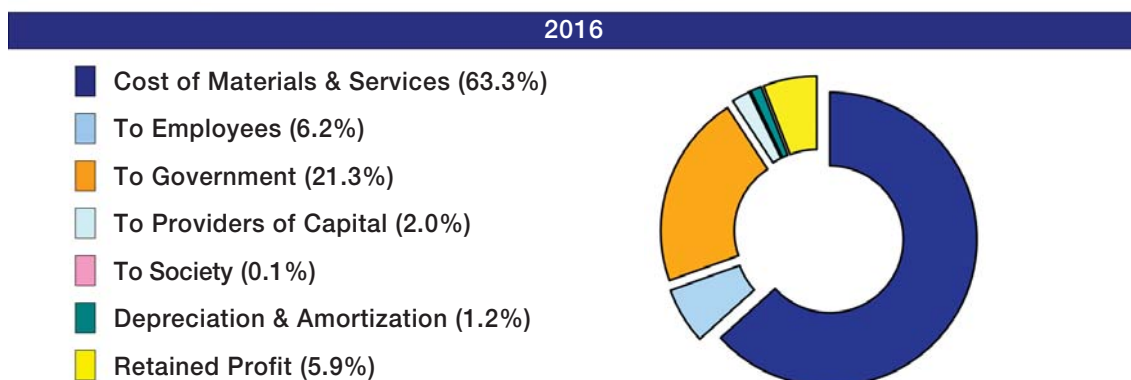
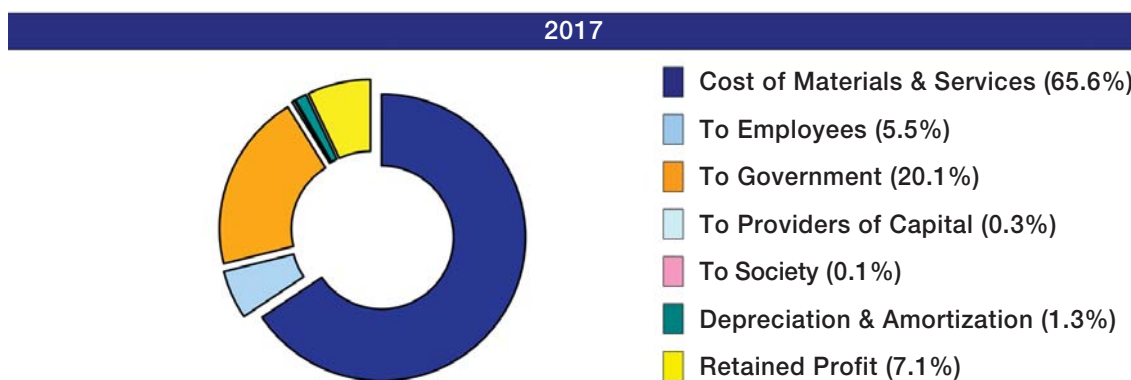
Shareholders' equity per share growth

28.2% Over 2016 | 32.8% CAGR over 6 years



Statement of Value Addition

| | Year ended June 30 | | | |
|--|--------------------|--------------|-------------------|--------------|
| | 2017 | | 2016 | |
| | (Rs. in '000) | % age | (Rs. in '000) | % age |
| Wealth Generated: | | | | |
| Sales including Sales Tax | 20,574,472 | 98.8 | 16,864,730 | 99.4 |
| Other Operating Income | 254,361 | 1.2 | 95,577 | 0.6 |
| | <u>20,828,833</u> | <u>100.0</u> | <u>16,960,307</u> | <u>100.0</u> |
| Wealth distributed: | | | | |
| Cost of Material & Services | 13,662,496 | 65.6 | 10,720,736 | 63.3 |
| To Employees | | | | |
| Salaries & other related costs | 1,146,765 | 5.5 | 1,054,238 | 6.2 |
| To Government | | | | |
| Taxes | 4,050,609 | 19.4 | 3,479,537 | 20.5 |
| Workers' Profit Participation Fund | 110,424 | 0.5 | 100,332 | 0.6 |
| Workers' Welfare Fund | 32,853 | 0.2 | 38,126 | 0.2 |
| | 4,193,886 | 20.1 | 3,617,995 | 21.3 |
| To Providers of Capital | | | | |
| Dividend to Shareholders | 608,992 | 2.9 | 269,696 | 1.6 |
| Finance Cost | 68,170 | 0.3 | 71,875 | 0.4 |
| | 677,162 | 3.2 | 341,571 | 2.0 |
| To Society | | | | |
| Donation | 18,682 | 0.1 | 14,807 | 0.1 |
| Retained in the Business | | | | |
| For replacement of Fixed Assets: | | | | |
| Depreciation & Amortization | 262,208 | 1.3 | 209,829 | 1.2 |
| To provide for Growth: Retained Profit | 867,634 | 4.2 | 1,001,131 | 5.9 |
| | 1,129,842 | 5.5 | 1,210,960 | 7.1 |
| | <u>20,828,833</u> | <u>100.0</u> | <u>16,960,307</u> | <u>100.0</u> |



Analysis of Financial Statements

Balance Sheet

(Rupees in '000)

| PARTICULARS | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Non Current Assets | | | | | | |
| Property, plant and equipment | 3,158,027 | 2,672,742 | 1,994,955 | 1,416,705 | 1,155,854 | 1,127,859 |
| Intangible assets | 1,467 | 4,883 | 10,743 | 1,117 | 1,736 | - |
| Long term deposits | 16,777 | 14,647 | 13,777 | 13,916 | 10,555 | 6,832 |
| Long term loans | 1,303 | 1,152 | 1,103 | 1,227 | 657 | 719 |
| Total non current assets | 3,177,574 | 2,693,424 | 2,020,578 | 1,432,965 | 1,168,802 | 1,135,410 |
| Current Assets | | | | | | |
| Stores, spares and loose tools | 191,896 | 182,314 | 110,788 | 88,665 | 57,818 | 43,594 |
| Stock-in-trade | 1,706,859 | 1,889,810 | 1,608,783 | 2,551,256 | 1,477,258 | 811,490 |
| Trade debts | 364,642 | 119,477 | 131,810 | 142,345 | 79,987 | 112,423 |
| Loans and advances | 5,234 | 5,561 | 27,727 | 25,875 | 3,497 | 2,682 |
| Deposits and prepayments | 18,231 | 6,457 | 11,361 | 6,416 | 6,446 | 5,138 |
| Investments | 2,464,851 | 1,558,861 | 918,737 | 824,925 | 711,544 | 436,291 |
| Other receivables | 3,893 | 8,840 | 8,913 | 11,398 | 4,121 | 7,023 |
| Taxation - net | 349,166 | 196,036 | 481,100 | 237,060 | 94,615 | 29,481 |
| Cash and bank balances | 14,873 | 45,257 | 78,318 | 6,089 | 33,055 | 48,191 |
| Total current assets | 5,119,645 | 4,012,613 | 3,377,537 | 3,894,029 | 2,468,341 | 1,496,313 |
| Total Assets | 8,297,219 | 6,706,037 | 5,398,115 | 5,326,994 | 3,637,143 | 2,631,723 |
| Equity and Liabilities | | | | | | |
| Share Capital and Reserves | | | | | | |
| Share capital | 173,998 | 173,998 | 173,998 | 173,998 | 144,998 | 120,832 |
| Reserves | 3,827,500 | 2,827,500 | 2,027,500 | 1,477,500 | 1,067,500 | 727,500 |
| Unappropriated profit | 1,483,462 | 1,276,794 | 1,019,277 | 733,068 | 577,244 | 478,606 |
| | 5,484,960 | 4,278,292 | 3,220,775 | 2,384,566 | 1,789,742 | 1,326,938 |
| Surplus on revaluation of leasehold land | 193,886 | 193,886 | 193,886 | 173,786 | 173,786 | 173,786 |
| Non Current Liabilities | | | | | | |
| Staff retirement benefits | 79,868 | 65,359 | 60,226 | 49,741 | 45,825 | 40,928 |
| Deferred taxation | 254,932 | 216,880 | 208,181 | 161,015 | 146,945 | 131,123 |
| | 334,800 | 282,239 | 268,407 | 210,756 | 192,770 | 172,051 |
| Current Liabilities | | | | | | |
| Trade and other payables | 1,330,910 | 1,193,182 | 910,253 | 860,347 | 799,556 | 514,863 |
| Sales tax payable - net | 65,270 | 18,057 | 86,647 | 55,319 | 53,488 | 21,066 |
| Accrued mark-up | 4,623 | 4,392 | 8,384 | 19,729 | 11,110 | 7,810 |
| Short term borrowings | 882,770 | 735,989 | 709,763 | 1,622,491 | 616,691 | 415,209 |
| Total current liabilities | 2,283,573 | 1,951,620 | 1,715,047 | 2,557,886 | 1,480,845 | 958,948 |
| Total Equity and Liabilities | 8,297,219 | 6,706,037 | 5,398,115 | 5,326,994 | 3,637,143 | 2,631,723 |



Analysis of Financial Statements

Balance Sheet

| PARTICULARS | Vertical Analysis | | | | | | Horizontal Analysis | | | | |
|--|------------------------|--------------|--------------|--------------|--------------|--------------|------------------------|---------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2017/ 2016 | 2016/ 2015 | 2015/ 2014 | 2014/ 2013 | 2013/ 2012 |
| | ----- Percentage ----- | | | | | | ----- Percentage ----- | | | | |
| Non Current Assets | | | | | | | | | | | |
| Property, plant and equipment | 38.1 | 39.9 | 37.0 | 26.6 | 31.8 | 42.9 | 18.2 | 34.0 | 40.8 | 22.6 | 2.5 |
| Intangible assets | - | 0.1 | 0.2 | - | - | - | (70.0) | (54.5) | 861.8 | (35.7) | 100.0 |
| Long term deposits | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 14.5 | 6.3 | (1.0) | 31.8 | 54.5 |
| Long term loans | - | - | - | - | - | - | 13.1 | 4.4 | (10.1) | 86.8 | (8.6) |
| Total non current assets | 38.3 | 40.2 | 37.5 | 26.9 | 32.1 | 43.2 | 18.0 | 33.3 | 41.0 | 22.6 | 2.9 |
| Current Assets | | | | | | | | | | | |
| Stores, spares and loose tools | 2.3 | 2.7 | 2.1 | 1.7 | 1.6 | 1.7 | 5.3 | 64.6 | 25.0 | 53.4 | 32.6 |
| Stock-in-trade | 20.6 | 28.2 | 29.8 | 47.9 | 40.6 | 30.8 | (9.7) | 17.5 | (36.9) | 72.7 | 82.0 |
| Trade debts | 4.4 | 1.8 | 2.4 | 2.7 | 2.2 | 4.3 | 205.2 | (9.4) | (7.4) | 78.0 | (28.9) |
| Loans and advances | 0.1 | 0.1 | 0.5 | 0.5 | 0.1 | 0.1 | (5.9) | (79.9) | 7.2 | 639.9 | 30.4 |
| Deposits and prepayments | 0.2 | 0.1 | 0.2 | 0.1 | 0.2 | 0.2 | 182.3 | (43.2) | 77.1 | (0.5) | 25.5 |
| Investments | 29.7 | 23.2 | 17.0 | 15.5 | 19.6 | 16.6 | 58.1 | 69.7 | 11.4 | 15.9 | 63.1 |
| Other receivables | - | 0.1 | 0.2 | 0.2 | 0.1 | 0.3 | (56.0) | (0.8) | (21.8) | 176.6 | (41.3) |
| Taxation - net | 4.2 | 2.9 | 8.9 | 4.5 | 2.6 | 1.1 | 78.1 | (59.3) | 102.9 | 150.6 | 220.9 |
| Cash and bank balances | 0.2 | 0.7 | 1.4 | - | 0.9 | 1.7 | (67.1) | (42.2) | 1,186.2 | (81.6) | (31.4) |
| Total current assets | 61.7 | 59.8 | 62.5 | 73.1 | 67.9 | 56.8 | 27.6 | 18.8 | (13.3) | 57.8 | 65.0 |
| Total Assets | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 23.7 | 24.2 | 1.3 | 46.5 | 38.2 |
| Equity and Liabilities | | | | | | | | | | | |
| Share Capital and Reserves | | | | | | | | | | | |
| Share capital | 2.1 | 2.6 | 3.2 | 3.3 | 4.0 | 4.6 | - | - | - | 20.0 | 20.0 |
| Reserves | 46.1 | 42.2 | 37.6 | 27.7 | 29.3 | 27.6 | 35.4 | 39.5 | 37.2 | 38.4 | 46.7 |
| Unappropriated profit | 17.9 | 19.0 | 18.9 | 13.8 | 15.9 | 18.2 | 16.2 | 25.3 | 39.0 | 27.0 | 20.6 |
| | 66.1 | 63.8 | 59.7 | 44.8 | 49.2 | 50.4 | 28.2 | 32.8 | 35.1 | 33.2 | 34.9 |
| Surplus on revaluation of leasehold land | 2.3 | 2.9 | 3.6 | 3.3 | 4.8 | 6.6 | - | - | 11.6 | - | - |
| Non Current Liabilities | | | | | | | | | | | |
| Staff retirement benefits | 1.0 | 1.0 | 1.1 | 0.9 | 1.3 | 1.6 | 22.2 | 8.5 | 21.1 | 8.5 | 12.0 |
| Deferred taxation | 3.1 | 3.2 | 3.9 | 3.0 | 4.0 | 5.0 | 17.5 | 4.2 | 29.3 | 9.6 | 12.1 |
| | 4.1 | 4.2 | 5.0 | 3.9 | 5.3 | 6.6 | 18.6 | 5.2 | 27.4 | 9.3 | 12.0 |
| Current Liabilities | | | | | | | | | | | |
| Trade and other payables | 16.0 | 17.7 | 16.8 | 16.1 | 21.9 | 19.5 | 11.5 | 31.1 | 5.8 | 7.6 | 55.3 |
| Sales tax payable - net | 0.8 | 0.3 | 1.6 | 1.0 | 1.5 | 0.8 | 261.5 | (79.2) | 56.6 | 3.4 | 153.9 |
| Accrued mark-up | 0.1 | 0.1 | 0.2 | 0.4 | 0.3 | 0.3 | 5.3 | (47.6) | (57.5) | 77.6 | 42.3 |
| Short term borrowings | 10.6 | 11.0 | 13.1 | 30.5 | 17.0 | 15.8 | 19.9 | 3.7 | (56.3) | 163.1 | 48.5 |
| Total current liabilities | 27.5 | 29.1 | 31.7 | 48.0 | 40.7 | 36.4 | 17.0 | 13.8 | (33.0) | 72.7 | 54.4 |
| Total Equity and Liabilities | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 23.7 | 24.2 | 1.3 | 46.5 | 38.2 |



Comments on Six Years' Balance Sheet

Property, Plant and Equipment

The increasing trend in property, plant and equipment over the years is mainly due to gradual capacity expansion to meet the growing demand of the batteries.

Stock-in-trade

The increasing trend in stock-in-trade is in line with increase in cost of goods sold over the years. The decrease in inventory levels over last year is due to better inventory management and just in time approach for selected stock items.

Investments

In line with strategic decision to invest excess cash flows with long term perspective to earn differential returns the investments have increased over the years. The high rate of return and stability has lead to increase in investments in mutual funds.

Taxation

The contribution to national exchequer has sizeably increased over the years as a result of increase in sales. The current taxation charge over the years has increased in line with increase in profits over last 6 years.

Trade and other payables

The increase in trade and other payables over last year mainly comprise of trade creditors and accrued liabilities which are part of normal course of business.

Short term borrowings

Short term borrowings during last six years are in line with working capital requirement. Capacity expansion is backed mainly through own funds generation.



Analysis of Financial Statements

Profit and Loss Account

(Rupees in '000)

| PARTICULARS | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--------------------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Sales | 17,169,908 | 14,019,507 | 15,961,413 | 12,242,719 | 8,875,114 | 7,217,116 |
| Cost of sales | (14,205,436) | (11,272,034) | (13,583,708) | (10,621,161) | (7,559,626) | (6,049,434) |
| Gross profit | 2,964,472 | 2,747,473 | 2,377,705 | 1,621,558 | 1,315,488 | 1,167,682 |
| Distribution cost | (606,223) | (438,088) | (449,347) | (292,373) | (235,264) | (186,367) |
| Administrative expenses | (305,430) | (287,940) | (246,501) | (189,754) | (190,538) | (151,495) |
| Other operating income | 254,361 | 95,577 | 91,526 | 109,221 | 86,309 | 37,035 |
| Other operating expenses | (173,813) | (176,961) | (145,997) | (99,859) | (91,981) | (107,310) |
| Profit from operations | 2,133,367 | 1,940,061 | 1,627,386 | 1,148,793 | 884,014 | 759,545 |
| Finance cost | (68,170) | (71,875) | (146,675) | (126,025) | (59,946) | (69,896) |
| Profit before tax | 2,065,197 | 1,868,186 | 1,480,711 | 1,022,768 | 824,068 | 689,649 |
| Taxation | (588,571) | (597,359) | (466,787) | (281,618) | (241,182) | (203,635) |
| Profit after tax | 1,476,626 | 1,270,827 | 1,013,924 | 741,150 | 582,886 | 486,014 |

| PARTICULARS | Vertical Analysis | | | | | | Horizontal Analysis | | | | |
|--------------------------|------------------------|--------|--------|--------|--------|--------|------------------------|---------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2017/ 2016 | 2016/ 2015 | 2015/ 2014 | 2014/ 2013 | 2013/ 2012 |
| | ----- Percentage ----- | | | | | | ----- Percentage ----- | | | | |
| Sales | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 22.5 | (12.2) | 30.4 | 37.9 | 23.0 |
| Cost of sales | (82.7) | (80.4) | (85.1) | (86.8) | (85.2) | (83.8) | 26.0 | (17.0) | 27.9 | 40.5 | 25.0 |
| Gross profit | 17.3 | 19.6 | 14.9 | 13.2 | 14.8 | 16.2 | 7.9 | 15.6 | 46.6 | 23.3 | 12.7 |
| Distribution cost | (3.5) | (3.1) | (2.8) | (2.4) | (2.7) | (2.6) | 38.4 | (2.5) | 53.7 | 24.3 | 26.2 |
| Administrative expenses | (1.8) | (2.1) | (1.5) | (1.5) | (2.1) | (2.1) | 6.1 | 16.8 | 29.9 | (0.4) | 25.8 |
| Other operating income | 1.5 | 0.7 | 0.6 | 0.9 | 1.0 | 0.5 | 166.1 | 4.4 | (16.2) | 26.5 | 133.0 |
| Other operating expenses | (1.0) | (1.3) | (0.9) | (0.8) | (1.0) | (1.5) | (1.8) | 21.2 | 46.2 | 8.6 | (14.3) |
| Profit from operations | 12.5 | 13.8 | 10.3 | 9.4 | 10.0 | 10.5 | 10.0 | 19.2 | 41.7 | 30.0 | 16.4 |
| Finance cost | (0.4) | (0.5) | (0.9) | (1.0) | (0.7) | (1.0) | (5.2) | (51.0) | 16.4 | 110.2 | (14.2) |
| Profit before tax | 12.1 | 13.3 | 9.4 | 8.4 | 9.3 | 9.5 | 10.5 | 26.2 | 44.8 | 24.1 | 19.5 |
| Taxation | (3.4) | (4.3) | (2.9) | (2.3) | (2.7) | (2.8) | (1.5) | 28.0 | 65.8 | 16.8 | 18.4 |
| Profit after tax | 8.7 | 9.0 | 6.5 | 6.1 | 6.6 | 6.7 | 16.2 | 25.3 | 36.8 | 27.2 | 19.9 |



Comments on Six Years' Profit and Loss Account

Sales

Sales has witnessed cumulative average growth rate (CAGR) of 18.9% over last 6 years mainly on account of improved demand in the replacement segment, both in locally manufactured and imported used vehicle categories, coupled with continued demand for heavy and medium sized batteries used in Uninterruptible Power Supply (UPS) units and generators due to electricity shortage.

Cost of Sales

Cost of sales remained almost consistent over the years. The fluctuation in international commodity prices results in variation of slight increase and decrease in cost of sales over the years. In previous year, a decreasing trend was observed in raw material prices resulting in reduction of cost of sales to sales percentage.

Gross Profit

During last six years, gross profit margin remained above 13% reflecting sales volumes increase and measures to control costs. Last year, the gross profit margin jumped up to 19.6 % due to the reduction in cost of sales backed by reduced rates of raw materials whereas in the current year the margin reduced to 17.3% with the increase in raw material prices in the second half of the fiscal year.

Distribution Cost and Administrative Expenses

Distribution cost and administrative expenses remained under control and were consistent with the proportion to the sales in last six years.

Finance Cost

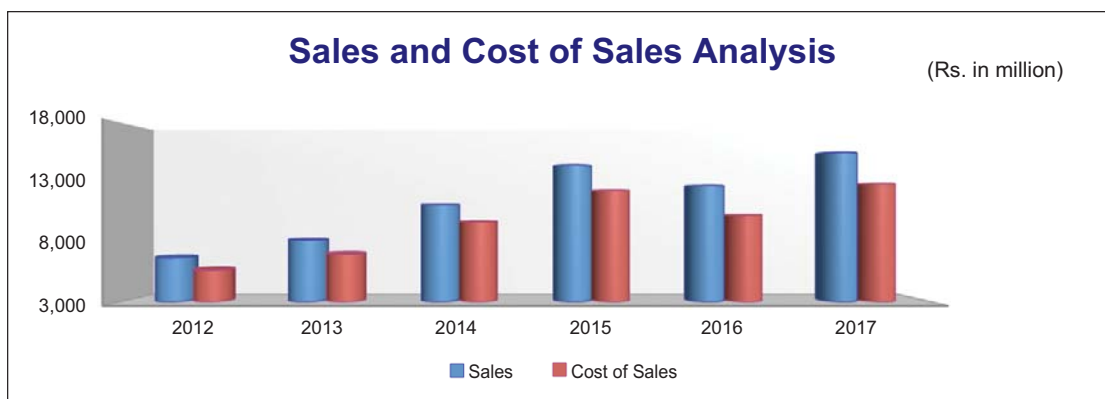
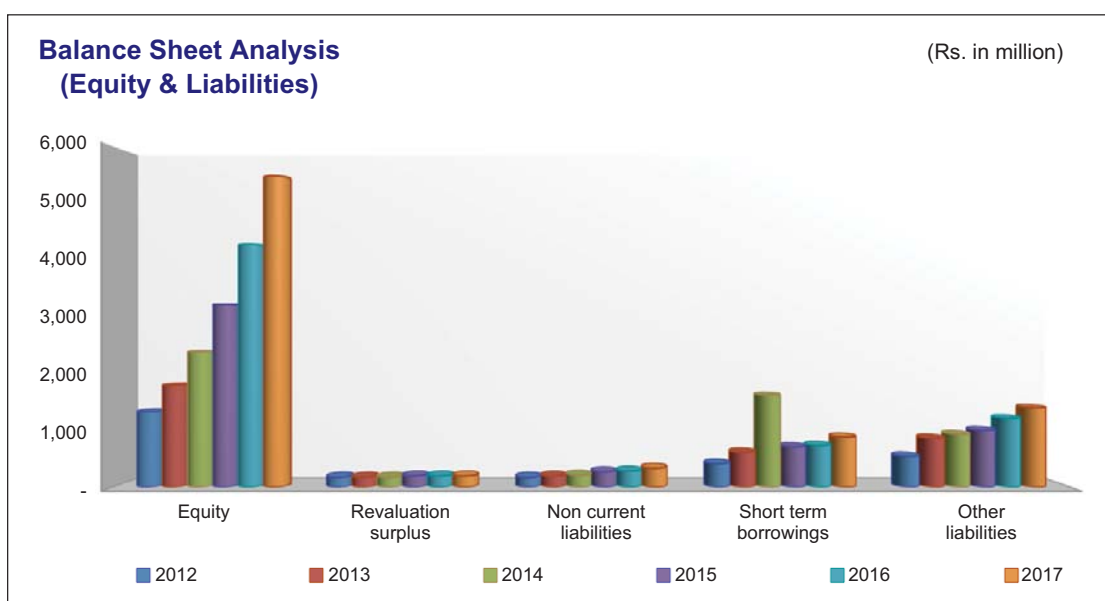
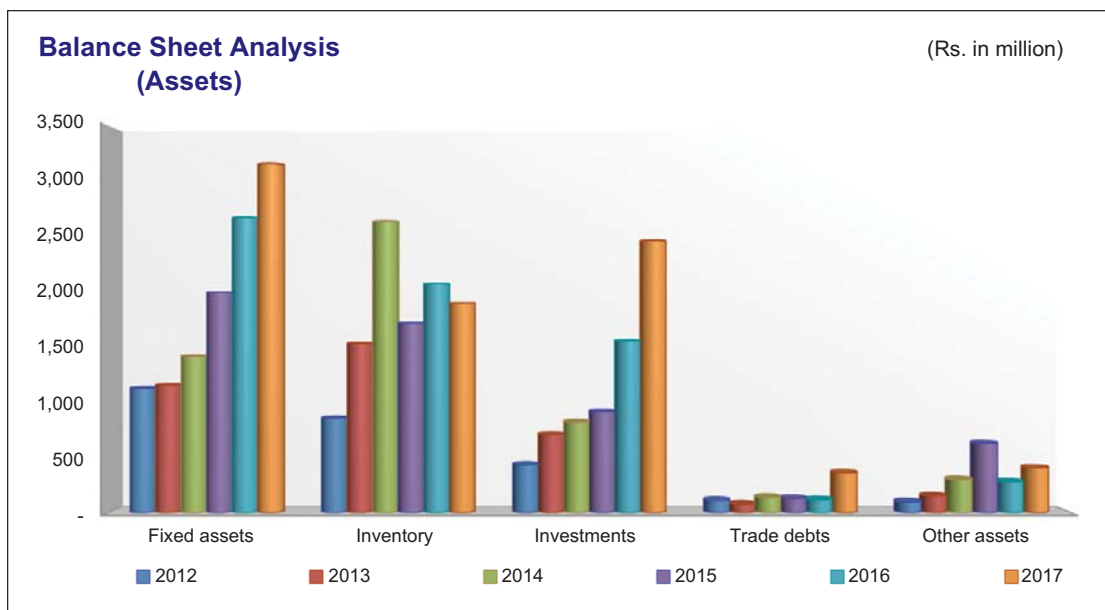
Finance cost is directly correlated to short term borrowings. During the current year, finance cost has significantly decreased due to reduction in KIBOR over the years combined with effective usage of funded facilities by exercising low rates money market borrowings.

Profit after Taxation

Company's profit after taxation (PAT) is at its record high in absolute value and has been consistently growing over the last 6 years. Increase in PAT by 16.2% was the lowest growth in last 6 years depicting the stiff competition along with increase in cost of doing business.



Analysis of Balance Sheet and Profit & Loss Account



Analysis of Financial Statements

Cash Flow Statements

(Rupees in '000)

| PARTICULARS | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-------------|-------------|-------------|-----------|-----------|-----------|
| Cash flow from operating activities | 1,525,082 | 1,600,463 | 1,898,513 | (473,489) | 253,691 | 606,775 |
| Cash flow from investing activities | (1,437,598) | (1,455,121) | (742,731) | (418,344) | (352,630) | (533,888) |
| Cash flow from financing activities | (117,868) | (178,403) | (1,083,553) | 864,867 | 83,803 | (118,648) |
| Increase / (decrease) in cash & cash equivalents | (30,384) | (33,061) | 72,229 | (26,966) | (15,136) | (45,761) |

| PARTICULARS | Vertical Analysis | | | | | | Horizontal Analysis | | | | |
|--|------------------------|-----------|-----------|-----------|-----------|-----------|------------------------|---------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2017/ 2016 | 2016/ 2015 | 2015/ 2014 | 2014/ 2013 | 2013/ 2012 |
| | ----- Percentage ----- | | | | | | ----- Percentage ----- | | | | |
| Cash flow from operating activities | (5,019.3) | (4,840.9) | 2,628.5 | 1,755.8 | (1,676.0) | (1,326.0) | (4.7) | (15.7) | 501.0 | (286.6) | (58.2) |
| Cash flow from investing activities | 4,731.4 | 4,401.3 | (1,028.3) | 1,551.4 | 2,329.7 | 1,166.7 | 1.2 | (95.9) | (77.5) | (18.6) | 34.0 |
| Cash flow from financing activities | 387.9 | 539.6 | (1,500.2) | (3,207.2) | (553.7) | 259.3 | 33.9 | 83.5 | (225.3) | 932.0 | 170.6 |
| Increase / (decrease) in cash & cash equivalents | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 8.1 | (145.8) | 367.9 | (78.2) | 66.9 |

Liquidity Management and Cash Flow Strategy

LIQUIDITY AND CASH FLOW ANALYSIS

Net decrease in cash flow stood at Rs.30 million for the year ended June 30, 2017 as compared to net decrease of Rs.33 million during last year. Brief analysis of cash flows for the year is presented below.

Operating activities

The net cash generated from operations stood at Rs.1.5 billion as against cash of Rs.1.6 billion generated during last year. This amount is after adjustment of finance cost of Rs.68 million and income tax of Rs.703 million.

Investing activities

The cash flows used in investing activities was Rs.1,438 million as comparison to Rs.1,455 million of last year which includes net investment in mutual funds of Rs.684 million.



Financing activities

The Company has no long term loans. Short term borrowings are increase by 19.9%.

Ratios

Cash flows from operations to sales ratio decreased from positive 11.4% to positive 8.9%. The financial leverage ratio at 0.2 times remained at par with last year whereas interest coverage ratio increased from 27.0 to 31.3 times.

Liquidity Management and Financing Arrangements

The Company believes in financing through cash generation from operation rather than long term financing. The working capital requirement is fulfilled through short term running finance from reputable banks.

Short term running finance stood at Rs.883 million at year end compared to prior year's Rs.736 million, whereas, letters of credit lines upto Rs.2.5 billion are available against lien on shipping documents.

The treasury department comprises of skilled and experienced staff to handle day to day treasury function. The team is proficient and fully capable of managing Company's needs of financing, working capital adequacy and investments portfolio. The brief objectives of the team are:

- Manage all aspects of in-house investment portfolios including recommending or benchmarking investment policies and procedures.
- Identify strategies to drive additional value from surplus cash.
- Assist in identifying measures to evaluate credit quality and impact on finance costs, collateral requirements and market liquidity.
- Evaluate opportunities to manage or generate value from collections and analyze Company expenditure and spending patterns.
- Identify alternative funding sources.
- Forecast daily cash requirements and execute daily financing decisions.
- Prepare and monitor Company's various cash flow forecasts and perform financial modelling.
- Utilize low cost financing line primarily and save finance cost, as much as possible.

Strategy to overcome liquidity problem

As stated above, the Company has been generating funds through own operations. Further, the Company has short term running finance arrangements upto Rs.3.15 billion in case of liquidity needs. Investment in mutual funds is also available to the Company in case of dire need of funds.



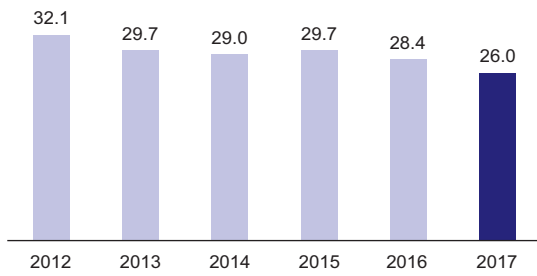
Six Years at a Glance

| YEARS | | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|------------------|---------|---------|---------|---------|-------|-------|
| Profitability Ratios | | | | | | | |
| Gross profit | (%) | 17.3 | 19.6 | 14.9 | 13.2 | 14.8 | 16.2 |
| Profit before tax | (%) | 12.1 | 13.3 | 9.4 | 8.4 | 9.3 | 9.5 |
| Profit after tax | (%) | 8.7 | 9.0 | 6.5 | 6.1 | 6.6 | 6.7 |
| Return on capital employed | (%) | 35.5 | 40.8 | 44.2 | 41.5 | 41.0 | 45.4 |
| Earnings before interest, tax, depreciation & amortization (EBITDA) | (Rs. in million) | 2,395.6 | 2,149.9 | 1,788.7 | 1,281.3 | 993.0 | 856.0 |
| EBITDA Margin | (%) | 14.0 | 15.3 | 11.2 | 10.5 | 11.2 | 11.9 |
| Operating leverage | (%) | 44.3 | (157.9) | 137.2 | 78.9 | 71.4 | 152.3 |
| Return to Shareholders | | | | | | | |
| Return on equity - before tax | (%) | 36.4 | 41.8 | 43.4 | 40.0 | 42.0 | 46.0 |
| Return on equity - after tax | (%) | 26.0 | 28.4 | 29.7 | 29.0 | 29.7 | 32.4 |
| Return on assets | (%) | 17.8 | 19.0 | 18.8 | 13.9 | 16.0 | 18.5 |
| Earnings per share (basic) | (Rs.) | 84.9 | 73.04 | 58.27 | 42.60 | 40.15 | 40.22 |
| Earnings per share (diluted) | (Rs.) | 84.9 | 73.04 | 58.27 | 42.60 | 33.50 | 33.52 |
| Price earning ratio | (Times) | 10.6 | 8.0 | 12.1 | 10.6 | 8.4 | 5.0 |
| Market price - at year end | (Rs.) | 900.0 | 581.8 | 703.5 | 450.0 | 338.0 | 201.7 |
| Market price - during the period (High - Rs.) | (High - Rs.) | 1,005.0 | 839.0 | 965.0 | 479.0 | 355.0 | 241.5 |
| Market price - during the period (Low - Rs.) | (Low - Rs.) | 590.0 | 535.0 | 441.0 | 288.0 | 200.0 | 160.0 |
| Break-up value per share without surplus on revaluation | (Rs.) | 315.2 | 246.0 | 185.2 | 137.1 | 123.4 | 109.8 |
| Break-up value per share with surplus on revaluation | (Rs.) | 326.6 | 257.2 | 196.4 | 147.1 | 135.4 | 124.2 |
| Dividend | | | | | | | |
| Cash dividend | (%) | 350.0 | 155.0 | 120.0 | 100.0 | 100.0 | 100.0 |
| Stock dividend | (%) | - | - | - | - | 20.0 | 20.0 |
| Dividend yield | (%) | 3.9 | 2.7 | 1.7 | 2.2 | 3.6 | 5.9 |
| Dividend cover | (Times) | 2.4 | 4.7 | 4.9 | 4.3 | 3.3 | 3.4 |
| Dividend pay out | (%) | 41.2 | 21.2 | 20.6 | 23.5 | 29.9 | 29.8 |
| Plough back ratio | (%) | 58.8 | 78.8 | 79.4 | 76.5 | 70.1 | 70.2 |
| Dividend yield (Cash) | (%) | 3.9 | 2.7 | 1.7 | 2.2 | 3.0 | 5.0 |
| Dividend cover (Cash) | (Times) | 2.4 | 4.7 | 4.9 | 4.3 | 4.0 | 4.0 |
| Dividend pay out (Cash) | (%) | 41.2 | 21.2 | 20.6 | 23.5 | 24.9 | 24.9 |
| Plough back ratio (Cash) | (%) | 58.8 | 78.8 | 79.4 | 76.5 | 75.1 | 75.1 |
| Asset Utilization | | | | | | | |
| Total assets turnover | (Times) | 2.1 | 2.1 | 3.0 | 2.3 | 2.4 | 2.7 |
| Fixed assets turnover | (Times) | 5.9 | 6.0 | 9.3 | 9.5 | 7.8 | 7.1 |
| Inventory turnover | (Times) | 7.2 | 5.9 | 6.2 | 5.1 | 6.3 | 7.5 |
| Trade debts turnover | (Times) | 70.9 | 111.6 | 116.5 | 110.1 | 92.3 | 71.5 |
| Trade creditors turnover | (Times) | 10.9 | 10.2 | 14.2 | 12.0 | 10.8 | 13.3 |
| Capital employed turnover | (Times) | 3.2 | 3.3 | 4.9 | 5.0 | 4.6 | 4.9 |
| Operating Cycle | | | | | | | |
| Inventory holding period | (No. of Days) | 51 | 62 | 59 | 72 | 58 | 48 |
| Trade debts collection period | (No. of Days) | 5 | 3 | 3 | 3 | 4 | 5 |
| Trade creditors payment period | (No. of Days) | (33) | (36) | (26) | (30) | (35) | (27) |
| Operating cycle | (No. of Days) | 23 | 29 | 36 | 45 | 27 | 26 |
| Liquidity / Leverage | | | | | | | |
| Current ratio | (Times) | 2.2 | 2.1 | 2.0 | 1.5 | 1.7 | 1.6 |
| Quick ratio | (Times) | 1.4 | 1.0 | 1.0 | 0.5 | 0.6 | 0.7 |
| Cash to current liabilities | (Times) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Cash flow from operations to sales | (%) | 8.9 | 11.4 | 11.9 | (3.9) | 2.9 | 8.4 |
| Financial leverage ratio | (Times) | 0.2 | 0.2 | 0.2 | 0.7 | 0.3 | 0.3 |
| Total liabilities to equity | (Times) | 0.5 | 0.5 | 0.6 | 1.2 | 0.9 | 0.9 |
| Interest coverage ratio | (Times) | 31.3 | 27.0 | 11.1 | 9.1 | 14.8 | 10.9 |

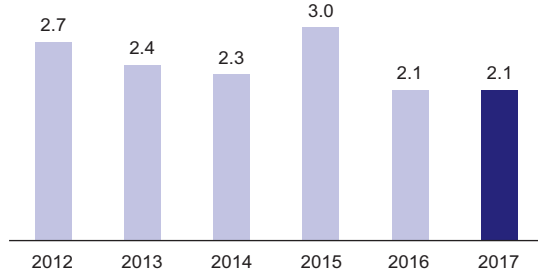


Six Years at a Glance

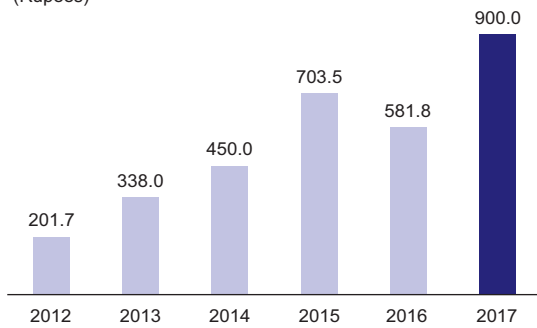
Return on equity - after tax
(Percentage)



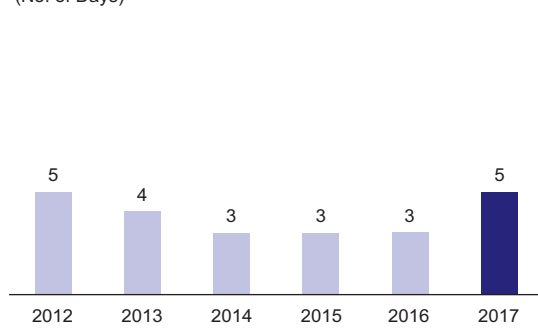
Total assets turnover
(Times)



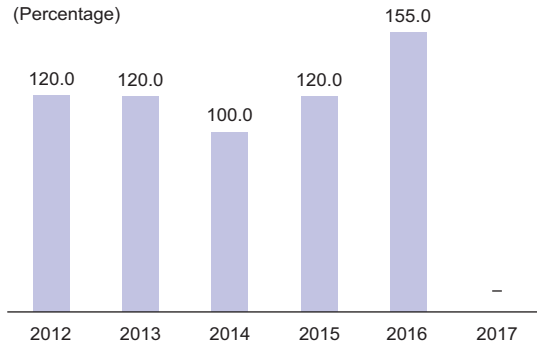
Market price - at year end
(Rupees)



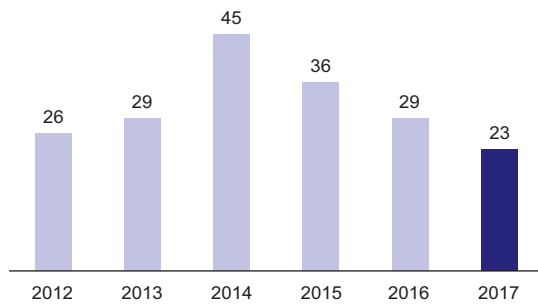
Trade debtors period
(No. of Days)



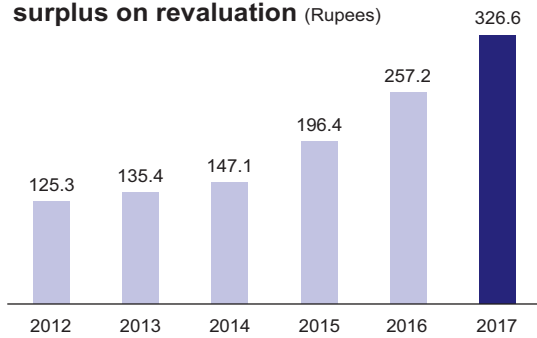
Cash & stock dividends
(Percentage)



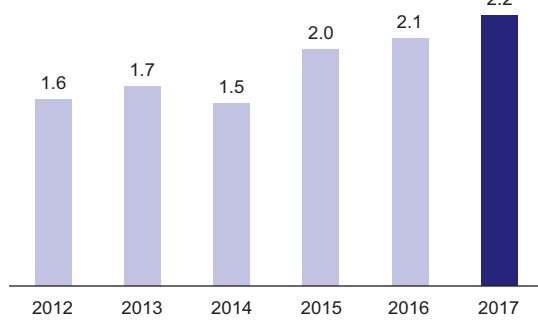
Operating Cycle
(No. of Days)



Break-up value per share with surplus on revaluation (Rupees)



Current ratio
(Times)



Comments on Ratios

Profitability

The Company has posted highest gross profit in absolute terms. Gross profit as a percentage of revenue stands at 17.3% as compared to 19.6%, last year. Decline in gross profit margin was mainly due to increased cost of raw materials, internationally and locally. After tax profits by the Company grew by 16.2% to Rs.1,477 million from Rs.1,271 million, last year.

Return to shareholders and dividend

The earnings per share stood at Rs.84.86 per share as compared to Rs.73.04 per share last year. This increase was a result of increase in net profits. The performance also was reflected in the Company's break-up value per share which stood at Rs.315.4 at year end as compared to Rs.246.0 of last year.

Dividend

Last year, Company distributed cash dividend @ 155% among its shareholders. This year, the Company has proposed 350% cash dividend which has resulted in dividend payout of 41.2% and plough back ratio of 58.8% as compared to 21.2% and 78.8%, respectively of previous year.

Operating cycle

Operating cycle remained constant during majority of last six years.

Liquidity / Leverage

The liquidity ratios this year are better than over any other period during the last 6 years. Financial leverage ratio and total liabilities to equity ratio are also lowest in 6 years. This shows that the Company is very liquid and capable of paying off debts well within time.



Analysis of Prospects of the Company

Prospects

The Company's focus is on capacity expansion, realigning of old lines, automation, health, safety & environment and quality of products is in line with its vision. For this purpose, continuous investments have been made with simultaneously curbing costs, sustaining profits, stable return to shareholders, succession planning and satisfied employees. Another, main objective of the Company is to satisfy its customers by providing after sales services at their doorsteps along with guidance / customer service through various mediums which may include battery check-up and handling workshops, social media platforms, dedicated helpline, etc.

Financial Measures

There are various controllable and uncontrollable factors on which Company's targets are dependent. These factors include international price of raw materials, fluctuation in foreign currency rates, taxation regime, availability of skilled workforce and resources, etc. The impact and sensitivity of their fluctuations is considered while setting targets and budgets.

The prices of raw material in international market are utilized for effective inventory management. The capacity expansion is a continuous process and would be completed phase wise in the upcoming years. The planned capital expenditure is of Rs.1.42 billion will be utilized on upgrading health, safety and environment upto international level and enhanced production capacity to a competitive level in the industry.

The ongoing sustainability of profits will depend on mix of increased sales, reduced costs and good governance for which senior management along with associates are committed to deliver.

Non-Financial Measures

Various non-financial measures and indicators are used in lieu of financial measures to gauge the performance of the Company and set new targets and objectives. Few of the non-financial measures which the Company uses are described below:

- Employee engagement and satisfaction;
- Quality of products and customer satisfaction;
- After sales service and convenient way of claim settlement;
- Stakeholders engagement;
- Health, Safety and Environment;
- Transparency and Accountability;
- Corporate Social Responsibility;
- Good governance practices;
- SWOT analysis; and
- Share price sensitivity analysis.

The Board of Directors is responsible to formulate strategy and set direction for the Company and CEO and management are responsible to implement those strategies in the Company and evaluate results there against.

Change of prospects and performance measures over the period

There is no significant change in prospects and performance measures over prior period.



Share Price Sensitivity Analysis

Key Sensitivities

The share price is positively correlated with Company's financial performance. The factors that influence the Company's performance can also be reasonably expected to impact its share price. Following are the few factors prevailing in current business environment that management considers to be sensitive to the Company's performance and which may affect its share price.

Demand of automobiles



The country's economy is highly dependent on agriculture which is the backbone of our country and employs a significant portion of the population. The agriculture based rural areas consumed a significant portion of motorcycle and heavy vehicles production of the country thereby leading to high demand of batteries. Therefore, the Company's performance is strongly linked with the performance of agriculture sector.

Also the industrial sector serves Pakistan's economy with a sizeable base. In turn, the demand of heavy machineries and vehicles increases demand of batteries.

Demand of alternative sources of electricity



The ongoing crisis in electricity generation and distribution, despite some signs of improvement, has prevailed throughout the country giving rise to alternative sources of electricity including generators, UPS, solar power panels, etc. This has lead to increase usage of batteries.

Political stability



Unstable political climate coupled with the law and order situation disrupts business processes, transportation facilities and supply chain of the Company.

Plant operations



Stable plant operations allow for higher production and lower per unit cost and wastage. Therefore, smooth operations will add to profitability of the Company which can positively affect share price. Issues at production facilities negatively affect the financial performance of the Company and therefore, may also affect the share price.

Exchange fluctuations

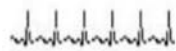


The Company is involved in imports of plant, machinery and raw materials. The Company's exposure in foreign currencies is sensitive to fluctuations in exchange rates. The depreciation in Pak Rupee affects the performance of Company which is countered by cost controls measures taken by the Company.



Dividend per share 

The consistent payout of dividends will reflect the expectations of investors and this affects share price.

Mutual funds 

The Company's liquid investments are placed in open-ended mutual funds. These funds are invested in equity and money market instruments. The fluctuating trends of stock market and interest rates determine the returns on these funds and as a result, also affect the Company's financial performance and thereof the share price.




Economic trends 

The events surrounding a specific industry or company make investors watch various economic indicators and general trends that signal changes in the economy. International oil prices put significant impacts on commodities market, thus prices of raw materials are correlated therewith.

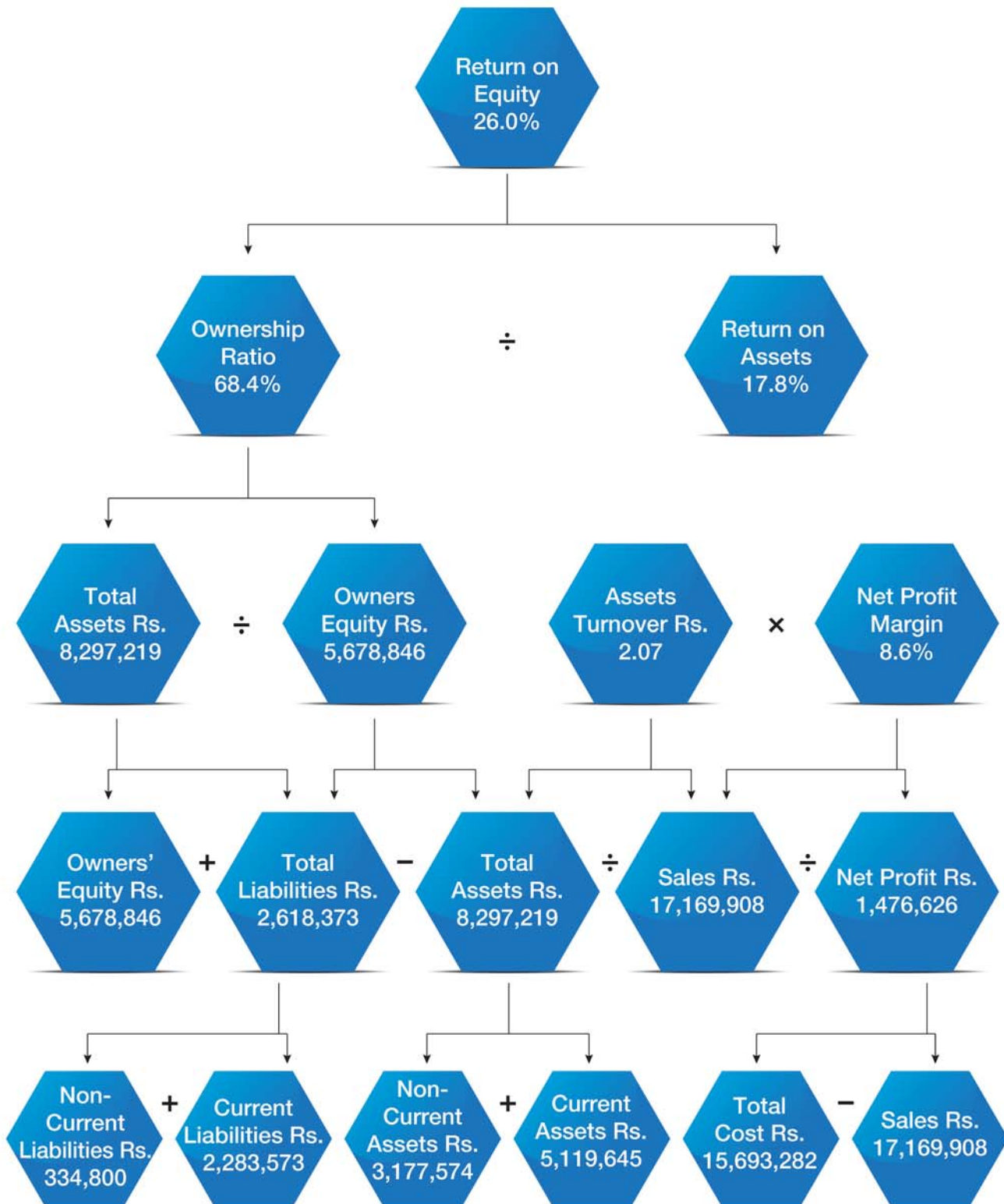
Investor sentiment 

Investor sentiment or confidence can cause the market to go up or down, which can cause stock prices to rise or fall. The general direction that the stock market takes can affect the value of a stock:

- bull market - a strong stock market where stock prices are rising and investor confidence is growing. It is often tied to economic recovery or an economic boom, as well as investor optimism.
- bear market - a weak market where stock prices are falling and investor confidence is fading. It often happens when an economy is in recession and unemployment is high, with rising prices.

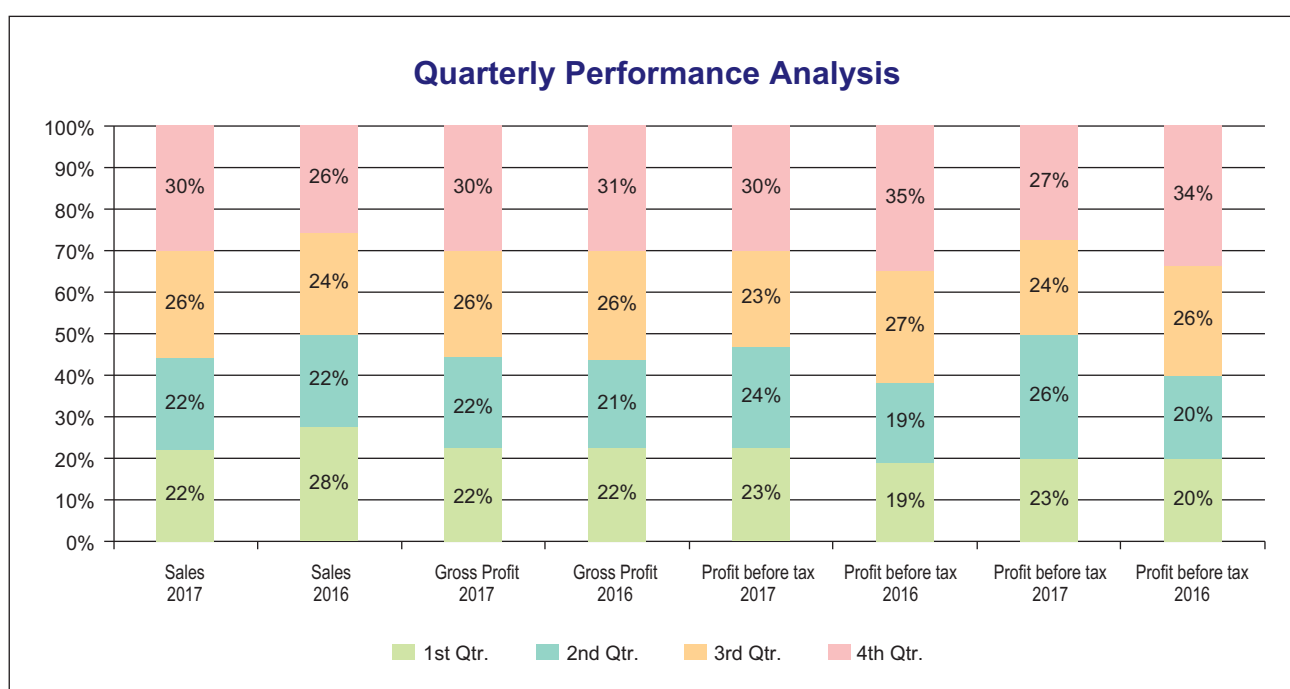
Significance **Low**  **Moderate**  **High** 

Du Pont Analysis



Quarterly Performance Analysis

| PARTICULARS | 2017 | | | | | 2017 / 2016 | | | | |
|-------------------------------------|------------------------------|-------------|-------------|-------------|--------------|--------------------------|----------|----------|----------|-------|
| | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | Total | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | Total |
| | ----- (Rupees in '000) ----- | | | | | ----- (Percentage) ----- | | | | |
| Sales | 3,742,500 | 3,823,508 | 4,451,445 | 5,152,455 | 17,169,908 | 97% | 126% | 128% | 143% | 122% |
| Cost of sales | (3,075,871) | (3,174,318) | (3,699,299) | (4,255,948) | (14,205,436) | 94% | 129% | 133% | 154% | 126% |
| Gross profit | 666,629 | 649,190 | 752,146 | 896,507 | 2,964,472 | 109% | 112% | 106% | 106% | 108% |
| Distribution cost | (138,441) | (145,329) | (149,923) | (172,530) | (606,223) | 116% | 132% | 141% | 168% | 138% |
| Administrative expenses | (73,361) | (83,947) | (81,430) | (66,692) | (305,430) | 112% | 117% | 131% | 76% | 106% |
| Other operating income | 63,264 | 143,952 | 29,183 | 17,962 | 254,361 | 135% | 3647% | 1058% | 43% | 266% |
| Other operating expenses | (39,936) | (46,336) | (38,106) | (49,435) | (173,813) | 36% | 296% | 192% | 170% | 98% |
| Profit from operations | 478,155 | 517,530 | 511,870 | 625,812 | 2,133,367 | 132% | 133% | 98% | 94% | 110% |
| Finance cost | (11,145) | (18,666) | (29,744) | (8,615) | (68,170) | 87% | 72% | 119% | 105% | 95% |
| Profit before tax | 467,010 | 498,864 | 482,126 | 617,197 | 2,065,197 | 133% | 138% | 97% | 94% | 111% |
| Taxation | (123,233) | (113,491) | (138,116) | (213,731) | (588,571) | 125% | 107% | 84% | 93% | 99% |
| Profit after tax | 343,777 | 385,373 | 344,010 | 403,466 | 1,476,626 | 137% | 150% | 103% | 94% | 116% |
| Earnings per share - Basic - Rupees | 19.76 | 22.15 | 19.77 | 23.18 | 84.86 | | | | | |





CREATING DISTINCTION BY BRINGING UNIFORMITY

Implementing the best practices for safety and health, Atlas Battery is revamping its identity by creating a uniform outlook for all Atlas Battery Model Shops. These are built with high standards set by the Company which complies with international HSE and 5S standards.

Chairman's Review

I am pleased to present to you the 51st Annual Report of your Company for the year ended June 30, 2017 together with the Auditors' Report.

Economy

The Pakistan economy has shown improvement during FY 2016-17 and achieved major economic targets. The macro-economy, if now consolidated with structural reforms, is primed for sustainable growth in the future. During FY 2016-17 GDP grew at 5.3%, which is the highest in last 10 years. The inflation rate on the back of reduced oil and commodity prices clocked in at CPI average of 4.3% in FY 2016-17 as against 3.2% in FY 2015-16. The foreign exchange reserves hit an all time high of US\$ 24.0 billion during the year, however, with the current account deficit widening and not being fully offset by financial inflows reserves closed at US\$ 21.4 billion at the end of FY 2016-17 as compared with US\$ 23.1 billion last year.

Exports during the current fiscal year were recorded at US\$ 21.7 billion witnessing a decline of 1.4% from US\$ 22.0 billion last year, whereas imports showed an upward trend of 17.7% at US\$ 48.5 billion as compared with US\$ 41.3 billion last year. Resultantly, the deficit in balance of trade was US\$ 26.9 billion as against US\$ 19.3 last year, up 39.4%. Workers' remittances received during FY 2016-17 was US\$ 19.3 billion as compare to US\$ 19.9 billion last year, down by 3.1%.

The Pakistan Stock Exchange (PSX) has crossed all previous milestones and been declared the best performing market in Asia and fifth best in the world. After Pakistan's reclassification in MSCI Emerging Market Index, the country rating by Moody's and S&P have also improved from negative to stable and stable to positive, respectively.

Review of Automobile Industry

Automotive sector has witnessed a growth trend in FY 2016-17 on the back of improving economic fundamentals. Stability in major commodity prices, no significant change in inflation rate bank credit, expanding road network and low interest rate environment have supported automotive sector's growth. Sale of locally manufactured cars witnessed a growth of 2.6% in FY 2016-17 to 185,781 units as against 181,145 units sold in FY 2015-16. Tractors segment witnessed a substantial increase of 61.8% to 54,992 units as against 33,986 units last year. Trucks and buses had growth of 31.4% over last year. Sales of motorcycles and three wheelers (assemblers who are registered with PAMA) during FY 2016-17 significantly increased by 19.6% with sales of 1,625,080 units as against 1,358,643 units during same period last year.

Battery Industry

The demand for batteries is correlated with growth in automotive sector and the prevailing power shortage in the country. The power crisis has increased the usage of Uninterruptible Power Supply (UPS) units, Generators and Solar Panels. This trend has enhanced the demand of heavy and medium sized batteries across the country as a back-up source for electricity. This situation, despite government efforts to commission new power generation capacity, is likely to persist in coming years as well. Further, locally assembled automobiles as well as imported batteries have also propelled demand of batteries in the replacement market. AGS has a distinction in this segment and the consumers prefer to buy AGS brand on the backdrop of good quality and after sales service. Atlas brand in the Hybrid segment diversifies our product line up and focuses on low maintenance, durability and superior quality.

Battery industry in Pakistan is divided into two major segments; organized and un-organized sectors. The organized sector is meeting about 90% of the market demand; rest is being met by the un-organized sector and imports. Your Company has a significant market share and is determined to increase it further by not compromising on quality, introducing innovative products and providing meaningful after sales service.



Operating Performance

The year 2016-17 proved to be another successful year for the Company in terms of financial performance which bodes well for growth in years to come. Highlighted below are the salient financial achievements for the year:

- Net sales increased by 22.5% to Rs.17.17 billion
- Profit after tax up 16.2% to Rs.1.48 billion
- Earnings per share was Rs.84.86; up 16.2%
- Return on equity - 26.0%
- Assets turnover - 2.1 times

Your Company achieved sales of Rs.17.2 billion in FY 2016-17 compared to Rs.14.0 billion in FY 2015-16, up 22.5%. This increase was due to higher demand of batteries in replacement market. Increase in raw materials prices reduced the gross profit margin to 17.3% as against 19.6% in last year.

Operating expenses for the year increased by 25.6% to Rs.912 million from Rs.726 million of last year. Other income of your Company increased to Rs.254 million as compared to Rs.96 million during last year thanks to investment in high performing equity mutual funds. Resultantly, profit from operations of your Company increased to Rs.2,133 million, up 10.0% as compared to last year. Finance cost during the year was Rs.68 million as against Rs.72 million of last year, lower by 5.2% mainly due to efficient utilization of funds.

The profit before tax stood at Rs.2,065 million as compared to Rs.1,868 million of the corresponding year. After providing Rs.589 million for taxation, profit after tax stood at Rs.1,477 million during FY 2016-17, up 16.2% as against last year. Earnings improved to Rs.84.86 per share as against Rs.73.04 per share, an increase of Rs.11.82 per share over FY 2015-16, thereby reflecting your Company's adherence to sustainable growth year after year.

Performance of the Board

The Board of Directors of the Company complies with all relevant rules and regulations. The Board comprises of well known business professionals who add real value to the Board through their expertise, experience and strong value systems. The Board has laid down policies and procedures that ensure a professional corporate environment that promotes timely disclosure, accountability, high ethical standards, compliance with applicable laws, regulations and corporate governance.

During the year under review, the Board has effectively discharged its responsibility towards the Company and participated in all strategic affairs diligently. All quarterly, half yearly and annual financial results were thoroughly reviewed and Board extended its guidance to the management on regular basis. The Board also played a key role in monitoring of management performance and focus on major risk areas. Board members also reviewed and approved the Company's financial budget for the FY 2017-18 and capital expenditures requirement.

The Audit Committee and Human Resource & Remuneration Committee have also discharged their responsibilities as per relevant laws throughout the year. The Board carefully monitors their performance on periodic basis.

Contribution to National Exchequer

Your Company contributed Rs.5.0 billion towards the National Exchequer on account of various government levies, taxes and import duties during the year under review. Payment of these taxes is 3.4 times more than the net profit after tax of the Company which shows the Company's positive attitude towards development of economy and fulfilling its responsibility as a good corporate citizen. The total contribution to the exchequer by Atlas Group Companies including Atlas Battery is over Rs.50 billion. This makes Atlas one of the highest taxpayers in the country constituting 1.5% of Government's total revenue.



Value-Creating Cash Flows

During the year, the operations of your Company generated Rs.1,525 million as against Rs.1,600 million of last year. In order to meet the growing market demand, your Company continued to invest in capacity expansion through self generation of funds. Moreover, surplus cash was also invested in high yielding mutual funds.

Information Technology

Your Company is well equipped with state of the art information technology infrastructure. Your Company is committed to stay up-to-date in technological advancements with vision to automate manufacturing processes for enhanced productivity and quality. Your Company is taking full advantage of ERP data management and system. Your Company is focused on improving business flow through development and implementation of following programs and processes:

- Business to Customer (B2C)
- Business Continuity Plan (BCP)
- Business Process Reengineering (BPR)
- Business to Business (B2B)
- Claim Management System

Human Resource Development

Your Company always follow the Atlas Group motto / philosophy “Organization Development through Self Development” and made substantial investments for development of its associates to ensure that a continuous learning environment exist within the Company.

Throughout the year, various initiatives were taken to ensure that associates' commitment to the organization is enhanced and they actively contribute to the achievement of individual and business goals.

A corporate culture is maintained that encourages creativity, independence and strengthening of technical and leadership skills. Your Company prepares selected young and potential associates by offering them the opportunity to attend the Atlas - IBA Diploma in Business Management, specifically designed for Atlas Group. During the year, several in-house and external trainings were conducted which covered areas of quality control, health and safety, customer service and their education, leadership skills, core management skill development and marketing / brand related conferences. Altogether 735 personnel benefited from internal trainings, while 69 personnel enhanced their skill set through external training programs / conferences / workshops, amounting to a total of 797 man days spent on training during the year. Six employees (including CEO) were sent to international trainings to countries like USA, Japan and Thailand.

Your Company has a consistent Performance Management Review Process that ensures employees' performance is fairly recognized and improved career paths are developed for the talented employees. We have a zero tolerance policy for unethical business practices or individual behavior.

Health, Safety and Environment

Your Company is continuously investing substantial resources to improve working conditions for its associates to provide a healthy, safe and comfortable working environment. Associates' training and awareness sessions have been regularly conducted to achieve our ultimate goal of “zero incidents and zero injuries”. During the year, the Company conducted 2 “Safety Week” exercises to train and create awareness on fire fighting, personal hygiene, civil defense, first aid, lifter driving and 5S trainings besides appropriate usage of personal protective equipments (PPEs).



Analysis on Last Fiscal Year's Forward Looking Disclosures

The capacity expansion came on line as per schedule which enabled us to attain increased production leading to growth in sales and profitability. The quality standards were maintained which led to decrease in market claims. Engineering and Development was continually conducted to bring in innovations and a new variant of Hybrid battery was launched during the year.

Future Prospects

The battery industry based on recent growth momentum has shown good prospects on the basis of economic growth, increase in demand of automobiles and prevailing electricity condition. The GDP growth rate for 2017-18 is targeted at 6.0%, an improved forecast from year under review, fiscal deficit of 4.1% and inflation at below 6.0%. Re-entry into the MSCI Emerging Market Index, on the back of some key structural reforms within the capital markets, bodes well for the long term viability of the stock market.

Your Company has planned capex of Rs.1.42 billion in the upcoming year. The investment will not only cater for market demand but improve the 5S and HSE of the Company. Considering the market needs for innovative products, your Company has introduced several new products including Battery Tonic and Atlas Hybrid. Your Company will continue to innovate and remain the market leader not only in quality but technological advancement.

The increasing trend of major raw material prices in the international and local market may impact the financial results of your Company. Further, the depreciation of Pak Rupee against international currencies, hike in energy tariffs and political instability may cause short term impacts. However, the Management is focused on managing costs, maintaining high quality of product and services for improved market penetration by exploring new territories and export market as well. The improvement in human resource capabilities and value addition for shareholders is also your Company's prime focus. I assure you 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":

ع جسے اللہ رکھے اسے کون چکھے

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: August 28, 2017



Directors' Report

The Directors of the Company take pleasure in presenting directors' report together with the Company's audited annual financial statements for the year ended June 30, 2017. The Director's report, prepared under section 236 of the Companies Ordinance, 1984 (now repealed) and clause 5.19.11 of the Code of Corporate Governance contained in the Rule Book of Pakistan Stock Exchange will be put forward to the members at the 51st Annual General Meeting of the Company to be held on September 29, 2017.

2017 2016
----- (Rupees in '000) -----

Operating Results

| | | |
|-------------------------|-----------|-----------|
| Profit before tax | 2,065,197 | 1,868,186 |
| Provision for taxation: | | |
| Current year | 564,219 | 584,183 |
| Prior year | (13,812) | 2,449 |
| Deferred | 38,164 | 10,727 |
| | 588,571 | 597,359 |
| Profit after taxation | 1,476,626 | 1,270,827 |

Subsequent Appropriations

The directors have recommended a cash dividend of Rs.35.00 (2016: Rs.15.50) per share. Accordingly the following appropriations have been made:

| | | |
|--|-----------|-----------|
| Profit available for appropriation | 1,483,462 | 1,276,794 |
| Appropriations: | | |
| Transferred to General Reserve | 870,000 | 1,000,000 |
| Proposed Dividend @ 350% (2016: 155%) | 608,992 | 269,696 |
| | 1,478,992 | 1,269,696 |
| Un-appropriated profit carried forward | 4,470 | 7,098 |

Earnings Per Share

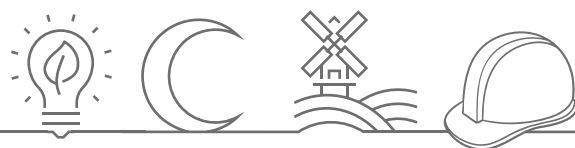
The basic and diluted earnings per share after tax is Rs.84.86 (2016: Rs.73.04).

Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the performance of the Company for the year ended June 30, 2017 and future prospects. The Directors endorse the contents of the review.

Board of Directors

The Board comprises of one executive and six non-executive directors. All the Directors keenly take interest in the proper stewardship of the Company's affairs. The non-executive directors are independent of the management of the Company.



During the year, five Board meetings were held. The attendance of the Directors and the number of their directorship in listed companies, including Atlas Battery Limited, is as follows:

| Sr. No. | Name of Directors | Executive Director | Applicable No. of Meetings | Attendance | Number of Directorship in listed companies |
|---------|----------------------|--------------------|----------------------------|------------|--|
| 1. | Mr. Yusuf H. Shirazi | No | 5 | 4 | 4 |
| 2. | Mr. Ariful Islam | No | 5 | 3 | 2 |
| 3. | Mr. Azam Faruque | No | 5 | 5 | 4 |
| 4. | Mr. Bashir Makki | No | 5 | 4 | 1 |
| 5. | Mr. Frahim Ali Khan | No | 5 | 5 | 1 |
| 6. | Mr. Toru Furuya | No | 5 | 4 | 1 |
| 7. | Mr. Ali H. Shirazi | Yes | 5 | 5 | 2 |

Leave of absence was granted to those Directors who could not attend some of the Board meetings.

On May 20, 2017, the existing Directors stood retired and offered themselves for re-election. The Directors were re-elected through balloting in Extraordinary General Meeting held on May 19, 2017 for a period of next three years commencing from May 21, 2017.

Directors' Training Program

The orientation courses for directors as and when needed to apprise them of their duties and responsibilities are arranged by the Board.

Five directors are certified Directors whereas two directors meet the criteria of exemption under clause 5.19.7 of the Code of Corporate Governance contained in the Rule Book of Pakistan Stock Exchange and are accordingly exempted from directors' training program.

The details of Directors' who have obtained certification under Directors' Training program are summarized below:

| Sr. No. | Name of Directors | Institution | Year |
|---------|----------------------|--|-----------|
| 1. | Mr. Yusuf H. Shirazi | Exempt | N/A |
| 2. | Mr. Ariful Islam | Pakistan Institute of Corporate Governance | 2014-2015 |
| 3. | Mr. Azam Faruque | Pakistan Institute of Corporate Governance | 2009-2010 |
| 4. | Mr. Bashir Makki | Institute of Cost and Management Accountants of Pakistan | 2014-2015 |
| 5. | Mr. Frahim Ali Khan | Exempt | N/A |
| 6. | Mr. Toru Furuya | University of Lahore | 2015-2016 |
| 7. | Mr. Ali H. Shirazi | Pakistan Institute of Corporate Governance | 2013-2014 |



Statement of Directors' Responsibilities

The strategic directions are defined and reviewed by the Board regularly and it sets overall objectives. In light of those objectives, the Chief Executive sets annual plans and performance targets for business which are reviewed by the Board. The Board is dedicated to maintain high standard of good corporate governance. The Company confirms compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly amended listing rules of the stock exchange.

Following are the Statements on Corporate and Financial Reporting Framework:

- (a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- (b) Proper books of accounts have been maintained by the Company.
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no doubts upon the Company's ability to continue as going concern.
- (g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

The Corporate Governance Practices

The Board of Directors of the Company is committed to the principles of good corporate governance. This is promoted across the Company through senior management. The stakeholders expect that the Company is managed and supervised responsibly and proper internal controls and risk management policy and procedures are in place for efficient and effective operations of the Company, safeguarding of assets, compliance with laws and regulations and proper financial reporting in accordance with International Financial Reporting Standards.

Donation

The Company has a policy to donate 1% of its prior year's profit before tax to a charitable institution. During the year, Company has donated Rs.18.7 million to Atlas Foundation. Further, the Company has also donated in kind to different non-profit organizations.

Contribution to National Exchequer

The Company contributed Rs.5.0 billion towards the National Exchequer on account of various government levies, taxes and import duties in the year under review. Payment of these taxes is 3.4 times more than the net profit after tax of the Company which shows Company's positive attitude towards economic development as a good responsible corporate citizen.

Code of Conduct

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

The Code is reviewed annually and any changes therein are approved by the Board. The Code is communicated to all associates and is available on the Company's website. The responsibility for day to day implementation and monitoring of Code is delegated to the senior management.



Audit Committee

Audit Committee assists the Board of Directors in discharging their responsibilities in accordance with the Corporate Governance and Financial Reporting frame work. The Committee consists of three members all of which are non-executive directors. One of the members of the Committee is independent director as well.

During the year, four Audit Committee meetings were held and attendance was as follows:

| Sr. No. | Name of Directors | Executive Director | Applicable No. of Meetings | Attendance |
|---------|---------------------|--------------------|----------------------------|------------|
| 1. | Mr. Frahim Ali Khan | No | 4 | 4 |
| 2. | Mr. Azam Faruque | No | 4 | 3 |
| 3. | Mr. Bashir Makki | No | 4 | 4 |

As required by Code of Corporate Governance, Audit Committee also met with external auditors without Chief Financial Officer and Head of Internal Audit. By invitation, Chief Executive Officer attended all the four meetings held during the year.

Human Resource and Remuneration Committee

Human Resource and Remuneration Committee also assists the Board of Directors in discharging their responsibilities with regard to devising and periodic reviews of human resource policies and practices within the Company. It also assists the Board in selection, evaluation, compensation and succession planning of key management personnel. The Committee consists of three members. Majority of members including the Chairman of the Committee are non-executive directors.

During the year, four Human Resource and Remuneration Committee meeting were held and attendance was as follows:

| Sr. No. | Name of Directors | Executive Director | Applicable No. of Meetings | Attendance |
|---------|---------------------|--------------------|----------------------------|------------|
| 1. | Mr. Bashir Makki | No | 4 | 4 |
| 2. | Mr. Ali H. Shirazi | Yes | 4 | 4 |
| 3. | Mr. Frahim Ali Khan | No | 4 | 4 |

Management Committee

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

Employees' Retirement Benefits

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

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

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

The Company also operates non-contributory gratuity fund scheme for its management employees.



The value of investment, based on their respective un-audited accounts as at June 30, 2017 is as follows:

| | <u>Rupees in Million</u> |
|------------------|--------------------------|
| - Provident Fund | 151.2 |
| - Gratuity Fund | 105.8 |

Operating & Financial Data

Operating and financial data and key ratios of the Company for the last six years are annexed.

Safeguarding of Records

The Company places due emphasis for storage and safe custody of its financial records. The Company is using Oracle ERP system for recording its financial information. Access to electronic documentation has been ensured through implementation of a comprehensive password protected authorization matrix. A record retention policy is also in place for proper documentation and their tracking.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2017 is annexed.

The Directors, executives and their spouse and minor children have made no transactions of the Company's shares during the year, except those reported in pattern of shareholding.

Executives mean Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary and other executives (as defined by the Board).

Material changes

There have been no material changes since June 30, 2017 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Sustainability Report

The 'Sustainability Report' forms part of this Annual Report and is included later in this Annual Report.

Statement of Value Addition and Distribution and Risk Opportunity Report

The "Statement of Value Addition" and "Risk Opportunity Report" are annexed to this report.

Statutory Auditor of the Company

The present Auditors, M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Audit Committee of the Company has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2018.

Communication

Communication with the shareholders is given a high priority. Annual, half yearly and quarterly reports are distributed amongst shareholders within the time specified in the Companies Ordinance, 1984 (now repealed). The Company also has a web site, www.atlasbattery.com.pk containing up to date information on Company's activities, financial reports and notices / announcements.

For and on behalf of the
BOARD OF DIRECTORS



Ali H. Shirazi
President / Chief Executive

Karachi: August 28, 2017



شیر ہولڈنگ کا پیٹرن

30 جون 2017 کے مطابق شیر ہولڈنگ کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔

اس سال کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کے رفیق حیات اور نابالغ بچوں نے کمپنی کے حصص میں کوئی لین دین نہیں کیا ہے۔ سوائے اس کے جو حصص داران کے پیٹرن میں درج ہیں۔

ایگزیکٹو سے مراد چیف ایگزیکٹو، چیف فنانس ایگزیکٹو، ہیڈ آف انٹرنل آڈٹ، کمپنی سیکریٹری اور دیگر ایگزیکٹوز شامل ہیں (بورڈ کی وضاحت کے مطابق)

مواد میں تبدیلی

30 جون 2017 سے اس رپورٹ کی تیاری تک مواد میں کسی قسم کی قابل ذکر تبدیلی نہیں کی گئی ہے اور اس مدت کے دوران کمپنی نے کوئی معاہدہ نہیں کیا ہے۔ جس سے کمپنی کی مالی حالت پر منفی اثرات مرتب ہو سکتے ہیں۔

سسٹین ایبلٹی رپورٹ

سسٹین ایبلٹی رپورٹ سالانہ رپورٹ کا حصہ ہے اور اس سالانہ رپورٹ کے اندر آگے شامل کیا گیا ہے۔

ایٹینٹ برائے ویلیو ایڈیشن اور ڈسٹری بیوشن اور خطرے سے بچاؤ پر رپورٹ

اس رپورٹ کے ساتھ 'ایٹینٹ آف ویلیو ایڈیشن' اور 'خطرے سے بچاؤ' کی رپورٹ منسلک ہے۔

کمپنی کے قانونی آڈیٹرز

موجودہ آڈیٹرز، میسرز شائن ونگ حمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اپنے عہدے کی معیار پوری کر چکے ہیں اور برائے اہلیت خود کو تفری کے لیے دوبارہ پیش کر رہے ہیں۔ کمپنی کی آڈٹ کمیٹی نے ان کی 30 جون 2018 کو مکمل ہونے والے سال کے لیے بطور کمپنی کے آڈیٹرز دوبارہ تفری کی تجویز دی ہے۔

مراصلات

حصص داران کے ساتھ روابط اور بات چیت کو بہت ترجیح دی گئی ہے۔ کمپنی آرڈیننس 1984 میں واضح کردہ وقت کے مطابق انہیں سالانہ، ششماہی اور سہ ماہی رپورٹس ارسال کی گئی ہیں۔ کمپنی کی اپنی ویب سائٹ www.atlasbattery.com.pk ہے۔ جہاں کمپنی کی تمام تر سرگرمیاں، مالیاتی گوشوارے اور نوٹس/اعلانات وغیرہ موجود ہیں۔

بورڈ آف ڈائریکٹرز کے لیے اور جانب سے



علی ایچ شیازی
پریذیڈنٹ/چیف ایگزیکٹو

کراچی: 28 اگست 2017



انسانی وسائل اور معاوضے کی کمیٹی

انسانی وسائل اور معاوضے کی کمیٹی کمیٹی میں انسانی وسائل سے متعلق پالیسیوں اور طریقہ کار کے متواتر جائزے اور اطلاق کے لیے اپنی ذمہ داریاں نبھاتے ہوئے بورڈ آف ڈائریکٹرز کی معاونت کرتی ہے۔ اس کمیٹی نے کمیٹی کے لیے اہم انسانی وسائل کے انتخاب، جانچ، معاوضے اور اہم انتظامی منتظمین کی جانشینی کے لیے بورڈ کو معاونت فراہم کرتی ہے۔ یہ کمیٹی تین اراکین پر مشتمل ہے اراکین کی اکثریت بشمول کمیٹی کے چیئرمین، نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔

اس سال کے دوران انسانی وسائل اور معاوضے کی کمیٹی کے 14 اجلاس منعقد کیے گئے۔ ان اجلاسوں میں اراکین کی حاضری مندرجہ ذیل ہے۔

| نمبر شمار | ڈائریکٹرز کے نام | ایگزیکٹو ڈائریکٹر | قابل اطلاق اجلاسوں کی تعداد | حاضری |
|-----------|---------------------|-------------------|-----------------------------|-------|
| 1 | جناب بشیر کئی | نہیں | 4 | 4 |
| 2 | جناب علی ایچ شیرازی | ہاں | 4 | 4 |
| 3 | جناب فراہیم علی خان | نہیں | 4 | 4 |

انتظامی کمیٹی

انتظامی کمیٹی سینئر منتظمین پر مشتمل ہے جس کے سربراہ چیف ایگزیکٹو ہیں جو اس بات کو یقینی بناتے ہیں کہ بہترین اور ہموار فیصلہ سازی کو یقین بنانے کے لیے کمیٹی میں باقاعدہ نظام بنایا جائے اور اسے لاگو کیا جائے۔ یہ آپریٹنگ سطح پر چیف ایگزیکٹو کے لیے مشاورت کا کام انجام دیتے ہوئے کاروباری امور اور دیگر کارپوریٹ افیئرز میں سفارشات مہیا کرتی ہے۔ یہ طویل المدت منصوبہ بندی کا جائزہ لینے، کیپٹل اور اخراجات کی بجٹ سازی اور کاروباری امور کی قیادت سنبھالتی ہے۔ یہ کمیٹی انجام دینے والے امور کی مناسبت سے تشکیل دی جاتی ہیں اور ہر ماہ منعقدہ اجلاس میں مقرر کردہ اہداف سے کارکردگی کا جائزہ لیتی ہے۔ چیف ایگزیکٹو بھی اس بات کو یقینی بناتے ہیں کہ بورڈ کی جانب سے دیئے جانے والے تمام فیصلے اور ہدایات مناسب طریقے سے مطلع کیے جائیں اور ان پر عملدرآمد ہو۔

ملازمین کو سکدوشی پر ملنے والے فوائد

کمیٹی اپنے ملازمین کے لیے مندرجہ ذیل میں سے کسی ایک طریقے کے مطابق واضح کردہ شرائط داری کا پلان پیش کرتی ہے۔

- تسلیم شدہ پروویڈنٹ فنڈ
- رضا کارانہ پنشن سسٹم تو اگست 2005 یعنی اگست پنشن فنڈ اور اگست پنشن اسلامک فنڈ کے تحت رضا کارانہ پنشن اسکیمیں جو کہ اگست ایسٹ مینجمنٹ لمیٹڈ (متعلقہ پارٹی) کے زیر انتظام ہیں۔

تمام نئے آنے والے ملازمین کو صرف رضا کارانہ پنشن اسکیم کی پیش کش کی جاتی ہے۔ تاہم ایسے ملازمین جنہیں پروویڈنٹ فنڈ کا اختیار بھی حاصل ہے انہیں اختیار حاصل ہے کہ وہ مندرجہ بالا میں بیان کردہ کسی بھی اسکیم کا حصہ بن سکتے ہیں۔

کمیٹی اپنے مینجمنٹ ملازمین کے لیے نان کنٹریبیوٹری گریجویٹ فنڈ اسکیم بھی پیش کرتی ہے۔

انویسٹمنٹ کی مالیت غیر پڑتال شدہ کاؤنٹس کی بنیاد پر مورخہ 30 جون 2017 تک مندرجہ ذیل ہے۔

روپے ملین میں

| | |
|-------|----------------|
| 151.2 | - پروویڈنٹ فنڈ |
| 105.8 | - گریجویٹ فنڈ |

آپریٹنگ اور مالیاتی ڈیٹا

گزشتہ چھ سالوں کا آپریٹنگ اور مالیاتی ڈیٹا اور کمیٹی کے کلیدی تناسب اس رپورٹ کے ساتھ منسلک ہیں۔

کمیٹی ریکارڈز کی حفاظت

کمیٹی اپنے مالیاتی ریکارڈز کی اسٹوریج اور محفوظ بنانے پر بہت توجہ مرکوز رکھتی ہے۔ کمیٹی مالیاتی معلومات کو محفوظ رکھنے کے لیے اور ریکل ای آر پی سسٹم استعمال کر رہی ہے۔ الیکٹرونک دستاویزات تک رسائی کے لیے جامع نظام تشکیل دیا گیا ہے جس تک رسائی کے لیے خفیہ ہندسے درکار ہیں۔ ریکارڈ کو برقرار رکھنے کے لیے پالیسی تشکیل دی گئی ہے تاکہ دستاویزات کی حفاظت اور دوبارہ رسائی کو یقینی بنایا جاسکے۔



ہ۔ اندرونی کنٹرول کا نظام بہترین اور موثر انداز میں مرتب اور لاگو کرتے ہوئے اس کی مانیٹرنگ کی جاتی ہے۔

ی۔ موجودہ حالات میں کمپنی کی قابلیت پر کوئی شکوک و شبہات نہیں ہیں۔

ے۔ جیسا کہ لسٹنگ ریگولیشنز میں وضاحت کی گئی ہے، کارپوریٹ گورننس کی اعلیٰ اقدار کو اپنانے میں کوئی کوتاہی نہیں کی گئی۔

کارپوریٹ گورننس کے طریقے

کمپنی کے بورڈ آف ڈائریکٹرز بہترین کارپوریٹ گورننس پر عمل پیرا ہونے کے لیے پرعزم ہیں۔ ایسا یقینی بنانے کے لیے کمپنی کے اعلیٰ منتظمین سرگرم عمل ہیں۔ اسٹیک ہولڈرز اس بات کی توقع رکھتے ہیں کہ کمپنی کو مناسب گمرانی میں کامیابی کے ساتھ آگے بڑھایا جائے، اس سلسلے میں کمپنی کے امور کو چلانے کے لیے مستعد اور موثر اندرونی کنٹرول اور رسک مینجمنٹ پالیسیاں اپنائی جائیں، اثاثہ جات کی حفاظت کی جائے، قوانین اور ریگولیشنز کی تعمیل کی جائے اور بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرز کے مطابق مالیاتی گوشوارے پیش کیے جائیں۔

عطیات

کمپنی کی پالیسی ہے کہ وہ اپنے گزشتہ سال کے قبل از ٹیکس منافع کا ایک فیصد حصہ خیراتی اداروں کو دیتی ہے۔ رواں سال کمپنی نے اٹلس فاؤنڈیشن کو 18.7 ملین روپے عطیہ دیئے۔ اس کے علاوہ بھی کمپنی نے مختلف غیر منافع بخش اداروں کو عطیات دیئے۔

قومی خزانے میں ادائیگی

کمپنی نے زیر جائزہ سال کے دوران حکومتی خزانے میں بطور ٹیکس اور دیگر درآمدی ڈیوٹیوں کی مد میں 5.0 ملین روپے ادا کیے۔ یہ ٹیکس ادائیگی کمپنی کے بعد از ٹیکس نیٹ پرافٹ کا 3.4 گنا ہے، جو کہ کمپنی کی معاشی ترقی میں حصہ داری اور بطور ذمہ دار سماجی ادارہ ایک مثبت تاثر قائم کرتی ہے۔

ضابطہ اخلاق

کمپنی کا ضابطہ اخلاق متعدد اخلاقی اقدار سے متعلق راہنما اصول واضح کرتا ہے جس میں مفادات کا تحفظ، ملازمین کے حقوق اور دعوے دہی سے تحفظ وغیرہ شامل ہیں۔ یہ ضابطہ کمپنی کے امور کی ادائیگی کے لیے دیانت داری، سالمیت اور کثافت کی جوصلہ افزائی کرتا ہے۔ یہ تمام اسٹیک ہولڈرز کو قانون کی سخت پابندی پر کاربند رکھتا ہے۔ یہ ضابطہ اخلاق اسٹیک ہولڈرز بشمول صارفین، سپلائرز، حصص داران اور شرکاء داروں کے ساتھ تعلقات کے لیے راہنما اصول بھی واضح کرتا ہے۔

اس ضابطہ کا جائزہ ہر سال لیا جاتا ہے اور بورڈ کی منظوری سے تبدیلیاں کی جاتی ہیں۔ اس ضابطہ کے بارے میں تمام ایسوسی ایٹس کو آگاہ کیا جاتا ہے اور یہ کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔ اس ضابطے کے روزمرہ بنیادوں پر عمل درآد اور جائزے کا عمل سنٹیئر مینجمنٹ کے سپرد ہے۔

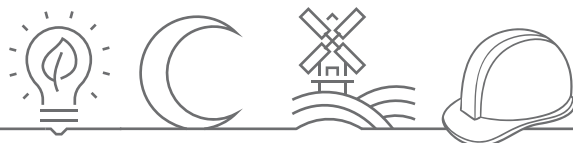
آڈٹ کمیٹی

آڈٹ کمیٹی کارپوریٹ گورننس اور فنانشل رپورٹنگ فریم ورک کے مطابق اپنی ذمہ داریاں نبھاتے ہوئے بورڈ آف ڈائریکٹرز کو معاونت فراہم کرتی ہے۔ یہ کمیٹی تین اراکین پر مشتمل ہے جو سب نان ایگزیکٹو ڈائریکٹرز ہیں۔ کمیٹی کے ایک رکن خود مختار ڈائریکٹرز بھی ہیں۔

اس سال کے دوران، آڈٹ کمیٹی کے چار اجلاس منعقد کیے گئے۔ ان اجلاسوں میں اراکین کی حاضری مندرجہ ذیل ہے۔

| نمبر شمار | ڈائریکٹرز کے نام | ایگزیکٹو ڈائریکٹرز | قابل اطلاق اجلاسوں کی تعداد | حاضری |
|-----------|---------------------|--------------------|-----------------------------|-------|
| 1 | جناب فراہیم علی خان | نہیں | 4 | 4 |
| 2 | جناب اعظم فاروق | نہیں | 4 | 3 |
| 3 | جناب بشیر کی | نہیں | 4 | 4 |

کوڈ آف کارپوریٹ گورننس کے مطابق آڈٹ کمیٹی نے چیف فنانشل آفیسر اور انٹرنل آڈٹ کے سربراہ کی غیر موجودگی میں ایکسٹرنل آڈیٹرز سے ملاقات کی۔ مدعو کیے جانے پر، چیف ایگزیکٹو آفیسر نے سال بھر میں منعقد تمام چاروں اجلاسوں میں شرکت کی۔



اس سال کے دوران بورڈ کے پانچ اجلاس منعقد کیے گئے۔ ڈائریکٹرز کی حاضری اور ان کی لسٹ کمپنیوں میں ڈائریکٹرشپ کی تعداد بشمول اٹلس بیٹری لمیٹڈ مندرجہ ذیل ہے۔

| نمبر شمار | ڈائریکٹرز کے نام | ایگزیکٹو ڈائریکٹر | قابل اطلاق اجلاسوں کی تعداد | حاضری | لسٹ کمپنیوں میں ڈائریکٹرشپ کی تعداد |
|-----------|----------------------|-------------------|-----------------------------|-------|-------------------------------------|
| 1 | جناب یوسف ایچ شیرازی | نہیں | 5 | 4 | 4 |
| 2 | جناب عارف الاسلام | نہیں | 5 | 3 | 2 |
| 3 | جناب اعظم فاروقی | نہیں | 5 | 5 | 4 |
| 4 | جناب بشیر علی | نہیں | 5 | 4 | 1 |
| 5 | جناب فراہم علی خان | نہیں | 5 | 5 | 1 |
| 6 | جناب ٹوروفورویا | نہیں | 5 | 4 | 1 |
| 7 | جناب علی ایچ شیرازی | ہاں | 5 | 5 | 2 |

غیر حاضری کی اجازت ان ڈائریکٹرز کو دی گئی تھی جو کچھ بورڈ اجلاس میں شرکت نہیں کر سکے تھے۔

20 مئی 2017 کو، موجودہ ڈائریکٹرز ریٹائرڈ ہوئے اور خود کو دوبارہ انتخاب کے لیے پیش کیا۔ ڈائریکٹرز کا دوبارہ انتخاب 19 مئی 2017 کو منعقدہ غیر معمولی اجلاس عام میں آئندہ آنے والے تین سالوں کے لیے بذریعہ رائے دی (Balloting) کیا گیا جس کی مدت کا آغاز 21 مئی 2017 سے ہوا۔

ڈائریکٹرز کے ترقیتی پروگرام

ڈائریکٹرز کے لیے تعارفی کورسز اور انہیں اپنے عہدے سے متعلق ضرورت کے تحت ذمہ داریاں اور فرائض سے آگاہ کرنے کے لیے کورسز کا انعقاد بورڈ کی جانب سے کیا جاتا ہے۔

پانچ ڈائریکٹرز پہلے ہی ڈائریکٹرز کی ضروری سند حاصل کر چکے ہیں جبکہ دو ڈائریکٹرز کو پاکستان اسٹاک ایکسچینج کی قوانین کی کتاب میں موجود کوڈ آف کارپوریٹ گورننس کے کاؤنمبر 5.19.7 کے مطابق استثناء حاصل ہے۔

وہ ڈائریکٹرز جو ڈائریکٹرز ٹریننگ پروگرام کے تحت سند یافتہ ہیں ان کے نام مندرجہ ذیل ہیں۔

| نمبر شمار | ڈائریکٹرز کے نام | ادارہ | سال |
|-----------|----------------------|---|--------------|
| 1 | جناب یوسف ایچ شیرازی | مستحق | لاگو نہیں ہے |
| 2 | جناب عارف الاسلام | پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس | 2014-2015 |
| 3 | جناب اعظم فاروقی | پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس | 2009-2010 |
| 4 | جناب بشیر علی | انسٹی ٹیوٹ آف کاسٹ مینجمنٹ اکاؤنٹنٹس آف پاکستان | 2014-2015 |
| 5 | جناب فراہم علی خان | مستحق | لاگو نہیں ہے |
| 6 | جناب ٹوروفورویا | یونیورسٹی آف لاہور | 2015-2016 |
| 7 | جناب علی ایچ شیرازی | پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس | 2013-2014 |

ڈائریکٹرز کی ذمہ داریوں کا بیان

حکمت عملی کا تعین اور جائزہ بورڈ کی جانب سے باقاعدگی سے لیا جاتا ہے اور یہ مجموعی طور پر اہداف مقرر کرتا ہے۔ ان مقاصد کی روشنی میں چیف ایگزیکٹو کا روبرو بار کے لیے سالانہ منصوبہ بندی اور کارکردگی کے اہداف مقرر کرتے ہیں جس کا جائزہ بورڈ لیتا ہے۔ بورڈ، کارپوریٹ گورننس کے اعلیٰ معیار کو قائم رکھنے کے لیے کاربند ہے۔ کمپنی سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے طے کردہ دفعات کی تعمیل اور اس کے ساتھ اسٹاک ایکسچینج کے لسٹنگ قوانین کو یقینی بناتا ہے۔

مندرجہ ذیل میں کارپوریٹ اینڈ فنانشیل رپورٹنگ فریم ورک کے بیان واضح کیے جا رہے ہیں۔

الف۔ کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات کی حالت، آپریٹنگ نتائج، پیسے کے بہاؤ اور ایکویٹی میں تبدیلی کی نشاندہی کر رہا ہے۔

ب۔ کمپنی کی جانب سے اکاؤنٹنٹس کی کتب باقاعدہ درست انداز میں مرتب کی گئی ہے۔

ج۔ مالیاتی گوشوارے کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا متواتر استعمال اور اکاؤنٹنگ کا تخمینہ معقول اور دانشمندانہ فیصلے کے مطابق کیا گیا ہے۔

د۔ مالیاتی گوشوارے کی تیاری میں ایسے بین الاقوامی فنانشیل رپورٹنگ اسٹینڈرز کے استعمال کو یقینی بنایا گیا ہے، جو پاکستان میں لاگو کیے گئے ہیں۔



ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2017 کو ختم شدہ سال کے لیے ڈائریکٹرز رپورٹ، کمپنی کی پڑتال شدہ سالانہ مالیاتی اسٹیٹمنٹ کے ہمراہ پیش کر رہے ہیں۔ ڈائریکٹرز کی رپورٹ کمپنیز آرڈیننس 1984 کے سیکشن 236 اور اسٹاک ایکچینج کے قواعد کی کتاب میں شامل کوڈ آف کارپوریٹ گورننس کے کلاز 5.19.11 کے مطابق تیار کی گئی ہے جو کہ 29 ستمبر 2017 کو کمپنی کے 51 ویں سالانہ عام اجلاس میں اراکین کو پیش کی جائے گی۔

| 2016 | 2017 | |
|------------------------------|-----------|-----------------------|
| ----- (روپے '000' میں) ----- | | |
| | | آپریٹنگ نتائج |
| 1,868,186 | 2,065,197 | منافع قبل از ٹیکس |
| | | محصولات کے لیے فراہمی |
| 584,183 | 564,219 | موجودہ سال |
| 2,449 | (13,812) | گزشتہ سال |
| 10,727 | 38,164 | موخر ملتوی |
| 597,359 | 588,571 | |
| 1,270,827 | 1,476,626 | بعد از ٹیکس منافع |

تصرفات

ڈائریکٹرز نے فی حصص 35.00 روپے نقد ڈیویڈنڈ کی تجویز دی ہے (15.50 روپے: 2016)۔ اس کے مطابق تصرفات کی تفصیلات مندرجہ ذیل ہیں۔

| 2016 | 2017 | |
|-----------|-----------|--------------------------------------|
| 1,276,794 | 1,483,462 | تصرفات کے لیے دستیاب منافع |
| | | تصرفات: |
| 1,000,00 | 870,000 | عام ذخائر میں منتقلی |
| 269,696 | 608,992 | تجویز کردہ ڈیویڈنڈ %350 (2016: 155%) |
| 1,269,696 | 1,478,992 | |
| 7,078 | 4,470 | غیر تصرف کردہ منافع جو آگے لایا گیا |

آمدنی فی حصص

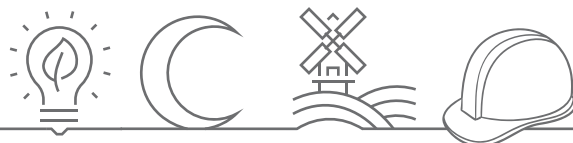
بعد از ٹیکس بنیادی اور diluted آمدنی فی حصص 84.86 روپے ہے (73.04 روپے: 2016)

چیئر مین کا جائزہ

چیئر مین کا جائزہ سالانہ رپورٹ میں شامل ہے جو کہ 30 جون 2017 کو ختم شدہ سال میں کمپنی کی کارکردگی اور مستقبل کے امکانات کا احاطہ کرتا ہے۔ ڈائریکٹرز رپورٹ کے مندرجات کی توثیق کرتے ہیں۔

بورڈ آف ڈائریکٹرز

بورڈ ایک ایگزیکٹو ڈائریکٹر اور چھ نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ تمام ڈائریکٹرز پوری جانفشانی سے کمپنی کے معاملات میں گہری دلچسپی رکھتے ہیں۔ نان ایگزیکٹو ڈائریکٹرز کمپنی کی انتظامیہ سے خود مختار ہیں۔



ایک موزوں کاروباری ماحول کو برقرار رکھا گیا جو تخلیقی عمل، آزادی اور تکنیکی مہارتوں اور قائدانہ صلاحیتوں کو مضبوط سے مضبوط بنانے کی حوصلہ افزائی کرتا ہے۔ آپ کی کمپنی خاص طور پر اٹلس گروپ کے لیے تخلیق کردہ، اٹلس۔ آئی بی اے ڈپلومہ ان بزنس مینجمنٹ میں اپنے منتخب کردہ نوجوان اور باصلاحیت شرکانے کارکشیت کا موقع فراہم کر کے انہیں اعلیٰ ترین صلاحیتوں اور مہارت سے مزین کرتی ہے۔ سال بھر کے دوران، کمپنی میں اور کمپنی سے باہر کئی تربیتی پروگرام منعقد کیے گئے جن میں کوالٹی کنٹرول، صحت و تحفظ، صارفین کو فراہم کردہ سروس اور ان کی تعلیم، قائدانہ صلاحیتوں، انتظام کاری کی بنیادی صلاحیتوں کے حصول اور مصنوعات کی مارکیٹنگ/برانڈ سے متعلقہ کانفرنسوں کے حوالے سے تربیت دی گئی۔ کمپنی کے اندر منعقدہ تربیتی پروگرامز سے مجموعی طور پر 1735 اراکین عملہ مستفید ہوئے، جبکہ 169 اراکین نے خارجی طور پر منعقدہ تربیتی پروگرامز/کانفرنسوں اور کشاپس کے ذریعے اپنی صلاحیتوں میں اضافہ کیا، سال بھر کے دوران ان تربیتی پروگراموں پر افراد کے لحاظ سے کام کی مقدار کے 797 دن خرچ کیے گئے۔ چھ ملازمین (بشمول سی ای او) کو بین الاقوامی تربیت کے حصول کے لیے امریکہ، جاپان اور تھائی لینڈ جیسے ممالک میں بھیجا گیا۔

آپ کی کمپنی میں کارکردگی کے انضباط و انتظام کے جائزے کا باقاعدہ طریقہ کار موجود ہے جو اس بات کو یقینی بناتا ہے کہ ملازمین کی کارکردگی کو بھرپور طور پر سراہا جائے اور باصلاحیت ملازمین کے لیے اپنے شعبے میں ترقی کے لیے بہتر مواقع پیدا کیے جائیں۔ غیر اخلاقی کاروباری سرگرمیوں یا انفرادی رویوں کو ڈرہ برابر بھی برداشت نہ کرنے کی پالیسی پر عمل پیرا ہیں۔

صحت، تحفظ اور ماحول

آپ کی کمپنی اپنے ملازمین کے لیے صحت مند، محفوظ اور آرام دہ ماحول کی فراہمی کے ذریعے کام کی فضا کو بہتر بنانے کے لیے مختلف وسائل میں مسلسل سرمایہ کر رہی ہے۔ ”حادثات اور زخمی ہونے کے صفر امکانات“ کے حتمی مقصد کی تکمیل کے لیے اپنے ساتھ کام کرنے والوں کی تربیت اور آگاہی سیشنز یا قاعدگی سے منعقد کیے جاتے ہیں۔ رواں سال، کمپنی نے ”تحفظ کا ہفتہ“ کے عنوان سے 2 عملی مشقوں کا انعقاد کیا جن میں آگ بجھانے، ذاتی صحت و صفائی، شہری دفاع، ابتدائی طبی امداد، لفظ ڈرائیونگ اور ذاتی حفاظتی سامان و مشینری (PPEs) کے موزوں استعمال کے علاوہ 5S کی مختلف تربیت شامل تھیں۔

گزشتہ مالی سال طے کیے جانے والے آئندہ کے لائحہ عمل کا تجزیہ

لٹے شدہ ہدف کے مطابق استعداد میں وسعت کی تکمیل کی گئی جس کی بدولت ہم پیداوار میں اضافے کے قابل ہوئے جس سے فروخت اور منافع جات میں اضافہ ہوا۔ معیار کے حتمی بیانات کو قائم رکھا گیا جس کی بدولت مارکیٹ کلیم میں کمی آئی۔ مصنوعات میں جدت اور نئے انداز پیدا کرنے کے لیے تخلیقی و تعمیری عمل مسلسل جاری رکھا گیا اور دوران سال جدید انداز کی ہائبرڈ میٹری کی مصنوعات کو متعارف کرایا گیا۔

مستقبل کے خدوخال

ترقی کی موجودہ رفتار کو دیکھتے ہوئے اور اقتصادی ترقی، گاڑیوں کی طلب میں اضافے اور بجلی کی موجودہ صورتحال کی بنیاد پر، مستقبل میں میٹری کی صنعت کے فروغ کے روشن امکانات ہیں۔ رواں سال کی ایک بہتر پیش گوئی کے تحت، سال 2017-18 کے لیے جی ڈی پی میں اضافے کی شرح کا ہدف 6.0 فیصد، مالی خسارے کا ہدف 4.1 فیصد اور افراط زر کی شرح کو 6.0 فیصد سے کم رکھنے کا ہدف ہے۔ ایم ایس سی آئی ایمرنگ مارکیٹ انڈیکس میں دوبارہ شمولیت کے ساتھ ساتھ سرمایہ کاری بازار میں چند اہم بنیادی ساختی اصلاحات، اسٹاک مارکیٹ کی طویل المیعاد سرگرمی و فعالیت کا پیش خیمہ ہے۔

آئندہ سال کے لیے آپ کی کمپنی نے 1.42 بلین روپے کے سرمایہ جاتی اخراجات کی منصوبہ بندی کی ہے۔ یہ سرمایہ کاری نہ صرف بازاری طلب کو پورا کرے گی بلکہ کمپنی کے 5S اور HSE کو بھی بہتر بنائے گی۔ مارکیٹ میں جدید اور نئے مصنوعات کی طلب کے پیش نظر، آپ کی کمپنی نے پیٹنٹ اور ٹیکس ہائبرڈ سمیت کئی مصنوعات متعارف کرائی ہیں۔ آپ کی کمپنی آئندہ بھی نئی اختراعات کو جاری رکھتے ہوئے نہ صرف معیار بلکہ ٹیکنالوجی کے شعبے میں شاندار پیش رفت کی بدولت مارکیٹ میں اولین مقام کی حامل رہے گی۔

عالمی اور مقامی بازار میں اہم خام مال کی قیمتوں میں اضافے کا رجحان آپ کی کمپنی کے مالی نتائج کو متاثر کر سکتا ہے۔ اس کے علاوہ، بین الاقوامی کرنسی کے مقابلے میں پاکستانی روپے کی قدر میں کمی، توانائی کے نرخ ناموں میں اضافہ اور سیاسی عدم استحکام مختصر دورانیے کے لیے اثر انداز ہو سکتے ہیں۔ تاہم انتظامیہ نئے مواقع اور برآمدی بازاری تلاش کی بدولت مارکیٹ میں بہتر طور پر نفوذ کے لیے لاگت میں کمی، مصنوعات اور خدمات کے اعلیٰ معیار کی برقراری پر توجہ مرکوز کیے ہوئے ہے۔ افرادی قوت کی صلاحیتوں میں اضافے اور حصص یافتگان کے لیے قدر میں اضافہ بھی آپ کی کمپنی کی اولین ترجیح ہے۔ میں آپ کو یقین دلاتا ہوں کہ آپ کی کمپنی صارفین کو مطلوب اعلیٰ ترین معیار پر پورا اترنے کے لیے پیداوار، ریت اور مؤثر کارکردگی پر توجہ مرکوز کیے رکھے گی اور ڈی اٹلس وے کے اصولوں پر عمل پیرا ہوگی:

ع جسے اللہ رکھے اسے کون چکھے

اظہار تشکر

میں اپنے جوائنٹ ویچر پارٹنرز GS Yuasa International Limited Japan کے بورڈ آف ڈائریکٹرز، حصص یافتگان، بینکار، فروخت کار (ویبڈرز) اور صارفین کا، ان کی مسلسل حمایت اور رہنمائی پر تہہ دل سے شکر ادا کرتا ہوں۔ میں آپ کی کمپنی کے صدر/چیف ایگزیکٹو، جناب علی ایچ شیرازی اور انتظامیہ کی ٹیم کا بھی شکر گزار ہوں کہ ان کی پُر خلوص کاوشوں اور وہاں ہونے والی سبکی کی بدولت ہم ہرگزرتے سال کے ساتھ ترقی کے نئے افق کو چھونے میں کامیاب ہوئے۔



یوسف ایچ شیرازی
چیئر مین

کراچی: 28 اگست 2017



آپریٹنگ اخراجات پچھلے سال کے 726 ملین روپے کے مقابلے میں 25.6 فیصد کے اضافے سے 912 ملین روپے ہو گئے۔ آپ کی کمپنی کی دیگر آمدنی، اعلیٰ کارکردگی کے حامل ایکویٹی میوچل فنڈز میں سرمایہ کاری کے باعث پچھلے سال کے 96 ملین روپے کے مقابلے میں 254 ملین روپے ہو گئی۔ نتیجتاً کمپنی کے آپریٹنگ منافع جات پچھلے سال کے مقابلے میں 10.0 فیصد اضافے سے 2,133 ملین روپے ہو گئے۔ مالیاتی لاگت سال کے دوران 68 ملین روپے رہی جو کہ پچھلے سال 72 ملین روپے تھی، گویا اس میں 5.2 فیصد کمی ہوئی جس کی بڑی وجہ فنڈز کا موثر انداز میں استعمال تھا۔

قبل از ٹیکس منافع، پچھلے سال کے 1,868 ملین روپے کے مقابلے میں 2,065 ملین روپے رہا۔ 589 ملین روپے کے ٹیکس منہا کرنے کے بعد، مالی سال 2016-17 کے دوران بعد از ٹیکس منافع 1,477 ملین روپے رہا جس میں گزشتہ سال کے مقابلے میں 16.2 فیصد اضافہ ہوا۔ حصص پر منافع 73.04 روپے فی حصص سے بڑھ کر 84.86 روپے ہو گیا یعنی مالی سال 2016-17 کے دوران 11.82 فی حصص کا اضافہ دیکھنے میں آیا جو کہ ہرگزرتے سال کے ساتھ آپ کی کمپنی کی پائیدار ترقی کی نمایاں عکاسی کرتا ہے۔

بورڈ کی کارکردگی

کمپنی کا بورڈ آف ڈائریکٹرز تمام متعلقہ اصول و ضوابط کی پاسداری کرتا ہے۔ بورڈ نامور کاروباری شخصیات پر مشتمل ہے جو اپنی پیشہ بہا مہارت، تجربے اور لازوال اقدار و اطوار کی بدولت بورڈ کی قدر میں اضافہ کرتے ہیں۔ بورڈ نے پالیسیوں اور طریقہ عمل کے قواعد و ضوابط طے کر رکھے ہیں جو کہ پیشہ ورانہ کاروباری فضا کو یقینی بناتے ہوئے حقائق کے بروقت اظہار، جوابدہی، اعلیٰ اخلاقی معیار، مروجہ قوانین، قواعد و ضوابط اور کاروباری عملداری کی تعمیل کو فروغ دیتے ہیں۔

متذکرہ سال کے دوران، بورڈ نے کمپنی کے لیے اپنی ذمہ داریوں کو موثر انداز میں نبھایا اور تمام کلیدی اہمیت کے حامل معاملات میں انتہائی فعال انداز میں شرکت کی ہے۔ تمام سہ ماہی، شش ماہی اور سالانہ مالیاتی نتائج پر پوری غور و خوض کے ساتھ نظر ثانی کی گئی اور بورڈ نے انتظامیہ کو باقاعدگی سے رہنمائی اور مشاورت فراہم کی۔ بورڈ نے انتظامیہ کی کارکردگی کی نگرانی اور ممکنہ بڑے کاروباری خطرات سے تحفظ میں اہم کردار ادا کیا۔ بورڈ کے اراکین نے مالی سال 2017-18 کے لیے کمپنی کے مالیاتی بجٹ اور اثاثہ جات میں سرمایہ کاری کی ضروریات کا جائزہ لے کر ان کی منظوری دی۔

آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمویشن کمیٹی نے بھی متعلقہ قوانین کے تحت سال بھر اپنی ذمہ داریوں کو بخوبی انجام دیا۔ بورڈ میعاد بنیاد پر ان کی کارکردگی کا بغور جائزہ کرتا ہے۔

قومی خزانے میں ادائیگی

آپ کی کمپنی نے متذکرہ سال کے دوران، مختلف نوعیت کے سرکاری محصول، ٹیکس اور درآمدی ڈیوٹیوں کی صورت میں قومی خزانے میں 5.0 بلین روپے کی ادائیگی کی۔ ان محصولات کی ادائیگی، کمپنی کے بعد از ٹیکس خالص منافع کے مقابلے میں 3.4 گنا زیادہ ہے جو کہ کمپنی کے مثبت انداز فکر و عمل، ملکی معیشت کے فروغ اور ایک اچھے کاروباری ادارے کے طور پر اپنی ذمہ داری نبھانے کا مظہر ہے۔ ٹیکس گروپ کمپنیز بشمول ٹیکس پیئرز کی جانب سے قومی خزانے میں مجموعی جمع کردہ رقم 50 بلین روپے سے زیادہ ہے جو ٹیکس کو ملک کے چند سب سے زیادہ ٹیکس ادا کرنے والوں کی صف میں کھڑا کرتی ہے جو کہ حکومت کی مجموعی آمدنی کا 1.5 فیصد بنتا ہے۔

قدر میں اضافہ کرنی روپے کی آمدورفت

سال کے دوران، آپ کی کمپنی نے آپریشن کے ذریعے کمیشن کی مدد میں 1525 ملین روپے حاصل کیے جو کہ گزشتہ سال 1,600 ملین روپے تھے۔ مارکیٹ کی بڑھتی ہوئی طلب پر پورا اترنے کے لیے، کمپنی فنڈز کی از خود تخلیق کے ذریعے استعداد کاری وسعت میں سرمایہ کاری جاری رکھے ہوئے ہے۔ مزید برآں، اضافی نقد رقم کی بھی اعلیٰ نقد رقم کی بھی اعلیٰ منافع کے حامل میوچل فنڈز میں سرمایہ کاری کی گئی ہے۔

انفارمیشن ٹیکنالوجی

آپ کی کمپنی انفارمیشن ٹیکنالوجی کے جدید انفراسٹرکچر سے پوری طرح مزین ہے۔ کمپنی زیادہ پیداوار اور معیار کے حصول کے لیے میٹرو فیکچرنگ کے طریق کار کو خود کار بنیادوں پر استوار کرنے کے عزم کے ساتھ ٹیکنالوجی کی دنیا میں ہونے والی ہر پیش رفت سے ہمہ وقت آگاہ رہنے کے لیے تیار ہے۔ آپ کی کمپنی ای آر پی ڈیٹا مینجمنٹ اور سسٹم سے مکمل طور پر مستفید ہو رہی ہے۔ کمپنی درج ذیل پروگرامز اور طریقہ عمل کی تخلیق اور عملی نفاذ کے ذریعے کاروباری عمل کو بہتر بنانے پر توجہ مرکوز کیے ہوئے ہے:

- کاروبار سے صارفین (B2C)
- کاروبار سے کاروبار (B2B)
- کاروباری تسلسل کا منصوبہ (بی سی پی)
- کلیم مینجمنٹ سسٹم
- کاروباری طریقہ عمل کی از سر نو تخلیق (بی آر پی)

انسانی وسائل کا فروغ

آپ کی کمپنی ہمیشہ ٹیکس گروپ کے اس اصول عمل فلسفے پر عمل کرتی ہے 'ادارے کی ترقی بذریعہ شخصی فروغ و ترقی'، اور کمپنی میں سیکھے سیکھانے کی مسلسل فضا کو برقرار رکھنے کے لیے اپنے شرکائے کار کی صلاحیتوں کے فروغ کے لیے خاطر خواہ سرمایہ کاری کو بروئے کار لاتا ہے۔

پورے سال کے دوران، ادارے سے شرکائے کار کی واہانہ دہائی میں اضافے اور انفرادی اور کاروباری مقاصد کی تکمیل کے لیے ان کے فعال کردار کو یقینی بنانے کے لیے بیشتر اقدامات عمل میں لائے گئے۔



چیرمین کا جائزہ

میں نہایت مسرت کے ساتھ 30 جون 2017 کو ختم ہونے والے مالی سال کے لیے آپ کی کمپنی کی 51 ویں سالانہ رپورٹ مع آڈیٹ کی رپورٹ پیش کر رہا ہوں۔

معیشت

پاکستانی معیشت کو مالی سال 17-2016 کے دوران خاصا فروغ حاصل ہوا اور اس دوران بڑے معاشی اہداف کی تکمیل ممکن ہوئی۔ کئی معاشیات کو اگر بنیادی ساختی اصطلاحات کے ساتھ مربوط و منظم کیا جائے تو یہ مستقبل میں پائیدار ترقی کا پیش خیمہ بن سکتی ہے۔ مالی سال 17-2016 کے دوران، جی ڈی پی کی شرح 5.3 فیصد رہی جو کہ گزشتہ 10 سالوں میں حاصل ہونے والی بلند ترین شرح ہے۔ تیل اور ایشیاء کی قیمتوں کے باعث، افراط زر کی شرح بڑھ کر سی پی آئی اوسط کے 4.3 فیصد پہنچ گئی، یہ شرح مالی سال 16-2015 میں 3.2 فیصد تھی۔ سال کے دوران غیر ملکی زرمبادلہ کے ذخائر پہلی بار 24.0 بلین امریکی ڈالر کی بلند ترین سطح پر پہنچے، تاہم کرنٹ اکاؤنٹ کے خسارے میں اضافے اور مالیاتی داخلی ذخائر کے ذریعے مکمل طور پر اس خسارے کو پورا نہ کرنے کے باعث، گزشتہ سال کے 23.1 بلین امریکی ڈالر کے مقابلے میں، مالی سال 17-2016 کے اختتام پر یہ غیر ملکی ذخائر 21.4 بلین امریکی ڈالر پر بند ہوئے۔

رواں مالی سال کے دوران برآمدات 21.7 بلین امریکی ڈالر ریکارڈ کی گئیں جو کہ پچھلے سال 22.0 بلین امریکی ڈالر تھیں، یعنی ان میں 1.4 فیصد کمی دیکھی گئی جبکہ درآمدات میں 48.5 بلین امریکی ڈالر کے ساتھ 17.7 فیصد اضافی رجحان دیکھا گیا، یہ درآمدات گزشتہ سال 41.3 بلین امریکی ڈالر تھیں۔ نتیجے کے طور پر ادائیگیوں کا خسارہ 39.4 فیصد کے اضافے سے پچھلے سال کے 19.3 بلین امریکی ڈالر کے مقابلے میں 26.9 بلین امریکی ڈالر رہا۔ ورکرز کی ترسیل زر، مالی سال 17-2016 کے دوران 3.1 فیصد کمی کے ساتھ 19.3 بلین امریکی ڈالر رہی جو کہ گزشتہ سال 19.9 بلین امریکی ڈالر تھی۔

پاکستان اسٹاک ایکسچینج (پی ایس ایکس) نے اپنے گزشتہ تمام سگمیل عبور کیے اور ایشیاء کے اولین اور دنیا کے پانچویں نمبر کے بہترین کارکردگی کی حامل اسٹاک مارکیٹ کا اعزاز حاصل کیا۔ ایم ایس سی آئی ایبر جنگ مارکیٹ انڈیکس میں پاکستان کی از سر نو درج بندی کے بعد، موڈیز اور ایس اینڈ پی کی جانب سے کی گئی پاکستان کی درج بندی بہتر ہو کر بالترتیب منفی سے مستحکم اور مستحکم سے مثبت ہو گئی۔

آٹوموبائل انڈسٹری کا جائزہ

بہتر ہوتی معاشی صورتحال کے باعث، مالی سال 17-2016 میں گاڑیوں کے شعبے میں ترقی کا رجحان دیکھا گیا۔ اہم تجارتی اشیاء میں استحکام، بینک کریڈٹ کی شرح سود میں عدم تبدیلی، سڑکوں کے جال میں اضافہ اور کم سودی شرح کی فضا نے آٹوموبائل کے شعبے میں ترقی کی راہ ہموار کی۔ مالی سال 17-2016 میں 2.6 فیصد کے اضافے کے ساتھ مقامی طور پر بنائی گئی 185,781 کاروں کی فروخت ہوئی جبکہ مالی سال 16-2015 میں 181,145 کاروں کی فروخت کی گئی تھی۔ ٹریکٹرز کی فروخت میں 54,992 یونٹ کے ساتھ 61.8 فیصد کا نمایاں اضافہ ہوا جبکہ پچھلے سال 33,986 ٹریکٹرز فروخت ہوئے تھے۔ ٹرکوں اور بسوں میں پچھلے سال کے مقابلے میں 31.4 فیصد اضافہ ہوا۔ موٹر سائیکلوں اور تین پہیوں والی گاڑیوں میں (جو پی اے ایم اے کے ساتھ رجسٹرڈ ہیں) مالی سال 17-2016 کے دوران 1,625,080 کی تعداد میں فروخت کے ساتھ 19.6 فیصد کا نمایاں اضافہ ہوا جو کہ پچھلے سال اسی مدت کے دوران 1,358,643 فروخت ہوئیں تھیں۔

بیٹری انڈسٹری

بیٹریوں کی طلب کا دار و مدار گاڑیوں کے شعبے کی ترقی اور ملک میں موجود بجلی کے بحران پر ہے۔ بجلی کے بحران نے بجلی کی غیر منقطع فراہمی والے آلات (یو پی ایس)، جنریٹرز اور شمسی توانائی سے چلنے والے پمپوں کے استعمال میں اضافہ کر دیا ہے۔ اس رجحان سے ملک بھر میں بجلی کے متبادل آلات کے لیے بڑی اور درمیانی سائز کی بیٹریوں کی طلب میں اضافہ ہوا ہے۔ اگرچہ حکومت کی جانب سے بجلی کی پیداوار میں اضافے کی کوششیں جاری ہیں، اس کے باوجود آئندہ سالوں میں بھی اس صورتحال کے جاری رہنے کے امکانات ہیں۔ مزید یہ کہ مقامی طور پر بنائی گئی گاڑیوں اور درآمد شدہ بیٹریوں نے بھی متبادل بازار میں بیٹریوں کی طلب کو بڑھا دیا ہے۔ AGS کو اس شعبے میں ممتاز مقام حاصل ہے اور صارفین اعلیٰ معیار اور بعد از فروخت سروس جینی خوبوں کے باعث AGS مصنوعات کی خریداری کو ترجیح دیتے ہیں۔ ایلس کی برانڈ ہائبرڈ، کمپنی کی مصنوعات کو وسعت دینے کے ساتھ ساتھ دیکھ بھال کی کم ضرورت، پائیداری اور اعلیٰ ترین معیار کو یقینی بناتی ہے۔

پاکستان میں بیٹری کی صنعت دو بڑے حصوں میں تقسیم ہے، منظم اور غیر منظم شعبے۔ منظم حصہ، بازاری طلب کی تقریباً 90 فیصد ضرورت پورا کرتا ہے جبکہ باقی طلب غیر منظم حصہ اور درآمدات سے پوری ہوتی ہے۔ آپ کی کمپنی مارکیٹ کے ایک بڑے حصے پر اپنی دسترس رکھتی ہے اور ہم معیار پر عدم سمجھوتے، نئی اور جدید مصنوعات متعارف کرانے اور بعد از فروخت معیاری سروس کی فراہمی کی بدولت اس میں مزید اضافے کے لیے کوشاں ہیں۔

آپریٹنگ کارکردگی

سال 17-2016 مالیاتی کارکردگی کا لحاظ سے کمپنی کے لیے ایک اور انتہائی کامیاب سال ثابت ہوا ہے جو کہ آئندہ سالوں میں مزید ترقی کا پیش خیمہ بنے گا۔ ذیل میں اس سال کی نمایاں مالیاتی کامیابیوں کا مختصر جائزہ پیش خدمت ہے:

- خالص (Net) فروخت 22.5 فیصد کے اضافے کے ساتھ 17.17 بلین روپے رہی۔
- سرمائے (ایکویٹی) پر منافع 26.0 فیصد رہا۔
- ٹیکس کی کٹوتی کے بعد منافع 16.2 فیصد کے اضافے سے 1.48 بلین روپے رہا۔
- اثاثہ جات میں تبدیلی 2.1 گنا رہی۔
- فی شخص منافع 16.2 فیصد کے حساب سے بڑھ کر 84.86 روپے رہا۔

آپ کی کمپنی نے مالی سال 16-2015 میں ہونے والی 14.0 بلین روپے کی فروخت کے مقابلے میں مالی سال 17-2016 میں 22.5 فیصد کے اضافے کے ساتھ 17.2 بلین روپے کی فروخت کیں۔ یہ اضافہ متبادل مارکیٹ میں بیٹریوں کی زائد طلب کے باعث ہوا۔ خام مال کی قیمتوں میں اضافے کے باعث جملہ آمدنی 17.3 فیصد رہی جبکہ پچھلے سال یہ شرح 19.6 فیصد تھی۔



Code of Conduct



Standard of Conduct

Atlas Battery Limited conducts its operations with honesty, integrity and openness, and with respect for human rights and interests of the employees. It respects the legitimate interests of all those with whom it has relationships.

Obeying the Law

Atlas Battery Limited is committed to comply with the laws and regulations of Pakistan.

Human Capital

Atlas Battery Limited is committed to create the working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of the Company.

It recruits, employs and promotes employees on the sole basis of the qualifications and abilities needed for the work to be performed.

It is committed to safe and healthy working conditions for all employees. We will not use any form of forced, compulsory or child labour.

It is committed to working with employees to develop and enhance each individual's skills and capabilities.

It respects the dignity of the individual and the right of employees to freedom of association.

It will maintain good communications with employees through company based information and consultation procedures.

Discrimination and Harassment

Atlas Battery Limited prohibits discrimination of employees and ensures equal opportunity for employment, compensation, development and advancement for all individuals. It prohibits harassment based on categories of race, color, religion, sex, national origin, age or disability.

It does not tolerate workplace violence including threats, threatening behaviour, harassment, intimidation, assaults or similar conduct.

It has a zero tolerance policy with respect to personal and / or sexual harassment. Personal / sexual harassment in any form is strictly prohibited and may become ground for immediate dismissal without notice or pay in lieu of notice.



Weapons and Drugs

Atlas Battery Limited does not allow any employee to carry firearms or other weapons, unless obtaining prior permission.

The employees must not distribute, possess or use illegal or unauthorized drugs or alcohol on any premises of Atlas Battery Limited or in connection with its business.

Consumers

Atlas Battery Limited is committed to providing branded products and services, which consistently offer value in terms of price and quality. Products and services will be accurately and properly labeled, advertised and communicated.

Shareholders

Atlas Battery Limited will conduct its operations in accordance with principles of good corporate governance. It will provide timely, regular and reliable information on its activities, structure, financial situation and performance to all the shareholders.

Trading in Own Shares

Atlas Battery Limited discourages employees and their families from trading in shares of the Company or advise others in trading of its shares. However, if any employee or his / her family intends to sell or buy or take any position in the shares of the Company, then he / she should notify in writing to the Company Secretary.

Business Partners

Atlas Battery Limited is committed to establishing mutually beneficial relations with its suppliers, customers and business partners.

In its business dealings, it expects its partners to adhere to business principles consistent with its own.

Community Involvement

Atlas Battery Limited strives to be a trusted corporate citizen and, as an integral part of society, to fulfill its responsibilities to the societies and communities in which it operates.

Public Activities

Atlas Battery Limited is encouraged to promote and defend its legitimate business interests.

It will co-operate with government and other organizations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations, which may affect legitimate business interests.

It neither supports political parties nor contributes to the funds of groups whose activities are to promote party interests.

The Environment

Atlas Battery Limited is committed to making continuous improvements in the management of environmental impact and to the longer-term goal of developing a sustainable business. It will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

Health, Safety and Environment

Atlas Battery Limited strives to provide a safe, healthy and clean working environment. It also strives to prevent any wasteful use of natural resources (including water) and is committed to help in improving the environment. It tries to reduce, replace, recycle or regenerate articles consumed in its operations.

Innovation

Atlas Battery Limited makes innovations to meet consumer needs. It respects the concerns of consumers and of society. It works on the basis of sound research, applying high quality standards.

Competition

Atlas Battery Limited believes in fair competition and supports development of appropriate competition laws. Atlas Battery Limited and employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.



Business Integrity

Atlas Battery Limited does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management.

Its accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Conflicts of Interests

All Atlas Battery Limited employees are expected to avoid personal activities and financial interests, which could conflict with their responsibilities to the Company. They must not seek gain for themselves or others through misuse of their positions.

Company Resources

All the assets of Atlas Battery Limited (both tangible and intangible) shall be deployed for the purpose of conducting the business for which they are duly authorized for. None of these should be misused or diverted for any personal use or benefit.

Fraud, Theft or Illegal Activities

Atlas Battery Limited employees shall be alert and vigilant with respect to frauds, thefts or illegal activity committed within the office. If any such activity comes to their attention, they must immediately report the same to the Head of Human Resource or Head of Internal Audit.

It has set its priority not to become implicated, in any way, with individuals or firms involved in criminal and other associated activities and employees are expected to exercise maximum caution in this regard.

Books and Records

Atlas Battery Limited employees must act in good faith, not to misrepresent material facts in books and records or in any internal or external correspondence, memoranda or communication of any type, including telephone or electronic communications.

Its records should be maintained in such a way that they are in full compliance with all rules, laws and regulations. Adequate precautions should be taken to protect them from falling into wrong hands, which could harm its business interests. Access to electronic documentation has been ensured through implementation of a comprehensive password protected authorization matrix.

Confidentiality

Atlas Battery Limited employees come across a number of confidential information which may take many forms. They must take proper care of such information and ensure that it is not misused in any way which is detrimental to its business or used for own commercial benefit. Employees must exercise care to avoid disclosing non-public, internal, secret or proprietary information to unauthorized persons, either within or outside the Company during employment or afterwards.

Compliance - Monitoring - Reporting

Compliance with business principles is an essential element in business success. The Board of Directors of Atlas Battery Limited is responsible for ensuring that these principles are communicated to, and understood and observed by, all employees.

Day-to-day responsibility is delegated to the senior management. They are responsible for implementing these principles, if necessary, through more detailed guidance tailored to local needs.

Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board supported by Audit Committee of the Board.

Any breach of the Code must be reported in accordance with the procedures specified by the management.

The Board of Atlas Battery Limited expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles.

Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.



CEO Message on Sustainability

“Sustainability is an obligation and moral responsibility towards Society. It is the responsibility of every person in general and industries in particular, to follow this rule in order to Economic and Social development and protection of Environment of the Planet where our present and future generation will have to live.”

The Company started to present Sustainability Report few years back and has evolved through a dynamic process. The preparation of the Report has led us to identification of various areas of improvements and measures to be taken. The Report is based on interviews and surveys conducted with various stakeholders and identification of issues that need to be addressed. The data presented in this section is generated by various functional departments which is reviewed by the management and approved by the Board of Directors.

The Report entails our approach to sustainability which is focused on the principles and fundamentals expressed in ATLAS CULTURE and ATLAS SYSTEMS. The Report also covers measures taken by the Company towards corporate governance, environment, financial sustainability, people, quality, health and safety, technology, customer, business ethics and corruption.

The manufacturing of quality products with minimum contamination in the environment is our aim which helps our customers to get maximum utility of our product.

Corporate Social Responsibility (CSR)

“A business that makes nothing but money is a poor business.” - Henry Ford

We believe that sustainability helps in managing social and environmental impacts whilst remaining a vital component of shareholder, employee and stakeholder relations. To grow as a Company and corporate citizen of this country, the importance of CSR and its activities should be realized and worked upon vigorously.

We are continuously working towards implementing CSR, sound governance, best management practices and high economic and social practices in our day-to-day business activities.

Sustainability disclosure can serve as a differentiator in competitive industries and foster investor confidence, trust and employees loyalty. Analysts often consider a company's sustainability disclosures in their assessment of management quality and efficiency, and reporting may provide firms better access to capital.

The environmental shift has diminished quality of life which has implicated that the CSR is a long term initiative instead of short term. We are committed on this as a long term objective keeping in view future generations to come. Through various activities including donations, collaborated events with non-profit organizations and intense measures to improve environment, we have gotten close to customers and associates, our surrounding communities, society and other stakeholders.

We work closely with our customers and partners specifically GS Yuasa, Japan to bring innovations, keep up with technological advancements, foresee change and adapt accordingly. We welcome competition, face tough business challenges and grow not only as a company but overall as an industry.

Thank you for taking the time to review this report. We are pleased to share and welcome your feedback and involvement.



Ali H. Shirazi
President / Chief Executive

Karachi: August 28, 2017



Sustainability

APPROACH TO SUSTAINABILITY

The Company's framework is a product of the Atlas Group's fundamental business doctrine, the 'ATLAS WAY'. It comprises of the principles of "ATLAS CULTURE" and "ATLAS SYSTEMS". These are a set of rules and procedures which have sustained the test of time and proved to be at the heart of the Company's success.

The principles of the 'ATLAS WAY' cover all departments, operations, activities and aspects of our business and provide ideal guidelines for their progressive development. It teaches us to pursue operational and financial results while maintaining environmental quality, workplace safety and social responsibility.

Atlas Culture

- Corporate Governance
- Respect, recognition and reward (3Rs)
- Recruitment and career advancement based on integrity, merit, experience and skills
- Education and training of staff and descendants
- Self reliance
- Leading by example
- Humility and excellence
- Living within one's means, saving for the future and donating for good cause
- To be happy and healthy

Atlas Systems

- Management by Objectives (MBO) to align activities agreed company goals
- Implementing 7S vision (Strategy, Structure, System, Style, Staff, Skills and Shared Values) for the Company
- Inducting and retaining competent and skilled staff - right man for the right job
- Using BCG model for strategic direction
- Creating value through implementation of internal controls (SOPs and policy manuals)
- Management development to produce performers, organization builders and strategists
- Active participation in management meetings for continuous performance improvement
- Ensuring accuracy and control performance improvement
- Ensuring accuracy and control of information / data through efficient MIS
- Judicious sharing of profitability between employee bonuses, dividend payout and profit retention

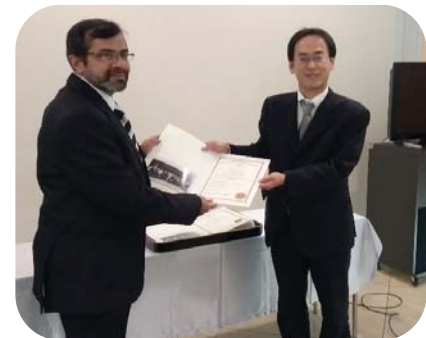
Environment

The Company's prime focus is to run operations in a way to reduce negative impacts of its business activities on the environment by consuming less energy and fuel, produce less waste, recycling water, etc.

Material

The Company with its intense research and assistance of Japanese partner works on procurement of raw materials and development of new formulae and applications with the aim of low impact on environment. Materials having high impact on the environment are monitored in pursuance of the Company's environmental policy.

Over the last few years, Company has introduced new products including Battery Tonic and Atlas Hybrid battery which has opened up new opportunities. Battery Tonic is distilled battery water with specific battery grade TDS to increase life of battery. Atlas Hybrid, a hybrid battery which has been made with combination of lead and calcium plates with plastic envelop protection giving battery long life and protection from rust, etc. The successful launch of hybrid battery has now paved way for introducing same technology in other variants of battery in coming years.



Energy saving measures and energy conservation

The Company installed 100 KW solar panels which reduced reliance on conventional electrical energy and resulted in cost savings as well as contribution to improvement of environment.

The cost of fuel for generators was reduced by installation of dedicated electricity lines for uninterrupted supply of electricity and also resulted in significant reduction of associated green house gas emissions from generators.



The Company promotes the use of energy efficient products and reduction of energy use in operations. Installation of LED lights at shop floors have contributed in energy conservation. In addition, various training materials are disseminated to associates encouraging to conserve energy by switching off extra electrical appliances when not used and / or during breaks. This was actively encouraged more by placing signboards around the factory premises.

Water

The Company acknowledges the fact that water is an increasingly scarce and critical global resource. In turn, the associates are educated with this fact and trained to reducing water usage. The Company uses Reverse Osmosis Plant to desalinate water and convert brackish / sea water to clean water which is then used in our manufacturing process.

Air

The Company has invested significant resource during last few years on controlling air emission. Various measures are taken for the reduction in air pollution which includes;

- Minimize use of gensets and alternate energy resources, thus reducing gas emissions to a sizeable portion.
- Plantation of trees outside the factory premises creating a green belt.
- Dust collectors.
- Spot cooling system.
- Dust scrubbers.
- Fresh air ventilation and circulation system.

Biodiversity

The factory is located in SITE industrial area, away from the protected areas with low biodiversity value. Despite the location, the Company recognizes the importance of biodiversity and its impact on nature. The Company makes continuous efforts to minimize the harmful impact of discharges and ensures safe disposal of emissions. Efforts for conservation of biodiversity are undertaken and initiatives are carried out. A green belt of approximately 35,570 square feet opposite the factory premises was developed and being maintained by the Company.

Society

The Company plays an active role in contributing to the society by conducting different CSR activities with the aim to serve the society. During the year, various initiatives were taken including but not limited to social events at non-profit organizations, sponsorship of a fund-raising event 'Anwar Maqsood aur Halat-e-Hazra' organized by Professional Education Foundation (PEF), installation of bus que shelters in major cities during Ramzan, distribution of Eidi and gifts to the orphanages during Ramzan in Karachi, Lahore and Islamabad / Rawalpindi.

Compliance of Environmental Legislation

The Company is committed to comply with environmental legislations applicable to all of its Company's products and operations. It maintains a system which identifies prevailing and new applicable environmental legislation and includes them to the audit checklists of respective departments as a guideline and for periodic review. The Company is in process of detailed audits on environmental condition of the Company in order to obtain compliance certification of EMS 14001 and OHSAS 18001. This will lead the Company to stay ahead of its competitors in environmental compliance. This will be a fruit of significant investments made by the Company in health, safety and environment since many years.



Financial Health

Our focus is to deliver the best quality batteries with high level of sustainability, efficient manufacturing process and high operating efficiency. As we gain financial strength, we invest in future products, our people, our communities and society.

People and Industrial Relations

Human Capital

Atlas Culture emphasizes on recruitment and career development based on integrity, merit, experience and skills. We invest in our associates, strengthen their technical capabilities, leadership skills and team work to make Company and society a better place.

We show respect to our associates and treat them fairly by positively influencing their lives. We teach and encourage them to serve the Country and Company in the most ethical ways. We believe that happy associates are the backbone of a sustainable and competitive Company.



Succession Planning

The Company realizes that for long term business continuity, implementation of succession planning is of vital importance. For this purpose, the Company develops successors for all key positions across the organization as part of succession planning. Individual Development Plans (IDPs) are prepared to indicate existing and required competencies, learning and development plans, performance expectation and career progression of each individual. This also contributes towards the retention of potential employees within the Company.

Based on the importance of succession planning activity, the Company reviews the whole process annually to keep it aligned with the ongoing changes in the business scenario.

Career Development

The Company has a career development program which is operated on the basis of Performance Management Review Process that fairly recognizes employees' performance and helps develop improved career paths for the talented associates. A corporate culture is promoted by encouraging creativity and independence among our associates. Through this program, the associates are required to fill evaluation / performance forms and their supervisors evaluates them on the basis of actual performance delivered and one-on-one interview with their managers. It leads to establishment of a vision for personal development and a detailed training plan to achieve it, accompanied by setting their future objectives.

To reach out to talented students and dedicated professionals, the Company is using different social mediums including LinkedIn, Rozee.pk platform, etc.



IT Integration with Human Resources

The Company has invested in an ERP system which has integrated and helped in various functions of Human Resources including recruitment, trainings, career development, payroll processing etc. Currently implementation of Oracle HCM Cloud including seven HR modules is in process through consultant to further update and strengthen the HRMS.

Trainings

The Atlas Culture specifically emphasizes upon the education and training of staff and descendants. The development of its associates' abilities are achieved through various means such as on the job trainings including in-house and external trainings, education program, financial support for career advancement, etc. Technical trainings as well as soft skills training have been arranged during the year such as Production Management, Seven QC Tools, Reliability Centered Maintenance, Digital Marketing, etc. to name a few. Apart from this, the Company is part of a comprehensive program with Institute of Business Administration (IBA), through which the Diploma Program is conducted exclusively for Atlas Group associates which helps in preparing young and potential leaders for the changing business environment / upcoming challenges.

The Company conducted various in-house trainings and nominated associates for external trainings covering the areas of production, engineering, quality control, leadership, core management skill development and various specialized departmental trainings including supply chain management, treasury, corporate affairs, taxation, etc. Altogether 735 personnel benefited from internal trainings, while 69 personnel enhanced their skills set through external training programs, amounting to a total of 797 man days spent on trainings during the year.

For in-house trainings, the Company has a Training Centre with all associated services. A specially designed curriculum has been developed based on the existing processes of the plant. These training sessions are conducted by a pool of internal trainers as well as associates within the Company to enhance their presentation skills and to promote team work. After classroom training associates, they are provided practical training sessions at the shop floor. Human Resource division plays an active role in the skills enhancement program of associates and promotes a learning culture among them.

Human Resources division facilitates and records all such trainings to monitor skills enhancement at the shop floor with the ultimate goal to enhance productivity and ensure quality production. Despite these formal trainings, associates are encouraged to provide on ground training to subordinates on hand.

Employer Branding

In view of promoting employer branding, beside engineering students, the Company introduced a formal internship training program for business management students in which five interns were placed in Supply Chain, Marketing, and IT divisions. All interns worked on real time projects, hence contributing to their professional development.

The Company also invited NUST Electrical Engineering students on industrial visit to the plant that provided practical insights into the real working environment of the industry. A liaison has been maintained with the relevant universities so that they continue to develop professionals / talent who are not only competent but also familiar with our organization's practices, systems and structure.

Human Rights

Human rights of fellow workers and communities where we operate are respected and part of our business culture as stated in Atlas Culture: "Humility and Excellence". We focus on four areas across our activities where respect for human rights is particularly critical to the way we operate: labor conditions, communities, supply chains and security.



Workforce

We intend to remain an attractive employer of a diverse group of associates who feel sufficiently challenged to pursue their personal development. By creating job opportunities, sourcing from local suppliers, and paying taxes and royalties, etc. we help in building local economies. We plan to be a part of the community for decades to come with long term plan and vision.

We encourage our associates to strive for education and where possible we assist our associates to pursue for education at all levels. The Company provides competitive remuneration packages and a good environment to work in to increase the quality of work and satisfaction resulting in long-term employability and synergy effect to the Company's performance. There are 23 associates who are with the company for more than 25 years now and 65 associates for more than 10 years.

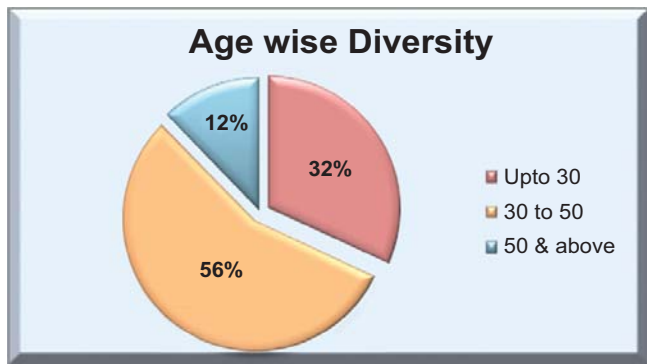
Supporting Diversity and Equal Opportunities

A good mix of experienced and youthful associates is very essential to good human resource and ultimately Company's growth.

Workplace diversity fosters mutual respect amongst associates whether working as groups and / or teams comprising of co-workers with varied work styles, or colleagues who represent different cultures or generations, a synergistic work environment becomes the norm. To us, diversity and equal opportunities are more than just following the rules.

The age diversity as at June 30, 2017 is as follows:

Further, it has been a big challenge for the entire industry to attract women in numbers. The Atlas Group has a long-term ambition to increase the number of women in executive teams, while taking into account all other important diversity parameters.



Employee Engagement

The Company encourages work and life balance, and strictly emphasizes to follow stipulated working hours and avoidance of late sittings. This has helped our associates to avoid unnecessary stress, pay appropriate attention when needed and to keep themselves away from health problems.

The true reflection of our 3Rs - Respect, Reward and Recognition is depicted through Long Service Awards distributed among associates, various events and activities which included farewells for retiring associates during the year and management and associate retreats including movie nights and overnight stay at recreational clubs.

We also organized a sports event / cricket match for the management staff to promote employee engagement.



Communication with labor

The Company encourages a working environment which promotes associates' to work without fear of intimidation, reprisal or harassment. The associates' union rights are respected and they are allowed to join unions and engage in collective bargaining as permitted by applicable laws in the country.

Hajj Facility

Every year, the Company sends one of its associates for Hajj through ballot and bears all expenses of pertaining to this religious offering.

HSE Policy and Workplace Safety

HSE Steering Committee, headed by Chief Executive provides guide lines for maintaining / improving HSE culture at the Company and working committee ensures its implementation.

The focus and direction of the committee is mitigation of risk to the minimal levels by carrying out business and operational activities in such a way to ensure the safety of its employees and other persons for whom it is responsible, and at the same time the risk to the environment. The Company strives to provide a safe and healthy working environment for its employees and acts positively to prevent injury, ill health, damage and loss arising from its operations.

We consider the fact that safety precedes over everything. We believe that all injuries are preventable and can be avoided if due care is taken before hand. We have established "zero incidents and zero injuries" as our goal. We follow-up and investigate on all incidents and injuries to address their root causes. We ensure that 'close-calls' are reported so that we learn from these near misses and focus on improvement.

We are committed to:

- Protect and strive for improvement of the safety, health and security of our people at all times.
- Ensure that all associates understand their specific HSE responsibilities, implementing all the necessary measures for the prevention, protection from hazards to associates and the property. Minimize our impact on the environment through pollution prevention, reduction of natural resource consumption and emissions, and the reduction of waste.
- Provide employees with the familiarization of Company's HSE policy and practices.

During the year, various activities were conducted and initiatives taken in relation to implementing and enduring workplace safety and to educate associates about health and safety. These activities and initiatives included:

- Safety Week was conducted twice at factory in which different internal and external trainings were conducted. To bring awareness at associates' level, different safety posters / signage were placed in the entire factory emphasizing on the importance of safety measures to be taken while being at work;
- Emergency evacuation drills were conducted in two phases at factory;
- Dissemination of information regarding health and safety to associates and workers through awareness sessions;
- Ensuring proper safeguards are utilized including safety masks, helmets and uniforms;
- Installation of dust collectors;
- Installation of scrubbers;
- Installation of spot cooling system;
- Placing signboards and safety instructions across workplace;
- Running an in-house clinic; and
- Conducting series of fire fighting training sessions at plant including associates from other offices as well. This was an in-house activity and 77 participants benefited from the training making 38.5 man days.

First aid training program was also organized for 84 participants at the plant through Aman Foundation so that the capability of our people to handle emergency during work could be improved and they can prevent such situations from becoming worse. It was a half day training program thus making 42 man days.

Administration

To ensure that our associates stay healthy, positive and contribute well to the achievement of organization's objectives, the Company has spacious canteen with all associated services. The dining hall of the canteen serves around 460 people at a time that includes breakfast, lunch, dinner and tea to all associates.



Emergency Dealing

The Company has a dedicated resource to deal with associates' daily health care needs, and also for any emergency situation occurring at the factory premises. An ambulance is also in service at factory premises to cater any emergency situation.

Technology and Innovation

With the rapid change and advancement of technology, we realize the importance to keep ourselves align with the advancements and continue to innovate and invest in technology. The focus is on process automation and paperless environment to not only increase synergies but also as part of global environment protection and reduced cost while maintaining high quality.

State of Art Information Technology Infrastructure

The Company enjoys a state of the art information technology infrastructure to meet the growing needs of the business. This includes innovations and improvements in core business processes (manufacturing and assembly lines) and non-core business processes (supply chain, finance, etc.). We are also aligning business and IT to attain full advantage in a significant and persistent way for data management through ERP and striving for a paperless environment. Further, we are focused on B2C (Business to Customer), Business Continuity Plan (BCP), Business Process Reengineering (BPR) and B2B (Business to Business) systems.

The Company has successfully implemented material resource planning (MRP) module of Oracle EBS. Developing a comprehensive dashboard of management information system (MIS) comprising of operational and non-operational divisional reporting is in progress.

Disaster Recovery Planning

The Company has a comprehensive Disaster Recovery Plan to cater any disaster emergency situation. The Company also engaged a professional firm for an independent review of its Disaster Recovery Planning & Business Continuity Plan and identified the points of improvements.

Review of the Board of Disaster Recovery Planning & Business Continuity Plan

The Audit Committee reviewed the recommendation of the Disaster Recovery Planning & Business Continuity Plan. During the year, the report of the external independent reviewer was also presented to the Audit Committee for its review and suggestions.

Quality Assurance of Products / Services

Quality Management System

The Company is committed to the manufacturing of high quality Lead Acid and low maintenance Hybrid batteries. The system has been designed, improved and aligned as per ISO 9001:2015 guidelines. The Quality Management System demonstrates Company's ability to provide quality products, meet customer needs, improvement of the processes and continuous monitoring on consistent basis.

In-House Laboratory Testing and Quality Improvement

The Company has an in-house laboratory equipped with latest measuring equipment for testing the performance of batteries through chemical and electrical testing. Our laboratory is also capable of testing every product, from raw material to finished batteries.

Customer

Customer Satisfaction

Customer satisfaction is always our top priority. During the years, the Company has taken various initiatives in order to satisfy customers' needs, which included developing a Service and Business Development division to meet the growing needs of our customers, their training of battery handling and preventive maintenance, mobile van, free battery checkup service, etc. We believe, customer service and service levels continues to be an area for improvement, which we will work on constantly. In addition to this, the Company has also taken an initiative of free home battery check-up service activity.

Prioritize Customer Needs

Customer needs is our top priority and helps us in improving our products and services accordingly besides innovation of new products with advance technology, accordingly to their utility and benefit.

Dissemination of Information and Advertisements

All activities related to advertising and sales promotion are adhered to comply with the applicable laws as well as business ethics and code of conduct which are monitored in-house. The marketing activities during the year are summarized in media section.



Consumer Protection Measures

The Company not only believes in high quality products but also keenly focuses on after sales service and to build long term relationship with the consumers. To attain confidence of its consumers, the Company's representative including Chief Executive regularly visit to dealers' showroom and meet with customer at present. On the other hand dealers, retailers and OEMs technicians training on battery specs and handling method are part of our business practices.

We believe in giving transparency of what we offer, fair treatment and effective complaint system to consumers. This year, the Company has started to print number of plates on all variants of batteries with the aim to safe its customers from misleading practice in the market. Further, we educate our consumers by giving them battery management tips, safety tips and tips to select type of battery, etc. We also meet our dealers regularly to enable two way communication to obtain their suggestions, to have feedback of market reputation of our products, to educate them with the use of technology which includes our B2C system, etc.

Battery Management and Safety Tips

Tips for battery management and safety are provided in each battery pack and also available on Company's website.

How to select a battery and FAQs

Tips regarding how to select a battery and FAQs are also placed on our website for consumer guidance.

Adherence to Laws, Standards and Voluntary Codes for Communication

The Company is committed to the generally agreed ethical codes for marketing its products. When preparing marketing communication and advertising material, the legislative and regulatory compliance of the content is always checked and confirmed before publication. The Company ensures that advertisements must be clear and concise, portray business ethics and in simple language which used at large in general public.

Fines and Sanctions

There have been no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.

Market Share

Battery industry in Pakistan is divided into two major segments; organized and un-organized sectors. The organized sector is meeting about 90% of the market demand; rest is being met by the un-organized sector and imports. Exact market share cannot be determined / ascertained as there is no official association of battery industry through which data is compiled and published publicly.

Dealers' Network

We continuously focus on expanding our dealer network and improve efficiency of existing dealers by conducting auto electrician workshops, providing incentive schemes for improving their trade and B2C networking, etc.

In this context, following activities were conducted during the year:

July 2016

- Dealers' meeting in Lahore on Friday, July 29, 2016 at PC Hotel, Lahore, and in Islamabad on Saturday, July 30, 2016 at ABL Islamabad office.

August 2016

- Rawalpindi and Peshawar dealers visited factory on August 29, 2016.
- Nationwide distribution of branded writing pads to dealers / sub-dealers.

September 2016

- Meeting with Karachi dealers on September 16, 2016.

October 2016

- Central Zone's sales team and dealers' leisure activities at Dreamworld Resort, Karachi and visit of factory visit on October 27 & 28, 2016, respectively.



- 241 dealers of Atlas Honda Ltd. were provided training for motorcycle battery using service van nationwide - training contents were focused towards battery fitment, maintenance and claim handling.

November 2016

- Upper Sindh & Karachi dealers' factory visit with recreational activities at Dreamworld Resort, Karachi was arranged on November 03 & 04, 2016.
- Lahore, Faisalabad & Islamabad dealers' factory visit with recreational activities at Dreamworld Resort, Karachi was arranged on November 18, 24 & 25, 2016, respectively.
- After Sales team carried out training activities across Pakistan; 17 dealers' training programs and 15 refresher programs.
- Brand activation and free battery check-up at the Peshawar Auto Show 2016.

December 2016

- After Sales carried out 21 retailers' training along with 19 road shows and 1 Pak Wheel. Total number of customers served during these activities were 2,450.

January 2017

- CEO inaugurated new dealer shop - Mr. Bangash Battery, Safoorah Goth Karachi on January 19, 2017.
- After Sales team carried out training activities across Pakistan, 17 dealer's training program, 15 refresher program along with battery check up road show and participated in 2 Pak Wheels battery check up show. Attendance was over 2,900 users during battery check up and Pak Wheels drive.

February 2017

- Dealers' get together were held in Sahiwal on February 10, 2017 and in Karachi on February 03, 2017.
- After Sales carried out 22 dealers' training program along with 22 road shows. No. of technician trained were 220 and No. of customers attended through road shows were 1,950.

March 2017

- After Sales carried out 33 training programs during the month, covering 11 training each at Quetta, Karachi and Sukkur.

April 2017

- Karachi dealers get together on April 14, 2017.

May 2017

- After Sales associates carried out 43 technician training in Lahore, Rawalpindi and Peshawar covered over 365 participants. In commercial segment, ABL reached out to 21 retailers; trained 165 technicians. In OEM segment, 21 Toyota dealerships were covered; trained 164 technicians. 4 sessions were held with HACPL; covered 15 dealerships having over 36 technicians attended the session.

June 2017

- After Sales carried out joint service camp with HACPL service team in Lahore (from June 5-10) and Karachi (from June 12-16) at Honda dealerships. Free battery check up was offered to Honda Civic and City customers, attended by over 55 customers. During the camp, dealership technicians were involved and provided them hands on training on preventive maintenance.





Corporate Affiliations

The Company is affiliated with:

- Karachi Chamber of Commerce & Industry (KCCI)
- Management Association of Pakistan (MAP)
- Pakistan Institute Of Management (PIM)
- Employees Federation of Pakistan
- SITE Association
- Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM)
- Supply Chain Association of Pakistan (SCAP)

Supply Chain Management

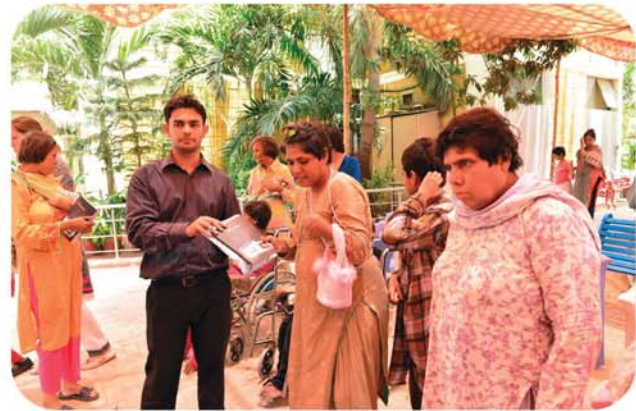
The Company has a separate division for supply chain function with suitable and skilled resources which integrates with other business units for effective management of Company's operations. It encompasses production planning, material procurement, logistics, warehousing and store supplies management. It also manages vendors and suppliers and in built that code of conduct and business ethics are followed.

Contribution to National Exchequer

During the year under review, the Company contributed over Rs.5 billion to the national exchequer on account of various government levies, taxes and import duties. The Company's positive attitude towards development of economy and fulfilling its responsibility as a good corporate citizen is clearly reflected from the above statistics. Together with other Atlas Group Companies, the total contribution to the exchequer is over Rs.50 billion. This makes Atlas one of the highest taxpayer in the country with 1.5% of Government's total revenue.

Statement of Charity Account

The Company has adopted Atlas Group policy to donate 1% of its prior year's profit before tax to a charitable institution. During the year, Company has donated Rs.18.7million to Atlas Foundation. Further, the Company has always supported and played a significant role in CSR activities. This year, however, the Company went the extra distance by installing mist fans at bus stops in Karachi, Rawalpindi, Peshawar and Multan during the month of Ramzan to provide relief to the pedestrians in the sweltering heat. In addition to that, the Company conducted fun-filled activities like magic show, puppet show and face-painting for children at various orphanages in Karachi, Lahore and Islamabad as well as gave them Eidi in the form of new clothes to uplift their spirits.



Corporate Governance

The term “Corporate Governance” refers to a system of Company's management that focuses on responsibility, transparency and sustainable value creation. It encompasses the management and monitoring system of the Company, including its organization, business principles and guidelines, as well as internal and external control and monitoring mechanisms.

The governance and control of Atlas Battery Limited is carried out through number of corporate bodies. At the general meetings, the shareholders can exercise their voting rights as mentioned in statutory laws.

The Board of Directors is ultimately responsible for organization and monitoring of the Company's operations. The duties of the Board are partly exercised through Audit Committee and Human Resource and Remuneration Committee.

In addition, the Board is responsible to appoint the CEO of the Company. The CEO is in-charge of the daily management of the Company in accordance with guidelines and instructions provided by the Board.

Division of responsibilities and duties between the shareholders, the Board and the CEO are regulated inter alia by the Companies Ordinance, 1984, the Company's Articles of Association and the Code of Corporate Governance.

1. Shareholders and General Meetings

Shareholders

As on June 30, 2017, the Company had 1,318 shareholders according to the share register. The Company's share registrar is Hameed Majeed Associates (Private) Limited.

Investors' Grievances / Feedbacks

The Company believes in protecting the interest of its investors. It acknowledges its responsibility to inform shareholders, analysts and investors timely and fully about material developments that are relevant to the Company, its management, operations and financial situation as well as its future prospects. The policy is devised to establish guidelines for communicating with shareholders, analysts, investors and other stakeholders for their understanding of entity's business, governance, financial performance and prospects. A well defined structure for governance and management which provides specific authority and responsibility for policy implementation is in line with the policy.

Company Secretary has been designated as the person responsible for handling investor grievances and feedbacks. The mechanism is summarized below:

- A designated email address has been created namely **abl@atlasbattery.com.pk** to facilitate investors in submitting their queries, grievances and feedbacks.
- In addition to the aforementioned email address, complaints and suggestions can also be received in writing, duly addressed to the Company Secretary.
- All queries, grievances and feedbacks are resolved and communicated to the investors on timely basis after due verification procedures.

Stakeholders' Engagement

The stakeholders' expectations are carefully understood by the Company and responded to as a responsible manufacturer, marketer, employer and corporate citizen. The engagement serves the purpose to actively engage with stakeholders, know their expectations, build a relationship with them and respond appropriately with the aim to win their loyalty with the Company.



Stakeholder Engagement Process

| Stakeholders | Interests and Expectations | Engagement Methods | How We Respond |
|--|--|--|---|
| Government and regulatory bodies | Generate economic growth through revenues, taxes and fees. Provide fair and transparent competitive trading conditions. | Regulatory reporting Conferences Dialogues | Tax payments Trade policy Pollution control Energy saving measures Employment Social and economic development |
| Dealers and consumers | Provide innovative partnerships for sustainable growth Provide quality products at good value Prompt after sales service Competitive prices | Site visits Questionnaires Dealers related events Sales conferences Service and warranty centers Website B2B Customer satisfaction survey | Product quality and safety Business ethics Human rights Renewable technology Service at doorstep Research |
| Associates | Backbone of our success A safe and best possible working environment | Meetings Employee survey Appraisal interviews Training programs Employee union Employee newsletter Key Result Areas (KRA) | Worker health and safety Job security Working conditions Career development Remuneration and rewards |
| Suppliers, vendors and service providers | Secure delivery of goods and quality products and services Meet responsible sourcing requirements Provide fair access to business opportunities and appropriate payment conditions | Dialogue Regular engagement with local management on-site | Operational excellence Ethical business practices Compliance of tax laws On time payments |
| Shareholders and investors | Generate sustainable growth and shareholders' return Improve shareholders capital Improve financial performance | Interim and annual reports Meetings Website | Corporate governance Business performance Corporate responsibility Timely reporting |
| Local community and neighbourhood | Provide support for local economic development Build trust with local communities | Workshops CSR Internships and management trainee programs | Community engagement processes Environment pollution control Job security Social investment |
| Banks | Negotiations of rates Smooth trade facilities | Meetings Interim and annual reports Financial analysis Forecast and projections | Better relationship Minimal fees Higher deposits Higher number of operations / transactions Suitable trade facilities |
| Media | Raise awareness of products Raise awareness of safety tips and operational use of products | Press releases Website Social media TVC and Radio | Industry challenges and developments Safety, health and environmental issues |
| Industry partners | Improve business practices Build capacity within our organization and drive peer approaches | Active involvement in organizations and associations e.g. PSX, ICAP, MAP, etc. | Long term industry challenges Human rights Health and safety |



General Meeting of Shareholders

An Extraordinary General Meeting (EOGM) of Shareholders is convened wherein the Board of Directors considers any matter requiring the approval of Company's shareholders in general meeting, or if the shareholders who control one tenth shareholding demand in writing for the consideration of a certain issue.

During the year, an Extraordinary General Meeting was held for election of directors and seeking shareholders' consent to disseminate annual audited accounts through CD / DVD / USB.

The Annual General Meeting (AGM) decides on, among other things, the adoption of the financial statements contained therein, the distribution of profits and the discharge of the Members of Board and the CEO from liability. In addition, the AGM elects the Members of the Board and the auditors, and decides on the remuneration paid to the auditors. The AGM, furthermore, may decide on, amendments to the Articles of Association, share issues, etc. as required by laws and regulations prevailing in the country.

Atlas Battery Limited's Annual General Meeting 2016-17 was held on September 27, 2016 in Karachi. The shareholders adopted inter alia the following resolutions:

- Minutes of the Annual General Meeting held on September 28, 2015 be and are hereby confirmed and signed.
- Annual Audited Accounts for the year ended June 30, 2016 along with the Directors' and Auditors' Reports thereon be and are hereby adopted.
- Cash dividend @ 155% (Rs.15.50 per share) be and is hereby approved for payment to those shareholders of the Company, whose names shall appear in the register of members at the close of business on September 12, 2016.
- Secretary of the Company or any one of the Directors be and is hereby authorized to give effect to the foregoing resolutions and in this regard to do or cause to be done all acts, deeds and things that may be necessary or required.
- Retiring Auditors M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants being eligible, be and are hereby re-appointed as Company's Auditors for the year ending June 30, 2017 for an audit fee of Rs.1,200,000/-.
- Article 81A added in the Articles of Association of the Company.

Issues discussed in last AGM

The overall performance of the Company including Company's growth, industry growth, capex incurred during the year, financial costs, etc. was discussed by the shareholders.

2. Board of Directors

The Board's Responsibilities

The Board of Directors is responsible for the appropriate arrangement of the Company's administration and operations. The Board of Directors consists of minimum of seven members elected by a General Meeting of Shareholders. The Board of Directors elects a Chairman among its members. The Board of Directors' tasks and responsibilities are determined primarily by the Companies Ordinance, 1984, the Company's Articles of Association, the Code of Corporate Governance and other legislation and regulations applicable to the Company. It is the responsibility of the Board of Directors to act in the interests of the Company and all of its stakeholders.

The Board responsibilities include but are not limited to:

- devise overall corporate and business strategies and gives direction to the Company's management;
- oversee the performance of the management periodically;
- ensure that professional standards and corporate values are put in place in the form of Code of Conduct;
- define and review vision and mission of the Company and evaluate performance there against;
- ensure the system of corporate governance exist;
- review the internal controls and risk management policies and approve its governance structure and code of conduct;
- recommend the matters to be dealt with by a General Meeting and to ensure that the decisions made by a General Meeting are appropriately implemented;
- approve policies, large business agreements, investments decision and declaration of dividend; etc.'
- directs and supervises the Company's executive management;
- appoint and dismiss the CEO, decides CEO's remuneration and other benefits; and
- monitoring the financial reporting process and the efficiency and strength of the Company's internal control, internal auditing and risk management and compliance systems.



The Board discharges its responsibilities through their meetings including quarterly meetings which include approval of budgetary planning and business strategy. The Board has constituted various committees for the performance of their functions.

Composition of the Board of Directors

The General Meeting confirmed that the Board of Directors shall have seven members.

The personal information of Members of the Board is presented at the start of this report.

Directors' Qualification

The Board members have diversified experience and are qualified professional. They are well conversant of the laws and business practices in Pakistan. They have ample experience from various sectors and brought in their expertise and knowledge to the Company. They are also well aware of the importance of mandatory trainings and evaluation as per Code of Corporate Governance.

Roles and Responsibilities of Chairman

The Board determines its working procedures and reviews these procedures as required. The working procedures describe the Chairman's specific role and tasks, as well as responsibilities delegated to the committees appointed by the Board. The Chairman's role is primarily to guide long term strategic planning for the Company including:

- Presiding over the Board and ensuring that all relevant information has been made available to the Board;
- Defining the Company's philosophy and objectives;
- Safeguarding shareholders' interest in the Company;
- Responsible for building the Company's image nationally and internationally;
- Ensuring the appropriate recording and circulation of the minutes of the Board to directors and officers entitled to attend Board meetings;
- Major spokesman of the Company, responsible for liaison with the senior most levels of Federal and Provincial Governments;
- Overseeing the Company's macro approaches and public relations in the broadest sense, including its relations with public organization and other companies; and
- Commitments and de-commitment of strategic investments.

Conflicts of Interest

Directors have a duty to avoid a situation in which they have or can have a direct or indirect interest which conflicts, with the interests of the Company. In this regard, the directors have undertaken that they will comply with the related provisions of the Companies Ordinance, 1984, Code of Corporate Governance and rules and regulations of SECP and Stock Exchange and Company's Code of Conduct.

Boards Performance Review

The evaluation of Board's role of oversight and its effectiveness is a continual process which is appraised by the Board itself. A detailed Board Evaluation Questionnaire has been formulated which circulates amongst directors for their feedback every year and compiled results are presented in the Board meeting for review and appropriate action, thereon.

The core areas covered in Board Evaluation Questionnaire include:

- Composition of the Board
- Board's Committees
- Vision / Mission Planning and Oversight
- Working Procedures
- Duties and Responsibilities
- Board's Relationship with the Management
- Role of the Chairman

Remuneration of the Board of Directors

The remuneration of the Board members is approved by the Board itself. However, in accordance with Code of Corporate Governance, it is ensured that no directors take part in deciding their own remuneration.

For information on remuneration of directors and CEO in 2016-17, please refer to the financial statements.



Formal Orientation at Directors' Induction

Every director upon joining is provided with an orientation presentation. CEO briefs new directors about the Company operation, industry dynamics, organization structure and other significant matters.

Board meetings

There were five Board meetings held during the year. All of them were held inside Pakistan.

3. Chief Executive Officer (CEO)

The CEO handles the operational management of the Company in accordance with direction set by the Board. He is responsible to the Board of Directors for fulfilling the targets, plans and goals that the Board sets. The CEO is responsible for ensuring that the Company's accounting is in compliance with the law and that financial management has been arranged in a reliable manner. The CEO forms the Functional Committees and Management Teams and delegates to its members the necessary powers for carrying out their responsibilities.

The management team consists of the following functional heads:

- Marketing
- Plant
- Supply Chain
- Quality Assurance
- Engineering and Projects
- Services and Business Development
- Human Resource
- Information Technology
- Finance

Roles and Responsibilities of CEO

The CEO is responsible for all matters pertaining to the operations of the Company. His responsibilities include:

- To formulate Company's objectives in conjunction with the strategy approved by the Board;
- To lead and oversee the implementation of the Company's long and short term plans in accordance with its strategy;
- To build and maintain amicable relations with governmental departments, trade associations, regulatory bodies, customers, suppliers and sales offices;
- To ensure the achievement of agreed productivity and profitability targets;
- To ensure that the chain of command is clear in the Company to facilitate the maintenance of discipline, ambit of all managers is clearly defined to ensure accountability;
- To prepare for the approval of the Board annual forecast of plans for productions, sales, profit, revenue and capital expenditure, manpower which fit into the long term business objectives and the overall strategic direction of the Company;
- To ensure that necessary coordination exists between various divisions of the Company to achieve smooth and effective operations;
- Maintain a regular review of duties and functions of the staff to ensure that there is no duplication of efforts in office methods and procedures and that all operations are carried out efficiently and economically;
- To ensure that the Company's interest and assets are properly protected and maintained and all the required government obligations are complied;
- To chalk out human resource policies for achieving high professional standards, overall progress / betterment of the Company as a whole;
- To ensure that proper succession planning for all level of hierarchy exist in the Company and is constantly updated;
- To pay all government dues, on or before due dates and obtain all refunds due from the government;
- To prepare and present personally to the Board of Directors following reports / details:
 - annual business plan, cash flow projections, forecasts and strategic plan;
 - budgets including capital, manpower and overhead budgets, along with variance analyses;
 - quarterly operating results of the Company as a whole and in terms of its operating divisions or business segments;
 - promulgation or amendment to a law, rule or regulation, enforcement of an accounting standard and such other matters as may affect the company;



- To ensure that any show cause, demand or prosecution notice received from revenue or regulatory authorities are properly responded to;
- To resolve disputes with labor and their proposed solutions, any agreement with the labor union or collective bargaining agent and any charter of demands on the listed company;
- To ensure that open, progressive and game free atmosphere is created among associates giving them a sense of participation and providing them with an opportunity to give their best;
- To ensure that every associate is treated equally as an individual regardless of designation, career development is purely on merit basis and each associate is helped to develop pride of performance through continuous study and training so as to form a team in which all levels of associates work together with common goals to strengthen the position of the Company;
- To ensure effective internal controls and management information systems are in place;
- To ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically;
- To ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever it does business;
- To keep abreast of all material undertakings and activities of the Company and all material external factors affecting the Company and to ensure that processes and systems are in place to ensure that the CEO and management of the Company are adequately informed;
- To ensure the integrity of all public disclosure by the Company;
- In concert with the Chairman, to develop Board agendas;
- To request that special meetings of the Board be called when appropriate;
- In concert with the Chairman, to determine the date, time and location of the general meeting of shareholders and to develop the agenda for the meeting; and
- To sit on committees of the Board where appropriate as determined by the Board.

CEO Performance Review

The performance of the CEO is formally appraised through the evaluation system which is based on achieving quantitative and qualitative targets, set at beginning of the year. It includes performance of the business, accomplishment of objectives with reference to profits, organization building, succession planning and corporate success. The Human Resource and Remuneration Committee appraise the performance of CEO along with the determination of remuneration which is then recommended to Board for their approval, on annual basis.

4. Committees of the Board

To ensure objective control, the Board has established Audit Committee and Human Resource and Remuneration Committee to oversee relevant areas of the Company's operations.

Audit Committee

This Committee reviews the financial and internal reporting process, the system of internal controls, management of risks and the internal and external audit processes. An independent internal audit function reports to the Committee regarding risks and internal controls across the organization. The Audit Committee receives reports from external auditors on any accounting matter that might be regarded as critical. The detailed Charter of the Audit Committee developed in accordance with the Code of Corporate Governance is contained in the listing regulations of the stock exchange which is summarize below:

- determination of appropriate measures to safeguard the Company's assets;
- review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;
- review of preliminary announcements of results prior to publication;
- facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- review of management letter issued by external auditors and management's response thereto;
- ensuring coordination between the internal and external auditors of the Company;
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- consideration of major findings of internal investigations and management's response thereto;
- ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective;
- review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;



- (l) determination of compliance with relevant statutory requirements;
- (m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;
- (n) consideration of any other issue or matter as may be assigned by the Board of Directors.

The Audit Committee has reviewed the quarterly, half yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendations of the internal auditor.

Report of the Audit Committee is annexed.

Human Resource and Remuneration Committee

Human Resource and Remuneration Committee was established by the Board to assist the Directors in discharging their responsibilities with regard to selection, evaluation, compensation and succession planning of key management personnel. It is also involved in recommending improvements in Company's human resource policies and procedures and their periodic review. The Committee consists of three members. Majority of members including the Chairman of the Committee are non-executive directors.

The committee is responsible for:

- i) recommending human resource management policies to the Board;
- ii) recommending to the Board the selection, evaluation, compensation and succession planning of the CEO;
- iii) recommending to the Board the selection, evaluation, compensation of CFO, Company Secretary and Head of Internal Audit; and
- iv) consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.

5. Auditors

The Company's auditor is an auditing firm which fulfills general competency requirements and also complies with relevant legal independence requirements guaranteeing the execution of an independent and reliable audit. They are also compliant with the Code of Corporate Governance and other applicable laws and regulations. The performance, cost and independence of the external auditor is reviewed by the Audit Committee and recommended to the Board. Annual General Meeting then elects the auditor to audit the accounts for the financial year and the auditor's duties ceases at the close of the subsequent Annual General Meeting. The auditor's duty is to audit financial statements and give reasonable assurance that the financial statements give a true and fair view of the Company's operations and result as well as its financial position. The Company's auditor presents the audit report required by law to the Company's shareholders in connection with the annual financial statements and reports regularly to the Board of Directors.

6. Compliance and Integrity Management

All directors and associates are required to comply with all applicable laws and regulations.

Code of Conduct

The Code emphasizes on honesty, integrity and openness in conduct of Company's operations. It strictly abides all stakeholders to follow the laws and regulations. It also promotes guidelines on various ethical standards including issues such as conflicts of interests, employee rights and grievance, fraud, etc. The Code guides interactions with all stakeholders, including consumers, employees, suppliers, shareholders and partners.

The Code is disseminated to all associates and is placed on Company's website. It is reviewed annually and any changes therein are approved by the Board.

The Company investigates all alleged breaches of Code and applies appropriate measures when complaints turn out to be substantiated. An open dialogue is promoted on integrity with a formal "Whistle Blowing Policy". The associates of the Company are encouraged to report their views on bad processes and unethical practices through such policy. These mechanisms are part of the complaints procedure and are described in our Code of Conduct. In 2016-17, no alleged breaches of the Code of Conduct were reported.



IT Governance Policy

IT Governance Policy of the Company is monitored and updated periodically. The policy deals with the use of information and its delegation and authority, security and modes and mediums of dissemination, etc. The Company's focus is on strong processes and systems in order to protect the stakeholders' data and create awareness about the importance of data protection and privacy through IT Governance Policy which is summarized below:

- Members of Management Committee are responsible for required compliance in their respective functional areas, at all locations.
- The General Manager IT is responsible for its implementation, maintaining compliance and for suggesting new areas as per technology enhancement.

Records Retention and Safety Policy

The Company is striving to become paperless in coming years, by getting all the records scanned and uploaded on servers for later use and retrieval. The Company has an efficient Record Management System to safeguard records of the Company from the time such records are conceived through to their eventual disposal.

A team known as Record Management Committee is made specifically for the purpose of implementation of record management policy.

The policy covers several aspects which include:

- Having Centralized Record Room with proper shelves, fire resistant lockers, etc.
- Full time dedicated record keeper who is responsible to maintain Centralized Record Room in proper manner.
- Centralized electronics record facility.
- Retention of electronic mail policy.
- Compliance on Records Retention Policy.
- Records retention period.
- Mode of retention.
- Records disposal.

Whistle Blower Policy

The Company values an open dialog on integrity and responsibility with its associates. The Company is committed to provide a fair environment to its employees. The Company investigates all alleged breaches of Code and applies appropriate measures when complaints turn out to be substantiated. The associates of the Company are encouraged to report their views on processes and practices to their manager. These reporting mechanisms are part of the complaints procedure and are described in our Code of Conduct.

This policy applies to recruitment and selection, terms and conditions of employment including pay and benefits, communications, training, promotion, transfer and every other aspect of employment.

Violations reported through the whistle blower procedure are investigated by internal audit function. Information regarding any incident is reported to the Audit Committee. Reports include measures taken, details of the responsible Company function and the status of any investigation. In 2016-17, no alleged breaches of the Code of Conduct were reported.

Business Ethics and Anti-Corruption Measures

Our Code of Conduct states our principles for good business ethics with underlying values to conduct business operations with honesty, integrity and openness, and with respect for human rights and interest of the associates. The Company's Code of Conduct promotes guidelines on various ethical standards including issues such as conflicts of interests, employee rights, fraud, etc.




All forms of corruption whether directly or indirectly are discouraged that include but not limited to bribery, kick backs, payoff, etc. The stern action is taken against personnel found in these mal-practices. It is the responsibility of all associates to ensure that none of Company's associates engage in practices which infringe legal or regulatory requirements. Any associate engaging in business practices which infringe legal or regulatory requirements are subjected to disciplinary action which may lead to dismissal and personal criminal or civil liability.

The associates are encouraged to report any infringement of suspected infringement of legal or regulatory requirements involving associates of the Company.










Risk and Opportunity Report


This report will cover Company's risk assessment; identified risks adopted mitigating factor and actions in place.

| Objectives | Risk Category | Major Business Risks | Sensitivity | Mitigating factors/actions in place |
|---|---------------------------------------|--|---|--|
| Market To be market leader in battery industry. | Strategic Risk Commercial Risk | Continued inflation reducing customer purchasing power. Variation in raw materials and other input costs led by oil prices causing uncertainty. |  | Enhance internal efficiencies to provide the right product at the right price |
| Credit Risk To be zero credit Company | Financial Risk | The financial loss to the Company if a customer fails to meet their contractual obligation arising from trade receivables. |  | The Company discourages credit sales. However, in certain situations the Company extends credit after due consideration of factors which includes market sentiments, seasonal effects, etc. A comprehensive credit policy is already in place. |
| Investment To maximize returns on investments. | Financial Risk | Adverse stock market developments may affect revaluation of assets. |  | The Company has investment in mutual funds and maintains diversified portfolio to mitigate risk. |
| Internal Controls To have strong internal controls leading to sound and stable Company | Operational Risk | The Company may be exposed to financial irregularities resulting in qualitative and quantitative losses in the absence of effective internal controls. |  | Internal controls covering areas of governance, management, policies and procedures, compliance with laws and regulations, etc. are in place. Internal Audit department monitors the compliance of internal controls. |
| Socio-political situation To operate in a stable market with least volatility and low occurrence of unforeseen variables. | Commercial Risk | Compliance of new and existing laws and regulations. Political uncertainty may affect business volume. |  | A team of qualified and experienced professional in the management team ensures compliance with all laws, rules and regulations. |
| Technology To evolve technologically in order to manufacture products of high quality. | Operational Risk | Technology shift may render production process obsolete and cost inefficient. |  | Constant process of balancing, modernization and up gradation of production facilities. |

Sensitivity  High  Medium  Low



| Objectives | Risk Category | Major Business Risks | Sensitivity | Mitigating factors/actions in place |
|---|------------------|---|---|--|
| Operations To ensure continuity of operations without disruptions. | Operational Risk | The severe on-going energy crisis. Vendors' operational / financial constraints and their deteriorating quality standards. Disruptions due to data loss from operational failures or natural disasters. |    | Company operations have an alternative energy source. Continuous assessment of all vendors in terms of quality, operational and financial capacities. An IT related business continuity plan is in place for ensuring efficient recovery of information systems for successful resumption of business functions. |
| Human Resource Recruitment and career advancement based on integrity, merit, experience and skills. | Operational Risk | Qualified and competent staff may not be available in sufficient numbers. Operations may be subject to fraudulent activities. |  | Well structured procedures for recruitment, training, compensation, periodic appraisals and succession planning have been implemented to ensure staff retention and continued operation. |
| Finance To be financially strong and perform up to the expectations of all stakeholders. | Financial Risk | Devaluation of Pak Rupee against foreign currencies may adversely affect Company's financial performance. Increase production capacity leading to high material and supplies' orders and costs making liquidity and cash flows stressed. |   | Foreign currency exposure is monitored by the Treasury department. Derivatives such as forward covers and currency options are used for hedging against currency devaluation when considered necessary, as and when deemed feasible. Liquidity is monitored by the Treasury department in cooperation with Supply Chain. Further, cash management facilities from various banks have been availed for quick realization of sales revenue. |
| Health and Safety To ensure health and safety of associates at workplace. | Operational Risk | Injuries due to workplace accidents. |  | Safety is top priority and an effective working environment is enforced. Medical and health insurance policies are in place for all associates. Adequate trainings are provided to associates along with drills conducted. |

Sensitivity  High  Medium  Low



Risk Categories

Strategic Risk: These risks are related to the business environment including the industry and are beyond Company's control.

Commercial Risks: These risks emanate from commercial substance of the organization and involve decisions which may affect Company's position in the market.

Operational Risks: These risks are related to Company's internal operations, administrative procedures and daily affairs.

Financial Risks: These risks are related with financial matters including profitability, financing, liquidity and credit.

Key Sources of Uncertainty

- Increasing commodities prices may impact raw materials and other input costs.
- Widening gap of trade balance and increase current account deficit.
- Inflation prevailing in the country and budgeted for the upcoming years.
- Pak Rupee parity against foreign currencies.
- Stock market fluctuations.
- Political uncertainty and law & order situation may affect business volume.
- Energy supply in country.

Approach adopted by Management

The management considers various factors including but not limited to all departments authority levels, best practices and all applicable laws & regulations to mitigate the risks stated above.



Report of the Audit Committee

The Audit Committee comprises of 3 non-executive directors. One of the members of the Committee is independent director. The Audit Committee reports the following after an annual review of the Company's operations:

- Four meetings of the Audit Committee were held during the year 2016-17 and presided by the Chairman, attendance of which is as follows:

| Sr. No. | Name of Directors | Independent Director | Executive Director | Applicable No. of Meetings | Attendance |
|---------|---------------------|----------------------|--------------------|----------------------------|------------|
| 1. | Mr. Frahim Ali Khan | No | No | 4 | 4 |
| 2. | Mr. Azam Faruque | Yes | No | 4 | 3 |
| 3. | Mr. Bashir Makki | No | No | 4 | 4 |

As required by the Code of Corporate Governance, Audit Committee also met with external auditors without Chief Financial Officer and Head of Internal Audit. By invitation, Chief Executive Officer attended all the four meetings held during the year.

- The Audit Committee appointed a secretary of the Committee who is Head of Internal Audit. The secretary circulated the minutes of meetings of the Audit Committee to all members, directors, CEO and CFO prior to the next meeting of the Board.
- The Audit Committee reviewed quarterly, half yearly and annual financial statements of the Company and recommended for approval of the Board of Directors.
- The Audit Committee reviewed preliminary announcements of results prior to publication.
- The Audit Committee reviewed the internal audit reports.
- The Company's Code of Conduct has been disseminated and placed on Company's website.
- Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended June 30, 2017, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
- The CEO and the CFO have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and design and effectiveness of internal control system of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholders' needs.
- The Audit Committee has reviewed the related party transactions and recommended for approval of the Board of Directors.
- The Company's system of internal controls is designed to mitigate and eliminate the risk of not achieving business objectives, and can provide reasonable assurance against material misstatement or loss.



- Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.
- Ascertained that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.

Internal Audit

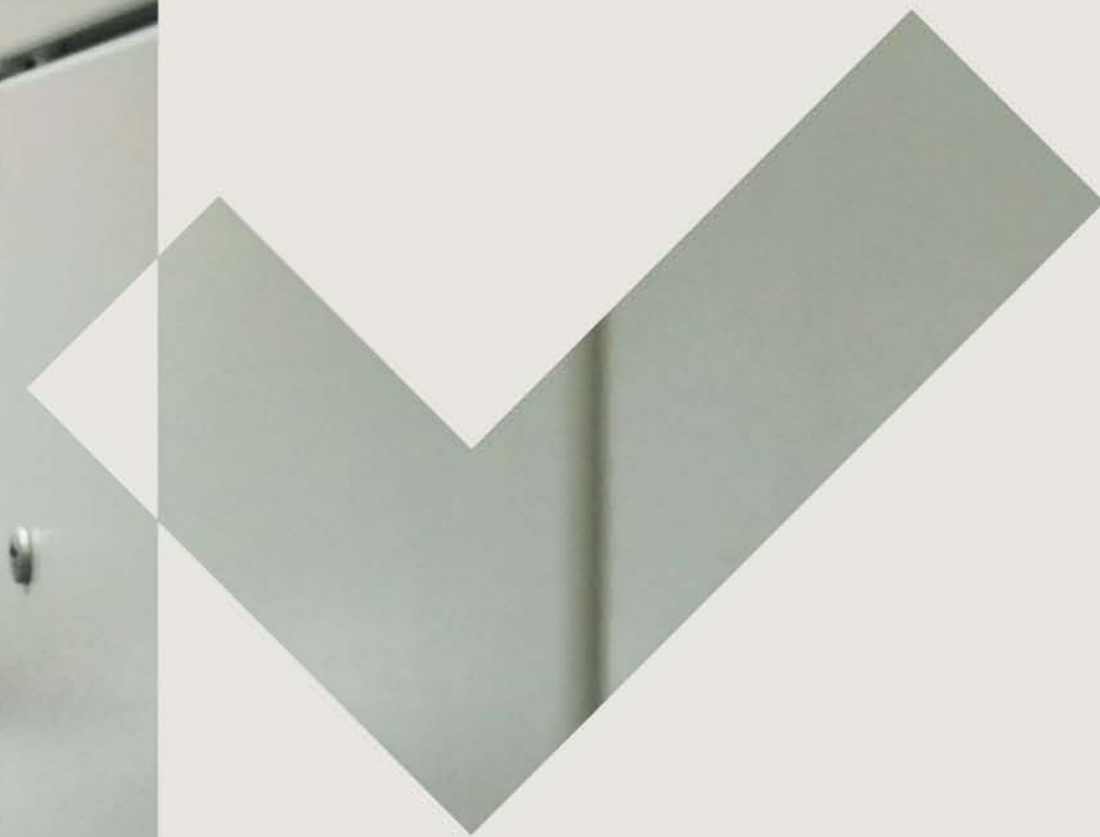
- The Board has effectively implemented the internal control framework through an in-house Internal Audit function, which is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- Internal Audit facilitate a risk assessment process in each key business area and support function to review the significant risks facing its operations and to record the relevant controls and any actions in place to mitigate the risks. The materiality of the risk is measured based on financial and non-financial criteria, and the probability of the risk arising is also mapped. The detailed assessments are then consolidated to provide input into the Company's risk assessment. This process also enables Internal Audit to engage with senior management throughout the business on risk monitoring and management.
- Audit Committee has reviewed the annual internal audit programme and the consideration of findings of internal audit and management's response. Further, it approved the internal audit plan for 2016-17.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.
- Head of Internal Audit has direct access to the Audit Committee.

External Audit

- The statutory auditors of the Company, M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, have completed the audit of financial statements of the Company for the year ended June 30, 2017 and review of the "Statement of Compliance with the Code of Corporate Governance" for the year ended June 30, 2017.
- The Auditors have been allowed direct access to the Audit Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured.
- The Audit Committee has reviewed and discussed points of improvements highlighted by the external auditors.
- The Audit Committee has reviewed the Management Letter of 2015-16 which was issued within 30 days of the date of the Auditors' Report on financial statements as required under the listing regulations and discussed with the external auditors and management.
- The Audit Committee reviewed performance, cost and independence of the external auditors, M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants and has recommended to the Board their reappointment for the year ending June 30, 2018.



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DRIVEN TOWARDS QUALITY

Atlas Battery prides itself on manufacturing quality products and for continuously maintaining these high standards throughout the years. The manufacturing process ensures strict compliance of Safety Standards which are implemented and monitored on regular basis. Atlas Battery follows Quality Management System as per ISO 9001-2015 Certification.

Statement of Compliance with the Code of Corporate Governance

Name of the Company: Atlas Battery Limited
Year Ended: June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board. At present, the Board includes:

| Sr. No. | Name of Directors | Category | | |
|---------|----------------------|-----------------|-------------------|---------------|
| | | Independent (2) | Non-Executive (4) | Executive (1) |
| 1. | Mr. Yusuf H. Shirazi | | √ | |
| 2. | Mr. Ariful Islam | √ | | |
| 3. | Mr. Azam Faruque | √ | | |
| 4. | Mr. Bashir Makki | | √ | |
| 5. | Mr. Frahim Ali Khan | | √ | |
| 6. | Mr. Toru Furuya | | √ | |
| 7. | Mr. Ali H. Shirazi | | | √ |

The independent directors meet the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a Vision and Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.



9. The Board arranges orientation courses for its directors as and when needed to apprise them of their duties and responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them first hand knowledge on the working of the Company. Five directors are Certified Director and two directors meet the criteria of exemption under clause (xi) of the Code and are accordingly exempted from directors' training program, thereby 100% compliance of code of corporate governance has been achieved.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.
11. The directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members who are non-executive directors including one independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the Committee is a non-executive director.
18. The Board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with requirements relating to maintenance of register of persons having access to inside information by designated senior management officers in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the
BOARD OF DIRECTORS



Ali H. Shirazi
President / Chief Executive

Karachi: August 28, 2017



Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Atlas Battery Limited (the Company) for the year ended June 30, 2017 to comply with requirements of Listing Regulation No.5.19 of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

ShineWing Hameed Chaudhri & Co.

Karachi: August 28, 2017
Engagement Partner: Raheel Ahmed

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

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Auditors' Report to the Members

We have audited the annexed balance sheet of Atlas Battery Limited as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Shiny Hameed Chaudhri & Co.

Karachi: August 28, 2017
Engagement Partner: Raheel Ahmed

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

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BALANCE SHEET

AS AT JUNE 30, 2017

| | Note | 2017 | 2016 |
|--------------------------------|------|-----------|-----------|
| ----- (Rupees in '000) ----- | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 3,158,027 | 2,672,742 |
| Intangible assets | 6 | 1,467 | 4,883 |
| Investments | 7 | - | - |
| Long term loans | 8 | 1,303 | 1,152 |
| Long term deposits | 9 | 16,777 | 14,647 |
| | | <hr/> | <hr/> |
| | | 3,177,574 | 2,693,424 |
| Current assets | | | |
| Stores, spares and loose tools | 10 | 191,896 | 182,314 |
| Stock-in-trade | 11 | 1,706,859 | 1,889,810 |
| Trade debts | 12 | 364,642 | 119,477 |
| Loans and advances | 13 | 5,234 | 5,561 |
| Deposits and prepayments | 14 | 18,231 | 6,457 |
| Investments | 15 | 2,464,851 | 1,558,861 |
| Other receivables | 16 | 3,893 | 8,840 |
| Taxation - net | | 349,166 | 196,036 |
| Bank balances | 17 | 14,873 | 45,257 |
| | | <hr/> | <hr/> |
| | | 5,119,645 | 4,012,613 |
| | | <hr/> | <hr/> |
| Total assets | | 8,297,219 | 6,706,037 |



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Frahim Ali Khan
Director



BALANCE SHEET

AS AT JUNE 30, 2017

| | Note | 2017 | 2016 |
|--|------|------------------------------|-----------|
| | | ----- (Rupees in '000) ----- | |
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized capital 50,000,000 (2016: 50,000,000) ordinary shares of Rs.10 each | | 500,000 | 500,000 |
| Issued, subscribed and paid-up capital | 18 | 173,998 | 173,998 |
| General reserve | | 3,827,500 | 2,827,500 |
| Unappropriated profit | | 1,483,462 | 1,276,794 |
| Total equity | | 5,484,960 | 4,278,292 |
| Surplus on revaluation of leasehold land | 19 | 193,886 | 193,886 |
| Liabilities | | | |
| Non current liabilities | | | |
| Staff retirement benefits | 20 | 79,868 | 65,359 |
| Deferred taxation | 21 | 254,932 | 216,880 |
| | | 334,800 | 282,239 |
| Current liabilities | | | |
| Trade and other payables | 22 | 1,330,910 | 1,193,182 |
| Sales tax payable - net | | 65,270 | 18,057 |
| Accrued mark-up | 23 | 4,623 | 4,392 |
| Short term borrowings | 24 | 882,770 | 735,989 |
| | | 2,283,573 | 1,951,620 |
| Total liabilities | | 2,618,373 | 2,233,859 |
| Contingencies and commitments | 25 | | |
| Total equity and liabilities | | 8,297,219 | 6,706,037 |

The annexed notes 1 to 43 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Frahim Ali Khan
Director



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|--|------|--------------------------------------|------------------|
| Sales | 26 | 17,169,908 | 14,019,507 |
| Cost of sales | 27 | (14,205,436) | (11,272,034) |
| Gross profit | | 2,964,472 | 2,747,473 |
| Distribution cost | 28 | (606,223) | (438,088) |
| Administrative expenses | 29 | (305,430) | (287,940) |
| Other income | 30 | 254,361 | 95,577 |
| Other expenses | 31 | (173,813) | (176,961) |
| Profit from operations | | 2,133,367 | 1,940,061 |
| Finance cost | 32 | (68,170) | (71,875) |
| Profit before taxation | | 2,065,197 | 1,868,186 |
| Taxation | 33 | (588,571) | (597,359) |
| Profit for the year | | 1,476,626 | 1,270,827 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement of staff retirement benefit obligation | | (374) | (6,541) |
| Impact of deferred tax | | 112 | 2,028 |
| Other comprehensive loss for the year - net of tax | | (262) | (4,513) |
| Total comprehensive income for the year | | 1,476,364 | 1,266,314 |
| ----- Rupees ----- | | | |
| Earnings per share - basic and diluted | 34 | 84.86 | 73.04 |

The annexed notes 1 to 43 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Fahim Ali Khan
Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

| | 2017 | 2016 |
|--|------------------------------|-----------|
| | ----- (Rupees in '000) ----- | |
| Cash flows from operating activities | | |
| Profit before taxation | 2,065,197 | 1,868,186 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation | 257,192 | 203,969 |
| Amortisation | 5,016 | 5,860 |
| Provision for gratuity | 6,382 | 7,033 |
| Provision for compensated leave absences | 16,689 | 15,086 |
| Gain on sale of investments at fair value through profit or loss | (140,987) | (33,709) |
| Dividend income | (9,015) | (49,781) |
| Mark-up income | - | (872) |
| Fair value (gain) / loss on investments at fair value through profit or loss | (80,709) | 10,973 |
| Loss on sale of operating fixed assets | 18,242 | 5,758 |
| Provision for doubtful debts | 764 | 3,922 |
| Finance cost | 68,170 | 71,875 |
| | 2,206,941 | 2,108,300 |
| Changes in working capital: | | |
| (Increase) / decrease in current assets | | |
| - Stores, spares and loose tools | (9,582) | (71,526) |
| - Stock-in-trade | 182,951 | (281,027) |
| - Trade debts | (245,929) | 8,411 |
| - Loans and advances | 327 | 22,166 |
| - Deposits and prepayments | (11,774) | 4,904 |
| - Other receivables | 4,947 | 73 |
| | (79,060) | (316,999) |
| Increase / (decrease) in current liabilities | | |
| - Trade and other payables | 139,564 | 277,937 |
| - Sales tax payable - net | 47,213 | (68,590) |
| | 186,777 | 209,347 |
| | 107,717 | (107,652) |
| Cash generated from operations | 2,314,658 | 2,000,648 |
| Finance cost paid | (67,939) | (75,867) |
| Mark-up income received | - | 872 |
| Income taxes paid (including tax deducted at source) | (703,537) | (301,568) |
| Gratuity paid | (13,641) | (12,742) |
| Compensated leave absences paid | (2,178) | (9,961) |
| Long term loans - net | (151) | (49) |
| Long term deposits - net | (2,130) | (870) |
| | 1,525,082 | 1,600,463 |
| Net cash generated from operating activities - carried forward | | |



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

| | 2017 | 2016 |
|---|------------------------------|-------------|
| | ----- (Rupees in '000) ----- | |
| Net cash generated from operating activities - brought forward | 1,525,082 | 1,600,463 |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (793,782) | (923,053) |
| Proceeds from sale of property, plant and equipment | 33,063 | 35,539 |
| Payments for intangible assets | (1,600) | - |
| Payments for investments | (5,448,747) | (1,536,789) |
| Proceeds from sale of investments | 4,764,453 | 919,401 |
| Dividend received | 9,015 | 49,781 |
| Net cash used in investing activities | (1,437,598) | (1,455,121) |
| Cash flows from financing activities | | |
| Short term borrowings - net | 146,781 | 26,226 |
| Dividend paid | (264,649) | (204,629) |
| Net cash used in financing activities | (117,868) | (178,403) |
| Net decrease in cash and cash equivalents | (30,384) | (33,061) |
| Cash and cash equivalents at beginning of year | 45,257 | 78,318 |
| Cash and cash equivalents at end of year | 14,873 | 45,257 |

The annexed notes 1 to 43 form an integral part of these financial statements.



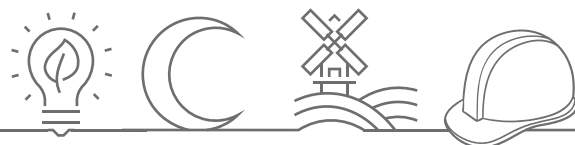
Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Fahim Ali Khan
Director



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

| | Issued, subscribed and paid-up capital | Revenue Reserves | | Total |
|--|---|--------------------|-------------------------------|-----------|
| | | General reserve | Unappro- priated profit | |
| ----- (Rupees in '000) ----- | | | | |
| Balance as at July 1, 2015 | 173,998 | 2,027,500 | 1,019,277 | 3,220,775 |
| Transfer to general reserve | - | 800,000 | (800,000) | - |
| Transaction with owners, recognised directly in equity | | | | |
| Cash dividend for the year ended June 30, 2015 at the rate of Rs.12 per share | - | - | (208,797) | (208,797) |
| Total comprehensive income for the year ended June 30, 2016 | | | | |
| Profit for the year | - | - | 1,270,827 | 1,270,827 |
| Other comprehensive loss | - | - | (4,513) | (4,513) |
| | - | - | 1,266,314 | 1,266,314 |
| Balance as at June 30, 2016 | 173,998 | 2,827,500 | 1,276,794 | 4,278,292 |
| Transfer to general reserve | - | 1,000,000 | (1,000,000) | - |
| Transaction with owners, recognised directly in equity | | | | |
| Cash dividend for the year ended June 30, 2016 at the rate of Rs.15.50 per share | - | - | (269,696) | (269,696) |
| Total comprehensive income for the year ended June 30, 2017 | | | | |
| Profit for the year | - | - | 1,476,626 | 1,476,626 |
| Other comprehensive loss | - | - | (262) | (262) |
| | - | - | 1,476,364 | 1,476,364 |
| Balance as at June 30, 2017 | 173,998 | 3,827,500 | 1,483,462 | 5,484,960 |

The annexed notes 1 to 43 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Fahim Ali Khan
Director



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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 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.

The Honourable High Court of Sindh has sanctioned the merger of Shirazi Capital (Private) Limited and Shirazi (Private) Limited with and into Shirazi Investments (Private) Limited. As a result, the Company became subsidiary company of Shirazi Investments (Private) Limited, which holds 58.86% of issued, subscribed and paid-up capital of the Company as at June 30, 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Companies Act, 2017 has been promulgated with effect from May 31, 2017, however the Securities and Exchange Commission of Pakistan (SECP) through its Circular # 17 of 2017 dated July 20, 2017, has directed the companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Functional and presentation currency

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

2.3 New and amended standards and interpretations

2.3.1 Standards, amendments to approved accounting standards effective in current year

New and amended standards mandatory for the first time for the financial year beginning July 1, 2016:

- (a) Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016. The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes – confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments. These amendments only affects the disclosures in the Company's financial statements.
- (b) Amendments to IAS 38 'Intangible assets' and IAS 16 'Property, plant and equipment' are applicable for annual periods beginning on or after January 1, 2016 introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-base methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company's financial statements.



- (c) Amendment to IAS 19 'Employee benefit' as a part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The Company's policy is already in line with this amendment.
- (d) Amendments to IAS 34 'Interim Financial Reporting' clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements. The amendments only effects disclosures in the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2016 and have not been early adopted by the Company:

- (a) IFRS 16, 'Leases' is applicable on accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessee and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The standard not likely to have material impact on the Company's financial statements.
- (b) Amendment to IAS 12, 'Income taxes' is applicable on annual periods beginning on or after January 1, 2017. The amendment clarifies deferred tax treatment for debt instrument and also addresses questions regarding determination of future taxable profit for the recognition test of deferred tax. The amendments are not likely to have material impact on the Company's financial statements.
- (c) IFRIC 22 'Foreign Currency Transactions and Advance Consideration' is applicable for annual periods beginning on or after January 1, 2018. The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The amendments does not expect to have a material impact on the Company's financial statements.
- (d) IFRS 9, 'Financial instruments' is applicable on accounting periods beginning on or after July 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The standard not likely to have material impact on the Company's financial statements.
- (e) IFRS 15, 'Revenue from contracts with customers' is applicable on accounting periods beginning on or after July 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. July 1, 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the full impact of this standard on its financial statements.
- (f) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have material impact on the Company's financial statements.



There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for leasehold land which is stated at the revalued amount, investments which are carried at fair value and certain employee retirement benefits which are measured at present value of defined benefit obligation less fair value of plan assets.

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

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- (i) Estimate of useful lives and residual values of property, plant & equipment and intangible assets [note 4.1 and 4.2]
- (ii) Provision for doubtful debts [note 4.8]
- (iii) Estimate of payables and receivables in respect of employees' retirement benefits [note 4.12]
- (iv) Estimation of current and deferred tax [note 4.14]
- (v) Estimate of provisions and warranty [note 4.15 and 4.16]

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Property, plant and equipment

Owned assets

Operating fixed assets except for leasehold land are stated at cost less accumulated depreciation and impairment loss, if any. Leasehold land is stated at revalued amount. Capital work-in-progress is stated at cost. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

Depreciation

Depreciation is charged to profit and loss account on the reducing balance basis except for computers and accessories. Depreciation on computers and accessories is charged to profit and loss account on a straight-line basis. Depreciation is charged at the rates stated in note 5.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed off.

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.



Disposal

Gains or losses on disposal or retirement of operating fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the profit and loss account.

Revaluation of assets

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any surplus on revaluation of operating fixed assets is credited to the surplus on revaluation of fixed assets account.

Leased assets

Fixed assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease less accumulated depreciation and impairment losses, if any.

Impairment

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any, and represent the cost of software licenses and ERP implementation cost.

The costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff cost, costs of the software development team and an appropriate portion of relevant overheads.

Subsequent expenditure

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Amortisation

Intangible assets are amortised using the straight-line method over a period of two years.

The assets' useful lives are reviewed, at each reporting date, and adjusted if the impact on amortisation is significant.

4.3 Financial assets

4.3.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.



(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

(c) Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose-off asset within 12 months of the end of the reporting date.

4.3.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within 'Other income / other expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of 'Other income' when the Company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in 'Other comprehensive income'.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as 'Gains / losses from investment securities'.

Interest on available-for-sale securities and held to maturity investments is calculated using the effective interest method is recognised in the profit and loss account as part of 'Other income'. Dividend income from available-for-sale equity instruments is recognised in the profit and loss account as part of 'Other income' when the Company's right to receive payments is established.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss account. Impairment losses recognised in profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of other receivables is described in note 4.8.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability



are substantially modified, such an exchange or modification is treated as a derecognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognised in the profit and loss account.

4.5 Off-setting of financial assets and financial liabilities

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

4.6 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realizable value. The cost of inventory is based on weighted average cost less provision for obsolescence, if any. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated upto the reporting date.

4.7 Stock-in-trade

These are valued at lower of cost and net realizable value.

The cost in relation to raw materials in hand, packing materials and components has been calculated on a weighted average basis and represents invoice values plus other charges paid thereon.

The cost in relation to work-in-process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads.

Raw materials held in custom bonded warehouse and stock-in-transit are valued at cost comprising of invoice value plus other charges accumulated upto the reporting date.

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

4.8 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when a collection of the amount is no longer probable. Debts considered irrecoverable are written off.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of balances with banks and cheques in hand.

4.10 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4.11 Interest / mark-up bearing loans and borrowings

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

4.12 Employees' benefits

The Company has following plans for its employees:

4.12.1 Defined contribution plan

A defined contribution plan is a post-employment benefit under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The obligation for contribution to a defined contribution plan is recognised as an employee service benefit expense in the profit and loss account when it is due.



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

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

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

Equal monthly contributions at the rate of 11% of the basic salary are made to the Fund / scheme, both by the Company and the employees. The Fund is a separate legal entity and its assets are being held separately under the control of its trustees.

4.12.2 Defined benefit plans

Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in current and prior periods that benefit is discounted to determine its present value.

The Company operates an approved funded gratuity scheme for its management staff and an unfunded gratuity scheme for its non-management staff. The liability recognised in the balance sheet in respect of defined benefit plans is the present value of defined benefit obligation at the end of reporting period less fair value of plan assets. Contributions under the schemes are made on the basis of actuarial valuation. The valuations of both schemes are carried out annually by an independent expert, using the "Projected Unit Credit Method" with the latest valuation being carried out as on June 30, 2017.

The amount arising as a result of re-measurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past service cost, if any, are recognised immediately in profit and loss account.

4.12.3 Employees compensated leave absences

Employees' entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees upto the reporting date.

4.13 Trade and other payables

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

4.14 Taxation

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

Current

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

Deferred

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

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

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



4.15 Provisions

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

4.16 Warranty

The Company recognises the estimated liability to repair or replace products still under warranty at the reporting date. Provision for warranty is calculated based on past experience / history of the level of repairs and replacements.

4.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, incentives, sales returns and trade discounts. Revenue from different sources is recognised on the following basis:

- revenue from sale of goods is recognised when goods are dispatched and invoiced to customers;
- Interest income on deposits with banks and other financial assets is recognised on accrual basis and;
- dividend income from investments is recognised when the Company's right to receive payment has been established.

4.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

4.19 Foreign currency transactions and translation

The foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of the transaction and monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account with other income / other operating expenses.

4.20 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4.21 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing the performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

4.22 Dividend and appropriation to reserves

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



5. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|--------------------------|------|--------------------------------------|------------------|
| Operating fixed assets | 5.1 | 3,090,004 | 2,602,811 |
| Capital work-in-progress | 5.6 | 68,023 | 69,931 |
| | | <u>3,158,027</u> | <u>2,672,742</u> |

5.1 Operating fixed assets

| | Leasehold land (note 19) | Buildings on leasehold land | Plant and machinery | Office equipment | Computers and accessories | Furniture and fixtures | Air conditioners | Vehicles | Total |
|---------------------------------|--------------------------|-----------------------------|---------------------|------------------|---------------------------|------------------------|------------------|----------|-----------|
| ----- (Rupees in '000) ----- | | | | | | | | | |
| As at July 1, 2015 | | | | | | | | | |
| Revaluation / cost | 194,300 | 322,813 | 1,932,817 | 10,667 | 36,124 | 12,736 | 11,144 | 103,976 | 2,624,577 |
| Accumulated depreciation | - | 78,735 | 584,272 | 1,514 | 24,782 | 2,926 | 3,138 | 34,236 | 729,603 |
| Net book value | 194,300 | 244,078 | 1,348,545 | 9,153 | 11,342 | 9,810 | 8,006 | 69,740 | 1,894,974 |
| Year ended June 30, 2016 | | | | | | | | | |
| Opening net book value | 194,300 | 244,078 | 1,348,545 | 9,153 | 11,342 | 9,810 | 8,006 | 69,740 | 1,894,974 |
| Additions | 322,140 | 200,157 | 371,369 | 1,256 | 6,216 | 13,834 | 2,872 | 35,259 | 953,103 |
| Disposals | | | | | | | | | |
| - cost | - | - | 35,010 | - | - | - | 887 | 26,521 | 62,418 |
| - accumulated depreciation | - | - | (8,602) | - | - | - | (367) | (12,152) | (21,121) |
| | - | - | 26,408 | - | - | - | 520 | 14,369 | 41,297 |
| Depreciation charge | - | 26,116 | 150,937 | 1,011 | 6,231 | 1,650 | 900 | 17,124 | 203,969 |
| Closing net book value | 516,440 | 418,119 | 1,542,569 | 9,398 | 11,327 | 21,994 | 9,458 | 73,506 | 2,602,811 |
| At June 30, 2016 | | | | | | | | | |
| Revaluation / cost | 516,440 | 522,970 | 2,269,176 | 11,923 | 42,340 | 26,570 | 13,129 | 112,714 | 3,515,262 |
| Accumulated depreciation | - | 104,851 | 726,607 | 2,525 | 31,013 | 4,576 | 3,671 | 39,208 | 912,451 |
| Net book value | 516,440 | 418,119 | 1,542,569 | 9,398 | 11,327 | 21,994 | 9,458 | 73,506 | 2,602,811 |
| Year ended June 30, 2017 | | | | | | | | | |
| Opening net book value | 516,440 | 418,119 | 1,542,569 | 9,398 | 11,327 | 21,994 | 9,458 | 73,506 | 2,602,811 |
| Additions | - | 199,432 | 499,339 | 2,151 | 7,507 | 14,784 | 5,190 | 67,287 | 795,690 |
| Disposals | | | | | | | | | |
| - cost | - | - | 60,075 | 270 | - | - | 205 | 35,548 | 96,098 |
| - accumulated depreciation | - | - | (28,741) | (96) | - | - | (95) | (15,861) | (44,793) |
| | - | - | 31,334 | 174 | - | - | 110 | 19,687 | 51,305 |
| Depreciation charge | - | 46,061 | 178,136 | 1,034 | 6,453 | 2,801 | 1,271 | 21,436 | 257,192 |
| Closing net book value | 516,440 | 571,490 | 1,832,438 | 10,341 | 12,381 | 33,977 | 13,267 | 99,670 | 3,090,004 |
| At June 30, 2017 | | | | | | | | | |
| Revaluation / cost | 516,440 | 722,402 | 2,708,440 | 13,804 | 49,847 | 41,354 | 18,114 | 144,453 | 4,214,854 |
| Accumulated depreciation | - | 150,912 | 876,002 | 3,463 | 37,466 | 7,377 | 4,847 | 44,783 | 1,124,850 |
| Net book value | 516,440 | 571,490 | 1,832,438 | 10,341 | 12,381 | 33,977 | 13,267 | 99,670 | 3,090,004 |
| Depreciation rate (% per annum) | | 10 | 10 - 20 | 10 | 30 | 10 | 10 | 20 | |

5.2 Had the leasehold land been recognised under the cost model, the carrying amount of leasehold land would have been Rs.322,554 thousand (2016: Rs.322,554 thousand).

| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|---|------|--------------------------------------|----------------|
| 5.3 Depreciation charge has been allocated as follows: | | | |
| Cost of goods manufactured | 27.1 | 235,951 | 186,137 |
| Distribution cost | 28 | 7,474 | 6,082 |
| Administrative expenses | 29 | 13,767 | 11,750 |
| | | <u>257,192</u> | <u>203,969</u> |

5.4 Plant and machinery includes certain dies and moulds having cost aggregating Rs.102,845 thousand (2016: Rs.88,824 thousand) and net book value of Rs.65,229 thousand (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.



5.5 The details of operating fixed assets disposed during the year are as follows:

| Particular of Assets | Cost | Accumulated depreciation | Net Book value | Sale proceeds | Mode of disposal | Particular of buyers |
|---|--------|--------------------------|----------------|---------------|------------------|---|
| ----- (Rupees in '000) ----- | | | | | | |
| Assets having net book value exceeding Rs.50,000 each | | | | | | |
| Plant and machinery | | | | | | |
| Rectifier | 1,400 | 1,305 | 95 | 385 | Negotiation | M/s. Shair Khan & Sons, H # 1726/1264 Kokan Colony, Baldia Town, Karachi. |
| Plate cutting machine | 376 | 325 | 51 | 6 | Negotiation | |
| Stacking table | 147 | 39 | 108 | 14 | Negotiation | |
| High rate discharge tester | 1,400 | 1,247 | 153 | 19 | Negotiation | |
| Water chiller | 111 | 34 | 77 | 10 | Negotiation | |
| Cables | 18,233 | 4,131 | 14,102 | 8,012 | Negotiation | |
| Formation charger plate | 993 | 634 | 359 | 300 | Insurance claim | Atlas Insurance Limited - a related party |
| Environmental control apparatus | 14,399 | 10,359 | 4,040 | 857 | Negotiation | |
| Air purifier | 8,182 | 3,258 | 4,924 | 1,044 | Negotiation | M/s. H Gulfranz & H Gulzar, Baldia Town, Karachi. |
| Moulds | 12,741 | 5,999 | 6,742 | 81 | Negotiation | |
| LT panel | 780 | 315 | 465 | 99 | Negotiation | |
| | 58,762 | 27,646 | 31,116 | 10,827 | | |
| Office equipment | | | | | | |
| Stabilizer | 270 | 96 | 174 | 22 | Negotiation | M/s. Shair Khan & Sons, H # 1726/1264 Kokan Colony, Baldia Town, Karachi. |
| Air conditioners | | | | | | |
| | 205 | 95 | 110 | 100 | Negotiation | M/s. Malik Traders, shop # C 39, 41 & 43, Quality Godown, Shershah Road, Karachi. |
| Vehicles | | | | | | |
| | 1,765 | 1,426 | 339 | 1,200 | Negotiation | Mr. Tariq Hussain, H # A 332, Block 3, Gulshan-e-Iqbal, Karachi |
| | 960 | 650 | 310 | 1,300 | Insurance claim | Atlas Insurance Limited - a related party |
| | 2,012 | 1,310 | 702 | 702 | Company policy | Mr. Bashir Makki - key management person |
| | 612 | 368 | 244 | 244 | Company policy | Mr. Muhammad - Employee |
| | 612 | 364 | 248 | 248 | Company policy | Mr. Waseem Ahmed - Employee |
| | 2,299 | 1,351 | 948 | 948 | Company policy | Mr. Talha Saad - key management person |
| | 970 | 569 | 401 | 401 | Company policy | Mr. Anwar Khan - Employee |
| | 970 | 590 | 380 | 380 | Company policy | Mr. Sami Ahmed - Employee |
| | 1,954 | 1,129 | 825 | 825 | Company policy | Mr. Adeel Sartaj - key management person |
| | 2,074 | 1,229 | 845 | 845 | Company policy | Mr. Nehal Asgher - key management person |
| | 663 | 328 | 335 | 335 | Company policy | Ms. Hijab Saleem - Employee |
| | 1,019 | 530 | 489 | 489 | Company policy | Mr. Noman Iqbal - Employee |
| | 683 | 275 | 408 | 408 | Company policy | Mr. M. Shoaib - Employee |
| | 683 | 267 | 416 | 416 | Company policy | Mr. M. Adnan - Employee |
| | 113 | 57 | 56 | 56 | Company Policy | Mr. Nawaid Habib - Employee |
| | 116 | 53 | 63 | 63 | Company Policy | Mr. Suifan Arshad - Employee |
| | 118 | 51 | 67 | 67 | Company Policy | Mr. Syed Zafar Hussain - Employee |
| | 683 | 260 | 423 | 423 | Company Policy | Mr. Furqan Rasheed - Employee |
| | 683 | 234 | 449 | 449 | Company Policy | Mr. Asghar Abbas - Ex-Employee |
| | 683 | 234 | 449 | 449 | Company Policy | Mr. Muhammad Anis - Employee |
| | 683 | 225 | 458 | 458 | Company Policy | Mr. Muhammad Ibrahim - Employee |
| | 1,039 | 343 | 696 | 696 | Company Policy | Mr. Iftikhar ul Islam - Employee |
| | 2,003 | 661 | 1,342 | 1,342 | Company Policy | Mr. Bakhtiar Mirza - Employee |
| | 683 | 182 | 501 | 501 | Insurance Claim | Atlas Insurance Limited - a related party |
| | 683 | 190 | 493 | 493 | Company Policy | Mr. Muhammad Arif - Employee |
| | 82 | 29 | 53 | 53 | Company Policy | Mr. Ovais Hassan - Ex-Employee |
| | 98 | 33 | 65 | 65 | Company Policy | Mr. Umair Akhter - Employee |
| | 98 | 32 | 66 | 66 | Company Policy | Mr. Farman ur Rehman - Employee |
| | 98 | 28 | 70 | 70 | Company Policy | Mr. Amir Latif - Employee |
| | 98 | 22 | 76 | 76 | Company Policy | Mr. Shehzada Kamran - Ex-Employee |
| | 1,641 | 342 | 1,299 | 1,299 | Company Policy | Mr. Munawar Hassan - Employee |
| | 1,641 | 219 | 1,422 | 1,477 | Company Policy | Mr. Faizullah Ghazi - Employee |
| | 118 | 23 | 95 | 95 | Company Policy | Mr. Rasool Baksh - Employee |
| | 82 | 18 | 64 | 64 | Insurance Claim | Atlas Insurance Limited - a related party |
| | 99 | 11 | 88 | 88 | Company Policy | Mr. Ali Akram - Ex-Employee |
| | 118 | 17 | 101 | 101 | Company Policy | Mr. Khawar Riaz - Employee |
| | 63 | 11 | 52 | 52 | Company Policy | Mr. Sameer Shafiqat - Ex-Employee |
| | 60 | 4 | 56 | 56 | Insurance Claim | Atlas Insurance Limited - a related party |
| | 60 | 3 | 57 | 57 | Insurance Claim | Atlas Insurance Limited - a related party |
| | 60 | 7 | 53 | 53 | Insurance Claim | Atlas Insurance Limited - a related party |
| | 2,074 | 1,277 | 797 | 797 | Company Policy | Mr. M Iqbal Godari - key management person |
| | 683 | 296 | 387 | 387 | Company Policy | Mr. Farhat Hussain - Ex-Employee |
| | 3,037 | 304 | 2,733 | 3,000 | Negotiation | Mr. Ali Raza Kazmi, House # SU-80, Street # 04 A, Askari 4, Karachi. |
| | 99 | 12 | 87 | 87 | Company Policy | Mr. Ahmed Shah - Ex-Employee |
| | 35,072 | 15,564 | 19,508 | 21,681 | | |
| Various assets having net book value upto Rs.50,000 each | | | | | | |
| | 1,789 | 1,392 | 397 | 433 | | |
| 2017 | 96,098 | 44,793 | 51,305 | 33,063 | | |
| 2016 | 62,418 | 21,121 | 41,297 | 35,539 | | |



| | Note | 2016 | Additions | Transfers | 2017 |
|-------------------------------------|------|---------------|----------------|------------------|---------------|
| ----- (Rupees in '000) ----- | | | | | |
| 5.6 Capital work-in-progress | | | | | |
| Buildings on leasehold land | | 9,947 | 119,555 | (84,792) | 44,710 |
| Plant and machinery | | 51,142 | 192,906 | (233,038) | 11,010 |
| Furniture and fixtures | | 1,277 | 5,202 | (4,978) | 1,501 |
| Air conditioners | | - | 1,038 | - | 1,038 |
| Vehicles | 5.7 | 7,565 | 66,702 | (65,183) | 9,084 |
| Intangible asset | | - | 2,280 | (1,600) | 680 |
| | | <u>69,931</u> | <u>387,683</u> | <u>(389,591)</u> | <u>68,023</u> |

5.7 Includes Rs.5,906 thousand (2016: Rs.4,657 thousand) advance payment made to Honda Atlas Cars (Pakistan) Limited - a related party for purchase of vehicle.

| | Software license | ERP implementation cost | Total |
|---------------------------------|------------------|-------------------------|---------------|
| ----- (Rupees in '000) ----- | | | |
| 6. INTANGIBLE ASSETS | | | |
| As at July 1, 2015 | | | |
| Cost | 21,117 | 7,400 | 28,517 |
| Accumulated amortisation | (10,374) | (7,400) | (17,774) |
| Net book value | <u>10,743</u> | <u>-</u> | <u>10,743</u> |
| Year ended June 30, 2016 | | | |
| Opening net book value | 10,743 | - | 10,743 |
| Amortisation charge | (5,860) | - | (5,860) |
| Closing net book value | <u>4,883</u> | <u>-</u> | <u>4,883</u> |
| At June 30, 2016 | | | |
| Cost | 21,117 | 7,400 | 28,517 |
| Accumulated amortisation | (16,234) | (7,400) | (23,634) |
| Net book value | <u>4,883</u> | <u>-</u> | <u>4,883</u> |
| Year ended June 30, 2017 | | | |
| Opening net book value | 4,883 | - | 4,883 |
| Additions | 1,600 | - | 1,600 |
| Amortisation charge | (5,016) | - | (5,016) |
| Closing net book value | <u>1,467</u> | <u>-</u> | <u>1,467</u> |
| At June 30, 2017 | | | |
| Cost | 22,717 | 7,400 | 30,117 |
| Accumulated amortisation | (21,250) | (7,400) | (28,650) |
| Net book value | <u>1,467</u> | <u>-</u> | <u>1,467</u> |
| Amortisation rate (% per annum) | <u>50</u> | <u>50</u> | |

6.1 Intangible assets as at June 30, 2017 include items having an aggregate cost of Rs.28,517 thousand (2016: Rs.16,796 thousand) that have been fully amortised and still in use of the Company.

| | 2017 | 2016 |
|--|--------------|--------------|
| ----- (Rupees in '000) ----- | | |
| 7. INVESTMENTS | | |
| Available for sale - Unquoted | | |
| Arabian Sea Country Club Limited | | |
| 100,000 ordinary shares of Rs.10 each - cost | 1,000 | 1,000 |
| Less: Impairment in the value of investment | <u>1,000</u> | <u>1,000</u> |
| | <u>-</u> | <u>-</u> |



| | Note | 2017 ----- (Rupees in '000) ----- | 2016 ----- (Rupees in '000) ----- |
|----------------------------------|-----------|--------------------------------------|--------------------------------------|
| 8. LONG TERM LOANS | | | |
| Considered good - secured | | | |
| Loans to employees: | | | |
| - Executives | 8.2 & 8.3 | 322 | 332 |
| - Others | | 2,736 | 2,454 |
| | | 3,058 | 2,786 |
| Recoverable within one year: | | | |
| - Executives | | (305) | (298) |
| - Others | | (1,450) | (1,336) |
| | 13 | (1,755) | (1,634) |
| | | 1,303 | 1,152 |

8.1 These represent interest-free loans to executives and other employees as per terms of employment. These loans are provided for the purchase of motorcycle and other specified reasons. Loans aggregating Rs.2,058 thousand (2016: Rs.1,767 thousand) are provided for the purchase of motorcycles and are repayable in monthly instalments over a period of forty-eight months for management staff and fifty-four months for non-management staff. Other loans are recoverable over a period of twelve to eighteen months. These loans are secured by the registration of motorcycles in the name of the Company and employees vested retirement benefits.

| | 2017 ----- (Rupees in '000) ----- | 2016 ----- (Rupees in '000) ----- |
|---|--------------------------------------|--------------------------------------|
| 8.2 Reconciliation of the carrying amount of loans to executives | | |
| Balance at beginning of the year | 332 | 803 |
| Disbursements | 704 | 550 |
| | 1,036 | 1,353 |
| Repayments | (714) | (1,021) |
| Balance at end of the year | 322 | 332 |

8.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs.672 thousand (2016: Rs.698 thousand).

8.4 The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history.

| | 2017 ----- (Rupees in '000) ----- | 2016 ----- (Rupees in '000) ----- |
|--|--------------------------------------|--------------------------------------|
|--|--------------------------------------|--------------------------------------|

9. LONG TERM DEPOSITS

Considered good - unsecured and interest-free

Security deposits for:

| | | |
|-------------------|--------|--------|
| - utilities | 4,019 | 4,019 |
| - rent agreements | 8,445 | 6,315 |
| - others | 4,313 | 4,313 |
| | 16,777 | 14,647 |

10. STORES, SPARES AND LOOSE TOOLS

Consumables stores

| | | |
|--------------------|---------|---------|
| - in hand | 91,775 | 88,935 |
| - in transit | 791 | 3,190 |
| Maintenance spares | 98,635 | 89,634 |
| Loose tools | 695 | 555 |
| | 191,896 | 182,314 |



| | Note | 2017 | 2016 |
|-------------------------------|------|-----------|-----------|
| ----- (Rupees in '000) ----- | | | |
| 11. STOCK-IN-TRADE | | | |
| Raw materials and components: | | | |
| - in hand | | 485,520 | 913,940 |
| - with third parties | 11.1 | 27,941 | 28,394 |
| | | 513,461 | 942,334 |
| Work-in-process | | 663,469 | 586,649 |
| Finished goods | | 422,668 | 327,649 |
| Items in transit | | 107,261 | 33,178 |
| | | 1,706,859 | 1,889,810 |

11.1 Includes raw materials amounting Rs.267,911 thousands (2016: Rs.Nil) held with Atlas Metals (Private) Limited - an Associated Company for further processing into parts to be supplied to the Company.

11.2 Stock-in-trade and trade debts upto a maximum amount of Rs.4,201,487 thousand (2016: Rs.4,201,487 thousand) are under hypothecation of commercial banks as security for short term borrowings (note 24).

| | Note | 2017 | 2016 |
|--|------|---------|---------|
| ----- (Rupees in '000) ----- | | | |
| 12. TRADE DEBTS - Unsecured | | | |
| Consider good | | | |
| Associated Companies: | | | |
| Atlas Honda Limited | | 57,994 | 54,951 |
| Honda Atlas Cars (Pakistan) Limited | | 10,830 | 7,081 |
| Indus Motor Company Limited | | 11,876 | 8,521 |
| Atlas Metals (Private) Limited | | 202,371 | - |
| Others | | 81,571 | 48,924 |
| | | 364,642 | 119,477 |
| Consider doubtful | | | |
| Others | | 7,619 | 6,855 |
| | | 372,261 | 126,332 |
| Provision for doubtful debts | 12.1 | (7,619) | (6,855) |
| | | 364,642 | 119,477 |
| 12.1 Provision for doubtful debts | | | |
| Balance at beginning of the year | | 6,855 | 2,933 |
| Provision for the year - net | | 764 | 3,922 |
| Balance at end of the year | | 7,619 | 6,855 |

| | Associated Companies | | Others | |
|--|----------------------|--------|---------|---------|
| | 2017 | 2016 | 2017 | 2016 |
| ----- (Rupees in '000) ----- | | | | |
| 12.2 The ageing of trade debts at June 30, is as follows: | | | | |
| Less than 30 days | 274,120 | 57,865 | 40,257 | 20,026 |
| 31 - 180 days | 7,650 | 12,688 | 40,133 | 27,979 |
| 181 days to 365 days | 1,301 | - | 1,883 | 1,310 |
| Over one year | - | - | 6,917 | 6,464 |
| | 283,071 | 70,553 | 89,190 | 55,779 |
| Provision for doubtful debts | - | - | (7,619) | (6,855) |
| | 283,071 | 70,553 | 81,571 | 48,924 |

12.3 Trade debts which are past due beyond one year have been impaired and fully provided for.



| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|---|------|--------------------------------------|--------------|
| 13. LOANS AND ADVANCES | | | |
| Considered good and interest-free | | | |
| Secured | | | |
| Current portion of long term loans to employees | 8 | 1,755 | 1,634 |
| Unsecured | | | |
| Loans to staff other than executives | 13.1 | 101 | 40 |
| Advances to employees for expenses | | - | 30 |
| Advances to suppliers, contractors and others | | 3,378 | 3,857 |
| | | <u>5,234</u> | <u>5,561</u> |

13.1 These represent interest-free welfare loans and salary advance provided to employees in accordance with the Company's policy and have maturities upto ten months.

| | 2017 ----- (Rupees in '000) ----- | 2016 |
|--------------------------------------|--------------------------------------|--------------|
| 14. DEPOSITS AND PREPAYMENTS | | |
| Considered good and unsecured | | |
| Deposits and margins - interest-free | 6,318 | 4,119 |
| Prepayments | 11,913 | 2,338 |
| | <u>18,231</u> | <u>6,457</u> |

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

| 2017 ----- (Number of units) ----- | 2016 | Related parties | 2017 | 2016 |
|---------------------------------------|-----------|-------------------------------|------------------|------------------|
| - | 561,479 | Atlas Stock Market Fund | - | 282,666 |
| 1,797,819 | 1,780,682 | Atlas Income Fund | 920,915 | 910,374 |
| 1,308,739 | 468,850 | Atlas Islamic Stock Fund | 799,339 | 221,565 |
| 1,193,786 | - | Atlas Islamic Income Fund | 600,259 | - |
| 532,311 | 514,087 | Atlas Gold Fund | 54,439 | 56,950 |
| | | | <u>2,374,952</u> | <u>1,471,555</u> |
| Others | | | | |
| - | 859,762 | HBL Money Market Fund | - | 87,306 |
| 893,378 | - | HBL Islamic Money Market Fund | 89,899 | - |
| | | | <u>89,899</u> | <u>87,306</u> |
| | | | <u>2,464,851</u> | <u>1,558,861</u> |

15.1 893,378 units of HBL Islamic Money Market Fund valuing Rs.89,899 thousand (2016: 820,609 units of HBL Money Market Fund valuing Rs.82,330 thousand) are under lien of a commercial bank against guarantees aggregating Rs.76,764 thousand (2016: Rs.75,162 thousand) issued in favour of Sui Southern Gas Co. Ltd., Pakistan State Oil Co. Ltd. and Excise and Taxation Department, Government of Sindh on behalf of the Company.

| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|--------------------------------------|------|--------------------------------------|--------------|
| 16. OTHER RECEIVABLES | | | |
| Considered good and unsecured | | | |
| Insurance claims receivable | 16.1 | - | 6,523 |
| Workers' profit participation fund | 22.3 | 1,576 | - |
| Sales tax paid under protest | | 2,317 | 2,317 |
| | | <u>3,893</u> | <u>8,840</u> |

16.1 Represents claims due from Atlas Insurance Limited - an Associated Company. It is in the normal course of business and is interest-free.



| | Note | 2017 ----- (Rupees in '000) ----- | 2016 ----- (Rupees in '000) ----- |
|---|------|--------------------------------------|--------------------------------------|
| 17. BANK BALANCES | | | |
| Balances with banks on current accounts | | 14,873 | 10,617 |
| Cheques-in-hand | 17.1 | - | 34,640 |
| | | <u>14,873</u> | <u>45,257</u> |

17.1 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.

18. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| 2017 ----- (Number of Shares) ----- | 2016 ----- (Number of Shares) ----- | | 2017 ----- (Rupees in '000) ----- | 2016 ----- (Rupees in '000) ----- |
|--|--|---|--------------------------------------|--------------------------------------|
| 1,300,000 | 1,300,000 | Ordinary shares of Rs.10 each fully paid in cash | 13,000 | 13,000 |
| 16,099,769 | 16,099,769 | Ordinary shares of Rs.10 each issued as fully paid bonus shares | 160,998 | 160,998 |
| <u>17,399,769</u> | <u>17,399,769</u> | | <u>173,998</u> | <u>173,998</u> |

| | 2017 ----- (Number of shares) ----- | 2016 ----- (Number of shares) ----- |
|---|--|--|
| 18.1 Ordinary shares of the Company held by the related parties as at June 30, | | |
| Shirazi Investments (Private) Limited | 10,241,723 | 5,200,831 |
| GS Yuasa International Limited - Japan | 2,609,947 | 2,609,947 |
| Atlas Foundation | 319,872 | 319,872 |
| Atlas Insurance Limited | 303,420 | 303,420 |
| Shirazi (Private) Limited | - | 695,692 |
| Shirazi Capital (Private) Limited | - | 4,345,200 |
| | <u>13,474,962</u> | <u>13,474,962</u> |

19. SURPLUS ON REVALUATION OF LEASEHOLD LAND

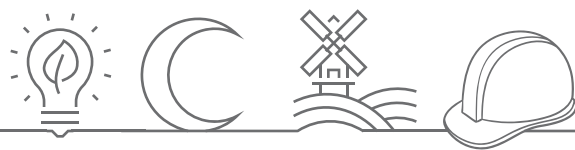
An independent revaluation of the Company's leasehold land was performed by M/s. Surval on June 30, 2008 and this revaluation exercise resulted in appraisal a surplus of Rs.173,786 thousand over the book value of Rs.414 thousand. This leasehold land has been again revalued on July 16, 2014 by MYK Associates (Private) Limited, an Independent Valuer, based on present market value for similar plots in the vicinity (level 2 of fair value hierarchy). The different levels of fair value have been defined in IFRS 13 and are mentioned in note 37.2.

The latest revaluation exercise resulted in surplus of Rs.20,100 thousand over the book value of Rs.174,200 thousand which has been credited to this account to comply with the requirements of section 235 of the repealed Companies Ordinance, 1984.

| | Note | 2017 ----- (Rupees in '000) ----- | 2016 ----- (Rupees in '000) ----- |
|--------------------------------------|------|--------------------------------------|--------------------------------------|
| 20. STAFF RETIREMENT BENEFITS | | | |
| Provision for gratuity | 20.1 | 1,566 | 1,568 |
| Compensated leave absences | 20.2 | 78,302 | 63,791 |
| | | <u>79,868</u> | <u>65,359</u> |

20.1 Provision for gratuity

20.1.1 As stated in note 4.12.2, the Company operates an approved funded gratuity scheme for its management staff and an unfunded gratuity scheme for its non-management staff.



20.1.2 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, the repealed Companies Ordinance, 1984, Income Tax Rules, 2002 and Rules under the Trust deed of the Plan. Responsibility for governance of the Plan, including investment decisions and contributions schedules lies with the Board of Trustees. The Company appoints the trustees.

20.1.3 The latest actuarial valuations of the Schemes as at June 30, 2017 were carried out by an independent expert, using the 'Projected Unit Credit Method'. Details of the Schemes as per the actuarial valuations are as follows:

| | Management | | Non - management | | Total | |
|---|------------------------------|---------------|------------------|--------------|----------------|---------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | ----- (Rupees in '000) ----- | | | | | |
| 20.1.4 Balance sheet reconciliation | | | | | | |
| Present value of defined benefit obligation at June 30 - note 20.1.5 | 113,594 | 97,885 | 1,566 | 1,568 | 115,160 | 99,453 |
| Fair value of plan assets at June 30 - note 20.1.6 | (105,829) | (83,185) | - | - | (105,829) | (83,185) |
| Receivable from related parties in respect of transferees | (1,288) | (1,340) | - | - | (1,288) | (1,340) |
| Liability at end of the year | 6,477 | 13,360 | 1,566 | 1,568 | 8,043 | 14,928 |
| Payable within next twelve months | (6,477) | (13,360) | - | - | (6,477) | (13,360) |
| | <u>-</u> | <u>-</u> | <u>1,566</u> | <u>1,568</u> | <u>1,566</u> | <u>1,568</u> |
| 20.1.5 Movement in the present value of defined benefit obligation | | | | | | |
| Balance at beginning of the year | 97,885 | 96,508 | 1,568 | 1,560 | 99,453 | 98,068 |
| Benefits paid | (1,235) | (21,437) | (280) | (206) | (1,515) | (21,643) |
| Current service cost | 5,244 | 4,724 | 49 | 156 | 5,293 | 4,880 |
| Interest cost | 7,157 | 7,468 | 106 | 154 | 7,263 | 7,622 |
| Re-measurements on obligation | 5,030 | 7,943 | 123 | (96) | 5,153 | 7,847 |
| Receivable recognised in respect of transfers | (487) | 2,679 | - | - | (487) | 2,679 |
| Balance at end of the year | <u>113,594</u> | <u>97,885</u> | <u>1,566</u> | <u>1,568</u> | <u>115,160</u> | <u>99,453</u> |
| 20.1.6 Movement in the fair value of plan assets | | | | | | |
| Balance at beginning of the year | 83,185 | 66,473 | - | - | 83,185 | 66,473 |
| Contributions | 13,361 | 12,536 | - | - | 13,361 | 12,536 |
| Benefits paid | (1,235) | (21,437) | - | - | (1,235) | (21,437) |
| Interest income | 6,174 | 5,469 | - | - | 6,174 | 5,469 |
| Re-measurements | 4,779 | 1,306 | - | - | 4,779 | 1,306 |
| Amount transferred (to) / from other group companies | (435) | 18,838 | - | - | (435) | 18,838 |
| Balance at end of the year | <u>105,829</u> | <u>83,185</u> | <u>-</u> | <u>-</u> | <u>105,829</u> | <u>83,185</u> |
| 20.1.7 Expense recognised in profit and loss account | | | | | | |
| Current service cost | 5,244 | 4,724 | 49 | 156 | 5,293 | 4,880 |
| Net interest cost | 983 | 1,999 | 106 | 154 | 1,089 | 2,153 |
| | <u>6,227</u> | <u>6,723</u> | <u>155</u> | <u>310</u> | <u>6,382</u> | <u>7,033</u> |
| 20.1.8 Re-measurements recognised in other comprehensive income | | | | | | |
| Loss / (gain) arising from change in financial assumptions | 4,142 | 2,533 | 4 | (22) | 4,146 | 2,511 |
| Experience loss / (gain) | 888 | 5,410 | 119 | (74) | 1,007 | 5,336 |
| Gain on re-measurement of plan assets | (4,779) | (1,306) | - | - | (4,779) | (1,306) |
| Net re-measurements | <u>251</u> | <u>6,637</u> | <u>123</u> | <u>(96)</u> | <u>374</u> | <u>6,541</u> |



| | Management | | Non - management | | Total | |
|--|------------|----------|------------------|-------|----------|----------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| ----- (Rupees in '000) ----- | | | | | | |
| 20.1.9 Net liability recognised | | | | | | |
| Balance at beginning of the year | 13,360 | 12,536 | 1,568 | 1,560 | 14,928 | 14,096 |
| Charge for the year | 6,227 | 6,723 | 155 | 310 | 6,382 | 7,033 |
| Contributions made during the year | (13,361) | (12,536) | (280) | (206) | (13,641) | (12,742) |
| Re-measurements recognised in other comprehensive income | 251 | 6,637 | 123 | (96) | 374 | 6,541 |
| Recognised liability as at June 30 | 6,477 | 13,360 | 1,566 | 1,568 | 8,043 | 14,928 |
| Payable within next twelve months | (6,477) | (13,360) | - | - | (6,477) | (13,360) |
| | - | - | 1,566 | 1,568 | 1,566 | 1,568 |
| 20.1.10 Plan assets comprise of: | | | | | | |
| Debt securities | 49,808 | 36,997 | - | - | 49,808 | 36,997 |
| Mutual funds - units | 55,961 | 45,417 | - | - | 55,961 | 45,417 |
| Cash and cash equivalent | 60 | 771 | - | - | 60 | 771 |
| | 105,829 | 83,185 | - | - | 105,829 | 83,185 |

| | Management | | Non-Management | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| ----- (% per annum) ----- | | | | |
| 20.1.11 Actuarial assumptions used | | | | |
| Discount rate at June 30 | 7.75% | 7.25% | 7.75% | 7.25% |
| Expected rate of increase in future salaries - first year | 10.50% | 10.50% | 6.75% | 6.25% |
| - long term | 6.75% | 6.25% | 6.75% | 6.25% |
| Demographic assumptions | | | | |
| - Mortality rates (for death in service) | SLIC (2001-05) | SLIC (2001-05) | SLIC (2001-05) | SLIC (2001-05) |
| - Rates of employee turnover | Moderate | Moderate | Moderate | Moderate |

20.1.12 Sensitivity analysis for actuarial assumptions

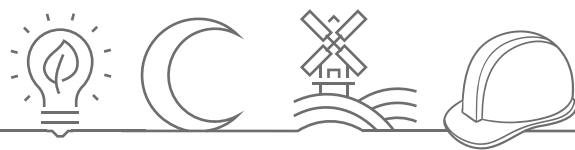
The sensitivity of the defined benefit obligation to changes in principal assumptions is:

| | Impact on defined benefit obligation | | |
|-----------------------------|--------------------------------------|------------------------------|-------------------------|
| | Change in assumptions | Increase in assumptions | Decrease in assumptions |
| | | ----- (Rupees in '000) ----- | |
| Discount rate | 1.00% | 108,857 | 122,320 |
| Increase in future salaries | 1.00% | 121,767 | 109,245 |
| Withdrawal rates : light | | 114,613 | |
| Withdrawal rates : high | | 115,479 | |

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

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

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



20.1.14 Based on actuary's advice, the expected contribution for the year ending June 30, 2018 to management and non-management gratuity plans will be to Rs.6,708 thousand and Rs.161 thousand respectively.

20.1.15 The weighted average duration of management and non management gratuity is 5.48 years and 5.29 years respectively. Expected maturity analysis of undiscounted retirement benefit plans:

| | Less than a year | Between 1-2 years | Between 2-5 years | Over 5-20 years | Total |
|----------------------------|------------------------------|----------------------|----------------------|--------------------|----------------|
| | ----- (Rupees in '000) ----- | | | | |
| As at June 30, 2017 | | | | | |
| Management staff | 7,884 | 47,184 | 23,181 | 176,633 | 254,882 |
| Non-management staff | 313 | 45 | 539 | 2,476 | 3,373 |
| Total | <u>8,197</u> | <u>47,229</u> | <u>23,720</u> | <u>179,109</u> | <u>258,255</u> |

| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|---|------|--------------------------------------|------------------|
| 20.2 Compensated leave absences | | | |
| Balance at beginning of the year | | 63,791 | 58,666 |
| Provision for the year | | 16,689 | 15,086 |
| | | <u>80,480</u> | <u>73,752</u> |
| Encashed during the year | | (2,178) | (9,961) |
| Balance at end of the year | | <u>78,302</u> | <u>63,791</u> |
| 21. DEFERRED TAXATION - Net | | | |
| The liability for deferred tax comprises temporary differences relating to: | | | |
| Accelerated tax depreciation | | 299,867 | 263,544 |
| Unrealized gain on investments | | 12,106 | - |
| Tax amortisation | | 989 | (303) |
| Provision for impairment of available-for-sale investments | | (300) | (300) |
| Provision for doubtful debts | | (2,286) | (2,125) |
| Provision for gratuity | | (2,413) | (4,620) |
| Provision for compensated leave absences | | (23,491) | (19,456) |
| Provision for warranty | | (29,540) | (19,860) |
| | | <u>254,932</u> | <u>216,880</u> |
| 22. TRADE AND OTHER PAYABLES | | | |
| Trade creditors | | 155,876 | 39,198 |
| Accrued liabilities | 22.1 | 750,571 | 643,855 |
| Provision for warranty | 22.2 | 98,468 | 64,065 |
| Customers advances and credit balances | | 198,826 | 326,518 |
| Workers' profit participation fund | 22.3 | - | 332 |
| Provision for gratuity | 20.1 | 6,477 | 13,360 |
| Workers' welfare fund | 22.4 | 35,531 | 38,126 |
| Unclaimed dividend | | 25,798 | 20,751 |
| Sindh government infrastructure fee | 22.5 | 52,613 | 40,648 |
| Other liabilities | 22.6 | 6,750 | 6,329 |
| | | <u>1,330,910</u> | <u>1,193,182</u> |

22.1 Accrued liabilities include Rs.219,096 thousand (2016: Rs.172,966 thousand) pertaining to related parties.



| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|--|------|--------------------------------------|-----------|
| 22.2 Provision for warranty | | | |
| Balance at beginning of the year | | 64,065 | 34,607 |
| Provision for the year | 27.1 | 374,768 | 165,448 |
| | | 438,833 | 200,055 |
| Payments made during the year | | (340,365) | (135,990) |
| Balance at end of the year | | 98,468 | 64,065 |
| 22.3 Workers' profit participation fund | | | |
| Balance at beginning of the year | | 332 | (477) |
| Allocation for the year | 31 | 110,424 | 100,332 |
| Interest on funds utilised in the Company's business | 32 | 21 | - |
| | | 110,777 | 99,855 |
| Payments made during the year - net | | (112,353) | (99,523) |
| Balance at end of the year | | (1,576) | 332 |
| 22.4 Workers' welfare fund | | | |
| Balance at beginning of the year | | 38,126 | 30,219 |
| Charge for the year | | 35,531 | 38,126 |
| Adjustment for prior year | | (2,678) | - |
| | 31 | 32,853 | 38,126 |
| | | 70,979 | 68,345 |
| Payments made during the year | | (35,448) | (30,219) |
| Balance at end of the year | | 35,531 | 38,126 |

22.5 This represents provision against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The levy of infrastructure fee is disputed and various companies have filed appeals before the High Court of Sindh (the Court) which are pending adjudication. During the pendency of these appeals, an interim arrangement has been agreed whereby bank guarantees furnished for consignments cleared upto December 27, 2006 have been returned and bank guarantees have been furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment is made against the balance amount.

The Company, during the year ended June 30, 2014, also filed an appeal in the Court and became a party to subject controversy raised through various appeals. The Court, through its interim order, dated April 3, 2014 has granted the above-mentioned interim relief to the Company and directed to take up the petition along with identical petitions on the next date of hearing. As at June 30, 2017, the Company has provided bank guarantees amounting Rs.55,000 thousand (2016: Rs.55,000 thousand) in favour of The Director Excise and Taxation, Government of Sindh for releasing the consignments imported from time to time and for the purpose of carriage of such goods by road within the province of Sindh. The management believes that the chances of success in the petition are in the Company's favour.

22.6 Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.5,411 thousand (2016: Rs.4,261 thousand).

23. ACCRUED MARK-UP

Includes mark-up amounting Rs.1,544 thousand (2016: Rs.1,468 thousand) due to Meezan Bank Limited - an Associated Company.

| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|--|-------------|--------------------------------------|---------|
| 24. SHORT TERM BORROWINGS - Secured | | | |
| Running finances / musharakah | 24.1 & 24.2 | 882,770 | 735,989 |



- 24.1** Running finance / musharakah facilities available from various banks under mark-up arrangements aggregate to Rs.3,150,000 thousand (2016: Rs.3,150,000 thousand). During the year these finance facilities carry mark-up at the rates ranging from 6.14% to 7.22% (2016: 6.55% to 7.94%) per annum.
- 24.2** Includes Rs.319,595 thousand (2016: Rs.33,872 thousand) payable to Meezan Bank Limited - an Associated Company.
- 24.3** Demand finance facilities aggregating Rs.3,000,000 thousand (2016: Rs.3,000,000 thousand) are also available to the Company from various banks as sub-limits of above mentioned running finance / musharakah facilities. These facilities carry mark-up at the rates ranging from 6.15% to 6.46% (2016: 6.53% to 7.11%) per annum.
- 24.4** FE-25 facilities aggregating Rs.2,690,000 thousand (2016: Rs.2,690,000 thousand) are available from various banks as sub-limits of above mentioned running finance / musharakah facilities. The Company has not utilized there facility during the year.
- 24.5** The above-mentioned finance facilities are secured against joint pari passu hypothecation charge on stock-in-trade and trade debts and are expiring on various dates upto December 31, 2017.
- 24.6** The facilities for opening letters of credit and guarantees as at June 30, 2017 aggregated to Rs.2,680,000 thousand (2016: Rs.2,680,000 thousand) of which the amount remained unutilized at year end aggregated to Rs.2,324,220 thousand (2016: Rs.2,284,417 thousand). These facilities are secured by joint pari passu hypothecation charge on stock-in-trade and trade debts and lien on import documents.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

- 25.1.1** The Company received notice from the Directorate of Intelligence and Investigation, FBR, Lahore in which it had been alleged that the Company purchased goods from certain suppliers who were registered with Regional Tax Offices, but were fake and issued sales tax invoices to the Company on the basis of which the Company claimed input tax adjustment amounting to Rs.29.066 million which according to them was illegal / inadmissible. The name of the Company along with 135 companies and other individuals had therefore been included as an accused person in the First Information Report (FIR) No.04/2011 dated March 26, 2011 registered by the Additional Director, Intelligence and Investigation, FBR, Lahore. The Company has, therefore, filed a Constitutional Petition in the Honourable Lahore High Court (the Court) and prayed to quash the FIR against the Company and declare the notice illegal. The Court has granted stay order and advised the concerned authorities to restrain from further proceeding with the matter. Further, the Court has quashed the criminal proceedings initiated against the Company as being unconstitutional, violative of fundamental rights and ultra vires the Sales Tax Act, 1990 (the Act). The FBR against the orders of the Court has filed an appeal in Honourable Supreme Court of Pakistan, which is pending for hearing.
- 25.1.2** The Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi conducted sales tax audit for the tax year 2013 and passed an order with respect to (i) input claims against purchases from certain suppliers whose status were subsequently found as blacklisted / suspended on FBR web portal, (ii) non-payment of federal excise duty on royalty, (iii) non-deduction of sales tax as withholding agent on advertisement expense and (iv) tax credits not allowed on certain expenses. DCIR, through abovementioned order raised an aggregate demand of Rs.11.819 million including default surcharge. The Company filed appeal before Commissioner Inland Revenue Appeals CIR(A) against the above order under section 45B of the Act and section 33 of Federal Excise Act, 2005. Pursuant to the appeal, the CIR(A), through his order dated April 28, 2015, granted relief to the Company in respect of the demand raised in (i), (iii) and (iv) points mentioned above. However, demand of federal excise duty on royalty payment was considered correct by CIR(A) in his order. Accordingly, the Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of levy of excise duty on royalty. Further, the Commissioner Inland Revenue has also filed an appeal before ATIR against the abovementioned order of CIR(A) through which relief was granted to the Company. The above appeals are pending for hearing.
- 25.1.3** Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, for the tax year 2013 passed an order under section 161 / 205 of the Income Tax Ordinance, 2001 on account of non-deduction of tax on freight & forwarding charges and discounts allowed to dealers. DCIR through this order created an aggregate demand of Rs.206.534 million including additional tax. The Company paid the demand of Rs.0.1 million which pertains to a tax deduction on freight charges and filed a stay application before Commissioner Inland Revenue (Appeals) [CIR(A)] against the recovery of balance of the demand. The stay against recovery of demand was granted by the CIR(A) after partial payment of Rs.50 million. Further, an appeal was also filed before the CIR(A) against the above order. Pursuant to this appeal, CIR(A), on March 31, 2015, passed an order under section 129 of the Ordinance and granted relief in respect of issue of non-deduction of tax amounting Rs.108.867 million on discounts allowed on invoices. However, CIR(A) remanded back the issue of non-deduction of tax aggregating Rs.59.509 million on additional trade discounts by directing the DCIR to re-examine the issue based on the nature of discount. The CIR has filed an appeal against the abovementioned order of CIR(A) before the Appellate Tribunal Inland Revenue; which is pending for hearing.



25.1.4 The Company received a show cause notice dated June 27, 2016 from Assistant Commissioner Enforcement-II, Punjab Revenue Authority (PRA), Government of Punjab for proceeding against the Company for alleged violation of various sections of Punjab Sales Tax on Services Act, 2012 (the ACT) read with Punjab Sales Tax on Services (Specific Provisions) Rules, 2012 (the Rules) and demanded tax on account of Punjab sales tax on franchises services aggregating Rs.55.443 million. Further, penalties aggregating Rs.2.962 million has also been charged.

The Company against the abovementioned show cause notice filed a petition before the High Court of Sindh (the Court) on the basis that PRA has no jurisdiction to issue such notice. The Company is engaged in manufacturing of automotive batteries and owing to its technical assistance agreement with technology supplier it pays technical fees to them and in respect of such technical services the Company is making regular payments of Sindh Sales Tax to the Sindh Revenue Board. Further, the Company's factory premises as well as all production and entire operations are in province of Sindh, therefore PRA has no jurisdiction to demand any sales tax on franchise fees on the basis of purported apportionment of the same. The Court, through its interim order dated July 15, 2016 issued notices to concerned persons / representatives and suspended the operations of abovementioned show cause notice.

25.1.5 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. 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.

While passing the rectified order, the DCIR created an additional demand of Rs.81.593 million including default surcharge and penalty 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) 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) filed an appeal against the above mentioned order of CIR(A) before the Appellate Tribunal Inland Revenue; which is pending for hearing.

25.1.6 Outstanding bank guarantees

Guarantees aggregating Rs.76,764 thousand (2016: Rs.75,162 thousand) are issued by a commercial bank on behalf of the Company to Sui Southern Gas Co. Ltd., Pakistan State Oil Co. Ltd. and Excise and Taxation Department, Government of Sindh.

25.2 Commitments

25.2.1 Commitments in respect of letters of credit relating to:

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

| | 2017 ----- (Rupees in '000) ----- | 2016 ----- (Rupees in '000) ----- |
|---|--------------------------------------|--------------------------------------|
| - raw materials, stores, spares and loose tools | 197,888 | 218,961 |
| - capital expenditure | 81,128 | 101,460 |
| | 279,016 | 320,421 |

25.2.2 Commitments outstanding for capital expenditure other than through letters of credit as at June 30, 2017 aggregated to Rs.168,831 thousand (2016: Rs.52,650 thousand).

| | 2017 ----- (Rupees in '000) ----- | 2016 ----- (Rupees in '000) ----- |
|--|--------------------------------------|--------------------------------------|
| | | |

26. SALES - Net

Local sales

- manufacturing activity
- trading activity

Export sales

Less:

- sales tax
- discounts

| | | |
|--------------------------|------------|------------|
| - manufacturing activity | 21,239,360 | 18,009,448 |
| - trading activity | 1,370,387 | 505,622 |
| | 22,609,747 | 18,515,070 |
| Export sales | 44,467 | - |
| | 22,654,214 | 18,515,070 |
| Less: | | |
| - sales tax | 3,404,564 | 2,845,223 |
| - discounts | 2,079,742 | 1,650,340 |
| | 5,484,306 | 4,495,563 |
| | 17,169,908 | 14,019,507 |



| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|---|------|--------------------------------------|------------|
| 27. COST OF SALES | | | |
| Opening stock of finished goods | | 327,649 | 80,684 |
| Cost of goods manufactured | 27.1 | 13,330,786 | 11,105,506 |
| Purchases during the year | | 969,669 | 413,493 |
| | | 14,300,455 | 11,518,999 |
| Closing stock of finished goods | | (422,668) | (327,649) |
| | | 14,205,436 | 11,272,034 |
| 27.1 Cost of goods manufactured | | | |
| Opening stock of work-in-process | | 586,649 | 541,194 |
| Raw materials and components consumed | 27.2 | 10,514,150 | 8,568,351 |
| Salaries, wages and benefits | 27.3 | 882,404 | 795,548 |
| Stores consumed | | 337,867 | 304,397 |
| Light, heat and water | | 615,403 | 640,236 |
| Insurance | | 35,734 | 32,646 |
| Rent, rates and taxes | | 103,949 | 187,138 |
| Repair and maintenance | | 76,842 | 78,395 |
| Royalty and technical fee | | 171,543 | 144,866 |
| Cartage | | 20,422 | 13,986 |
| Travelling, conveyance and entertainment | | 27,997 | 24,785 |
| Postage and telephone | | 3,150 | 2,918 |
| Printing and stationery | | 3,028 | 3,171 |
| Vehicle running | | 1,607 | 1,119 |
| Depreciation | 5.3 | 235,951 | 186,137 |
| Free replacement | 22.2 | 374,768 | 165,448 |
| Other expenses | | 2,791 | 1,820 |
| | | 13,994,255 | 11,692,155 |
| Closing stock of work-in-process | | (663,469) | (586,649) |
| | | 13,330,786 | 11,105,506 |
| 27.2 Raw materials and components consumed | | | |
| Opening stock | | 942,334 | 876,094 |
| Purchases during the year | | 10,085,277 | 8,634,591 |
| | | 11,027,611 | 9,510,685 |
| Closing stock | | (513,461) | (942,334) |
| | | 10,514,150 | 8,568,351 |
| 27.3 Salaries, wages and benefits include Rs.2,747 thousand (2016: Rs.2,761 thousand) and Rs.8,265 thousand (2016: Rs.6,720 thousand) in respect of staff retirement benefits gratuity and provident / pension funds respectively. | | | |
| 28. DISTRIBUTION COST | | | |
| Salaries and benefits | 28.1 | 65,162 | 64,672 |
| Travelling, conveyance and entertainment | | 33,406 | 24,471 |
| Vehicle running | | 307 | 136 |
| Rent, rates and taxes | | 22,714 | 17,781 |
| Advertisement and sales promotion | | 229,426 | 130,185 |
| Repair and maintenance | | 2,834 | 1,376 |
| Light, heat and water | | 5,611 | 5,013 |
| Freight and forwarding | | 180,425 | 138,794 |
| Printing and stationery | | 533 | 436 |
| Postage and telephone | | 4,986 | 2,834 |
| Depreciation | 5.3 | 7,474 | 6,082 |
| Services charges | | 176 | 70 |
| Insurance | | 52,994 | 46,083 |
| Newspapers, magazines and subscription others | | 175 | 155 |
| | | 606,223 | 438,088 |



28.1 Salaries and benefits include Rs.969 thousand (2016: Rs.1,104 thousand) and Rs.2,514 thousand (2016: Rs.2,398 thousand) in respect of staff retirement benefits gratuity and provident / pension funds respectively.

| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|--|------|--------------------------------------|----------------|
| 29. ADMINISTRATIVE EXPENSES | | | |
| Directors' meeting fee | | 500 | 290 |
| Salaries and benefits | 29.1 | 199,199 | 194,018 |
| Travelling, conveyance and entertainment | | 13,596 | 11,725 |
| Rent and rates | | 11,875 | 10,796 |
| Repair and maintenance | | 1,828 | 1,359 |
| Light, heat and water | | 3,437 | 2,977 |
| Insurance | | 4,385 | 3,834 |
| Legal and professional charges | | 4,737 | 4,342 |
| Fee and subscription | | 17,858 | 17,238 |
| Postage and telephone | | 2,484 | 2,151 |
| Printing and stationery | | 2,220 | 1,877 |
| Vehicle running | | 1,225 | 1,347 |
| Training expense | | 4,621 | 3,569 |
| Depreciation | 5.3 | 13,767 | 11,750 |
| Amortisation | 6 | 5,016 | 5,860 |
| Donation | 29.2 | 18,682 | 14,807 |
| | | <u>305,430</u> | <u>287,940</u> |

29.1 Salaries and benefits include Rs.2,665 thousand (2016: Rs.3,168 thousand) and Rs.6,526 thousand (2016: Rs.6,944 thousand) in respect of staff retirement benefits gratuity and provident / pension funds respectively.

29.2 Donation of Rs.18,682 thousand (2016: Rs.14,807 thousand) charged in these financial statements is paid to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi (the Foundation). Mr. Yusuf H. Shirazi, Chairman of the Company and Fahim Ali Khan, Director of the Company are Directors of the Foundation.

| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|--|------|--------------------------------------|---------------|
| 30. OTHER INCOME | | | |
| Income from financial assets | | | |
| Mark-up on deposit - conventional banks | | - | 872 |
| Dividend income | 30.1 | 3,638 | 3,986 |
| Gain on sale of investments at fair value through profit or loss - conventional | | 2,038 | - |
| Income from investments in related parties | | | |
| Dividend income | 30.1 | 5,377 | 45,795 |
| Gain on sale of investments at fair value through profit or loss | | | |
| - Conventional | | 86,523 | 33,709 |
| - Shahriah compliance | | 52,426 | - |
| | | 138,949 | 33,709 |
| Fair value gain on investments at fair value through profit or loss - shahriah compliant | | 85,909 | - |
| Income from assets other than financial assets | | | |
| Scrap sales | | 18,450 | 11,215 |
| | | <u>254,361</u> | <u>95,577</u> |



| | Note | 2017 ----- (Rupees in '000) ----- | 2016 |
|---|--|--------------------------------------|----------------|
| 30.1 | Fund wise break-up of dividend income is as follows: | | |
| Conventional | | | |
| Atlas Stock Market Fund | | 2,807 | 24,420 |
| Atlas Gold Fund | | 2,570 | - |
| Atlas Sovereign Liquid Fund | | - | 1,847 |
| HBL Money Market Fund | | - | 3,986 |
| Shahriah compliant | | | |
| Atlas Islamic Stock Fund | | - | 19,528 |
| HBL Islamic Money Market Fund | | 3,638 | - |
| | | <u>9,015</u> | <u>49,781</u> |
| 31. OTHER EXPENSES | | | |
| Provision for doubtful debts | 12.1 | 764 | 3,922 |
| Workers' profit participation fund | 22.3 | 110,424 | 100,332 |
| Workers' welfare fund | 22.4 | 32,853 | 38,126 |
| Auditors' remuneration | 31.1 | 1,755 | 1,495 |
| Exchange loss - net | 31.2 | 4,575 | 16,355 |
| Fair value loss on investments at fair value through profit or loss | | | |
| - shariah compliant | | 1,786 | 7,166 |
| - conventional | | 3,414 | 3,807 |
| | | 5,200 | 10,973 |
| Loss on disposal of operating fixed assets | 5.5 | 18,242 | 5,758 |
| | | <u>173,813</u> | <u>176,961</u> |
| 31.1 Auditors' remuneration | | | |
| Remuneration in respect of auditors' services for: | | | |
| - statutory audit | | 1,200 | 1,000 |
| - half yearly review | | 175 | 175 |
| - review of compliance with Code of Corporate Governance | | 85 | 85 |
| - audits of retirement funds and workers' profit participation fund | | 115 | 115 |
| - certifications for payment of royalty, dividend and others | | 155 | 95 |
| - out of pocket expenses | | 25 | 25 |
| | | <u>1,755</u> | <u>1,495</u> |
| 31.2 | Represents exchange loss / gain arising on revaluation of actual currency. | | |
| 32. FINANCE COST | | | |
| Related parties | | | |
| Mark-up on running musharaka | | 19,916 | 26,253 |
| Other parties | | | |
| Mark-up on: | | | |
| - running finances | | 15,936 | 20,200 |
| - demand finances | | 25,177 | 19,085 |
| | | <u>61,029</u> | <u>65,538</u> |
| Interest on workers' profit participation fund | 22.3 | 21 | - |
| Bank and other financial charges | | 7,120 | 6,337 |
| | | <u>68,170</u> | <u>71,875</u> |



| | 2017 | 2016 |
|---|------------------------------|---------|
| | ----- (Rupees in '000) ----- | |
| 33. TAXATION | | |
| Current tax | | |
| Current tax on profits for the year | 564,219 | 584,183 |
| Adjustments for current tax of prior years | (13,812) | 2,449 |
| | 550,407 | 586,632 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 44,068 | 17,103 |
| Impact of change in tax rate | (5,904) | (6,376) |
| | 38,164 | 10,727 |
| | 588,571 | 597,359 |

33.1 The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

| | 2017 | 2016 |
|---|------------------------------|-----------|
| | ----- (Rupees in '000) ----- | |
| Profit before taxation | 2,065,197 | 1,868,186 |
| Tax at the applicable rate of 31% (2016: 32%) | 640,211 | 597,820 |
| Tax effect of: | | |
| - expenses not deductible for tax purposes | 226,572 | 150,724 |
| - expenses deductible for tax purposes but not taken to profit and loss account | (254,712) | (167,673) |
| - income not subject to tax / income subject to final tax regime / tax credits | (104,583) | (51,144) |
| Adjustments in respect of prior years | (13,812) | 2,449 |
| Super tax for rehabilitation of temporarily displaced persons | 56,731 | 54,456 |
| Deferred taxation | 38,164 | 10,727 |
| Tax charge | 588,571 | 597,359 |

33.2 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 7.5% on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute 40% of accounting profit either through cash dividend or issuance of bonus shares within six months of the end of said tax year.

The Board of Directors in their meeting held on August 28, 2017 has proposed to distribute sufficient cash dividend for the year ended June 30, 2017 (refer note 42) which complies with the above-stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these financial statements for the year ended June 30, 2017.

| | 2017 | 2016 |
|---|------------------------------|------------|
| | ----- (Rupees in '000) ----- | |
| 34. EARNINGS PER SHARE | | |
| 34.1 Basic earnings per share | | |
| Net profit for the year | 1,476,626 | 1,270,827 |
| | ----- Number of shares ----- | |
| Weighted average ordinary shares in issue | 17,399,769 | 17,399,769 |
| | ----- Rupees ----- | |
| Earnings per share | 84.86 | 73.04 |
| 34.2 Diluted earnings per share | | |

No figures for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.



35. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Holding Company, Associated Companies, directors of the Company, companies in which directors are interested, key management personnel, post employment benefit plans and close members of the families of the directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

| | 2017 | 2016 |
|---|------------------------------|-----------|
| | ----- (Rupees in '000) ----- | |
| Holding Company | | |
| Rent / service charges paid | 111,326 | 157,840 |
| Dividend paid | 158,747 | 122,900 |
| Reimbursement of expenses | - | 90 |
| Associated companies | | |
| Sales of: | | |
| - goods | 2,383,780 | 1,133,461 |
| - operating fixed assets | - | 8,549 |
| Purchases of: | | |
| - goods and services | 10,547,426 | 7,900,864 |
| - operating fixed assets | 77,316 | 102,335 |
| - intangible assets | 1,824 | - |
| Rent / service charges paid | 6,634 | 36,775 |
| Mark-up paid | 19,841 | 28,484 |
| Reimbursement of expenses | 3,451 | 942 |
| Expense charged | - | 335 |
| Insurance premium | 130,146 | 127,053 |
| Insurance claims | 11,554 | 18,955 |
| Purchase of units in mutual funds | 5,357,063 | 1,510,000 |
| Sale of units in mutual funds | 4,675,108 | 919,401 |
| Dividend received | 5,378 | 45,795 |
| Dividend paid | 50,115 | 38,800 |
| Royalty and technical fee | 169,594 | 144,866 |
| Donation paid | 18,682 | 14,807 |
| Contribution to pension funds | 9,932 | 8,896 |
| Other related parties | | |
| Contributions paid to: | | |
| - gratuity funds | 13,361 | 12,536 |
| - provident fund | 7,373 | 7,167 |
| Salaries and other short term employment benefits to key management personnel | 110,753 | 108,819 |
| Sale of vehicles under Company policy | 4,117 | 2,978 |



36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged during the year in respect of remuneration, including certain benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

| | Directors | | | | | |
|--------------------------|------------------------------|---------------|---------------|---------------|----------------|----------------|
| | Chief Executive | | Others | | Executives | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | ----- (Rupees in '000) ----- | | | | | |
| Managerial remuneration | 15,716 | 14,552 | 29,539 | 23,966 | 98,462 | 80,559 |
| House rent and utilities | 11,002 | 10,186 | 20,677 | 16,776 | 68,923 | 56,446 |
| Bonus | 5,394 | 8,666 | 10,138 | 8,278 | 33,774 | 43,632 |
| Retirement benefits | 2,359 | 2,159 | 2,700 | 6,672 | 13,019 | 15,256 |
| Medical and others | 435 | 378 | 765 | 579 | 5,506 | 4,964 |
| | <u>34,906</u> | <u>35,941</u> | <u>63,819</u> | <u>56,271</u> | <u>219,684</u> | <u>200,857</u> |
| Number of persons | <u>1</u> | <u>1</u> | <u>2</u> | <u>2</u> | <u>79</u> | <u>66</u> |

36.1 The Chief Executive and certain Directors are provided with free use of the Company maintained cars and telephones at residences. Certain executives are also provided with the Company's vehicles.

36.2 Remuneration to other directors

Aggregate amount charged in these financial statements for meeting fee to two (2016: two) non-executive directors was Rs.500 thousand (2016: Rs.290 thousand).

37. FINANCIAL RISK MANAGEMENT

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

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

(a) Credit risk

Credit risk represents the risk of accounting loss being caused if counterparty fails to perform as contracted or discharge an obligation. Credit risk arises from loans, trade deposits, trade debts, loans & advances, investments, other receivables and deposits with banks & financial institutions.

The carrying amounts of financial assets represent the maximum credit exposure. The financial assets exposed to credit risk aggregated to Rs.2,870,620 thousand (2016: Rs.1,751,710 thousand) as at June 30, 2017 and are as follows:

| | 2017 | 2016 |
|----------------------|------------------------------|------------------|
| | ----- (Rupees in '000) ----- | |
| Long term loans | 1,303 | 1,152 |
| Long term deposits | 16,777 | 14,647 |
| Trade debts | 364,642 | 119,477 |
| Loans and advances | 1,856 | 1,674 |
| Deposits and margins | 6,318 | 4,119 |
| Investments | 2,464,851 | 1,558,861 |
| Other receivables | - | 6,523 |
| Bank balances | 14,873 | 45,257 |
| | <u>2,870,620</u> | <u>1,751,710</u> |



Out of the total financial assets credit risk is concentrated in investments in mutual fund securities, trade debts and deposits with banks as they constitute 99% (2016: 98%) of the total financial assets.

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

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

The maximum exposure to credit risk for trade debts at the reporting date by type of customer are as follows:

| | 2017 | | 2016 | |
|---|-------|----------------|-------|----------------|
| | % | Rupees in '000 | % | Rupees in '000 |
| Original Equipment Manufacturers and Institutions | 15.54 | 56,660 | 26.53 | 31,692 |
| Associated Companies | 77.63 | 283,071 | 59.06 | 70,553 |
| Dealers | 6.83 | 24,911 | 14.42 | 17,232 |
| | 100 | 364,642 | 100 | 119,477 |

The credit quality of loans, advances, deposits and other receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred.

The credit quality of Company's bank balances and investments in mutual funds securities can be assessed with reference to the external credit ratings as follows:

| Name of Bank | agency | Rating | | 2017 | 2016 |
|---------------------------------|---------|------------|-----------|------------------------|--------|
| | | short-term | long-term | ---(Rupees in '000)--- | |
| MCB Bank Limited | PACRA | A1+ | AAA | 4,605 | 5,134 |
| Habib Metropolitan Bank Limited | PACRA | A1+ | AA+ | 2 | 50 |
| Habib Bank Limited | JCR-VIS | A-1+ | AAA | 10,266 | 5,433 |
| | | | | 14,873 | 10,617 |

| Mutual funds | Agency | Rating | 2017 | 2016 |
|-------------------------------|---------|--------|------------------------|-----------|
| | | | ---(Rupees in '000)--- | |
| Atlas Stock Market Fund | PACRA | AM2+ | - | 282,666 |
| Atlas Income Fund | PACRA | AA-(f) | 920,915 | 910,374 |
| Atlas Islamic Stock Fund | PACRA | AM2+ | 799,339 | 221,565 |
| Atlas Islamic Income Fund | PACRA | AA(f) | 600,259 | - |
| Atlas Gold Fund | PACRA | AM2+ | 54,439 | 56,950 |
| HBL Money Market Fund | JCR-VIS | AA(f) | - | 87,306 |
| HBL Islamic Money Market Fund | JCR-VIS | AA(f) | 89,899 | - |
| | | | 2,464,851 | 1,558,861 |

(b) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2017, the Company had Rs.3,150,000 thousand available borrowings limits from banks / financial institutions and of bank balances Rs.14,873 thousand.

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

| | Carrying Amount | Contractual cash flows | Maturity upto one year | Maturity more than one year |
|--------------------------|-----------------------------|------------------------|------------------------|-----------------------------|
| | ------(Rupees in '000)----- | | | |
| June 30, 2017 | | | | |
| Trade and other payables | 1,037,463 | 1,037,463 | 1,037,463 | - |
| Accrued mark-up | 4,623 | 4,623 | 4,623 | - |
| Short term borrowings | 882,770 | 897,025 | 897,025 | - |
| | 1,924,856 | 1,939,111 | 1,939,111 | - |



| | Carrying Amount | Contractual cash flows | Maturity upto one year | Maturity more than one year |
|--------------------------|-----------------------------|------------------------|------------------------|-----------------------------|
| | ------(Rupees in '000)----- | | | |
| June 30, 2016 | | | | |
| Trade and other payables | 774,198 | 774,198 | 774,198 | - |
| Accrued mark-up | 4,392 | 4,392 | 4,392 | - |
| Short term borrowings | 735,989 | 748,595 | 748,595 | - |
| | <u>1,514,579</u> | <u>1,527,185</u> | <u>1,527,185</u> | <u>-</u> |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30, 2017.

(c) Market risk

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

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (U.S. Dollar). Currently, the Company's foreign exchange risk is restricted to the amounts payable to foreign entities. The Company's exposure is as follows:

| | 2017 | | 2016 | |
|-------------------------------|----------------|---------------|----------------|---------------|
| | Rupees in '000 | U.S. Dollars | Rupees in '000 | U.S. Dollars |
| Balance sheet exposure | | | | |
| Trade and other payables | <u>8,400</u> | <u>80,000</u> | <u>8,376</u> | <u>80,000</u> |

Exchange rate of 105.00 (2016: 104.70) for US Dollar to Rupee has been applied.

At June 30, 2017, if the Rupee had weakened / strengthened by 5% against U.S. Dollars with all other variables held constant, the recalculated post-tax profit for the year would have been Rs.420 thousand (2016: Rs.419 thousand) higher / (lower), mainly as a result of foreign exchange gain / (loss) on translation of U.S. Dollar denominated financial liabilities.

Interest rate risk

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

The Company's interest rate exposure arises from short term borrowings. Borrowings issued at variable rates expose the Company to cash flow risk and borrowing issued at fixed rate expose the Company to fair value interest rate risk. At June 30, 2017, the Company's interest bearing borrowings aggregated to Rs.822,770 thousand (2016: Rs.735,989 thousand).

At June 30, 2017, if the interest rates on the Company's borrowings had been 1% higher / (lower) with all other variables held constant, the calculated post-tax profit for the year would have been Rs.8,828 thousand (2016: Rs.7,360 thousand) lower / higher mainly as a result of higher / (lower) interest expense on floating rate borrowings.

Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of investments in mutual fund securities amounting to Rs.2,464,851 thousand (2016: Rs.1,558,861 thousand) and classified at fair value through profit or loss. The Company is not exposed to commodity risk.



At June 30, 2017, if fair value (Net Asset Value) had been 1% higher / lower with all other variables held constant, the post-tax profit for the year would have Rs.24,649 thousand (2016: Rs.15,589 thousand) higher / (lower) as a result of gain / (loss) on investments classified as at fair value through profit or loss.

37.2 Fair value measurement of financial instruments

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

The carrying values of all financial assets and liabilities reflected in the 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:

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

The Company's financial assets measured at fair value comprise only of level 1 financial assets amounting to Rs.2,464,851 thousand (2016: Rs.1,558,861 thousand).

There were no transfers amongst the levels during the current and preceding year. The Company's policy is to recognise transfer into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

37.3 Financial instruments by categories

| | As at June 30, 2017 | | | As at June 30, 2016 | | |
|--|----------------------------|---------------------------------------|------------------|----------------------------|---------------------------------------|------------------|
| | Loans and receivables | At fair value through profit and loss | Total | Loans and receivables | At fair value through profit and loss | Total |
| | ----- Rupees in '000 ----- | | | ----- Rupees in '000 ----- | | |
| Financial assets as per balance sheet | | | | | | |
| Long term loans | 1,303 | - | 1,303 | 1,152 | - | 1,152 |
| Long term deposits | 16,777 | - | 16,777 | 14,647 | - | 14,647 |
| Trade debts | 364,642 | - | 364,642 | 119,477 | - | 119,477 |
| Loans and advances | 1,856 | - | 1,856 | 1,674 | - | 1,674 |
| Deposits and prepayments | 6,318 | - | 6,318 | 4,119 | - | 4,119 |
| Investments | - | 2,464,851 | 2,464,851 | - | 1,558,861 | 1,558,861 |
| Other receivables | - | - | - | 6,523 | - | 6,523 |
| Bank balances | 14,873 | - | 14,873 | 45,257 | - | 45,257 |
| | <u>405,769</u> | <u>2,464,851</u> | <u>2,870,620</u> | <u>192,849</u> | <u>1,558,861</u> | <u>1,751,710</u> |



| Financial liabilities as per balance sheet | Financial liabilities at amortised cost | |
|--|---|------------------|
| | 2017 | 2016 |
| | ----- Rupees in '000 ----- | |
| Trade and other payables | 1,037,463 | 774,198 |
| Accrued mark-up | 4,623 | 4,392 |
| Short term borrowings | 882,770 | 735,989 |
| | <u>1,924,856</u> | <u>1,514,579</u> |

37.4 Capital risk management

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders and / or issue new shares. There was no change to the Company's approach to capital management during the year.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

The production capacity of the plant cannot be determined as this depends upon the relative proportion of various types of automotive and motorcycle batteries produced.

39. ENTITY-WIDE INFORMATION

These financial statements have been prepared on the basis of the single reportable segment.

39.1 Information about products

Sales of battery and allied products represent 93.18% (2016: 96.92%) of the total revenue of the Company.

39.2 Information about geographical areas

All non-current assets of the Company as at June 30, 2017 are located in Pakistan.

All of the Company's sales relate to customers in Pakistan other than export sales amounting to Rs.44,467 thousand made to Afghanistan.

39.3 Information about customers

The Company's customer base is diverse with no single customer accounting for more than 10% of net revenue.

40. NUMBER OF EMPLOYEES

| | 2017 | 2016 |
|---|------------|------------|
| Total number of employees as at June 30, | <u>315</u> | <u>287</u> |
| Average number of employees during the year | <u>303</u> | <u>280</u> |

41. PROVIDENT FUND RELATED DISCLOSURES

41.1 The following information is based on unaudited financial statements of the Fund for the year ended June 30, 2017:

| | 2017 | 2016 |
|---------------------------------|------------------------------|----------------|
| | ----- (Rupees in '000) ----- | |
| Size of the Fund - Total Assets | <u>156,831</u> | <u>142,051</u> |
| Cost of investments made | <u>77,075</u> | <u>69,364</u> |
| Percentage of investments made | <u>96.39%</u> | <u>98.64%</u> |
| Fair value of investments | <u>151,171</u> | <u>140,126</u> |



41.2 The break-up of fair value of investments is as follows:

| | 2017 ---(Percentage)--- | 2016 | 2017 ---(Rupees in '000)--- | 2016 |
|-------------------------------------|----------------------------|-------|--------------------------------|---------|
| Special account in a scheduled bank | 1.69 | 2.22 | 2,657 | 3,152 |
| Debt securities | 96.38 | 96.43 | 151,171 | 136,974 |

41.3 The investments out of Provident Fund have been made in accordance with the provisions of section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

42. **EVENTS AFTER THE BALANCE SHEET DATE**

The Board of Directors, in their meeting held on August 28, 2017, (i) approved the transfer of Rs.870,000 thousand (2016: Rs.1,000,000 thousand) from unappropriated profit to general reserve and (ii) proposed a final cash dividend of Rs.35.00 (2016: Rs.15.50) per share amounting to Rs.608,992 thousand (2016: Rs.269,696 thousand) for approval of the members at the Annual General Meeting to be held on September 29, 2017.

These financial statements do not reflect the proposed appropriations, which will be accounted for in the statement of changes in equity as appropriations from unappropriated profit in the year ending June 30, 2018.

43. **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorised for issue on August 28, 2017 by the Board of Directors of the Company.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Frahim Ali Khan
Director





ENSURING HEALTH THROUGH MEDICAL SERVICES

Atlas Battery strives to implement such policies and practices to reduce impact of hazards, down to the lowest possible limits. The company houses a medical facility equipped with superior services to assist any worker who meets with work related accidents.

GLOSSARY OF TERMS

As at June 30, 2017

| | | | |
|---------|--|-------|---|
| AGS | Atlas Genzo Shimadzu | LUMS | Lahore University of Mangement Sciences |
| B2C | Business to Consumer | MAP | Management Association of Pakistan |
| BCP | Business Continuity Plan | MC | Management Committee |
| BPR | Business Process Re-engineering | NAV | Net Asset Value |
| CDS | Central Depository System | NBFC | Non-Banking Financial Institution |
| CFO | Chief Financial Officer | NCCPL | National Clearing Company Pakistan Limited |
| CEO | Chief Executive Officer | NGO | Non-Governmental Organization |
| CGLS | Corporate Governance Leadership Skills | NIT | National Investment Trust |
| CIR (A) | Commissioner Inland Revenue (Appeals I) | OEM | Original Equipment Manufacturer |
| CLA | Corporate Law Authority | PAMA | Pakistan Automotive Manufacturers Association |
| CNIC | Computerized National Identity Card | PAT | Profit After Taxation |
| DCIR | Deputy Commissioner Inland Revenue | PBT | Profit Before Taxation |
| DFI | Development Financial Institution | PICG | Pakistan Institute of Corporate Governance |
| DPS | Dividend Per Share | PKR | Pakistan Rupee |
| EBITDA | Earnings Before Interest, Tax, Depreciation & Amortization | PUC | Projected Unit Cost |
| ERP | Enterprise Resource Planning | QCC | Quality Control Circle |
| FBR | Federal Board of Revenue | UK | United Kingdom |
| GDP | Gross Domestic Product | UPS | Uninterruptible Power Supply |
| GIKEST | Ghulam Ishaq Khan Institute of Engineering Sciences and Technology | USA | United States of America |
| HR | Human Resource | WPPF | Workers Profit Participant Fund |
| IBA | Institute of Business Administration | WWF | Workers Welfare Fund |
| ICP | Investment Corporation of Pakistan | | |
| IFAC | International Federation of Accounting | | |
| IFRS | International Financial Reporting Standards | | |
| IT | Information Technology | | |
| KSE | Karachi Stock Exchange | | |
| LSE | Lahore Stock Exchange | | |





Atlas Group Companies

*Year of Establishment /
Acquisition**

 Shirazi Investments

1962

 Atlas Honda

1962

 Atlas Battery

1966

 Shirazi Trading

1975

 Atlas Insurance

1980*

 Atlas Engineering

1981*

HONDA Honda Atlas Cars

1992

HONDA Honda Atlas Power Product

1997

 Atlas Asset Management

2002

 Atlas Power

2007

 Atlas World Wide

2007

 Atlas Venture

2008

 Atlas Autos

2011

 Atlas Hitec

2012

 Atlas Metals

2012

 Atlas Global

2015

 Atlas Aluminium

2016

 Atlas Die Casting

2016



PRODUCT TYPES AND THEIR APPLICATION

| Product Type | | | Application |
|----------------------------------|---------|-------------|---|
| Light Batteries | | | |
| CGR30 | 7 PL | CGR30 | CNG Rickshaw |
| GR46 | 9 PL | NS40SR | Suzuki Van / Pick-up, Subaru Van / Pick-up (old models) (600cc to 800cc) |
| GL43 | 9 PL | NS40SR | Suzuki Car / Van / Pick-up, Jeep, Subaru Car / Van / Pick-up, Charade Petrol (800cc to 1000cc) |
| GL48 | 9 PL | NS40ZL 9PL | Suzuki Mehran, Daihatsu Cuore, Kia Classic, All CNG converted vehicles (800cc to 1000cc) |
| GL50 | 11 PL | NS40ZL 11PL | All types of vehicles (800cc to 1300cc) |
| CNG60 | 13 PL | N40 | Datsun 120Y, Mazda, Mitsubishi Lancer, Toyota, Honda Civic (1000cc to 1800cc) |
| GR65 | 13 PL | NS60 | |
| GL65 | 13 PL | NS60L | |
| GR70 | 9 PL | N50 | Honda Accord, Honda CRV, Toyota Mark II, Toyota Crown, Toyota Cressida, Mercedes Benz, Willys Jeeps, MF375 Tractors, Hyundai, Daewoo (2000cc to 6000cc) |
| 80D26R | 11 PL | N50Z | |
| GR85 | 13 PL | N70 EXTRA | |
| GL85 | 13 PL | N70 EXTRA L | |
| Medium Batteries | | | |
| GR87 | 11 PL | NS70 | Toyota Hi-Ace, Mercedes Benz, Isuzu Bus JCR 520zz, Massey Ferguson Tractors, MF-210 Cruiser, Toyota Hi-Lux, Nissan Diesel Pick-up, Ford 1910 Tractor (2000cc to 6000cc) |
| GR95 | 13 PL | N70Z | |
| GR100 | 15 PL | N85P | |
| GL100 | 15 PL | N85L | |
| 6FT120 | 15 PL | 6FT15 | |
| N125 | 17 PL | N100S | Fiat Tractors 460 / 480, IMT 540 Tractors, Massey Ferguson Tractors 240 / 265, Ford Wagons, Land Rover, Toyota Land Cruiser (3000cc to 6000cc) |
| GX132 | 17 PL | | Isuzu Trucks, Mercedes Benz, Hino Truck ZH - 100, Fiat Tractors 640, Isuzu JCR 460R (3000cc to 6000cc) |
| GX135 | 19 PL | N100 | |
| Heavy Batteries | | | |
| GX155 | 21 PL | N120S | Fiat Tractors 640, Hino Trucks and Busses, Hino Bowzer, Fiat Trucks, Ford Dumper, Isuzu Diesel Buses, Fiat Buses (3000cc to 12000cc) |
| GX165 | 21 PL | N120S | |
| GX175 | 23 PL | N140 | Ford Tractor 3610 and 46 |
| 4DLT145 | 23 PL | N130S | |
| 4DLT160 | 27 PL | N150S | |
| GL190 | 23 PL | | Bedford Truck, Fiat Tractors 640, Mazda Coaster T-3000, Isuzu TD-72, Generator Sets, Road Rollers and Belarus Tractors |
| 195G51F | 25 PL | N150 | |
| GX200R | 27 PL | N175 | |
| GX200F | 27 PL | N190Z | |
| 210H52 | 31 PL | N200P | |
| 245H52 | 33 PL | N200 | |
| Atlas Hybrid - Automotive | | | |
| HB46 | 9 PL | NS40ZL | All types of vehicles (800cc to 1300cc) |
| HB50 | 11 PL | NS40ZL | All types of vehicles (800cc to 1300cc) |
| HB65 | 13 PL | NS60L | All types of vehicles (1000cc to 1800cc) |
| HB65 (Thin Pole) | 13 PL | NS60L | All types of vehicles (1000cc to 1800cc) |
| Motorcycle Battery | | | |
| GM2.53C2 CLASSIC | 3 PL | | Honda CD70, CG125, all Japanese and Chinese motorcycles |
| Distilled Water | | | |
| Battery Tonic | 1000 ML | | Distilled water for all types of batteries |



OUR VALUED OEM CUSTOMERS



Atlas Honda Limited



Honda Atlas Cars (Pakistan) Ltd.



Indus Motor Company Ltd.



Pak Suzuki Motor Company Ltd.



Al-Ghazi Tractors Limited



Sigma Motors Limited



DYL Motorcycles Ltd.



Ghandhara Nissan Ltd.



Sazgar Engineering Works Ltd.



N.J. Auto Industries (Pvt) Ltd.



D.S. Motors (Pvt) Ltd.



Memon Motors (Pvt) Ltd.



HKF Engineering (Pvt) Ltd.



Super Asia Motors (Pvt) Ltd.



United Auto Industries (Pvt) Ltd.



Master Motor Corp. Ltd.



Afzal Motors (Pvt) Ltd.



September 08, 2017

To: All Shareholders of the Company

Remuneration of Chief Executive and Company Secretary
Information under Section 218 of the Companies Ordinance, 1984

It is to inform you that the Board has approved the remuneration for the following, for the year ending June 30, 2018.

1. Chief Executive at Rs. 28.85 million.
2. Company Secretary at Rs. 2.78 million.

Bonus, retirement benefits and other facilities are provided in accordance with Company's rules.

Yours truly
For Atlas Battery Limited



Muhammad Irfan
Company Secretary

September 08, 2017

To: All Shareholders of the Company

Copy of Computerized National Identity Card (CNIC)

As per directions to all listed companies by Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 779(1)/2011 dated August 18, 2011, the “**DIVIDEND WARRANT(S)**” should bear the Computerized National Identity Card (CNIC) number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant(s) can not be issued without inserting the CNIC number of the member(s) or its authorized person(s).

For this purpose, please provide us a copy of your CNIC (if not provided earlier) **ON MOST URGENT BASIS** for compliance of the directions of SECP, failing which your future dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.

You must mention your folio number on the face of your CNIC copy for identification.

Copy of your CNIC may please be sent to our Registered Office at the following address:

**Share Department
Atlas Battery Limited
D-181, Central Avenue
S.I.T.E.
Karachi-75730**

Shareholders are requested to immediately notify the change of address, if any.

Yours truly
For Atlas Battery Limited



Muhammad Irfan
Company Secretary

Copy of the Notification of Securities and Exchange Commission of Pakistan dated August 18, 2011.

S.R.O. 779(1)/2011. In exercise of the powers conferred by section 506B of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan is pleased to direct all the listed companies to issue dividend warrant(s) only crossed as “A/C payee only” in the name of registered member or in the name of authorized person where a registered member authorizes the company to pay dividend on his behalf to any person. The dividend warrant(s) should also bear the Computerized National Identity Card Number of the registered member or the authorized person, except in the case of minor(s) and corporate members.



September 08, 2017

To: All Shareholders of the Company

Dividend Mandate Form

It is to inform you that as per Section 242 of Companies Act, 2017 enacting from May 31, 2017, the payment of cash dividend through electronic mode has become mandatory. However, as per Circular No.18/2017 dated August 01, 2017, the Securities and Exchange Commission of Pakistan (SECP) has granted one time relaxation till October 31, 2017 to comply with the above requirement. Therefore, all shareholders are advised to provide their bank details in this Dividend Mandate Form, enable the Company to transfer your cash dividend into your bank account. Shareholders maintaining shareholding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant / CDC Investor Account Service.

| Transferee Detail | |
|---------------------------------------|--|
| Title of Bank Account | |
| Bank Account Number | |
| Bank's Name | |
| Branch Name and Address | |
| Cell Number of Transferee | |
| Landline Number of Transferee, if any | |

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Signature of member / shareholder

Folio No. _____



The Secretary,
Atlas Battery Limited,
D-181, Central Avenue,
S.I.T.E.,
Karachi.

PROXY FORM

I / We _____
of _____
being member(s) of Atlas Battery Limited holding _____ ordinary shares
as per Folio No. _____ and / or CDC Account No. _____ hereby appoint

of _____
Folio No. _____ and / or CDC Account No. _____ or failing him
/ her _____
of _____
Folio No. _____ and / or CDC Account No. _____ as my / our
proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the
Company to be held at 9:30 a.m. on Friday, September 29, 2017 at 2nd Floor, Federation House, Sharae
Firdousi, Clifton, Karachi and at every adjournment thereof.

Signed this _____ day of _____, 2017.

Witness:

Signature _____

Name _____

CNIC or Passport No. _____



Signature of
Member(s)

Note:

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend, act and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company or at the office of our Share Registrar M/s. Hameed Majeed Associates (Private) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi not less than 48 hours before the time of the meeting.
- CDC shareholders and their proxies are requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.



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کمپنی سیکریٹری
اٹلس بیٹری لمیٹڈ
D-181، سینٹرل ایونیو
سائٹ، کراچی

پراکسی فارم

میں / ہم _____
_____ سکنہ
بجیٹ نمبر (ز) اٹلس بیٹری لمیٹڈ اور حق ملکیت رکھتے ہوئے _____
_____ اور ایسی ڈی سی اکاؤنٹ نمبر _____ نامزد کرتا / کرتے ہوں
_____ سکنہ
_____ فوئو نمبر _____ اور ایسی ڈی سی اکاؤنٹ نمبر _____ یا ایسا نہیں ہونے کی
_____ صورت میں محترم / محترمہ _____
_____ سکنہ
_____ فوئو نمبر _____ اور ایسی ڈی سی اکاؤنٹ نمبر _____ کو بطور
ہمارا / میرا پراکسی مقرر کرنا / کرتے ہیں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے سالانہ عام اجلاس منعقدہ بروز جمعہ بتاریخ 29 ستمبر 2017ء بمقام دوسری منزل، فیڈریشن
ہاؤس، شاہراہ فرودسی، گلشن، کراچی میں یا اس کے کسی مالتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

دستخط کیے گئے ہیں سال 2017ء کے _____ ماہ اور _____ تاریخ کو۔

درست رقم کا ٹکٹ
چسپاں کریں

دستخط کرکن

گواہ:

دستخط: _____

نام: _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

نوٹ:

- کمپنی کے عام اجلاس میں شرکت اور ووٹ کا حقدار رکن اپنی جگہ شرکت اور ووٹ کے لئے پراکسی مقرر کرنے کا حقدار ہے۔ کوئی بھی شخص جو کمپنی کارکن نہیں ہے اسے بطور پراکسی مقرر نہیں کیا جاسکتا سوائے اس شخص کے جسے کوئی ادارہ رکن نہ ہونے پر مقرر کرے۔ پراکسی کے موثر ہونے کے لئے لازمی ہے کہ وہ کمپنی کے رجسٹرڈ پتے یا شیئرز رجسٹرار میسرز جمید جمید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیئرمینز، حسرت موہانی روڈ کراچی پر اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل موصول ہو جائیں۔
- سی ڈی سی شیئرز ہولڈرز اور ان کے پراکسی سے درخواست ہے کہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی نقل اس پراکسی فارم کے ساتھ کمپنی کو جمع کروائیں۔

درست رقم کا ٹکٹ
چسپاں کریں

کمپنی سیکریٹری
اٹلس بیٹری لمیٹڈ،
D-181، سینٹرل ایونیو،
سائٹ، کراچی

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Investors' Education

In pursuance of SRO (924(1)/2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors.

www.jamapunji.pk



Be aware, Be alert, Be safe

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www.jamapunji.pk

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- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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*Mobile apps are also available for download for android and ios devices