



Annual Report

2019



CHARGING TOWARDS THE  
**SUMMIT**



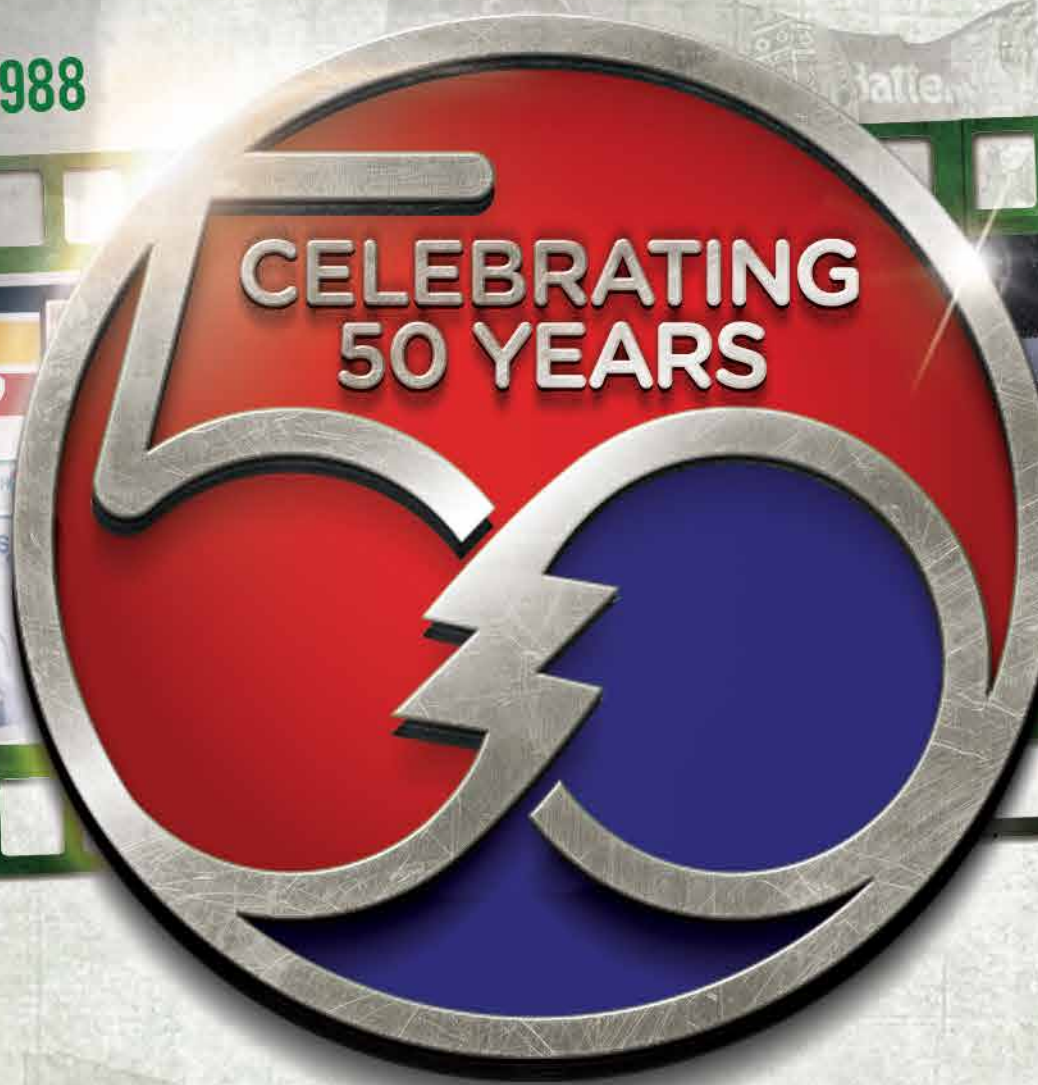
1966-1978

1979-1988

1989-1998

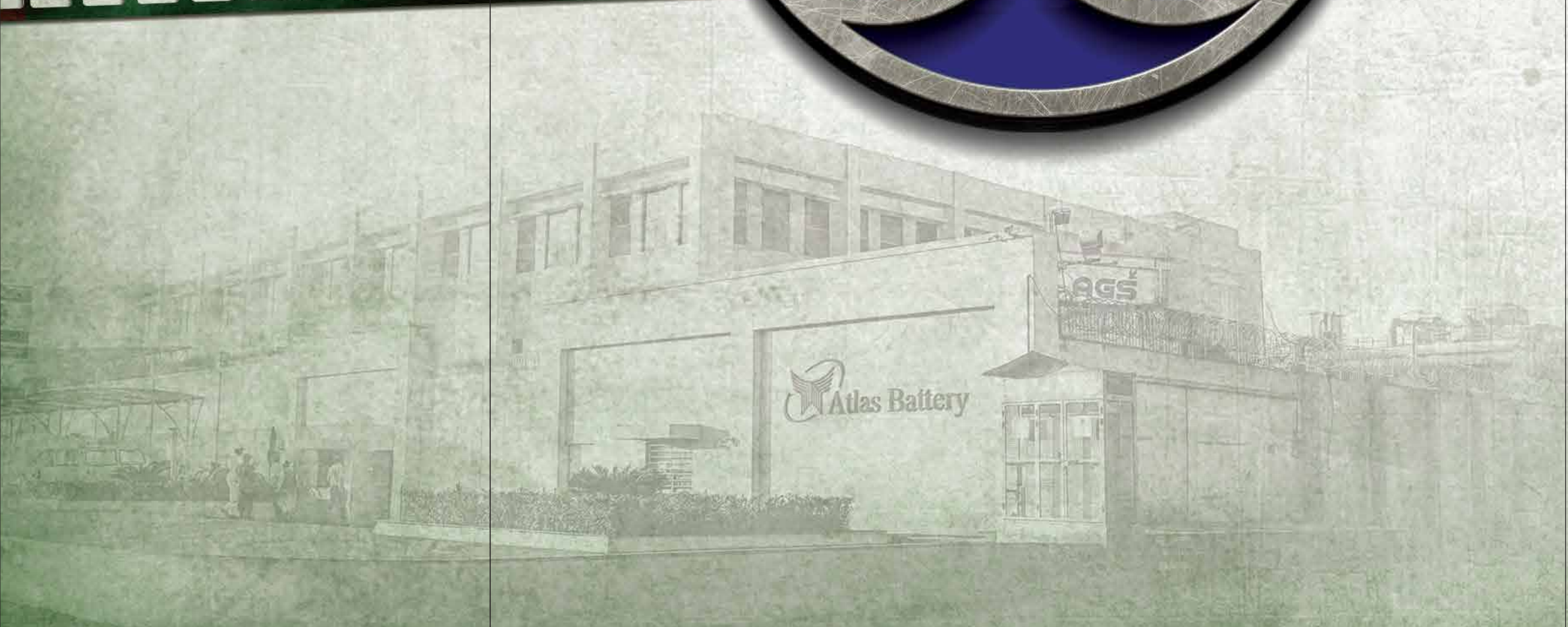
1999-2008

2009-2019



## CHARGING TOWARDS THE SUMMIT

Our journey began more than **50 years** ago, and this year, we are celebrating our accomplishments while acknowledging the unrelenting hard work, commitment and perseverance of the Atlas community. After being incorporated in **1966** and embarking on a momentous journey of opportunities, struggle and continuous improvement, today, we are stronger than ever in our commitment to **paving the way towards excellence!**







## PAVING OUR WAY TOWARDS ENVIRONMENTAL EFFICIENCY AND SUSTAINABILITY

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 and other hazards at the workplace. Atlas Battery consciously ensures workers' health, improving hygiene standards and reducing environmental impact. All this has resulted in paving our path towards excellence in quality, production, and performance.

HEALTH | SAFETY | ENVIRONMENT



# 1966 TO 1978

## STARTING THE JOURNEY TOWARDS EXCELLENCE

Atlas Battery has paved its way towards excellence over a span of **50+ years**. With its journey beginning in **1966**, Atlas Battery quickly became associated with exceptional performance and meticulous attention towards quality. The story had just begun when the company entered into a technical collaboration with **Japan Storage Battery Co. Ltd.**





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## 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, Sukkur and Rahim Yar Khan.

## 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 16 companies of which 4 are quoted on the Pakistan Stock Exchange.

Atlas Battery Limited (the Company) 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 was incorporated as a public limited company on October 19, 1966 and its shares are quoted on Pakistan Stock Exchange Limited. 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. 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, Sukkur and Rahim Yar Khan.

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.

## 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 (Private) 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 over decades.

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 16 companies, 4 of which are quoted on the Pakistan Stock Exchange Limited. Atlas shareholders equity and assets stand at over US\$ 2 billion and annual sales approaching US\$ 3 billion.

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
- Integrity
- Safety
- Meritocracy
- Quality
- 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	Indicators
<b>Associates</b> To develop, update and enhance our associates' skills, knowledge and creative potential.	<ul style="list-style-type: none"><li>Resources allocated to identifying and meeting training needs of associates.</li><li>Equip them with modern trainings – local and foreign.</li><li>Dedicate responsibilities with empowerment for confidence building.</li></ul>
<b>Consumer</b> Dedicated to provide highest level of satisfaction to our consumers and value for their money.	<ul style="list-style-type: none"><li>Quality product.</li><li>After sales services.</li><li>Expeditious warranty claims settlement.</li></ul>
<b>Quality</b> To maintain an edge over competitors in terms of quality of products and services meeting the Japanese standards of excellence.	<ul style="list-style-type: none"><li>Quality control assurance and quality audits.</li><li>International certifications to meet quality standards.</li><li>Training sessions for associates on quality.</li></ul>
<b>Technology</b> To develop a support model and technical infrastructure that strikes the appropriate balance between centralized and decentralized supports and satisfies the diverse needs of the Company.	<ul style="list-style-type: none"><li>Automation of processes.</li><li>Investment in information technology.</li><li>Capex allocation towards improvement of production facilities.</li><li>B2C and B2B implementation.</li></ul>
<b>Innovation</b> Driven for innovation and continuous improvement.	<ul style="list-style-type: none"><li>Investment in research and development.</li><li>Process re-engineering.</li><li>New product development.</li><li>Introduce updated technology.</li></ul>
<b>Shareholders</b> To safeguard shareholders' interest through a healthy and viable business, that regularly pays satisfactory dividends and adds value to their investment.	<ul style="list-style-type: none"><li>Earnings per share.</li><li>Market price per share.</li><li>Return on equity.</li><li>Dividend per share.</li></ul>
<b>Corporate Governance</b> 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.	<ul style="list-style-type: none"><li>Compliance with Code of Corporate Governance.</li><li>Ensure ethical practices at all levels.</li><li>Operations structured under appropriate policies and SOPs.</li><li>Law abidance.</li></ul>
<b>Corporate Success</b> To recognize that Leadership, Empowerment and Accountability are essential for corporate success.	<ul style="list-style-type: none"><li>Clear strategy and direction from dynamic Board of Directors.</li><li>Encourage ideas from bottom to top level.</li><li>Succession planning.</li><li>Associates' turnover.</li><li>Job rotation and career development.</li></ul>

## 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 focuses on superior quality, product innovation, HSE improvement and initiatives for highest level of customer satisfaction.

## SIGNIFICANT PLANS AND DECISIONS

During the year, the Company has restructured its balance sheet by sale of land, reducing stocks,

recovering trade debts and liquidating investments. The Company also remained focused on launching of new innovative products like deep cycle batteries, specifically made for solar panels and UPS.

## SOURCES OF INFORMATION AND ASSUMPTIONS USED FOR FORECASTS

Following prudent strategic management practices, budgeting and forecasting is done considering historic trends including sales, cost patterns, capacity, potential customers, etc. Evaluating the skills and capabilities of the human resource, training needs are identified and adequate trainings are provided accordingly. These trainings help in equipping personnel with the necessary capabilities and management skills in achieving Company's objectives, leading to stable financial position.

# QUALITY & HSE POLICY AND MANAGEMENT SYSTEM

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.

The Company recognizes its responsibilities for the Health, Safety and Environment (HSE) of its associates and assets. The ultimate objective of the management is to promote good health, high level of safety and mitigate environmental issues related to the business activities.

## Management System

Atlas Battery Limited will continue to manufacture high quality Lead Acid, low maintenance Hybrid and Deep Cycle batteries. For that purpose, all business functions / relevant processes and systems of the Company have been designed, improved and aligned as per guidelines of the following standards:

- ISO 9001:2018 (Quality Management System)
- ISO 14001:2015 (Environment Management System)
- OHSAS 18001:2007 (Occupational Health & Safety Management System)

In addition, the Company is also proceeding to implement ISO 50001 : 2011 standard (Energy Management System). These systems provide us the means to regulate, validate and trace all processes associated with product, research, design, manufacturing, logistics and sale & after sale services.

The Company has built a new state of art quality lab equipped with a sophisticated laboratory having latest measuring equipment 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 is continuously investing in the infrastructure and equipment necessary to ensure manufacturing of quality products and its safe delivery as per customers' requirement and specifications.





# JOURNEY OF SUCCESS

**1966-1978**

**1966**

Incorporation of the Company.

**1968**

Public floatation of shares.

**1969**

- Technical collaboration with Japan Storage Battery Co. Ltd., Japan.
- Automotive batteries production started.

**1974**

Motorcycle batteries production started.

**1979-1988**

**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.

**1989-1998**

**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.
- PSI Certification (Quality) for motorcycle batteries.

**1999-2008**

**1999**

2nd plant expansion with automatic assembly line.

**2000**

- ISO – 9002 Certification.
- 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.

**2009-2019**

**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.

• Awarded the “Corporate Excellence Certificate” 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.

• Awarded the “Corporate Excellence Certificate” by the Management Association of Pakistan (MAP).

• 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 on quality management system.

• Won the Karachi Stock Exchange (KSE) Top 25 Companies Award (2012-13) for the sixth year consecutively.

• First battery manufacturer to launch “Hybrid” battery under the brand name “Atlas”.

**2016**

• Awarded the “Corporate Excellence Certificate” by the Management Association of Pakistan (MAP).

• 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.

• Won the Pakistan Stock Exchange (PSX) Top 25 Companies Award (2013-14 and 2014-15) for the seventh and eighth year consecutively.

• Awarded the “Corporate Excellence Certificate” by the Management Association of Pakistan (MAP).

• Best Corporate Report Awards (2015) – ICAP and ICMAP.

• ISO – 9001:2015 certification on Quality Management System.

**2018**

• Joint 1st Position – Best Corporate Report Awards (2016) – ICAP and ICMAP.

• Won the Pakistan Stock Exchange (PSX) Top 25 Companies Award (2015-16) for the ninth year consecutively.

• Awarded the “Corporate Excellence Certificate” by the Management Association of Pakistan (MAP).

• ISO 14001: 2015 Certification on Environment Management System.

• OHSAS 18001:2007 Certification on Occupation Health & Safety Management System.

• Best Corporate Report Awards (2017) – ICAP and ICMAP.

**2019**

• Won the Pakistan Stock Exchange (PSX) Top 25 Companies Award (2016-17) for the tenth year consecutively.

• Awarded the “Corporate Excellence Certificate” by the Management Association of Pakistan (MAP).



# POSITION WITHIN THE VALUE CHAIN

Our value chain's ability helps in delivering quality products to end consumers. This comprises of quality inputs, production, supply chain, logistics, marketing, sales, after sales services and corporate financial reporting. These processes result in healthy relationship with customers, dealers and suppliers, efficient warehouse management and strong bonding with stakeholders.



# SIGNIFICANT RESOURCES AND ALLOCATION PLANS

The following are the Company's most significant resources and their allocation to implement overall strategy:

## 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.

## 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 throughout the country.

## Manufactured Capital

The Company has Rs.3,946 million of fixed assets as at June 30, 2019, constituting 47.8% of total assets of the Company.

## Financial Capital

The Company has Rs.5,037 million as reserves as at June 30, 2019 depicting positive and healthy financial status. Short term running finance stood at Rs.1,408 million at year end compared to previous year's Rs.2,460 million, whereas, letters of credit lines up to Rs.1.70 billion are available against lien on shipping documents.

## Intellectual Capital

The Company had 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. The Company 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).

Further, the Company has made heavy investment on ERP, Microsoft products, anti-virus softwares, Business to Customer (B2C), Business Continuity Plan (BCP), Business to Business (B2B), Plant Data Automation, Claim Management System, Data Security Management, Warehouse Management System, etc.

## Shareholders' Value

The shareholders' value has increased over years, which is reflected by healthy return on equity and strong earning per share except for the current year where the Company has incurred losses.





# GEOGRAPHICAL PRESENCE

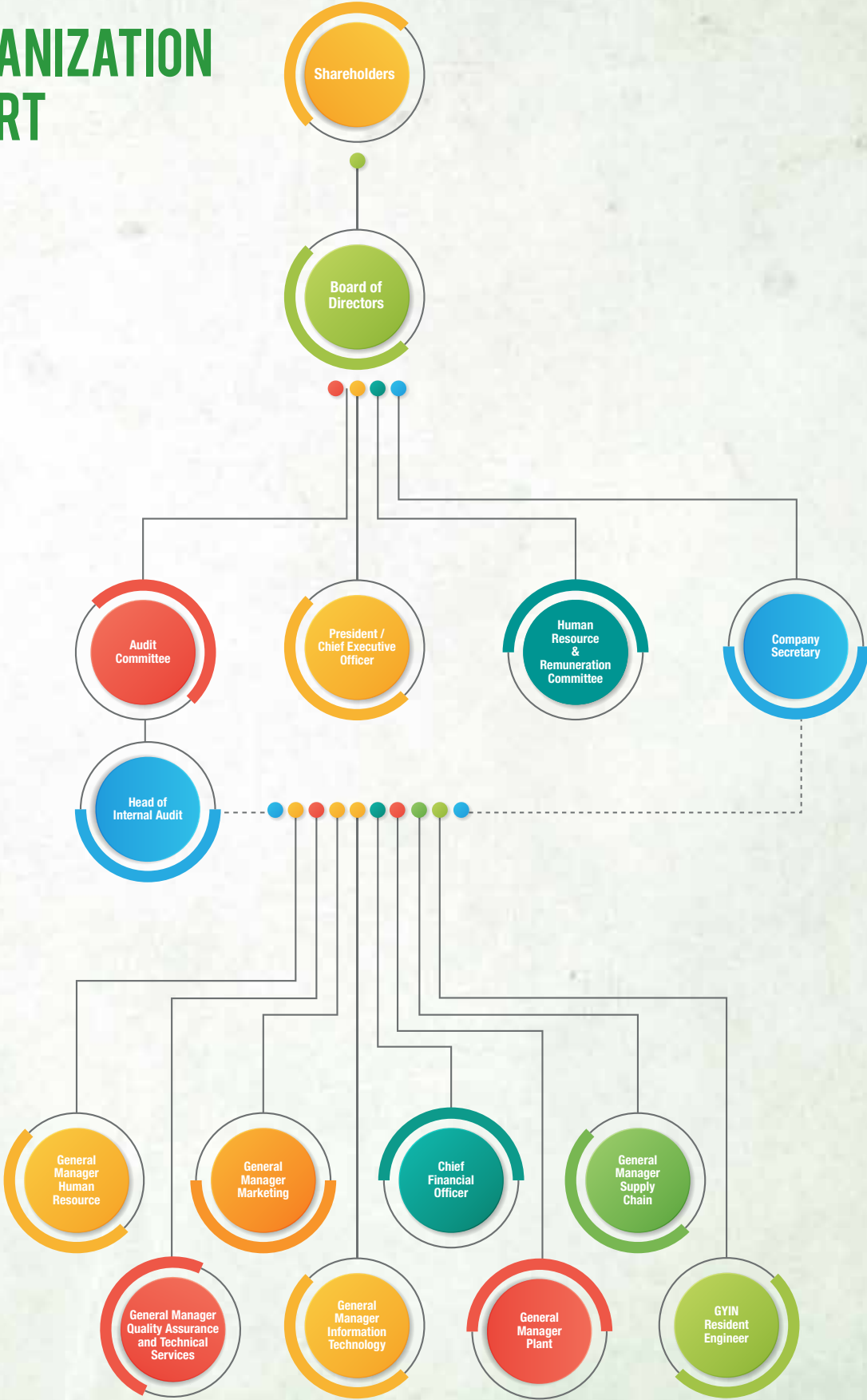


# DEALERSHIP NETWORK

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

There are 220 dealers and their network profile is available on our website [www.atlasbattery.com.pk](http://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

Abdullah Zaheer  
Company Secretary

## AUDIT COMMITTEE

Azam Faruque  
Chairman

Bashir Makki  
Member

Frahim Ali Khan  
Member

Faiz Ullah Ghazi  
Secretary & Head of Internal Audit

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Azam Faruque  
Chairman

Bashir Makki  
Member

Frahim Ali Khan  
Member

Ahmar Waheed  
Secretary

## MANAGEMENT COMMITTEE

Ali H. Shirazi  
President / Chief Executive

Ahmar Waheed  
General Manager Human Resource

Mansoor Jamil Khan  
General Manager Quality  
Assurance & Technical Services

Mohsin Khan  
General Manager Marketing

Qasim Imran Khan  
General Manager Information  
Technology

Rizwan Ahmed  
Chief Financial Officer

Sheikh Adeel-ur-Rehman  
General Manager Supply Chain

Tehseen Raza  
General Manager Plant

## AUDITORS

ShineWing Hameed Chaudhri & Co.  
Chartered Accounts

## LEGAL ADVISORS

Agha Faisal Barrister at Law  
Mohsin Tayebaly & Co.

## TAX ADVISOR

EY Ford Rhodes  
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  
Soneri Bank Limited  
United Bank Limited

## SHARE REGISTRAR

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

## REGISTERED OFFICE & FACTORY

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

## KARACHI SALES OFFICE

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

## KARACHI SERVICE CENTER

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

## SUKKUR SALES OFFICE AND SERVICE CENTER

Pak Memon Cooperative Housing  
Society Limited, Opposite Abad  
Wheat Godown, Shikarpur Road,  
Sukkur  
Tel: (071) 5806124-26

## LAHORE SALES OFFICE

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

## LAHORE SERVICE CENTER

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

## FAISALABAD SALES OFFICE AND SERVICE CENTER

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

## MULTAN SALES OFFICE

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

## MULTAN SERVICE CENTER

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

## PESHAWAR SALES OFFICE AND SERVICE CENTER

First Floor, Zeenat Plaza, G.T.  
Road, Peshawar  
Tel: (091) 2262485

## ISLAMABAD SALES OFFICE

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

## RAWALPINDI SERVICE CENTER

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

## RAHIM YAR KHAN SALES OFFICE AND SERVICE CENTER

Makhdoom Altaf Road, West Sadiq,  
Canal Bank, Near City School,  
Rahim Yar Khan  
Tel: (068) 5883415-7 and (068)  
5888068

## SAHIWAL SALES OFFICE AND SERVICE CENTER

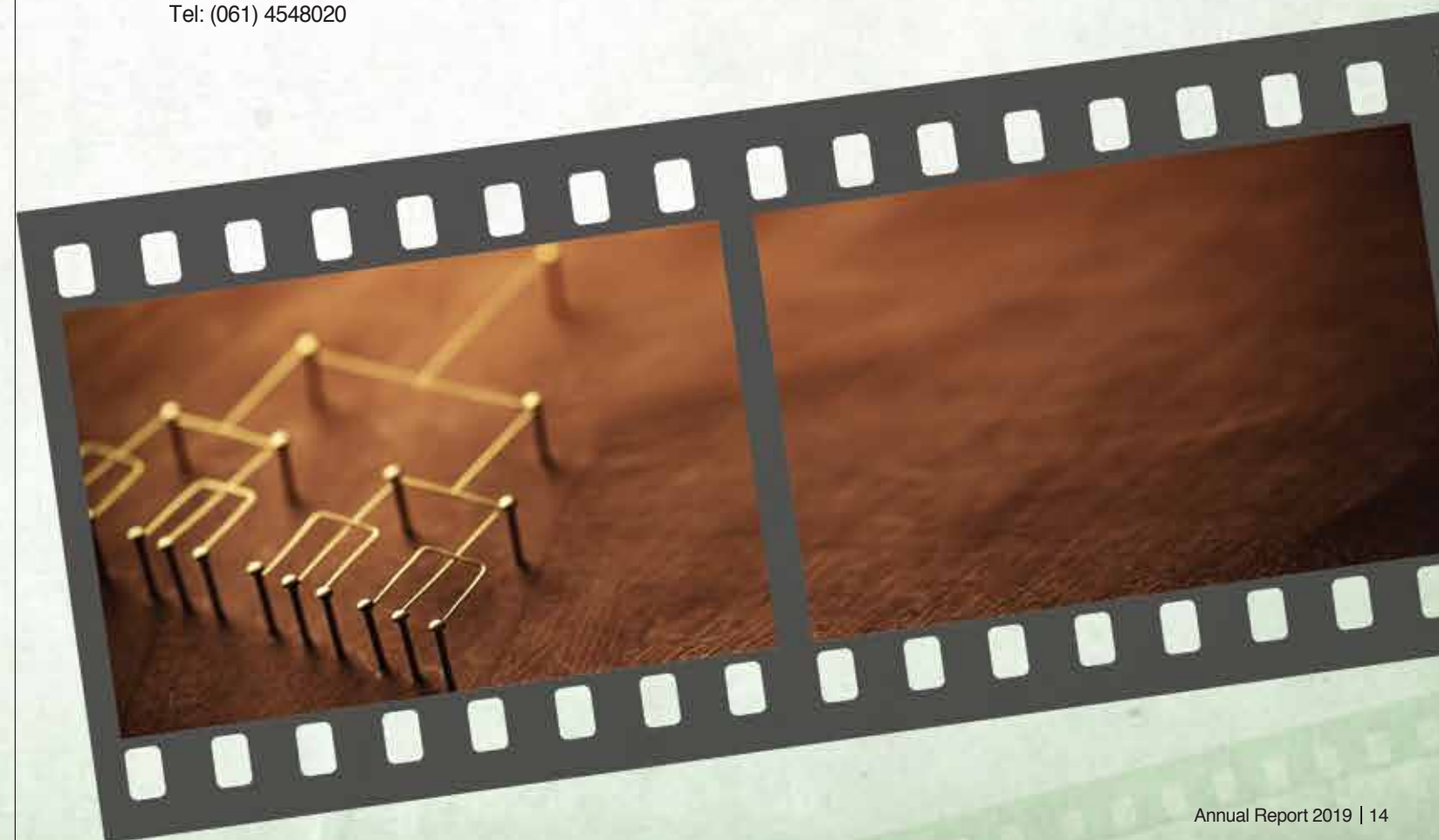
Plot No. 449-1, Ice Factory, Main  
G.T. Road, Near Pakpattan Chowk,  
Sahiwal  
Tel: (040) 4400445 & 4400545

## COMPANY WEBSITE

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

## EMAIL ADDRESS

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







# 1979 TO 1988

## MARCHING TOWARDS MILESTONES

Atlas Battery achieved recognition and accomplished milestones quickly between 1979 and 1988, accommodating capacity enhancement for automotive batteries due to increased demand based on superior **quality**.



# 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 27, 2019 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 December 19, 2018.
2. To receive, consider and adopt the Audited Annual Financial Statements of the Company for the year ended June 30, 2019 together with the Chairman's Review, Directors' and Auditors' Reports, thereon.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2020. The present auditors M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

## Special Business:

4. To consider and approve the sale of generator and its accessories to M/s. Atlas Engineering (Private) Limited, an associated company, for an amount of Rs.21.88 million as recommended by the Board of Directors.

To consider and, if thought fit, pass with or without modification the following resolutions as Special Resolutions:

- 4.1 RESOLVED "that Atlas Battery Limited ("the Company") be and is hereby authorized to sell generator and its accessories to M/s. Atlas Engineering (Private) Limited, an associated company, for an amount of Rs.21.88 million."
- 4.2 FURTHER RESOLVED "that the Directors are empowered to authorize any officer of the Company or any one of the directors to take all necessary actions to give effect to the above sale of generator."

5. To consider and approve the change in Article 81A of the Articles of Association of the Company.

To consider and, if thought fit, pass with or without modification the following resolutions as Special Resolutions:

- 5.1 RESOLVED "that the Article 81A of the Articles of Association of the Company be amended to include as under:

81A. The provisions and requirements for voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein.

In lieu of;

81A. The provisions and requirements for e-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein."

- 5.2 FURTHER RESOLVED "that the Secretary of the Company or any one of the Director be and is hereby authorized to take all necessary actions for the purpose to give effect to the above resolution for alteration in the Articles of Association of the Company and make necessary filings and complete legal formalities as may be required to implement the aforesaid resolution."



A statement under section 134(3) of the Companies Act, 2017 pertaining to the Special Business referred to above is annexed to this Notice of Meeting.

#### Other Business:

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

BY ORDER OF THE BOARD



Karachi: September 05, 2019

Company Secretary

#### NOTES:

##### 1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from September 13, 2019 to September 27, 2019 (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 12, 2019 will be considered in time.

##### 2. Participation in General Meeting

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. A proxy form is attached in the last portion of this report.

##### 3. Guidelines to the General Meeting for CDC Account Holders

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.

##### 4. Change of Address

Members are requested to immediately inform the Company's Share Registrar of any change in their mailing address.

##### 5. Submission of CNIC or Passport

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.

##### 6. Video Conference Facility

As per Section 132(2) of the Companies Act, 2017, 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.



## **7. E-Dividend (Mandatory)**

As per Section 242 of Companies Act, 2017, it is mandatory for the public listed companies to pay cash dividend to its shareholders only through electronic mode, directly into bank account designated by the entitled shareholders. Therefore, all shareholders are requested to provide their valid bank account details (if it is not provided earlier) in the "Dividend Mandate Form", attached in the last portion of this report at the earliest. 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. Unclaimed Dividend**

As per provisions of Section 244 of the Companies Act, 2017, any dividend and / or share certificate which are remained unclaimed or unpaid for a period of three years from the date these have become due and payable, the Company shall be liable to deposit those unclaimed / unpaid amounts with the Federal Government as per the directives to be issued by SECP from time to time.

## **9. Annual Audited Accounts through E-mail / CD / DVD / USB**

Pursuant to the SECP Notification vide SRO 470(1)/2016 dated May 31, 2016, the Company in the Extra Ordinary General Meeting held on May 19, 2017, obtained the approval of the shareholders to circulate the annual audited accounts through electronic medium, i.e. through CD / DVD / USB at their registered address instead of transmitting hard copies. Accordingly, the Company has sent its Annual Report 2019 in the form of CD. Financial statements have also been placed on Company's website.

Shareholders may request the Company Secretary or share registrar of the Company for transmitting the hard copy of annual audited accounts by filing a 'Standard Request Form' available on Company's website and the same will be provided at his / her registered address, free of cost, within one week of receipt of request.

Members are hereby informed that pursuant to SECP Notification vide SRO 787(1)/2014 dated September 8, 2014, and under Section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email.

In compliance with the above requirements, soft copies of the Annual Report 2019 are being emailed to those members who opted to receive such communication via email. Other members who wish to receive the Annual Report 2019 via email may file an application as per the form provided on the Company's website in compliance with the subject SRO.

## **10. E-Voting**

Members can exercise their right to poll subject to meeting of requirement of Section 143 to 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

## **11. Deposit of Physical Shares in CDC Accounts**

As per section 72 of the Companies Act, 2017 every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Securities and Exchange Commission of Pakistan, within a period not exceeding four years from the commencement of the Companies Act, 2017.

The shareholders having physical shareholding may please be open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form.



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

**STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017:**

This statement is annexed to the Notice of the Annual General Meeting of Atlas Battery Limited to be held on September 27, 2019 at which certain special business is to be transacted. The purpose of this statement is to set forth the material facts concerning such special business.

**ITEM NO. 4 OF THE AGENDA**

Presently, one of the generators is not in use of the Company due to decline in production of batteries. The management is of the view that it can manage its production without said generator. The sale proceeds of Rs.21.88 million will help in improving liquidity and reduction in financial charges.

Mr. Yusuf H. Shirazi (Chairman), Mr. Ali H. Shirazi (President / Chief Executive Officer), Mr. Bashir Makki (Director) and Mr. Fahim Ali Khan (Director) of Atlas Battery Limited are also directors of M/s. Atlas Engineering (Private) Limited. No other director has any interest in M/s. Atlas Engineering (Private) Limited.

**ITEM NO. 5 OF THE AGENDA**

In the light of the Companies (Postal Ballot) Regulations, 2018, the changes are being proposed in the Articles of Association of the Company to bring them in conformity with the Companies (Postal Ballot) Regulations, 2018.

The Directors are not interested in this business except as shareholders of the Company.



# 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 2018-19 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 Act, 2017 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 15 days from the date of receipt, provided the documents are completed in all respects.

## Book Closure Dates

The Register of Members and Share Transfer Books of the Company will remain closed from September 13, 2019 to September 27, 2019 (both days inclusive).

## Copy of Computerized National Identification Number (CNIC) or National Tax Number (NTN)

The shareholders are informed that as per sub Clause 9(i) of Regulation 4 of Companies (Distribution of Dividends) Regulations 2017, the identification of the registered shareholder or its authorized person should be made available with the Company. Therefore, it is requested that shareholders must provide copy of their Computerized National Identity Card (in case of individual) or National Tax Number (in case of other than individual) or Passport (in case of foreign individual) shareholder.

The shareholders are requested to provide the above documents by mail to the Company Secretary, unless it has already been provided. The members while sending above documents must quote their respective folio number. Shareholders are also requested to immediately notify the change of address, if any.

## Dividend Mandate (Mandatory)

As per Section 242 of Companies Act, 2017 the payment of cash dividend through electronic mode has become mandatory. Therefore, all shareholders are advised to provide valid bank account 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](http://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. It is listed on Pakistan Stock Exchange Limited (PSX) 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 automotive, 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
ISO 14001:2015	Environment Management System	Bureau Veritas	2018
OHSAS 18001:2007	Occupation Health & Safety Management System	Bureau Veritas	2018
ISO 50001:2011	Energy Management System	Bureau Veritas	In progress

# Brands

- Atlas
- AGS



## Capital Structure

The paid-up capital of the Company stands at Rs.243.6 million represented by 24.36 million shares of Rs.10/- each. The balance sheet footing stands at Rs.8.2 billion and net worth of Rs.5.3 billion.

The Company is a subsidiary of Shirazi Investments (Private) Limited who holds 58.86% shareholding. Another major shareholder of the Company is GS Yuasa International Limited – Japan who holds 15.00% shareholding.

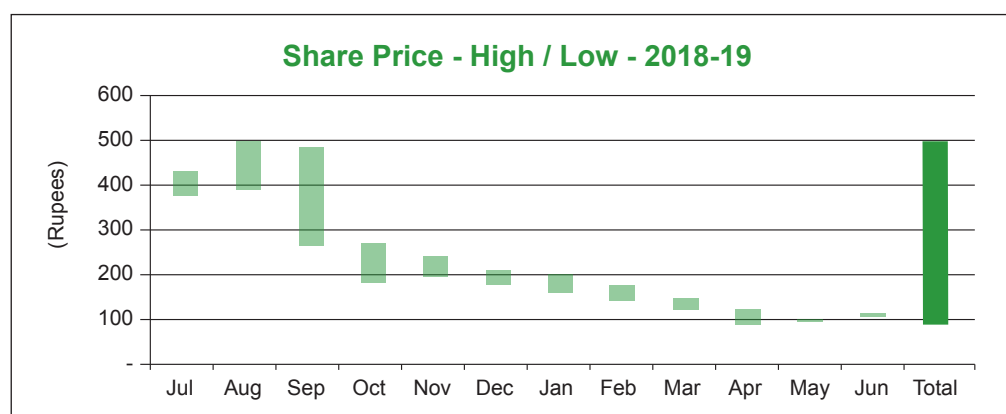
### Market Capitalization, Share Price and Volume Data

Atlas Battery share reached at a record high of Rs.494.99 on August 30, 2018 at Pakistan Stock Exchange Limited (PSX). The market capitalization at that instant was Rs.8.61 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 Limited (PSX) during the financial year ended June 30, 2019.

Months	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	No. of shares traded	Market Capitalization in Value* (Rs. in bln)
Jul 2018	429.99	375.01	408.00	10,400	7.48
Aug 2018	494.99	389.05	483.62	125,100	8.61
Sep 2018	484.00	263.50	265.58	117,900	11.79
Oct 2018	268.00	180.00	194.49	199,500	6.53
Nov 2018	239.31	194.52	206.52	156,100	5.83
Dec 2018	206.89	178.00	192.06	43,400	5.04
Jan 2019	196.99	158.50	162.94	237,500	4.80
Feb 2019	173.99	140.00	140.00	87,800	4.24
Mar 2019	145.00	120.10	122.00	86,800	3.53
Apr 2019	120.51	87.00	87.37	589,100	2.94
May 2019	95.95	61.94	95.95	279,900	2.34
Jun 2019	110.98	90.50	96.05	177,100	2.70
Year	494.99	61.94	96.05	2,110,600	11.79

\* Based on highest price



### Inadequacy in the Capital Structure and Plans to address such Inadequacies

The capital structure is adequate for the foreseeable future. In case of any inadequacy identified, the Company has avenue of issuance of right shares and / or term finance debts.

### Shares held by Directors / Sponsors / Executives

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



## Pattern of Shareholding

As at June 30, 2019

NO. OF SHAREHOLDERS	HAVING SHARES FROM	TO	SHARES HELD	PERCENTAGE
670	1	100	21,937	0.09%
556	101	500	155,817	0.64%
259	501	1,000	201,167	0.83%
379	1,001	5,000	911,738	3.74%
61	5,001	10,000	427,726	1.76%
23	10,001	15,000	281,157	1.15%
16	15,001	20,000	281,428	1.16%
7	20,001	25,000	149,691	0.61%
4	25,001	30,000	108,624	0.45%
1	30,001	35,000	33,272	0.14%
1	35,001	40,000	35,840	0.15%
3	40,001	45,000	126,132	0.52%
3	45,001	50,000	135,144	0.55%
2	50,001	55,000	107,896	0.44%
1	55,001	60,000	56,907	0.23%
2	60,001	65,000	123,770	0.51%
2	65,001	70,000	140,000	0.57%
1	70,001	75,000	71,400	0.29%
1	85,001	90,000	87,091	0.36%
1	105,001	110,000	108,500	0.45%
1	135,001	140,000	137,620	0.56%
1	145,001	150,000	150,000	0.62%
1	150,001	155,000	152,922	0.63%
1	180,001	185,000	182,210	0.75%
1	335,001	340,000	336,792	1.38%
1	420,001	425,000	424,788	1.74%
1	445,001	450,000	447,820	1.84%
1	455,001	460,000	455,730	1.87%
1	510,001	515,000	514,220	2.11%
1	3,650,001	3,655,000	3,653,925	15.00%
1	14,335,001	14,340,000	14,338,412	58.86%
2,004			24,359,676	100.00%

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	3,519	0.01%
Associated companies, undertakings & related parties (Note 1)	4	18,864,945	77.44%
NIT and ICP	5	6,232	0.03%
Banks, DFIs & NBFCs	5	194,558	0.80%
Insurance Companies	2	26,465	0.11%
Modarabas and Mutual Funds	7	103,240	0.42%
Public Sector Companies & Corporations	1	336,792	1.38%
<b>General Public</b>			
Local	1,943	4,241,075	17.42%
Foreign	-	-	0.00%
<b>Others:</b>			
Joint Stock Companies	28	577,977	2.37%
Trustee of Iftikhar Shirazi Family Trust	1	1	0.00%
Trustees Al-Bader Welfare Trust	1	4,872	0.02%
	2,004	24,359,676	100.00%

### Note:

1. Following shareholders are shown under Associated Companies category:

Atlas Foundation	447,820	1.84%
Atlas Insurance Limited	424,788	1.74%
GS Yuasa International Limited - Japan	3,653,925	15.00%
Shirazi Investments (Private) Limited	14,338,412	58.86%



## Pattern of Shareholding as at June 30, 2019

Information required under the Code of Corporate Governance

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage of Shares held
<b>Directors, Chief Executive and their spouse and minor children</b>			
Mr. Yusuf Hussain Shirazi & Mrs. Khawar S. Shirazi	1	1	-
Mr. Ariful Islam	1	3,500	0.01%
Mr. Azam Faruque	1	14	-
Mr. Bashir Makki	1	1	-
Mr. Frahim Ali Khan	1	1	-
Mr. Toru Furuya	1	1	-
Mr. Ali H. Shirazi	1	1	-
	7	3,519	0.01%
<b>Associated Companies, Undertakings and Related Parties</b>			
Atlas Foundation	1	447,820	1.84%
Atlas Insurance Limited	1	424,788	1.74%
GS Yuasa International Limited - Japan	1	3,653,925	15.00%
Shirazi Investments (Private) Limited	1	14,338,412	58.86%
	4	18,864,945	77.44%
<b>NIT and ICP</b>			
Investment Corporation of Pakistan	4	2,146	0.01%
IDBL - (ICP Unit)	1	4,086	0.02%
	5	6,232	0.03%
<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies and Modarabas</b>			
	7	221,023	0.91%
<b>Mutual Funds</b>			
Sakarwala Capital Securities (Private) Limited - MF	1	1,000	-
Multiline Securities (Private) Limited - MF	1	2,000	0.01%
N. U. A. Securities (Private) Limited - MF	1	2,500	0.01%
CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	1	13,780	0.06%
CDC - Trustee Alhamra Islamic Pension Fund - Equity Sub Fund	1	14,560	0.06%
MRA Securities Limited - MF	1	15,500	0.06%
AFC Umbrella Fund	1	53,900	0.22%
	7	103,240	0.42%
<b>Public Sector Companies &amp; Corporations</b>			
State Life Insurance Corporation of Pakistan	1	336,792	1.38%
<b>General Public</b>			
	1,943	4,241,075	17.42%
<b>Others</b>			
	30	582,850	2.39%
	2,004	24,359,676	100%
<b>Shareholders holding 5% or more voting interest</b>			
GS Yuasa International Limited - Japan	1	3,653,925	15.00%
Shirazi Investments (Private) Limited	1	14,338,412	58.86%



# BOARD OF DIRECTORS



**Mr. 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 34 years of experience with various banks in Bahrain and Pakistan. He qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales. He is also a Fellow member of the Institute of Chartered Accountants in Pakistan. He has worked with KPMG (formerly Peat Marwick Mitchell & Co.) prior to his banking career.

Mr. Islam joined Meezan Bank in 1999 as its first Chief Operating Officer and is presently the Deputy CEO & Executive Director of the Bank. He is also the Chairman of the Board of Pakistan's leading Asset Management Company, Al Meezan Investment Management Limited, the largest Shariah compliant mutual fund in the country.



**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 currently serves on the Board of the State Bank of Pakistan and has served on the Boards of National Bank of Pakistan, Atlas Asset Management Limited, 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 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 37 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. Fahim Ali Khan**  
Director

Mr. Fahim Ali Khan is a Law graduate from Karachi University. He has also attended Senior Managers' Program at Harvard University, USA, Financial Management Program at Stanford University, USA and General Management Program at Insead University, France.

He has over 50 years of experience in General Management, Finance, Investment and Taxation. He joined the Atlas Group in 1967 and has served in different positions. Currently, his other directorships include Atlas Insurance Limited, Atlas Asset Management Limited, Atlas

Engineering Limited, Atlas Power Limited, Atlas Energy Limited, Atlas Hitec (Private) Limited, Atlas Autos (Private) Limited, Atlas Metals (Private) Limited, Shirazi Trading Company (Private) Limited and Atlas Foundation. Earlier, he has also served on the boards of Atlas Honda Limited and has been CEO of Shirazi Investments (Private) Limited, Shirazi Trading Company (Private) Limited, Atlas Asset Management 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, Shirazi Trading Company (Private) Limited, Pakistan Society of Training and Development (President) and YPO (Young Professional Organization). Previously, he has also

served on the Board of National Clearing Company of Pakistan Limited (NCCPL). He is a 'Certified Director' from the Pakistan Institute of Corporate Governance and in 2018 completed the Owner/President Management Program (OPM) from Harvard Business School.



# Major Events during the Year

## July 2018

- Annual Sales and Marketing Conference 2017-18 was held on July 13, 2018 in Karachi.

## August 2018

- Won the ICAP & ICMAP's Best Corporate Report Awards 2017 with 5th Position in Engineering & Auto Sector on August 07, 2018.
- Board of Directors in its meeting held on August 28, 2018 approved the audited annual accounts for the year ended June 30, 2018 and recommended a Final Cash Dividend @ 100% (Rs.10.00 per share) and Stock Dividend @ 40% (Two bonus shares for every Five shares held) for the year ended June 30, 2018.

## September 2018

- Annual General Meeting was held on September 27, 2018 where audited annual financial statements, cash dividend @ 100% and stock dividend @ 40% for the year ended June 30, 2018, were approved by the shareholders along with appointment of external auditors, M/s. ShineWing Hameed Chaudhri & Co. for the year ending 2019.

## October 2018

- Meeting of Board of Directors was held on October 24, 2018 to consider and approve the quarterly accounts for the quarter ended September 30, 2018.

## November 2018

- Meeting of Board of Directors was held on November 26, 2018 to recommend the sale of plot to Shirazi Investments (Private) Limited.

## December 2018

- Extraordinary General Meeting was held on December 19, 2018 where shareholders approved the sale of plot to Shirazi Investments (Private) Limited.

## January 2019

- Half yearly sales conference 2018-19 was held on January 15, 2019 in Lahore.

## February 2019

- Meeting of Board of Directors was held on February 21, 2019 to consider and approve the half yearly accounts for the half year ended December 31, 2018.

## April 2019

- Meeting of Board of Directors was held on April 26, 2019 to consider and approve the quarterly accounts for the period ended March 31, 2019.
- Company awarded with "Certificate of Excellence" by the Management Association of Pakistan on April 09, 2019.

## May 2019

- Chairman Atlas Group visited the factory on May 16, 2019 to inaugurate Quality Laboratory, Lead Oxide Mill and Admin Building.

## June 2019

- Meeting of Board of Directors was held on June 21, 2019 to consider and approve the Annual Budget for FY 2019-20.



## Major Events during the Year



# Media Gallery

## Advertisement

### *TVC*

- AGS TVC was aired on Tensports during Tri-Nation series from July 1 to 8, 2019.

### *Radio Shots*

- AGS and Atlas Hybrid radio advertisements were aired on all major radio channels throughout the year.
- Sparkistan song was aired on all major radio channels from March 21 to 23, 2019.

### *Sponsorships and Live Programs*

- Sponsored brand activity and free battery checkup campaign at Pakwheels Auto Show in all major cities of the country throughout the year.
- Brand activation and free check-up activity conducted during road shows all across the country.
- Sponsorship of Azadi Mela at Beach Luxury Hotel on August 13, 2018.
- Sponsorship of family carnival by Citizens Archive of Pakistan (CAP) at Beach Luxury Hotel on January 27, 2019.
- Sponsorship and brand activation in Dawn Lifestyle Exhibition held during February 1 to 3, 2019 in Karachi.

### *Print Media*

- Placement of weekly print advertisement in leading newspapers including Jang and The News.
- Placement of full page ad in special report on ICAP & ICMAP Best Corporate & Sustainability Reports 2017 Awards published on August 07, 2018 in Business Recorder.
- Sponsored print ad in Investment & Marketing Magazine.

### *Model Shops*

- During the year, the Company built 194 model shops throughout country with a view to standardize all dealer shops. Chief Executive Officer honored the inauguration ceremony of various model shops.

### *Consumer Awareness Program*

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



## Media Gallery

### *Others*

- Table calendars and Ramadan schedule calendars were distributed nationwide.
- Newly designed shop boards were installed at dealers' shops nationwide.

## 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, 2019
1st quarter ending September 30, 2019	Last week of October, 2019
Half year ending December 31, 2019	Last week of February, 2020
3rd quarter ending March 31, 2020	Last week of April, 2020
Year ending June 30, 2020	Last week of August, 2020

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 the 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), B2B (Business to Business) system, CMS (Claim Management System), WMS (Warehouse Management System), IT Security and Safety, HCM Cloud and superior communication environment.

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.







1989

TO

1998





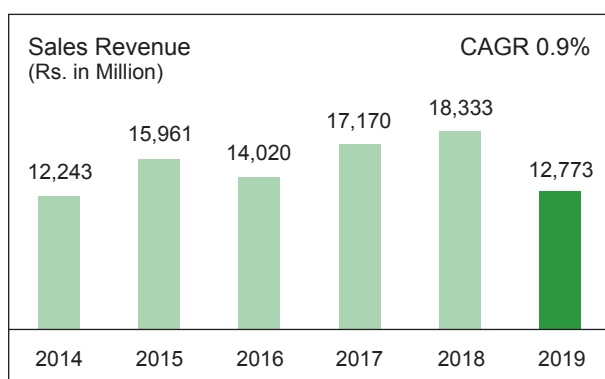
## EXPANDING OUR FOOTPRINT

Strengthening the relationship with Japan Battery Storage Co. Ltd. between **1989 to 1998**, Atlas Battery improved its performance further, leading to an inspiring hike in assets and equity for the company. This era also marked the start of exports to **Kuwait** and **Sri Lanka**.

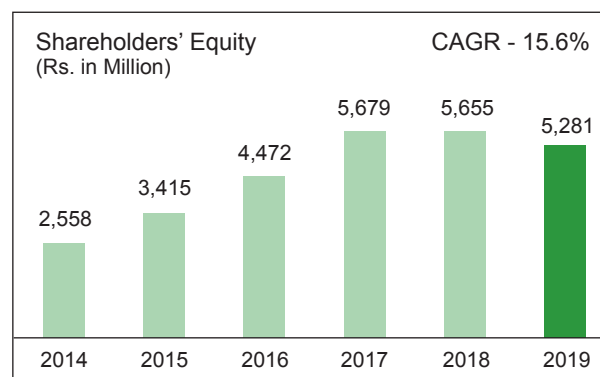
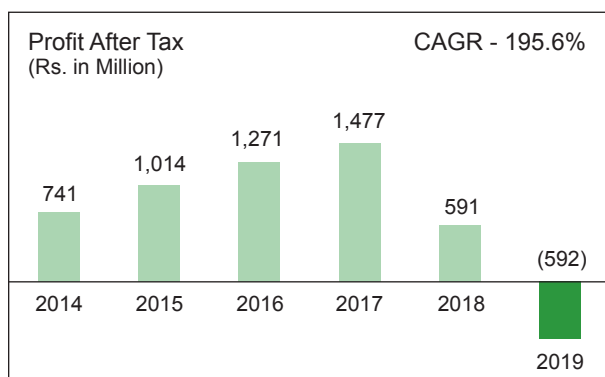
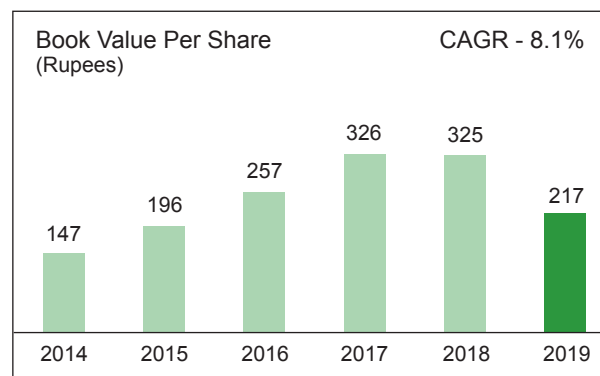
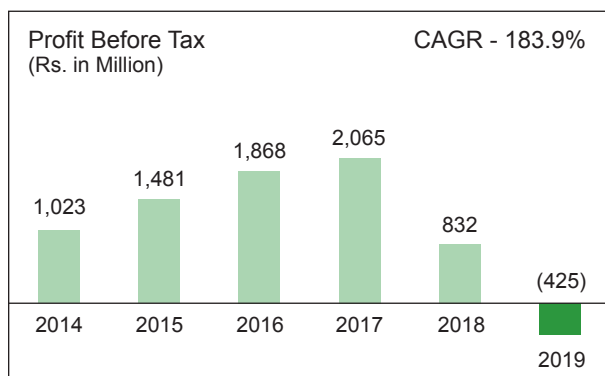
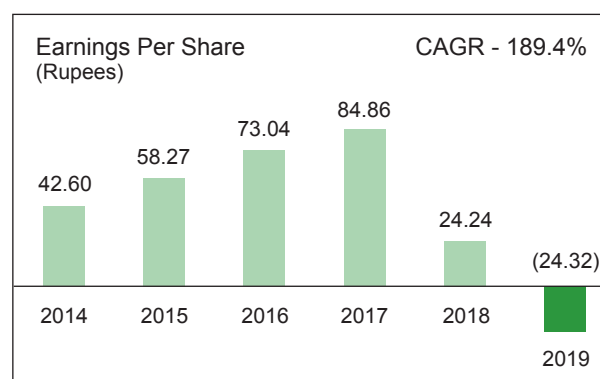
# Financial Highlights

	----- (Rupees in '000) -----			
	2019	2018	%	+/-
Sales	12,773,113	18,332,861	-30.3%	-
Gross Profit	266,511	2,002,378	-86.7%	-
Operating (Loss) / Profit	(211,568)	949,941	-122.3%	-
(Loss) / Profit Before Tax	(424,790)	832,096	-151.1%	-
(Loss) / Profit After Tax	(592,463)	590,594	-200.3%	-
(Loss) / Earnings Per Share - Basic & Diluted (Rupees)	(24.32)	24.24	-200.3%	-
Shareholders' Equity including Revaluation Reserve	5,281,009	5,654,691	-6.6%	-
Book Value Per Share (Rupees)	217	325	-33.3%	-
Property, Plant & Equipment	3,924,958	3,591,257	9.3%	+

## Business Growth



## Shareholder Value Accretion





## Statement of Value Addition

### Wealth Generated:

Sales including Sales Tax  
Other Income

### Wealth Distributed:

Cost of Material & Services

### To Employees

Salaries & other related costs

### To Government

Taxes  
Workers' Profit Participation Fund  
Workers' Welfare Fund

### To Providers of Capital

Dividend to Shareholders  
Finance Cost

### To Society

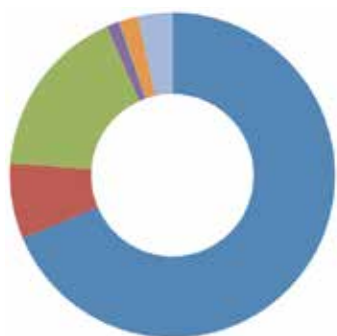
Donation

### Retained in the Business

For replacement of Fixed Assets:  
Depreciation & Amortization  
To provide for Growth: Retained Profit

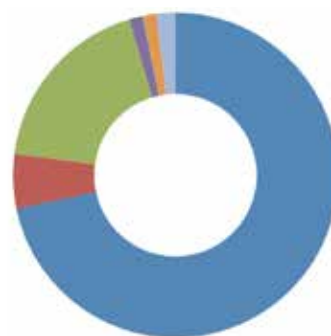
Year ended June 30			
2019		2018	
(Rs. in '000)	% age	(Rs. in '000)	% age
15,466,186	97.6	21,997,157	99.7
385,464	2.4	73,988	0.3
<u>15,851,650</u>	<u>100.0</u>	<u>22,071,145</u>	<u>100.0</u>
11,681,090	73.7	15,834,580	71.7
1,290,562	8.1	1,189,369	5.4
2,933,187	18.5	3,962,240	18.0
-	-	44,632	0.2
526	-	15,918	0.1
<u>2,933,713</u>	<u>18.5</u>	<u>4,022,790</u>	<u>18.3</u>
-	-	173,998	0.8
213,222	1.3	117,845	0.5
<u>213,222</u>	<u>1.3</u>	<u>291,843</u>	<u>1.3</u>
8,321	0.1	20,652	0.1
317,205	2.0	295,315	1.3
(592,463)	(3.7)	416,596	1.9
<u>(275,258)</u>	<u>(1.7)</u>	<u>711,911</u>	<u>3.2</u>
<u>15,851,650</u>	<u>100.0</u>	<u>22,071,145</u>	<u>100.0</u>

2019



- Cost of Material & Services (73.7%)
- To Employees (8.1%)
- To Government (18.5%)
- To Providers of Capital (1.3%)
- To Society (0.1%)
- Depreciation & Amortization (2%)
- Retained Profit (-3.7%)

2018



- Cost of Material & Services (71.7%)
- To Employees (5.4%)
- To Government (18.3%)
- To Providers of Capital (1.3%)
- To Society (0.1%)
- Depreciation & Amortization (1.3%)
- Retained Profit (1.9%)

# Analysis of Financial Statements

## Balance Sheet

(Rupees in '000)

PARTICULARS	2019	2018	2017	2016	2015	2014
<b>Non Current Assets</b>						
Property, plant and equipment	3,924,958	3,591,257	3,158,027	2,672,742	1,994,955	1,416,705
Intangible assets	160	1,002	1,467	4,883	10,743	1,117
Investments	-	-	-	-	-	-
Long term loans	1,289	1,759	1,303	1,152	1,103	1,227
Long term deposits	20,281	20,401	16,777	14,647	13,777	13,916
Total non current assets	3,946,688	3,614,419	3,177,574	2,693,424	2,020,578	1,432,965
<b>Current Assets</b>						
Stores, spares and loose tools	225,331	218,914	191,896	182,314	110,788	88,665
Stock-in-trade	1,760,092	2,689,010	1,706,859	1,889,810	1,608,783	2,551,256
Trade debts	1,096,449	1,754,311	364,642	119,477	131,810	142,345
Loans and advances	4,887	13,835	5,234	5,561	27,727	25,875
Deposits and prepayments	24,400	16,890	18,231	6,457	11,361	6,416
Investments	127,055	861,921	2,464,851	1,558,861	918,737	824,925
Other receivables	8,399	6,685	3,893	8,840	8,913	11,398
Sales tax receivable - net	-	31,739	-	-	-	-
Taxation - net	594,968	547,349	349,166	196,036	481,100	237,060
Cash and bank balances	423,649	381,180	14,873	45,257	78,318	6,089
Total current assets	4,265,230	6,521,834	5,119,645	4,012,613	3,377,537	3,894,029
<b>Total Assets</b>	8,211,918	10,136,253	8,297,219	6,706,037	5,398,115	5,326,994
<b>Equity and Liabilities</b>						
<b>Share Capital and Reserves</b>						
Share capital	243,597	173,998	173,998	173,998	173,998	173,998
General reserve	5,037,500	4,697,500	3,827,500	2,827,500	2,027,500	1,477,500
Unappropriated profit / (loss)	(589,274)	589,307	1,483,462	1,276,794	1,019,277	733,068
Surplus on revaluation of leasehold land	4,691,823	5,460,805	5,484,960	4,278,292	3,220,775	2,384,566
	589,186	193,886	193,886	193,886	193,886	173,786
Total equity	5,281,009	5,654,691	5,678,846	4,472,178	3,414,661	2,558,352
<b>Non Current Liabilities</b>						
Staff retirement benefits	69,345	72,813	79,868	65,359	60,226	49,741
Deferred taxation	246,580	251,028	254,932	216,880	208,181	161,015
	315,925	323,841	334,800	282,239	268,407	210,756
<b>Current Liabilities</b>						
Trade and other payables	1,037,880	1,643,053	1,305,112	1,172,431	893,670	846,937
Sales tax payable - net	87,717	-	65,270	18,057	86,647	55,319
Accrued mark-up	43,385	20,259	4,623	4,392	8,384	19,729
Short term borrowings	1,408,152	2,459,687	882,770	735,989	709,763	1,622,491
Unclaimed dividend	37,850	34,722	25,798	20,751	16,583	13,410
Total current liabilities	2,614,984	4,157,721	2,283,573	1,951,620	1,715,047	2,557,886
<b>Total Equity and Liabilities</b>	8,211,918	10,136,253	8,297,219	6,706,037	5,398,115	5,326,994



# Analysis of Financial Statements

## Balance Sheet

PARTICULARS	Vertical Analysis						Horizontal Analysis				
	2019	2018	2017	2016	2015	2014	2019/ 2018	2018/ 2017	2017/ 2016	2016/ 2015	2015/ 2014
<b>Non Current Assets</b>	----- Percentage -----						----- Percentage -----				
Property, plant and equipment	47.8	35.4	38.1	39.9	37.0	26.6	9.3	13.7	18.2	34.0	40.8
Intangible assets	-	-	-	0.1	0.2	-	(84.0)	(31.7)	(70.0)	(54.5)	861.8
Investments	-	-	-	-	-	-	-	-	-	-	-
Long term loans	-	-	-	-	-	-	(26.7)	35.0	13.1	4.4	(10.1)
Long term deposits	0.2	0.2	0.2	0.2	0.3	0.3	(0.6)	21.6	14.5	6.3	(1.0)
Total non current assets	48.0	35.6	38.3	40.2	37.5	26.9	9.2	13.7	18.0	33.3	41.0
<b>Current Assets</b>											
Stores, spares and loose tools	2.7	2.2	2.3	2.7	2.1	1.7	2.9	14.1	5.3	64.6	25.0
Stock-in-trade	21.4	26.5	20.6	28.2	29.8	47.9	(34.5)	57.5	(9.7)	17.5	(36.9)
Trade debts	13.4	17.3	4.4	1.8	2.4	2.7	(37.5)	381.1	205.2	(9.4)	(7.4)
Loans and advances	0.1	0.1	0.1	0.1	0.5	0.5	(64.7)	164.3	(5.9)	(79.9)	7.2
Deposits and prepayments	0.3	0.2	0.2	0.1	0.2	0.1	44.5	(7.4)	182.3	(43.2)	77.1
Investments	1.5	8.5	29.7	23.2	17.0	15.5	(85.3)	(65.0)	58.1	69.7	11.4
Other receivables	0.1	0.1	-	0.1	0.2	0.2	25.6	71.7	(56.0)	(0.8)	(21.8)
Sales tax receivable - net	-	0.3	-	-	-	-	(100.0)	100.0	-	-	-
Taxation - net	7.2	5.4	4.2	2.9	8.9	4.5	8.7	56.8	78.1	(59.3)	102.9
Cash and bank balances	5.3	3.8	0.2	0.7	1.4	-	11.1	2,462.9	(67.1)	(42.2)	1,186.2
Total current assets	52.0	64.4	61.7	59.8	62.5	73.1	(34.6)	27.4	27.6	18.8	(13.3)
<b>Total Assets</b>	100.0	100.0	100.0	100.0	100.0	100.0	(19.0)	22.2	23.7	24.2	1.3
<b>Equity and Liabilities</b>											
<b>Share Capital and Reserves</b>											
Share capital	3.0	1.7	2.1	2.6	3.2	3.3	40.0	-	-	-	-
General reserve	61.3	46.3	46.1	42.2	37.6	27.7	7.2	22.7	35.4	39.5	37.2
Unappropriated profit / (loss)	(7.2)	5.8	17.9	19.0	18.9	13.8	(200.0)	(60.3)	16.2	25.3	39.0
Surplus on revaluation of leasehold land	57.1	53.8	66.1	63.8	59.7	44.8	(14.1)	(0.4)	28.2	32.8	35.1
	7.2	1.9	2.3	2.9	3.6	3.3	203.9	-	-	-	11.6
Total equity	64.3	55.7	68.4	66.7	63.3	48.1	(6.6)	(0.4)	27.0	31.0	33.5
<b>Non Current Liabilities</b>											
Staff retirement benefits	0.8	0.7	1.0	1.0	1.1	0.9	(4.8)	(8.8)	22.2	8.5	21.1
Deferred taxation	3.0	2.5	3.1	3.2	3.9	3.0	(1.8)	(1.5)	17.5	4.2	29.3
	3.8	3.2	4.1	4.2	5.0	3.9	(2.4)	(3.3)	18.6	5.2	27.4
<b>Current Liabilities</b>											
Trade and other payables	12.7	16.3	15.7	17.4	16.5	15.8	(36.8)	25.9	11.3	31.2	5.5
Sales tax payable - net	1.1	-	0.8	0.3	1.6	1.0	100.0	(100.0)	261.5	(79.2)	56.6
Accrued mark-up	0.5	0.2	0.1	0.1	0.2	0.4	114.2	338.2	5.3	(47.6)	(57.5)
Short term borrowings	17.1	24.3	10.6	11.0	13.1	30.5	(42.8)	178.6	19.9	3.7	(56.3)
Unclaimed dividend	0.5	0.3	0.3	0.3	0.3	0.3	9.0	34.6	24.3	25.1	23.7
Total current liabilities	31.9	41.1	27.5	29.1	31.7	48.0	(37.1)	82.1	17.0	13.8	(33.0)
<b>Total Equity and Liabilities</b>	100.0	100.0	100.0	100.0	100.0	100.0	(19.0)	22.2	23.7	24.2	1.3

# 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. However, in the current year, the Company sold a piece of land.

## Stock-in-trade

The increasing trend in stock-in-trade is in line with increase in cost of goods sold over the years except for current year where Company has liquidated its finished goods stock.

## Investments

Considering the deteriorating capital market conditions, the investments were liquidated and have decreased over last few years.

## Taxation

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

## Trade and other payables

The decrease 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 6 years are in line with working capital requirement. Capacity expansion was backed mainly through funds generated from business.



# Analysis of Financial Statements

## Profit and Loss Account

(Rupees in '000)

PARTICULARS	2019	2018	2017	2016	2015	2014
Sales	12,773,113	18,332,861	17,169,908	14,019,507	15,961,413	12,242,719
Cost of sales	(12,506,602)	(16,330,483)	(14,205,436)	(11,272,034)	(13,583,708)	(10,621,161)
Gross profit	266,511	2,002,378	2,964,472	2,747,473	2,377,705	1,621,558
Distribution cost	(598,645)	(721,325)	(606,223)	(438,088)	(449,347)	(292,373)
Administrative expenses	(221,352)	(245,055)	(305,430)	(287,940)	(246,501)	(189,754)
Other income	385,464	73,988	249,161	95,577	91,526	109,221
Other expenses	(43,546)	(160,045)	(168,613)	(176,961)	(145,997)	(99,859)
(Loss) / profit from operations	(211,568)	949,941	2,133,367	1,940,061	1,627,386	1,148,793
Finance cost	(213,222)	(117,845)	(68,170)	(71,875)	(146,675)	(126,025)
(Loss) / profit before tax	(424,790)	832,096	2,065,197	1,868,186	1,480,711	1,022,768
Taxation	(167,673)	(241,502)	(588,571)	(597,359)	(466,787)	(281,618)
(Loss) / profit after tax	(592,463)	590,594	1,476,626	1,270,827	1,013,924	741,150

PARTICULARS	Vertical Analysis						Horizontal Analysis				
	2019	2018	2017	2016	2015	2014	2019/ 2018	2018/ 2017	2017/ 2016	2016/ 2015	2015/ 2014
	Percentage						Percentage				
Sales	100.0	100.0	100.0	100.0	100.0	100.0	(30.3)	6.8	22.5	(12.2)	30.4
Cost of sales	(97.9)	(89.1)	(82.7)	(80.4)	(85.1)	(86.8)	(23.4)	15.0	26.0	(17.0)	27.9
Gross profit	2.1	10.9	17.3	19.6	14.9	13.2	(86.7)	(32.5)	7.9	15.6	46.6
Distribution cost	(4.7)	(3.9)	(3.5)	(3.1)	(2.8)	(2.4)	(17.0)	19.0	38.4	(2.5)	53.7
Administrative expenses	(1.7)	(1.3)	(1.8)	(2.1)	(1.5)	(1.5)	(9.7)	(19.8)	6.1	16.8	29.9
Other income	3.0	0.4	1.5	0.7	0.6	0.9	421.0	(70.3)	160.7	4.4	(16.2)
Other expenses	(0.3)	(0.9)	(1.0)	(1.3)	(0.9)	(0.8)	(72.8)	(5.1)	(4.7)	21.2	46.2
(Loss) / profit from operations	(1.6)	5.2	12.5	13.8	10.3	9.4	(122.3)	(55.5)	10.0	19.2	41.7
Finance cost	(1.7)	(0.6)	(0.4)	(0.5)	(0.9)	(1.0)	80.9	72.9	(5.2)	(51.0)	16.4
(Loss) / profit before tax	(3.3)	4.6	12.1	13.3	9.4	8.4	(151.1)	(59.7)	10.5	26.2	44.8
Taxation	(1.3)	(1.3)	(3.4)	(4.3)	(2.9)	(2.3)	(30.6)	(59.0)	(1.5)	28.0	65.8
(Loss) / profit after tax	(4.6)	3.3	8.7	9.0	6.5	6.1	(200.3)	(60.0)	16.2	25.3	36.8

# Comments on Six Years' Profit and Loss Account

## Sales

Sales has witnessed cumulative average growth rate (CAGR) of 10.6% over last 6 years (excluding current year) 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 except the current financial year. The fluctuation in international commodity prices results in variation of slight increase and decrease in cost of sales over the last five years. However, in current financial year, a significant increase was observed in raw material prices resulting in increase of cost of sales to sales percentage.

## Gross Profit

Except the current financial year, gross profit margin of last five year remained above 10% reflecting sales volumes increase and measures to control costs. Current year, the gross profit margin jumped down to 2.1% mainly due to decline in sales coupled with surge in cost of sales backed by significant increased rates of raw materials in the international market.

## 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

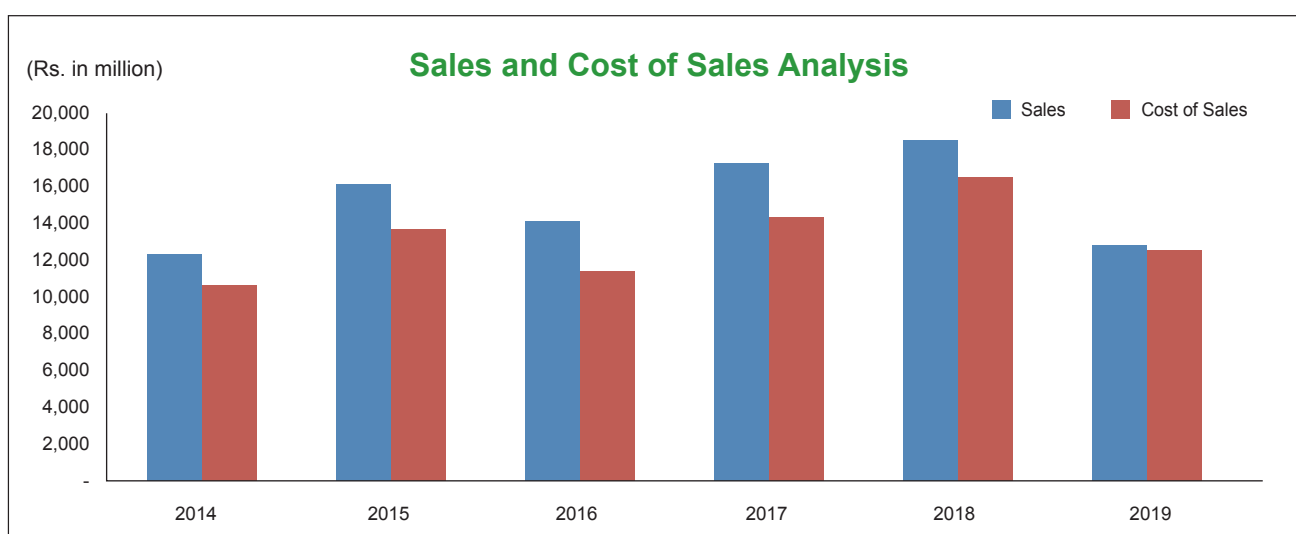
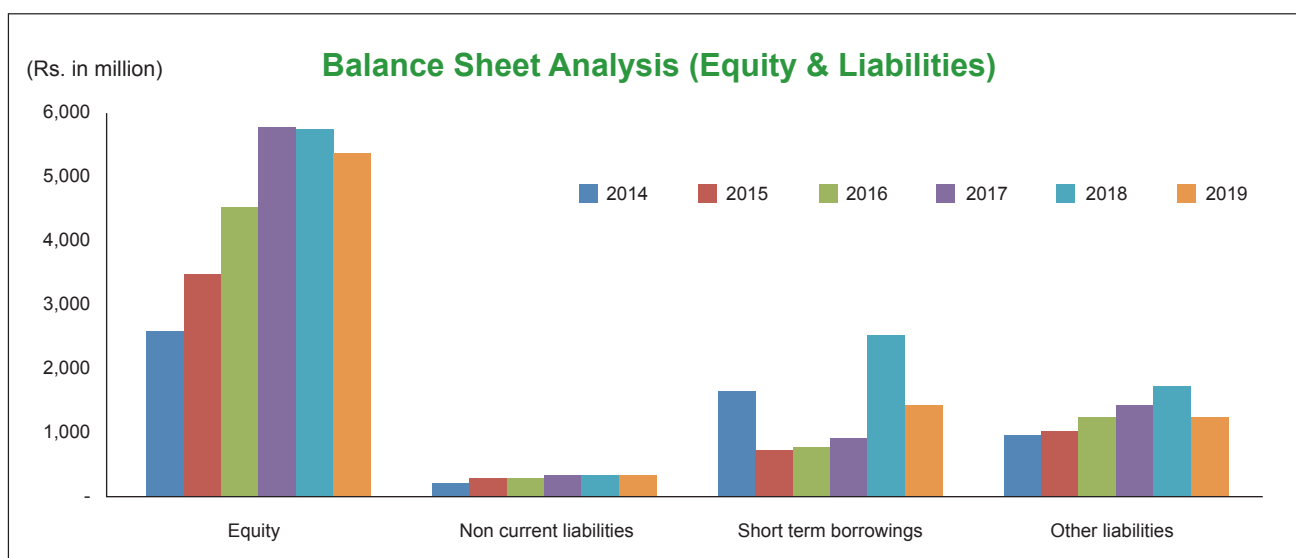
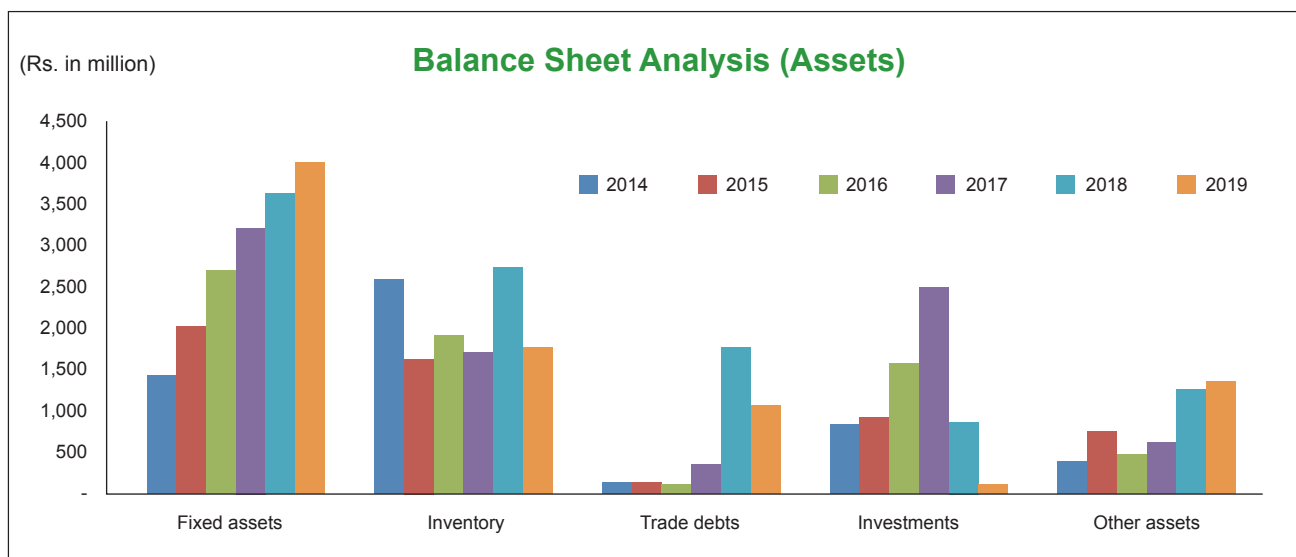
Finance cost is directly correlated to short term borrowings. During the current year, finance cost has increased due to increased level of running finance utilization and rising interest rates. However, effective usage of funded facilities by exercising low rates money market borrowings has absorb finance cost to some extent.

## Profit After Taxation

Company incurred loss after taxation (PAT) during current year as compared to profit after tax during last five consecutive years mainly due to decline in sales and increase in major raw material prices



## Analysis of Balance Sheet and Profit & Loss Account



## Analysis of Financial Statements

### Cash Flow Statements

(Rupees in '000)

PARTICULARS	2019	2018	2017	2016	2015	2014
Cash flow from:						
- operating activities	437,193	(1,458,876)	1,525,082	1,600,463	1,898,513	(473,489)
- investing activities	827,681	848,334	(1,437,598)	(1,455,121)	(742,731)	(418,344)
- financing activities	(1,222,405)	976,849	(117,868)	(178,403)	(1,083,553)	864,867
Increase / (decrease) in cash & cash equivalents	42,469	366,307	(30,384)	(33,061)	72,229	(26,966)

PARTICULARS	Vertical Analysis						Horizontal Analysis				
	2019	2018	2017	2016	2015	2014	2019/ 2018	2018/ 2017	2017/ 2016	2016/ 2015	2015/ 2014
	Percentage						Percentage				
Cash flow from											
- operating activities	1,029.4	(398.3)	(5,019.3)	(4,840.9)	2,628.5	1,755.8	130.0	(195.7)	(4.7)	(15.7)	501.0
- investing activities	1,948.9	231.6	4,731.4	4,401.3	(1,028.3)	1,551.4	(2.4)	159.0	1.2	(95.9)	(77.5)
- financing activities	(2,878.3)	266.7	387.9	539.6	(1,500.2)	(3,207.2)	(225.1)	928.8	33.9	83.5	(225.3)
Increase / (decrease) in cash & cash equivalents	100.0	100.0	100.0	100.0	100.0	100.0	(88.6)	1,305.6	8.1	(145.8)	367.9

## Free Cash Flows

(Rupees in '000)

PARTICULARS	2019	2018	2017	2016	2015	2014
Profit before tax	(424,790)	832,096	2,065,197	1,868,186	1,480,711	1,022,768
Adjustment for non-cash items	202,363	445,730	141,744	240,114	249,615	182,558
Working capital changes	659,620	(2,736,702)	(681,859)	(507,837)	168,187	(1,678,815)
	437,193	(1,458,876)	1,525,082	1,600,463	1,898,513	(473,489)
Less: Capital expenditure	(636,972)	(774,584)	(793,782)	(923,053)	(735,138)	(400,640)
Free cash flows	(199,779)	(2,233,460)	731,300	677,410	1,163,375	(874,129)

## Liquidity Management and Cash Flow Strategy

### Liquidity and Cash Flow Analysis

Net increase in cash flow stood at Rs.42 million for the year ended June 30, 2019 as compared to net increase of Rs.366 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.437 million as against cash of Rs.1,459 million used during last year. This amount is after adjustment of finance cost of Rs.190 million and income tax of Rs.219 million.

### *Investing Activities*

The cash flows generated from investing activities was Rs.828 million as compared to Rs.848 million generated during last year which includes net redemption in mutual funds of Rs.739 million.

### *Financing activities*

The Company has no long term loans. Short term borrowings are decreased by 42.8%.

### *Ratios*

Cash flows from operations to sales ratio increased to 3.4% from decrease of 8.0% last year. The financial leverage ratio at 0.3 times reduced from last year's 0.4 times whereas interest coverage ratio decreased from 8.1 times to negative 1.0 time.

## **Liquidity Management and Financing Arrangements**

The Company believes in financing through cash generation from operations 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.1,408 million at year end compared to previous year's Rs.2,460 million. Letters of credit lines upto Rs.1,700 million 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 investment policies.
- Identify strategies to drive additional value from surplus cash.
- Assist in identifying measures to evaluate credit quality, impact on finance costs and collateral requirements.
- 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 modeling.
- 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 up to Rs.4 billion in case of liquidity needs.

## **Debt Payments**

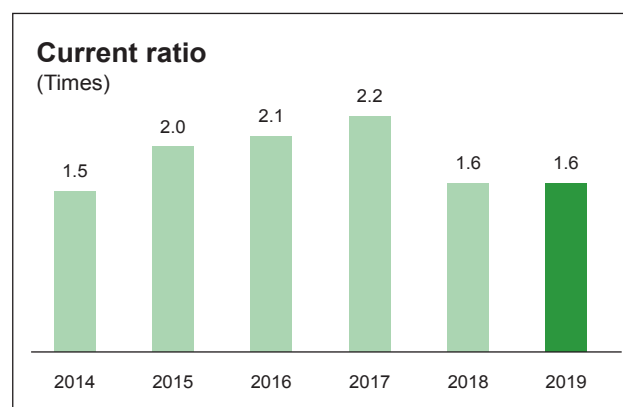
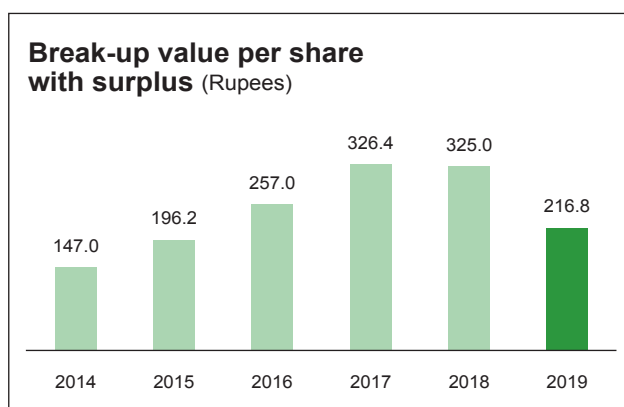
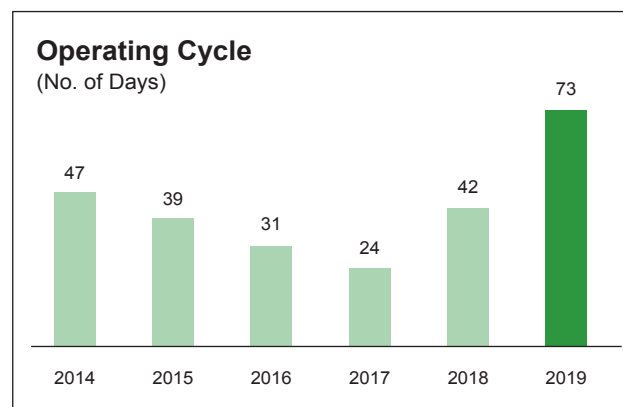
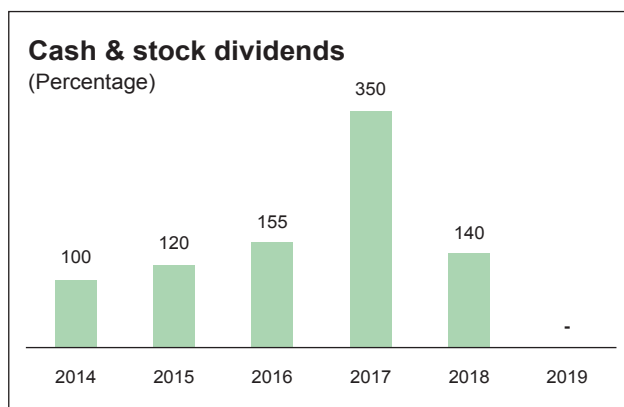
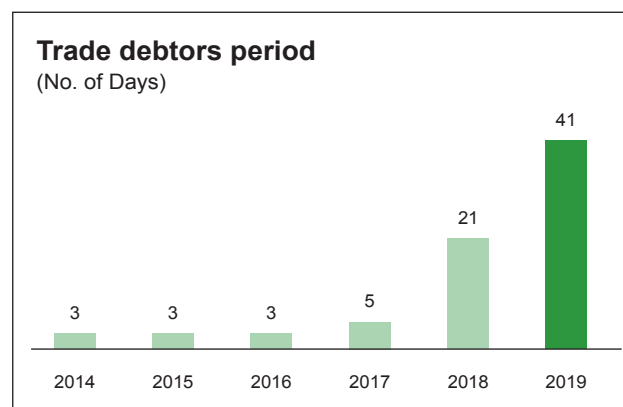
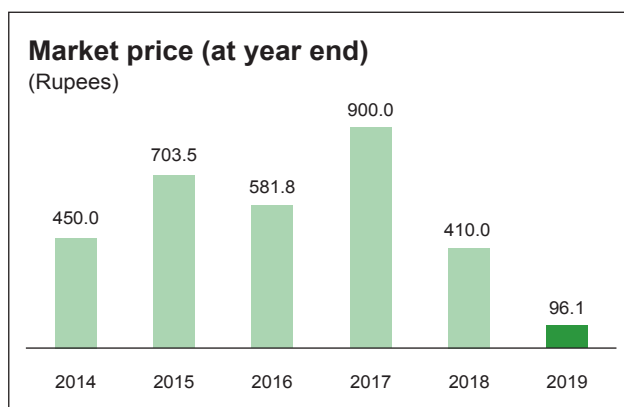
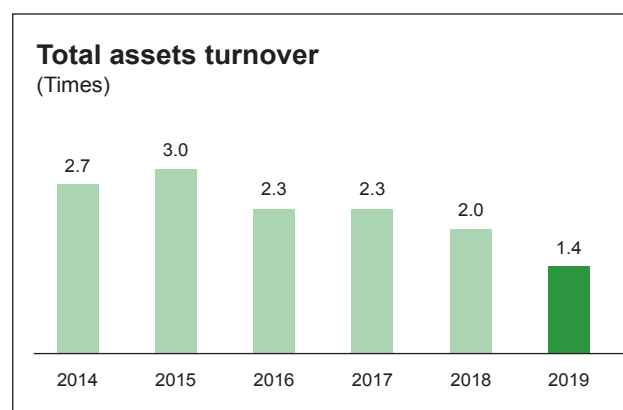
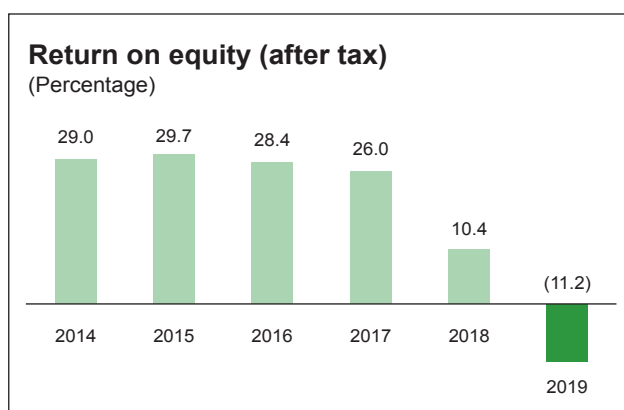
The Company has currently short term running finance of Rs.1,408 million. The short term running finance is settled through daily routine operations and hypothecated against stocks and receivables. The interest is paid as and when due.

## Six Years at a Glance

YEARS		2019	2018	2017	2016	2015	2014
<b>Profitability Ratios</b>							
Gross profit	(%)	2.1	10.9	17.3	19.6	14.9	13.2
Profit before tax	(%)	(3.3)	4.6	12.1	13.3	9.4	8.4
Profit after tax	(%)	(4.6)	3.3	8.7	9.0	6.5	6.1
Return on capital employed	(%)	(3.8)	15.9	35.5	40.8	44.2	41.5
Earnings before interest, tax, depreciation & amortization (EBITDA)	(Rs. in million)	105.6	1,245.3	2,395.6	2,149.9	1,788.7	1,281.4
EBITDA Margin	(%)	0.8	6.8	14.0	15.3	11.2	10.5
Operating leverage	(%)	403.2	(819.0)	44.3	(157.9)	137.2	78.9
<b>Return to Shareholders</b>							
Return on equity - before tax	(%)	(8.0)	14.7	36.4	41.8	43.4	40.0
Return on equity - after tax	(%)	(11.2)	10.4	26.0	28.4	29.7	29.0
Return on assets	(%)	(7.2)	5.8	17.8	19.0	18.8	13.9
Earnings per share (basic)	(Rs.)	(24.32)	33.94	84.86	73.04	58.27	42.60
Earnings per share (diluted)	(Rs.)	(24.32)	24.24	84.86	73.04	58.27	42.60
Price earning ratio	(Times)	(3.9)	12.1	10.6	8.0	12.1	10.6
Price to book ratio	(Times)	0.4	1.3	2.8	2.3	3.6	3.1
Market price - at year end	(Rs.)	96.1	410.0	900.0	581.8	703.5	450.0
Market price - during the year	(High - Rs.)	495.0	890.0	1,005.0	839.0	965.0	479.0
Market price - during the year	(Low - Rs.)	61.9	370.0	590.0	535.0	441.0	288.0
Break-up value per share without surplus on revaluation	(Rs.)	192.6	313.8	315.2	245.9	185.1	137.0
Break-up value per share with surplus on revaluation	(Rs.)	216.8	325.0	326.4	257.0	196.2	147.0
<b>Dividend</b>							
Cash dividend	(%)	-	100.0	350.0	155.0	120.0	100.0
Stock dividend	(%)	-	40.0	-	-	-	-
Dividend yield	(%)	-	3.4	3.9	2.7	1.7	2.2
Dividend cover	(Times)	-	2.4	2.4	4.7	4.9	4.3
Dividend pay out	(%)	-	41.2	41.2	21.2	20.6	23.5
Plough back ratio	(%)	-	58.8	58.8	78.8	79.4	76.5
Dividend yield (Cash)	(%)	-	2.4	3.9	2.7	1.7	2.2
Dividend cover (Cash)	(Times)	-	3.4	2.4	4.7	4.9	4.3
Dividend pay out (Cash)	(%)	-	29.5	41.2	21.2	20.6	23.5
Plough back ratio (Cash)	(%)	-	70.5	58.8	78.8	79.4	76.5
<b>Asset Utilization</b>							
Total assets turnover	(Times)	1.4	2.0	2.3	2.3	3.0	2.7
Fixed assets turnover	(Times)	3.4	5.4	5.9	6.0	9.4	9.5
Inventory turnover	(Times)	5.1	6.8	7.2	5.9	6.2	5.1
Trade debts turnover	(Times)	9.0	17.3	70.9	111.6	116.4	110.1
Trade creditors turnover	(Times)	9.3	11.1	11.5	10.9	15.6	13.0
Capital employed turnover	(Times)	2.2	3.1	3.2	3.3	4.9	5.0
<b>Operating Cycle</b>							
Inventory holding period	(No. of Days)	71	54	51	61	59	72
Trade debts collection period	(No. of Days)	41	21	5	3	3	3
Trade creditors payment period	(No. of Days)	(39)	(33)	(32)	(33)	(23)	(28)
Operating cycle	(No. of Days)	73	42	24	31	39	47
<b>Liquidity / Leverage</b>							
Current ratio	(Times)	1.6	1.6	2.2	2.1	2.0	1.5
Quick ratio	(Times)	0.9	0.9	1.4	1.0	1.0	0.5
Cash to current liabilities	(Times)	0.2	0.1	0.0	0.0	0.0	0.0
Cash flow from operations to sales	(%)	3.4	(8.0)	8.9	11.4	11.9	(3.9)
Financial leverage ratio	(Times)	0.3	0.4	0.2	0.2	0.2	0.6
Total liabilities to equity	(Times)	0.6	0.8	0.5	0.5	0.6	1.1
Interest coverage ratio	(Times)	(1.0)	8.1	31.3	27.0	11.1	9.1



## Six Years at a Glance



## Comments on Ratios

### Profitability

Gross profit as a percentage of revenue stands at 2.1% as compared to 10.9% last year. Decline in gross profit margin was mainly due to increased cost of raw materials, internationally and locally. Company incurred loss after tax of Rs.592 million as compared to profit of Rs.591 million, last year.

### Return to Shareholders and Dividend

The loss per share stood at Rs.24.32 per share as compared to earnings of Rs.24.24 per share last year. This decrease was a result of decrease in net profits. Company's break-up value per share stood at Rs.216.8 at year end as compared to Rs.325.0 of last year.

### Operating cycle

Operating cycle has increased over the last year due to increase in inventory holding and collection period.

### Liquidity / Leverage

The liquidity ratios of this year are marginally declined over the previous period whereas financial leverage and total liabilities to equity ratios are remained near last year position.



# Analysis of Prospects of the Company

## Prospects

The Company's focus is on expanding market reach, automation, HSE (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. The Company is also 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

Company's targets are dependent on various controllable and uncontrollable factors. 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 fluctuation is considered while setting targets and budgets.

The prices of raw material in international market are utilized for effective inventory management. The planned capital expenditure of Rs.907 million will be utilized on upgrading HSE up to 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.

# Segmental Review of Business

## Market Segment

The Company serves various segments including Original Equipment Manufacturers (OEMs), domestic appliances, industrial equipments and replacement market through a wide range of dealers' network. The list of our major OEM customers is placed at the end of this report.

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.

## Operating Segment

On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

## Share Price Sensitivity Analysis

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.

Key Sensitivities	Sensitivity Index
<p><b>Demand of automobiles</b></p> <p>Agriculture is the backbone of our country's economy. The agriculture based rural areas consume 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.</p> <p>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.</p>	High
<p><b>Demand of alternative sources of electricity</b></p> <p>The crisis in electricity generation and distribution showed significant improvement during the year. This has led to decrease usage of batteries. However, alternative sources of electricity including generators solar power panels, etc. may lead to increase usage of batteries.</p>	High
<p><b>Political stability</b></p> <p>Unstable political climate coupled with the law and order situation disrupts business processes, transportation facilities and supply chain of the Company.</p>	Moderate
<p><b>Plant operations</b></p> <p>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.</p>	Low
<p><b>Exchange rate fluctuations</b></p> <p>The Company is involved in imports of plant, machinery and raw materials and is exposed to foreign currencies exchange rate fluctuations. The depreciation in Pak Rupee affects the performance of Company which is partially countered by cost controls measures taken by the Company and partially by increase product pricing in the market.</p>	Moderate
<p><b>Dividend per share</b></p> <p>The consistent payout of dividends will reflect the expectations of investors and this affects share price.</p>	Moderate



Key Sensitivities	Sensitivity Index
<p><b>Economic trends</b></p> <p>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.</p>	High
<p><b>Investor sentiment</b></p> <p>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 which may be bullish or bearish may affect the value of a stock.</p>	Moderate
<p><b>Interest rate</b></p> <p>State Bank of Pakistan raised the interest rate to 12.25% by the end of June 2019; an increase of 5.75% since July 2018.</p>	High

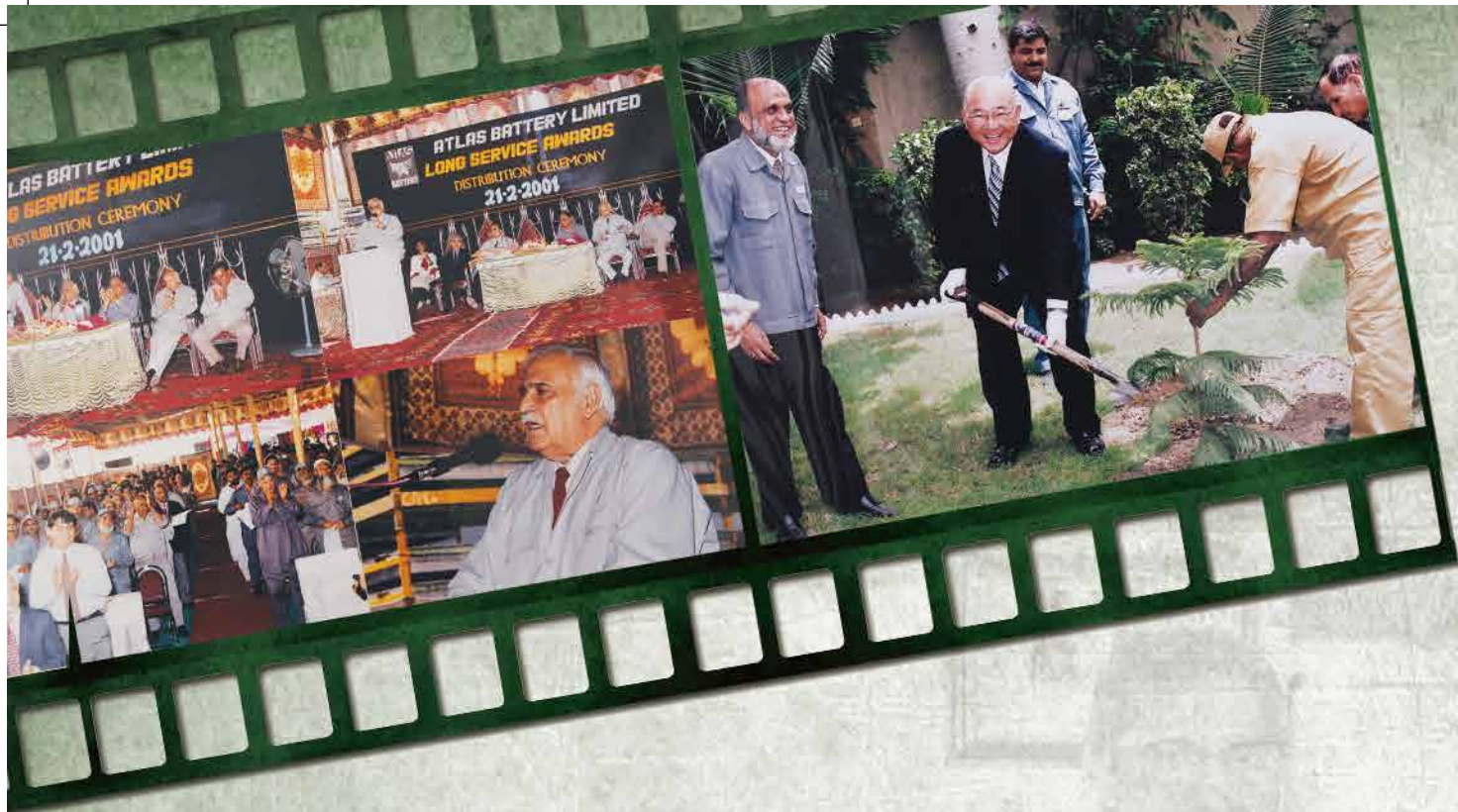
# DU PONT ANALYSIS





## Quarterly Performance Analysis

PARTICULARS	2019					2019 / 2018				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
	----- (Rupees in '000) -----					----- (Percentage) -----				
Sales	2,983,097	2,722,046	3,131,572	3,936,398	12,773,113	64%	72%	62%	80%	70%
Cost of sales	(2,938,439)	(2,958,888)	(3,021,462)	(3,587,813)	(12,506,602)	73%	88%	66%	83%	77%
Gross profit / (loss)	44,658	(236,842)	110,110	348,585	266,511	8%	-59%	25%	61%	13%
Distribution cost	(146,946)	(131,406)	(154,548)	(165,745)	(598,645)	83%	79%	88%	82%	83%
Administrative expenses	(63,559)	(58,567)	(47,737)	(51,489)	(221,352)	101%	99%	76%	85%	90%
Other income	14,911	332,485	4,654	33,414	385,464	29%	951%	-24%	492%	521%
Other expenses	(6,568)	(21,384)	(2,472)	(13,122)	(43,546)	6%	30%	-4%	28%	27%
(Loss) / profit from operations	(157,504)	(115,714)	(89,993)	151,643	(211,568)	-52%	-83%	-37%	57%	-22%
Finance cost	(48,159)	(50,680)	(67,107)	(47,276)	(213,222)	272%	144%	190%	160%	181%
(Loss) / profit before tax	(205,663)	(166,394)	(157,100)	104,367	(424,790)	-73%	-161%	-76%	44%	-51%
Taxation	(24,620)	(49,054)	(40,885)	(53,114)	(167,673)	30%	121%	131%	61%	69%
(Loss) / profit after tax	(230,283)	(215,448)	(197,985)	51,253	(592,463)	-115%	-342%	-113%	34%	-100%
Basic (loss) / earnings per share -										
Rupees	(9.45)	(8.84)	(8.13)	2.10	(24.32)					



## GEARED FOR GROWTH

Growth became the pinnacle of our success as Atlas Battery expanded its capacity between **1999** to **2008**, leading to accolades and a substantial increase in sales. Innovative and exciting new ventures also took place during this decade, like the introduction of CNG Rickshaw Battery and the supply of batteries to one of the biggest car manufacturers.





# 1999 — TO — 2008





# Chairman's Review

I am pleased to present to you the 53rd Annual Report of your Company for the year ended June 30, 2019 together with the Auditors' Report.

## Economy

Pakistan's economy has witnessed turmoil during FY 2018-19. GDP growth contracted to 3.3% as against 5.8% in last year and is expected to remain around 3.5% during next fiscal year. CPI inflation has increased to 7.3% as against 5.0% in last year but expected to soar between 11% to 12% due to higher government borrowings, currency devaluation, hike in domestic fuel prices and rising food prices. The State Bank of Pakistan has gradually increased the discount rate from 6.50% on July 01, 2018 to 12.25% at the close of current fiscal year, an absolute increase of 5.75%.

Exports during the current fiscal year were recorded at US\$ 24.2 billion, down by 2.2% from US\$ 24.8 billion last year. Imports also showed a downward trend of 7.3% at US\$ 52.4 billion as compared with US\$ 56.6 billion last year. The reduction in imports is mainly due to decrease in imports of furnace oil. Resultantly, the deficit in balance of trade was US\$ 28.2 billion as against US\$ 31.8 last year, down by 11.3%. Foreign remittances increased to US\$ 21.8 billion as compare to US\$ 19.9 billion last year, up by 9.7%. The above factors narrowed the current account deficit to US\$ 13.6 billion as compared to US\$ 19.9 billion in last year. Financing of current account deficit required increased reliance on external borrowings, leading to a considerably higher accumulation in external debt during the period. The current account deficit led to increased pressures on foreign exchange reserves and exchange rate. In view of the current economic scenario, the State Bank of Pakistan allowed the Pak Rupee to lose its value by 35.3% against US\$ from July 01, 2018 till end of FY 2018-19.

Owing to economic concerns and political uncertainty, the performance of the Pakistan Stock Exchange (PSX) remained lackluster as PSX 100 index dropped to 33,902 points by June 2019 end, from 41,911 at the start of FY 2018-19, down by 19.1%.

## Review of Automobile Industry

Automobile production dropped significantly due to higher cost of production, devaluation of Pak Rupee and surging interest rates. Sale of locally manufactured cars witnessed a decline of 4.2% in FY 2018-19 to 207,630 units as against 216,786 units sold in FY 2017-18. Tractors segment witnessed a substantial decrease of 28.9 % to 50,405 units as against 70,887 units last year. Sale of trucks and buses also dropped by 33.0% over last year. Sales of motorcycles and three wheelers (of assemblers, who are registered with PAMA) FY 2018-19 decreased by 8.5% with sales of 1,764,956 units as against 1,929,853 units during same period last year.

## Battery Industry

The demand for batteries is correlated with growth in automotive sector and the power shortage in the country. With the commissioning of new power plants, the power generation capacity has significantly increased, resulting in reduced load shedding, particularly in urban areas. This has severely affected the demand of heavy and medium sized batteries, used in UPS as a back-up source of electricity. On the other hand, with the reduction in solar panels cost, their usage particularly in off-grid areas has propelled, creating a new segment of battery usage, which has augmented the demand of medium and small size batteries. 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

During the FY 2018-19, your Company achieved sales of Rs.12.8 billion as compared to Rs.18.3 billion in FY 2017-18, down by 30.3%. This was mainly due to change in sales mix in the replacement market and generally depressed economic conditions. Decline in cost of sales was a meager 23.4% which resulted in gross profit of Rs.267 million as compared to Rs.2,002 million during last year.

Operating expenses stood at Rs.820 million, decreased by Rs.146 million as compared to Rs.966 million in the last year. Your Company incurred loss from operations of Rs.212 million as compared to profit of Rs.950 million during last year. Finance cost increased to Rs.213 million from Rs.118 million.

The loss before tax for FY 2018-19 was Rs.425 million as compared to profit of Rs.832 million in last year. After providing Rs.168 million for taxation, the loss after tax of your Company stood at Rs.592 million as compared to profit of Rs.591 million. Loss per share was Rs.24.32 as compared to earnings of Rs.24.24 for the last 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 system. 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 FY 2019-20 and capital expenditures requirement.

The Audit Committee and Human Resource & Remuneration Committee have 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.3.3 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 25.6% of net sales value 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 your Company is over Rs.56 billion. This makes Atlas one of the highest taxpayers in the country constituting 1% of Government's total revenue.

## Cash Flows

During the year, cash generation from operations by your Company was Rs.437 million as against cash used in operations of Rs.1,459 million in last year. This was mainly due to liquidation of stock-in-trade and recovery of trade debts. In order to meet the working capital requirement, your Company divested Rs.739 million from mutual funds.

## Information Technology

Your Company is well equipped with state of the art information technology infrastructure. Your Company is committed to staying 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 and striving for a paperless environment. 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 to Business (B2B)
- Plant Data Automation
- Claim Management System
- Data Security Management
- Warehouse 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, leadership skills, core management skill development and marketing / brand related conferences. Altogether 157 associates benefited from internal trainings, while 56 associates enhanced their skill set through external training programs / conferences / workshops, amounting to a total of 130 man days spent on training during the year.

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. State of the art Waste Water Treatment Plant, designed by GS Yuasa (JV Partner), was installed in the factory premises, which is another milestone towards betterment of the society. Your Company has acquired ISO 14001:2015 Certification on Environment Management System (EMS) and OHSAS 18001:2007 Certification on Occupation Health & Safety Management System, which are testimony to the management commitment towards HSE. Associates’ training and awareness sessions have been regularly conducted to achieve our ultimate goal of “zero incidents and zero injuries”.

To strengthen the safety culture, numerous training sessions were organized on HSE by engaging an external trainer / training institute, ensuring its step-wise implementation, incorporating all shops / departments.



## Analysis on Last Fiscal Year's Forward Looking Disclosures

As expected, significant economic slow down was observed on the back of weak currency and tight monetary policy. Uncertainty of IMF program further deepened the economic crisis. Improvement in load shedding affected the demand of medium and heavy sized batteries. Engineering and Development was continually conducted to bring in innovations and deep cycle battery was launched during the year which is best suitable for solar panels and UPS.

## Future Prospects

It is anticipated that during FY 2019-20, economic growth will further slow down significantly as a weak currency and tighter monetary policy will suppress the consumption trend. The government has introduced necessary reforms with short and medium term objectives to revive the economy. The fundamentals are still strong and a clear direction by the government will push the economy towards the sustainable growth path in medium and long term.

The battery industry is likely to have another challenging year ahead as the competition will be tougher as due to capacity expansion by existing battery manufacturers and new entrants. On the other hand, demand of heavy batteries will shrink further due to reduced load shedding, particularly in urban areas. Profitability in future will also be affected due to increase in prices of basic raw materials, devaluation of Pak Rupee, rising interest rates and inflationary pressure pushing the manufacturing and operating costs higher.

Notwithstanding the challenges mentioned above, your Company had invested significantly to improve the 5S and HSE. Considering the market needs for innovative products, your Company has introduced deep cycle battery. Your Company will continue to innovate and remain the market leader not only in quality but technological advancement.

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":

ہ ملت کے ساتھ رابطہ استوار رکھ  
پیوستہ رہ شجر سے اُمید بہار رکھ

## Acknowledgements

On behalf of the Board of Directors of your Company, I take this opportunity to acknowledge and appreciate the devoted and sincere services of all associates and management staff of all cadres of the Company.

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



Yusuf H. Shirazi  
Chairman



Ali H. Shirazi  
President / Chief Executive

Karachi: August 26, 2019

# Directors' Report

The Directors of the Company take pleasure in presenting the Directors' Report together with the Company's audited annual financial statements for the year ended June 30, 2019. The Director's Report, prepared under Section 227 of the Companies Act, 2017 will be put forward to the members at the 53rd Annual General Meeting of the Company to be held on September 27, 2019.

## Operating Results

The operating results of the Company are summarized as follows:

	2019 ----- (Rupees in '000) -----	2018
(Loss) / profit before tax	(424,790)	832,096
Less: Provision for taxation:		
Current year	175,973	238,688
Prior year	(4,882)	4,366
Deferred	(3,418)	(1,552)
	167,673	241,502
(Loss) / profit after taxation	(592,463)	590,594

## Reason for Loss

The loss has mainly due to change in sales mix in replacement market coupled with depressed economic conditions. These include inflationary impacts on costs of raw materials and devaluation of currency. Further, the significant decrease in demand has caused non absorption of overheads.

## Subsequent Appropriations

There is no subsequent appropriation by the Company for the year under review.

## (Loss) / Earning Per Share

The basic and diluted loss per share after tax is Rs.24.32 (2018: earning per share of Rs.24.24).

## Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the performance and effectiveness of the Board, performance of the Company for the year ended June 30, 2019 and future prospects. The Directors endorse the contents of the Chairman's 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, six 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	6	3	4
2.	Mr. Ariful Islam	No	6	1	2
3.	Mr. Azam Faruque	No	6	6	4
4.	Mr. Bashir Makki	No	6	5	1
5.	Mr. Frahim Ali Khan	No	6	6	2
6.	Mr. Toru Furuya	No	6	4	1
7.	Mr. Ali H. Shirazi	Yes	6	6	3

Leaves of absence were granted to those Directors who could not attend some of the Board meetings.

### Directors' Training Program

Five directors are certified Directors whereas two directors meet the criteria of exemption under clause 20(2) of the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Code 2017") and are accordingly exempted from directors' training program. Details are as follows:

Sr. No.	Name of Directors	Institution	Year
1.	Mr. Yusuf H. Shirazi	Exempt	Not Applicable
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	Not Applicable
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 Directors confirms compliance with the Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and the Code 2017 for the following matters:

- The financial statements, prepared by the management of the Company, present its state of affairs including the results of its operations, cash flows and changes in equity, fairly.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

- (e) The system of internal control and mitigation of risk are sound in design and have 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.

The brief report on risk and opportunity duly endorsed by the Board of Directors, covering measures to mitigate risk is annexed in this report.

### 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.8.3 million to Atlas Foundation.

### Contribution to National Exchequer

The Company contributed Rs.3.3 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 25.6% of net sales value 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. 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 at [www.atlasbattery.com.pk/code-of-conduct](http://www.atlasbattery.com.pk/code-of-conduct). 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 whom are non-executive directors. The Chairman of the Committee is an independent director.

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. Azam Faruque	No	4	4
2.	Mr. Bashir Makki	No	4	4
3.	Mr. Frahim Ali Khan	No	4	4

As required by the Code 2017, Audit Committee also met with external auditors and Head of Internal Audit in the absence of management. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) attended all the four meetings held during the year, by invitation.

### 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 annual evaluation of the Board members was carried out in house by the Human Resource and Remuneration Committee. The key areas of evaluation were as under:

- (a) Composition of the Board and its effectiveness;
- (b) Structuring of Board's committees and their role;
- (c) Vision / Mission planning and establishing a corporate environment;
- (d) Access to the information and risk monitoring;
- (e) Performance of duties and responsibilities;
- (f) Relationship with the management;
- (g) Role of the Chairman and assessment of own performance.

The Committee consists of three members all of whom are non-executive directors. The Chairman of the Committee is an independent director.

During the year, two meetings of Human Resource and Remuneration Committee were held and attendance was as follows:

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

### 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.

### Significant Features of Directors' Remuneration

The Board of Directors has approved a formal policy for remuneration of executive and non-executive directors depending upon their responsibility in affairs of the Company. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully and to encourage value addition from them.



The Company will not pay any remuneration to independent directors except fees for attending the meetings of the Board and its committees. Remuneration of executive and non-executive directors shall be approved by the Board, as recommended by the Human Resource and Remuneration Committee.

### 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, 2019 is as follows:

	<u>Rupees in Million</u>
– Provident Fund	143.6
– Gratuity Fund	78.5

### 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, 2019 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 Officer, 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, 2019 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

Sustainability Report, an integral part of this annual report, besides highlighting various activities carried out by the Company, has also covered measures taken with regards to Health, Safety and Environment and Corporate Social Responsibility.

### Statement of Value Addition 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 has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2020.

### 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 Act, 2017. The Company also has a web site, [www.atlasbattery.com.pk](http://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



Azam Faruque  
Director

For and on behalf of the  
BOARD OF DIRECTORS



Ali H. Shirazi  
President / Chief Executive

Karachi: August 26, 2019

انویسٹمنٹ کی مالیت غیر پڑتال شدہ اکاؤنٹس کی بنیاد پر مورخہ 30 جون 2019 تک مندرجہ ذیل ہے۔

روپے بلین میں

143.6	- پروڈکٹ فنڈ
78.5	- گریجویٹ فنڈ

### آپریٹنگ اور مالیاتی ڈیٹا

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

### کمپنی ریکارڈز کی حفاظت

کمپنی اپنے مالیاتی ریکارڈز کی اسٹوریج اور محفوظ بنانے پر بہت توجہ مرکوز رکھتی ہے۔ کمپنی مالیاتی معلومات کو محفوظ رکھنے کے لیے اوریکل 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۔ ریکارڈز کو برقرار رکھنے کے لیے پالیسی تشکیل دی گئی ہے تاکہ دستاویزات کی حفاظت اور دوبارہ رسائی کو یقینی بنایا جاسکے۔

### شیئر ہولڈنگ کا پیٹرن

30 جون 2019 کے مطابق شیئر 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 آفیسر، ہیڈ آف انٹرنل آڈٹ، کمپنی سیکریٹری اور دیگر ایگزیکٹوز شامل ہیں (بورڈ کی وضاحت کے مطابق)

### مواد میں تبدیلی

30 جون 2019 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۔ کمپنی کی جانب سے انجام دی گئی مختلف سرگرمیوں کے علاوہ، صحت، حفاظت، ماحول اور کارپوریٹ سماجی ذمہ داری سے متعلق بھی اقدامات کا احاطہ کیا گیا ہے۔

### اسٹیشنمنٹ برائے ویلیو ایڈیشن اور خطرے سے بچاؤ کی رپورٹ

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

### کمپنی کے قانونی آڈیٹرز

موجودہ آڈیٹرز، میسرز شائن ونگ جمیڈ چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اپنے عہدے کی معیاد پوری کر چکے ہیں اور بر بنائے اہلیت خود کو تفری کے لیے دوبارہ پیش کر رہے ہیں۔ کمپنی کی آڈٹ کمیٹی نے ان کی 30 جون 2020 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 2017 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](http://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

بورڈ آف ڈائریکٹرز کے لیے اور جانب سے



علی اسچ شیریازی  
پریذیڈنٹ/چیف ایگزیکٹو



اعظم فاروق  
ڈائریکٹر

کراچی: 26 اگست 2019



بورڈ اراکین کی سالانہ قدر پیمانی کمپنی کے اندر ہی انسانی وسائل اور معاوضے کی کمیٹی کے ذریعے انجام دی گئی۔ قدر پیمانی کے اہم نکات درج زیر ہیں:

- الف) بورڈ کی تشکیل اور اس کی موثریت
- ب) بورڈ کی کمیٹیوں کی خدوخال سازی اور ان کے کردار
- ج) وژن/میشن کی منصوبہ بندی اور کارپوریٹ ماحول کی تشکیل
- د) معلومات تک رسائی اور خطرات کا جائزہ
- ه) فرائض اور ذمہ داریوں کی کارکردگی
- ی) کمپنی کی انتظامیہ سے تعلقات
- ے) چیئرمین کا کردار اور خود اپنی کارکردگی کا جائزہ

یہ کمیٹی تین اراکین پر مشتمل ہے جس میں سب نان ایگزیکٹو ڈائریکٹرز ہیں۔ اس کمیٹی کا چیئرمین ایک خود مختار ڈائریکٹر ہے۔

اس سال کے دوران انسانی وسائل اور معاوضے کی کمیٹی کے 2 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 اعظم فاروق	نہیں	2	2
2	جناب بشیر کی	نہیں	2	2
3	جناب فراہیم علی خان	نہیں	2	2

### 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 ممکن 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 دیے جانے والے امور کی مناسبت سے تشکیل دی جاتی ہے 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 دیے جانے والے تمام فیصلے اور ہدایات مناسب طریقے سے مطلع کیے جائیں اور ان پر عملدرآمد ہو۔

### ڈائریکٹرز کے معاوضے کی اہم خصوصیات

بورڈ آف ڈائریکٹرز نے ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضوں کے لیے پالیسی کی منظوری دی ہے جو ان کی کمپنی میں ذمہ داریوں پر منحصر ہے۔ یہ معاوضے ان ذمہ داریوں اور ماہرانہ صلاحیتوں سے مشروط ہیں جو کمپنی کے امور کو کامیابی کے ساتھ انجام دینے اور اس کی قدر میں اضافے کی حوصلہ افزائی کے لیے درکار ہیں۔

کمپنی خود مختار ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کی فیس کے علاوہ کسی قسم کے معاوضے کی ادائیگی نہیں کرے گی۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے انسانی وسائل اور معاوضے کی کمیٹی کی تجویز کے مطابق بورڈ کی جانب سے منظور کیے جائیں گے۔

### ملازمین کو سبکدوشی پر ملنے والے فوائد

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

- تسلیم شدہ پرووڈنڈ فنڈ؛ یا
  - رضا کارانہ پنشن سسٹم قواعد 2005 یعنی ٹلس پنشن فنڈ اور ٹلس پنشن اسلامک فنڈ کے تحت رضا کارانہ پنشن اسکیمیں جو کہ ٹلس ایسیٹ 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 پرووڈنڈ 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۔
- کمپنی اپنے مینجمنٹ ملازمین کے لیے نان کنٹریبوٹری گریجویٹ فنڈ اسکیم بھی پیش کرتی ہے۔

## 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 نگرانی 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 اسٹینڈرڈز کے مطابق مالیاتی گوشوارے پیش کیے جائیں۔

بورڈ آف ڈائریکٹرز کی جانب سے رسک اور آپریشن پر مختصر رپورٹ، جو کہ متوقع خطرات کو محدود کرنے کے اقدامات کا احاطہ کرتی ہے وہ اس رپورٹ کے ساتھ منسلک ہے۔

## 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 8.3 ملین روپے عطیہ دیئے۔

## قومی خزانے میں ادائیگی

کمپنی نے زیر جائزہ سال کے دوران حکومتی خزانے میں بطور ٹیکس اور دیگر درآمدی ڈیوٹیوں کی مد میں 3.3 ارب روپے ادا کیے۔ یہ ٹیکس ادائیگی کمپنی کی فروخت کا 25.6 فیصد 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 دھوکہ دہی سے تحفظ وغیرہ شامل ہیں۔ یہ ضابطہ کمپنی کے امور کی ادائیگی کے لیے دیانت داری، سالمیت اور کثادگی کی حوصلہ 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 شراکت 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 [www.atlasbattery.com.pk/code-of-conduct](http://www.atlasbattery.com.pk/code-of-conduct) پر بھی دستیاب ہے۔ اس ضابطے کے روزمرہ بنیادوں پر عمل درآمد اور جائزے کا عمل سنئیر 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 چیئرمین خود مختار ڈائریکٹر 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 ڈائریکٹر	قابل اطلاق اجلاسوں کی تعداد	حاضری
1	جناب اعظم فاروق	نہیں	4	4
2	جناب بشیر کی	نہیں	4	4
3	جناب فراہم علی خان	نہیں	4	4

کوڈ 2017 کے مطابق، آڈٹ کمیٹی، مینجمنٹ کی غیر حاضری میں بیرونی آڈیٹرز اور ہیڈ آف انٹرنل آڈٹ سے ملی۔ چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے سال کے دوران منعقد چاروں اجلاسوں میں، مدعو کیے جانے پر شرکت کی۔

## انسانی وسائل اور معاوضے کی کمیٹی

انسانی وسائل اور معاوضے کی کمیٹی کمپنی 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۔ یہ کمیٹی کمپنی کے لیے سالانہ اہم انسانی وسائل کے انتخاب، جانچ، معاوضے اور اہم انتظامی منتظمین کی جانشینی کے لیے بورڈ کو معاونت فراہم کرتی ہے۔

اس سال کے دوران، بورڈ کے چھ اجلاس منعقد کیے گئے۔ ڈائریکٹرز کی حاضری اور تمام لسٹڈ کمپنیوں میں انکی ڈائریکٹر شپس کی تعداد بشمول اٹلس بیٹری لمیٹڈ مندرجہ ذیل ہے۔

نمبر شمار	ڈائریکٹرز کے نام	ایگزیکٹو ڈائریکٹر	قابل اطلاق اجلاسوں کی تعداد	حاضری	لسٹڈ کمپنیوں میں ڈائریکٹر شپس کی تعداد
1	جناب یوسف ایچ شیرازی	نہیں	6	3	4
2	جناب عارف الاسلام	نہیں	6	1	2
3	جناب اعظم فاروق	نہیں	6	6	4
4	جناب بشیر علی	نہیں	6	5	1
5	جناب فراہیم علی خان	نہیں	6	6	2
6	جناب ٹور فورویا	نہیں	6	4	1
7	جناب علی ایچ شیرازی	ہاں	6	6	3

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

### ڈائریکٹرز کے تربیتی پروگرام

پانچ ڈائریکٹرز پہلے ہی سند یافتہ ڈائریکٹرز ہیں جبکہ دو ڈائریکٹرز لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 ("کوڈ 2017") کے کلاز (2)20 کے تحت مستثنیٰ کے معیار پر پورا اترتے ہیں اور اسی لحاظ سے ڈائریکٹر ٹریننگ پروگرام سے استثنیٰ رکھتے ہیں۔ ان کی تفصیلات مندرجہ ذیل ہیں۔

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

### ڈائریکٹرز کی ذمہ داریوں کا بیان

ڈائریکٹرز کی جانب سے سیکڑ ریٹرنڈ اینڈ ایکٹیو کیمنشن آف پاکستان اور کوڈ 2017 کے مطابق مندرجہ ذیل معاملات کے لیے کارپوریٹ اینڈ فنانشل 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 رہے ہیں۔

ب - کمپنی کی جانب سے اکاؤنٹس کی کتب باقاعدہ درست انداز میں مرتب کی گئی ہیں۔

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 فنانشل رپورٹنگ اسٹینڈرز کے استعمال کو یقینی بنایا گیا ہے، جو پاکستان میں لاگو کیے گئے ہیں۔

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

ی - کمپنی کی اہلیت بطور ایک جاری و ساری ادارے کے ہر قسم کے شکوک و شبہات سے بالاتر ہے۔

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



## ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2019 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 ایکٹ 2017 کے سیکشن 227 کے مطابق تیار کی گئی ہے جو کہ 27 ستمبر 2019 کو کمپنی کی 53 ویں سالانہ عام اجلاس میں اراکین کو پیش کی جائے گی۔

2018  
----- (روپے '000 میں) -----

2019

### آپریٹنگ نتائج

کمپنی کے آپریٹنگ نتائج کی مختصر تفصیل مندرجہ ذیل ہے:

832,096	(424,790)	(نقصان) / منافع قبل از ٹیکس
238,688	175,973	محصولات کے لیے فراہمی
4,366	(4,882)	موجودہ سال
(1,552)	(3,418)	گزشتہ سال
241,502	167,673	موخر / ملتوی
590,594	(592,463)	(نقصان) / بعد از ٹیکس منافع

### نقصان کی وجہ

یہ نقصان بنیادی طور پر دباؤ کا ذخار معاشی صورت حال کے ساتھ تبدیل ہوتی مارکیٹ میں خرید و فروخت میں اتار چڑھاؤ کے باعث ظاہر ہوا۔ جو کہ خام مال کی قیمتوں میں اضافہ اور روپے کی قدر میں کمی کا سبب بنا۔

### مابعد تصرفات

زیر جائزہ سال کے لیے کمپنی کی جانب سے کوئی مابعد تصرفات پیش نہیں کئے گئے ہیں۔

### (نقصان) / آمدنی فی حصص

بعد از ٹیکس بنیادی اور diluted نقصان فی حصص 24.32 روپے ہے (آمدنی فی حصص 24.24 روپے: 2018)۔

### جیئر مین کا جائزہ

جیئر مین کا جائزہ سالانہ رپورٹ میں شامل ہے جو کہ 30 جون 2019 کو ختم شدہ سال میں کمپنی کی کارکردگی اور مستقبل کے امکانات کا احاطہ کرتا ہے۔ ڈائریکٹرز اس جائزے کے مندرجات کی توثیق کرتے ہیں۔

### بورڈ آف ڈائریکٹرز

بورڈ ایک عدد 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۔

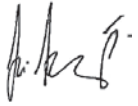
انتظامیہ نے مواقعوں اور برآمدی بازار کی تلاش کی بدولت مارکیٹ میں بہتر طور پر نفوذ کے لیے لاگت میں کمی، مصنوعات اور خدمات کے اعلیٰ معیار کی برقراری پر توجہ مرکوز کیے ہوئے ہے۔ افرادی قوت کی صلاحیتوں میں اضافے اور حصص یافتگان کے لیے قدر میں اضافہ بھی آپ کی کمپنی کی اولین ترجیح ہے۔ میں آپ کو یقین دلاتا ہوں کہ آپ کی کمپنی صارفین کو مطلوب اعلیٰ ترین معیار پر پورا اترنے کے لیے پیداوار بہت اور موثر کارکردگی پر توجہ مرکوز کیے رکھے گی اور دی ٹلس وے کے اصولوں پر عمل پیرا ہوگی:

ہ ملت کے ساتھ رابطہ استوار رکھ  
پیوستہ رہ شجر سے اُمید بہار رکھ

اعظم الشکر

میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی ایماء پر تمام ایسوسی ایٹس اور ہر سطح کے مینجمنٹ اسٹاف کا شکریہ ادا کرنا چاہوں گا جنہوں نے مستقل مزاجی، انتھک محنت اور لگن کے ساتھ اپنی ذمہ داریاں نبھائیں۔

میں اپنے جوائنٹ ویٹنجر پارٹنرز جی ایس یو سائنٹیفیکل لمیٹڈ، جاپان، بورڈ آف ڈائریکٹرز، حصص یافتگان، بینکار، فروخت کار (وینڈرز) اور صارفین کا، اُن کی مسلسل حمایت اور رہنمائی پر تہ دل سے شکریہ 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 واہمانہ وابستگی کی بدولت ہم ہر گزرتے سال کے ساتھ ترقی کے نئے افق کو چھونے میں کامیاب ہوئے۔



علی ایچ شیرازی  
پریذیڈنٹ/چیف ایگزیکٹو



یوسف ایچ شیرازی  
چیئرمین

کراچی: 26 اگست 2019

ایک موزوں کاروباری ماحول کو برقرار رکھا گیا جو کہ تخلیقی عمل، آزادی اور تکنیکی مہارتوں اور قائدانہ صلاحیتوں کو مضبوط سے مضبوط تر 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 شرکائے کار کو شمولیت 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 157 اراکینِ عملہ مستفید ہوئے جبکہ 156 اراکین نے خارجی طور پر منعقدہ تربیتی پروگرامز / کانفرنسوں / ورکشاپس کے ذریعے اپنی صلاحیتوں میں اضافہ کیا، سال بھر کے دوران ان تربیتی پروگراموں پر افراد کے لحاظ سے کام کی مقدار کے 130 دن خرچ کیے گئے۔

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۔ ہم غیر اخلاقی کاروباری سرگرمیوں یا انفرادی رویوں کو ذرہ 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 کاری ہے۔ فیکٹری کے اندر GS Yuasa (JV Partner) کا ڈیزائن کردہ آلودہ پانی کو صاف کرنے کے پلانٹ کی تنصیب کی گئی، جو کہ کمپنی کی جانب سے معاشرے کی بہتری کی جانب اٹھایا جانے والا ایک اہم سنگ میل ہے۔ آپ کی کمپنی نے انوائزمنٹ مینجمنٹ سسٹم (EMS) کی ISO 14001:2015 سرٹیفیکیشن اور آکیویشن ہیلتھ اینڈ سیفٹی مینجمنٹ سسٹم کی OHSAS 18001:2007 سرٹیفیکیشن حاصل کی، جو کہ کمپنی کی صحت، تحفظ اور ماحول کے حوالے سے کی جانے والی کاوشوں کا مظہر ہیں۔ ”حادثات اور زخمی ہونے کے صفر امکانات“ کے حتمی مقصد کی تکمیل کے لیے اپنے ساتھ کام کرنے والوں کی تربیت اور آگاہی سیشنز باقاعدگی سے منعقد کیے جاتے ہیں۔

تحفظ کے کلچر کو مضبوط بنانے کے لیے صحت، تحفظ اور ماحول کے حوالے سے بشمول بیرونی تربیتی پروگرام / تربیتی اداروں میں متعدد ڈریٹنگ سیشنز کا انعقاد کیا گیا ہے، جو کہ قدم بہ قدم اپنے اقدامات کی عمل داری اور تمام شاخیں اور محکموں کے تعاون کو یقینی بناتا ہے۔

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

سخت مانیٹری پالیسی اور روپے کی قدر میں کمی کے باعث متوقع اقتصادی بحران کا سامنا کرنا پڑا۔ آئی ایم ایف پروگرام کے تناظر میں پیدا ہونے والی غیر یقینی صورت حال نے معاشی بحران کو مزید گہرا کیا۔ بجلی کی فراوانی میں بہتری نے درمیانی اور بھاری بیٹریز کی طلب میں اضافہ کیا۔ مصنوعات میں جدت اور نئے انداز پیدا کرنے کے لیے تخلیقی و تعمیری عمل مسلسل جاری رکھا گیا اور دوران سال ایک نئے اور جدید انداز کی ڈیپ سائیکل بیٹری متعارف کرائی گئی جو کہ یو پی ایس اور سولر پینل کے لیے نہایت موزوں ہے۔

### مستقبل کے خدو خال

توقع کی جارہی ہے کہ مالی سال 2020-2019 میں روپے کی قدر میں کمی اور سخت مانیٹری پالیسی طلب کے رجحان کو کم کریں گی جس کے سبب معاشی ترقی میں واضح کمی واقع ہوگی۔ حکومت نے معیشت کی بحالی کے لیے مختصر اور درمیانی مدت کے لیے ضروری اصلاحات پیش کی ہیں۔ معیشت کے بنیادی عوامل مضبوط ہیں اور حکومت کی جانب سے واضح سمت کا تعین ہونے سے معیشت درمیانی اور طویل مدت کے لیے پائیدار ترقی کے راستے پر گامزن ہو جائے گی۔

آگے آنے والا سال بیٹری انڈسٹری کے لیے خاصی مشکلات لائے گا کیونکہ حریف کمپنیاں اپنی صلاحیتوں اور گنجائش میں اضافہ کر رہی ہیں اور نئی کمپنیاں بھی مارکیٹ میں آ رہی ہیں۔ دوسری جانب، بشپری علاقوں میں لوڈ شیڈنگ میں کمی کے سبب بڑی بیٹریوں کی طلب میں کمی واقع ہوئی ہے۔ بنیادی خام مال کی قیمتوں میں اضافے، پاکستانی روپے کی قدر میں کمی اور افراط زر کا دباؤ پیداواری اور عمل کاری کی لاگت میں اضافے کا سبب بن رہا ہے جس کی وجہ سے مستقبل میں منافع پر برا اثر پڑے گا۔

مندرجہ بالا بیان کردہ مشکلات کے باوجود آپ کی کمپنی نے HSE اور 5S کی بہتری کے لیے کافی سرمایہ کاری کی ہے۔ مارکیٹ میں جدید اور نئی مصنوعات کی طلب کے پیش نظر، آپ کی کمپنی نے ڈیپ سائیکل بیٹری متعارف کرائی ہے۔ 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۔





## چیرمین کی جانب سے ایک جائزہ

میں نہایت مسرت کے ساتھ 30 جون 2019 کو ختم ہونے والے مالی سال کے لیے آپ کی کمپنی کی 53 ویں سالانہ رپورٹ مع آڈیٹر کی رپورٹ پیش کر رہا ہوں۔

### معیشیت

پاکستانی معیشت میں مالی سال 19-2018 کے دوران منفی رجحان کا غلبہ رہا۔ شرح نمو گزشتہ سال کے 5.8 فیصد کے مقابلے میں 3.3 فیصد ہو گئی ہے جبکہ آئندہ مالی سال کے دوران بھی شرح نمو تقریباً 3.5 فیصد تک رہنے کی توقع ہے۔ افراط زر میں گزشتہ سال کے 5.0 فیصد کے مقابلے میں 7.3 فیصد اضافہ ہوا جبکہ حکومت کے بلند قرضوں، روپے کی قدر میں کمی، مقامی تیل اور خورد و نوش کی قیمتوں میں اضافے کے سبب مزید 11 سے 12 فیصد تک افراط زر بڑھنے کا امکان ہے۔ اسٹیٹ بینک آف پاکستان نے یکم جولائی 2018 تا رواں مالی سال کے اختتام تک ڈسکاؤنٹ ریٹ میں 6.50 فیصد سے 12.25 تک بتدریج اضافہ کیا جو کہ 5.75 فیصد کا یقینی اضافہ ہے۔

موجودہ مالی سال کے دوران، برآمدات 2.2 فیصد کمی کے ساتھ 24.2 ارب ڈالر ہو گئیں جو گزشتہ سال 24.8 ارب ڈالر تھیں، ساتھ ہی درآمدات نے بھی گزشتہ سال کے 56.6 ارب ڈالر کے مقابلے میں 7.3 فیصد کمی کے ساتھ 52.4 ارب ڈالر کا منفی رجحان ظاہر کیا۔ درآمدات میں کمی کی بنیادی وجہ فرنس آئل کی درآمدات میں کمی ہے۔ جس کے نتیجے میں، تجارتی توازن میں خسارہ گزشتہ سال کے 31.8 ارب ڈالر کے مقابلے میں 11.3 فیصد کمی کے ساتھ 28.2 ارب ڈالر ہو گیا۔ بیرون ملک سے بھیجی جانے والی ترسیلات زر گزشتہ سال کے 19.9 ارب ڈالر کے مقابلے میں 9.7 فیصد اضافے کے ساتھ 21.8 ارب ڈالر ہو گئیں۔ ان مذکورہ عوامل کے باعث کرنٹ اکاؤنٹ خسارے کم ہو کر 13.6 ارب ڈالر پر آ گئے ہیں جبکہ گزشتہ سال اسی مدت کے دوران 19.9 ارب ڈالر تھے۔ کرنٹ اکاؤنٹ خسارے کی فنانسنگ کے لیے بیرونی امداد پر انحصار بڑھانا ضروری ہے، جس کی وجہ سے اس مدت کے دوران بیرونی امداد کی زیادہ ذخیرہ اندوزی ممکن ہو سکتی ہے۔ کرنٹ اکاؤنٹ خسارے کے باعث زرمبادلہ کے ذخائر اور زرمبادلہ کی شرح پر دباؤ بڑھ رہا ہے۔ موجودہ اقتصادی صورتحال کے پیش نظر اسٹیٹ بینک آف پاکستان نے یکم جولائی 2018 تا مالی سال 19-2018 کے اختتام تک کے دورانیہ میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 35.3 فیصد کمی کی اجازت دی۔

اقتصادی خدشات، سیاسی عدم استحکام کے سبب پاکستان اسٹاک ایکسچینج کی کارکردگی مایوس کن رہی اور PSX انڈیکس جون 2019 کے اختتام پر 19.1 فیصد کمی کے ساتھ 33,902 پوائنٹس پر آ گیا جبکہ مالی سال 19-2018 کے آغاز میں 41,911 پوائنٹس پر موجود تھا۔

### آٹوموبائل انڈسٹری کا جائزہ

اس مالی سال کے دوران آٹوموبائل پروڈکشن میں زیادہ پیداواری لاگت، پاکستانی روپے کی قدر میں کمی اور بڑھتی ہوئی شرح سود کے سبب نمایاں کمی واقع ہوئی ہے۔ مالی سال 19-2018 میں مقامی سطح پر تیار کی جانے والی کاروں کی فروخت میں 4.2 فیصد کمی دیکھی گئی جس کے ساتھ مالی سال 18-2017 میں 216,786 پونٹس کے مقابلے میں اس سال 207,630 پونٹس کی فروخت ریکارڈ کی گئی۔ ٹریکٹرز کی فروخت میں بھی کمی دیکھی گئی جہاں گزشتہ سال 70,887 پونٹس کے مقابلے میں 28.9 فیصد کمی کے ساتھ 50,405 پونٹس کی فروخت ریکارڈ کی گئی۔ ساتھ ہی ٹرکس اور بسوں کی فروخت گزشتہ سال کے مقابلے میں 33.0 فیصد کم ہوئیں۔ موٹر سائیکلوں اور تین پہیوں والی گاڑیوں میں (جن کے پارٹس کو جوڑنے والے پنی اے ایم اے سے رجسٹرڈ ہیں) مالی سال 19-2018 کے دوران 1,764,956 پونٹس کی تعداد میں فروخت کے ساتھ 8.5 فیصد کمی ہوئی جبکہ پچھلے سال اسی مدت کے دوران 1,929,853 پونٹس فروخت ہوئے تھے۔

### بیٹری کی صنعت

بیٹریوں کی طلب کا دارومدار گاڑیوں کے شعبے کی ترقی اور ملک میں موجود بجلی کے بحران پر ہے۔ نئے پاور پلانٹس کے آغاز سے بجلی کی پیداوار میں خاطر خواہ اضافہ ہوا ہے، جس کے نتیجے میں خاص طور پر شہری علاقوں میں لوڈ شیڈنگ میں کمی واقع ہوئی ہے۔ اس کی وجہ سے بجلی کے بیک اپ کے طور پر استعمال ہونے والے یو پی ایس میں استعمال کی جانے والی بڑی اور درمیانے سائز کی بیٹریوں کی طلب میں کمی واقع ہوئی۔ دوسری جانب سولر پینل کی قیمتوں میں کمی کے سبب، بطور خاص ان علاقوں میں جہاں ابھی تک بجلی نہیں پہنچی ہے وہاں اس کا استعمال بڑھ گیا، جس سے بیٹری کے استعمال کا ایک نیا باب کھلا ہے جس کی وجہ سے چھوٹی اور درمیانے سائز کی بیٹریوں کی طلب میں اضافہ ہوا ہے۔ پاکستان میں بیٹری کی صنعت دو بڑے حصوں میں تقسیم ہے، منظم اور غیر منظم شعبے۔ منظم شعبہ، بازاری طلب کی تقریباً 90 فیصد ضرورت کو پورا کرتا ہے جبکہ باقی طلب غیر منظم شعبے 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 نئی اور جدید مصنوعات متعارف کرانے اور بعد از فروخت معیاری سروس کی فراہمی کی بدولت اس میں مزید اضافے کے لیے کوشاں ہیں۔

### زیر عمل کارکردگی

مالی سال 19-2018 کے دوران، آپ کی کمپنی نے گزشتہ مالی سال کے 18.3 ارب روپے کی فروخت کے مقابلے میں 12.8 ارب روپے کی فروخت کیں جو کہ 30.3 فیصد کم ہے۔ یہ کمی متبادل مارکیٹ میں کمپنی کی جانب سے فروخت کی گئی مصنوعات میں تبدیلی اور خراب معاشی صورت حال کے باعث ہوئی۔ فروخت کی لاگت میں 23.4 فیصد کمی دیکھی گئی جس کے نتیجے میں مجموعی منافع گزشتہ سال کے 2,002 ملین روپے کے مقابلے میں 267 ملین روپے ہو گیا۔

# 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 labor.

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 advice 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 Report

***“Future is Sustainability: Every individual as well as corporate person is liable to encourage Economic and Social development while protecting the environment for our future generations.”***

The Company's extensive focus on Sustainability measures over the years has been phenomenal and fruitful so far. The vision of the Board and management is clear to continue emphasizing and work on Sustainability in coming years.

The preparation of the Report has led us to identify 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 in an environment friendly manner is our aim which helps our customers to get maximum utility of our products.

### *Corporate Social Responsibility (CSR)*

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. Through various activities including donations, collaborated events with non-profit organizations and intense measures to improve the environment, we are striving to serve to our stakeholders and community at large responsibly.

We work closely with our customers and partners specifically GS Yuasa, Japan to bring technological innovations, 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 26, 2019



# 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 management has over the years improved its operations in such 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. The Company has successfully achieved certification of ISO 9001:2015 – Quality Management System, ISO 14001:2015 – Environment Management System and OHSAS 18001:2007 – Occupation Health & Safety Management System; all from Bureau Veritas.

#### *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.

Atlas Hybrid, a hybrid battery was launched few years back which has been made with combination of lead and calcium plates with plastic envelop protection giving battery long life and protection from rust, etc. This has paved way for introducing same technology in other variants of battery in coming years. The Company has also introduced Battery Tonic which is a distilled battery water with specific battery grade TDS to increase life of battery.

Very recently, the Company has launched deep cycle battery which has long back up time, ideally suitable for solar panels and UPS.

#### *Energy saving measures and energy conservation*

To conserve energy, 100 KW solar panels are used which reduced reliance on conventional electrical energy and resulted in cost savings as well as contribution to improvement of environment. Dedicated electricity lines for uninterrupted supply of electricity have been installed which resulted in significant reduction of associated greenhouse 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.

Extensive training and its related training materials are disseminated to associates encouraging them to conserve energy by switching off extra electrical appliances when not used and / or during breaks. The signboards around the factory premises have also been placed to emphasize associates energy conservation.

#### *Water*

The Company acknowledges the fact that water is an increasingly scarce and critical global resource. In turn, the associates are educated through periodic on job training and materials emphasizing to reduce water usage. The Company has installed a state of art, the GS Yuasa designed, Waste Water Treatment Plant in the factory premise.

The Company also uses Reverse Osmosis Plant to desalinate water and convert brackish / sea water to clean water which is then used in our manufacturing process and ancillary activities.

#### *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, with high biodiversity value and has significant 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.

#### *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 has obtained compliance certification of ISO 9001:2018, ISO: 14001:2015 and OHSAS 18001:2007. This will enable the Company to stay ahead of its competitors in environmental compliance.

Further, the factory waste is disposed to the vendors who has EPA approval and who are compliant with relevant environment regulations.



## 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 talent acquisition and its management based on integrity, merit, experience and skills. We continuously invest in our associates, strengthen their technical capabilities, leadership skills and behavioral aspects to make the Company an attractive place to work. Our optimum goal is to recruit, retain and retire.

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 and become socially responsible citizens. We strongly believe that our associates are competitive advantage for us and their motivation and development is the backbone of a sustainable and competitive Company.

The Company is actively engaged in acquiring talent by using different channels like social media, recruitment consultants and liaison with prestigious academic institution of the country to reach out to talented students and dedicated professionals and bring quality human resource on board.

### *Succession Planning*

The Company realizes that for long term business continuity, future leadership has to be developed through effective succession planning. 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 & Organization Development*

The Company acknowledges its high performers by providing personal as well as career development opportunities to comply with our group motto 'Organizational Development through Self Development'. Identification of high performers is made through Performance Management Review Process that fairly recognizes employees' performance and leads to improved career paths for the potential associates. A corporate culture is promoted by encouraging creativity and innovation 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.

### *IT Integration with Human Resources*

The Company has invested in an ERP system to move forward towards integration and digital transformation of various human resource functions. In order to step up into the platform of world's best practices, implementation of Oracle HCM Cloud is in process which comprises of seven modules of HR processes including core HR, recruitment, trainings, goal & performance, absence management, profile and career development.

### *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 higher education, etc. Technical trainings as well as soft skills trainings have been arranged during the year such as Vendor Management, Emotional Intelligence, Financial Wisdom for Non Financial Managers, Situational Leadership, Internal Audit Function, Problem Solving and Decision Making, Conflict Quotient, 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 157 personnel benefited from internal trainings, while 56 personnel enhanced their skills set through external training programs, amounting to a total of 130 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 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.

63 industry specific on-job training were conducted in which 923 associates were trained.

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.

To strengthen the safety culture, numerous training sessions were organized on HSE by engaging an external trainer / training institute, ensuring its step-wise implementation, incorporating all shops / departments.



### *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 interns are placed in different divisions like Production, Engineering & Projects, Marketing, Finance, etc. All interns are required to work on real time projects, hence contributing to their professional development.

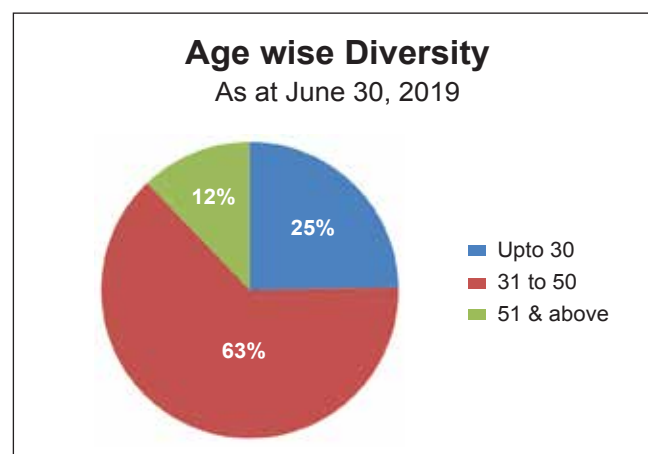
The Company also invites students from various institutions on industrial visits to the plant that provide them practical insights into the real working environment of the industry. A liaison has been maintained with the relevant universities so that they continue to develop professionals / talent who 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 43 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.

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.

In order to acknowledge the individual and collective efforts for demonstrating the best practices in the areas of HSE, 5S and general discipline, a "Quarterly Award Ceremony" is organized on the 1st day of every quarter.

To keep our associates well informed about overall activities in the Company, HR e-Newsletter is being issued on bi-monthly basis.

### *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.

### *Haji Facility*

Every year, the Company sends one of its associates for Hajj through ballot and bears all expenses 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 level 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, environmental harm arising from its operations.

We consider the fact that safety precedes everything. We believe that all injuries are preventable and can be avoided if due care is taken before hand. We have established "zero incidents" as our goal and doing our best to achieve the goal. We follow-up and investigate all incidents to address their root causes. We ensure that 'Near-Miss' 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:

- Successfully conducted Integrated Management System Audit comprised of (ISO 14001:2015 & OHSAS 18001:2007) for head office, zonal offices at Karachi, Lahore & Islamabad through Bureau Veritas.
- Training sessions on "Safe Forklift Operation" conducted in order to help our fork lifter driver to become a better and safer forklift operator. The session emphasized on the operating practices need to follow to be a safe operator.
- Emergency Evacuation Drills at various offices were conducted. These drills provided an opportunity to practice emergency procedures in a simulated but safe environment.
- In order to promote activities that raise quality and enhance health and safety for their business partners, GS Yuasa International Limited (GYIN) conducted a Safety & Environment Audit of Company's factory. The objective of the audit was to create strong partnerships in the supply chain as well as the health and safety of their business partners.

### *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 serving breakfast, lunch, dinner and tea to all associates.

Centralized time management system, time machines are installed at all regional and zonal offices.

Acquired licenses of different administrative support services to comply HSE certification.





### *Medical Facility*

The Company has an in house medical facility to deal with associates' daily health care needs, and also for any emergency situation occurring at the factory premises. The in-house clinic is manned by qualified paramedics, who are available for 24 hours, 7 days a week. 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 the 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), B2B (Business to Business) system, CMS (Claim Management System), WMS (Warehouse Management System), IT Security and Safety, HCM Cloud and superior communication environment.

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.

### **Quality Assurance of Products / Services**

#### *Quality Management System*

The Company is committed to the manufacturing of high quality of batteries covering range of products in the category of:

- Lead acid batteries for vehicles
- Low maintenance hybrid batteries for vehicles
- Deep cycle batteries for solar panels and UPS

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 built a new state of art, quality assurance lab, equipped with sophisticated measuring and testing appliances / machines to ensure performance of batteries through chemical and electrical testing procedures. In order to enhance battery electrical testing facility, the Company has recently acquired latest computerized machines.

#### *QCC Shaheen Circle*

For continual improvement in the product, processes and culture of the organization, Company uses Japanese tools, like Quality Control Circle (QCC) and Kaizen. The Company has developed a structure of Shaheen Circle and organizes a convention annually based on the extensive exercise of competition held among cross functional teams of the Company's associates.



## 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 introducing a Service section 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*

To meet the 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 customers. 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. 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 Capacity*

This year, the Company has started to display capacity of batteries expressed in 'Ampere Hour(s)' (AH) and 'Voltage' (V) on all products, their packaging, warranty cards, instructional manuals and other advertisement material to enable the customers take better buying decision according to their need.

### *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 is used at large by 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 2018

- Announcement of dealer foreign trip scheme and meetings held in Multan, Karachi and Lahore on July 06, 09 and 10, 2018, respectively.
- Participated in free battery check-up campaign organized by Honda Cars at 2S dealerships in Mirpurkhas and Sahiwal regions.

#### August 2018

- Inauguration of Attari Battery Service in Pindigheb and Karim Traders in Islamabad on August 08, 2018 by the CEO.
- AMB and MCB dealers, sub dealers and retailers meetings were held in Karachi, Faisalabad, Rawalpindi and Peshawar. Rawalpindi zone dealers and retailers factory visit was also arranged on August 17, 2018.

#### September 2018

- CEO visited Hyderabad market on September 25, 2018.
- Dealers and retailers meetings were held in Lahore, Faisalabad, Karachi, Rawalpindi and Chakwal.
- Factory visit was arranged for dealers and sub dealers of Karachi and Sukkur on September 7, 2018.
- MCB retailers get together was organized at Lahore and Sahiwal on September 13 and 14, 2018, respectively.
- Battery care and maintenance awareness sessions were also conducted for auto electricians at Toyota 3S dealerships (10 showrooms) in Karachi and Hyderabad from September 10 to 15, 2018.

#### October 2018

- Inauguration of Zakaria Battery at Sukkur by CEO on October 09, 2018.
- Dealers meetings were held in Karachi / Hyderabad, Sukkur and Quetta on October 05, 08 and 23, 2018, respectively.
- Brand activation and free battery check-up at the Pakwheels Auto Show were held in Sialkot and Islamabad on October 14 and 28, 2018, respectively.
- Retailers get together were organized at Bajaur / Temirgara, Battagram, Multan, Kabirwala and Lahore on October 16, 19, 23, 25 and 28, 2018, respectively.
- Battery care and maintenance awareness sessions were also conducted for auto electricians at Toyota 3S dealerships (9 showrooms) in Lahore region from October 10 to 19, 2018.
- Participated in free battery check-up campaign organized by Pak Suzuki at their dealerships in Lahore at Suzuki Punjab Motors on October 29 and 30, 2018 and Rawalpindi at Suzuki Jehlum River Motor on October 23 and 24, 2018.

#### November 2018

- Brand activation and free battery check-up at the Pakwheels Auto Show held in Lahore on November 12, 2018.
- Dealers and retailers meetings were held in Hyderabad, Attock and Karachi.
- Factory visit was arranged for dealers and sub dealers of Rawalpindi.
- Battery care and maintenance awareness session also conducted for auto electricians at Toyota 3S dealership in Karachi on November 27, 2018.
- Participated in free battery check-up campaign organized by Pak Suzuki at their dealership in Hyderabad on November 7 and 8, 2018.
- Brand activation and free battery check-up at the Pakwheels Auto Show organized on November 11, 2018 in Lahore.
- Road show activation was kicked off from November 19, 2018. The route plan involves activation in 29 cities and towns.

#### December 2018

- Brand activation and free battery check-up at the Pakwheels Auto Show held in Peshawar, Faisalabad and Karachi on December 9, 16 and 23, 2018, respectively.



- Dealers and retailers meetings were held in Rawalpindi, Karachi and Sheikhupura.
- Battery care and maintenance awareness sessions were also conducted for auto electricians at Suzuki 3S dealerships in Karachi, Lahore and Multan.

#### January 2019

- Half yearly sales conference 2018-19 was held on January 15, 2019 at Park Lane Hotel, Lahore.
- Dealers and retailers meetings were held in Faisalabad, Karachi and Shahkot.
- Factory visit of Rawalpindi dealers was also arranged.
- Participated in free battery check-up at HACPL 3S dealership in Lahore.

#### February 2019

- Dealers / retailers meetings were held in Lahore, Jhang, Gujranwala and Karachi.
- Participated in free battery check-up campaign during road show phase II organized in 17 cities started from February 10, 2019.
- Participated in free battery check-up at HACPL 3S dealership in Lahore. Approximately 70 vehicles were checked during the activity.
- Brand activation and free battery check-up at the Pakwheels Auto Show in Multan and Bahawalpur on February 3 and 10, 2019, respectively.

#### March 2019

- Dealers / retailers meetings were held in Multan, Lahore, Karachi, Dera Ismail Khan, Kharian, Sukkur and Faisalabad. Dealers of Lahore and Faisalabad visited factory on March 15, 2019.
- Brand activation was conducted at Kisan Dost Mela from March 1 to 3, 2019 in Multan with 850+ battery checkups.
- Road show phase II was in progress and covered 28 cities in the month of March 2019.
- Brand activation and free battery check-up at the Pakwheels Auto Show in Gujranwala on March 17, 2019.
- Participated in free battery check-up campaigns in road shows in Faisalabad, Peshawar, Rawalpindi and Lahore; 21 cities covered in March 2019.
- Conducted free battery check-up in co-ordination with Pak Suzuki Motor Company at their 3S dealerships from March 25 to 31, 2019 nationwide; 9 showrooms covered, approximately 865 batteries inspected during these activities.

#### April 2019

- Dealer / retailer meetings were held in Multan, Rawalpindi, Gujranwala, Faisalabad and Karachi.
- Deep cycle battery training was held in Quetta, Rawalpindi, Sukkur, Multan, Lahore, Karachi and Hyderabad.
- Factory visit by dealers of Multan and Lahore.
- Conducted free battery check-up in co-ordination with Pak Suzuki Motor Company at their 3S dealerships in Faisalabad; approximately 252 batteries inspected during this activity.

#### May 2019

- Ramadan's calendars were distributed across all dealers and regions.
- Factory visit of Peshawar and Rawalpindi dealers / retailers were arranged on May 2 and 3, 2019, respectively.

#### June 2019

- Factory visit of dealers / retailers of Sukkur / Hyderabad, Karachi and Multan were arranged on June 19, 21 and 26, 2019 respectively.
- Battery care and maintenance awareness session conducted for auto electricians / service associates at Honda Cars regional office in Karachi.



## 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 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.3.3 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.56 billion. This makes Atlas one of the highest taxpayer in the country with 1.0% 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.8.3 million to Atlas Foundation. Further, the Company has always supported and played a significant role in CSR activities.



# 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 Act, 2017, the Company's Articles of Association and the Listed Companies (Code of Corporate Governance) Regulations, 2017.

## 1. Shareholders and General Meetings

### *Shareholders*

As on June 30, 2019, the Company had 2,004 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](mailto: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.

Stakeholders	Interests and Expectations	Engagement Methods	How We Respond
Government and regulatory bodies	<ul style="list-style-type: none"> <li>• Generate economic growth through revenues, taxes and fees.</li> <li>• Provide fair and transparent competitive trading conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory reporting</li> <li>• Conferences</li> <li>• Dialogues</li> </ul>	<ul style="list-style-type: none"> <li>• Tax payments</li> <li>• Trade policy</li> <li>• Pollution control</li> <li>• Energy saving measures</li> <li>• Employment</li> <li>• Social and economic development</li> </ul>
Dealers and consumers	<ul style="list-style-type: none"> <li>• Provide innovative partnerships for sustainable growth</li> <li>• Provide quality products at good value</li> <li>• Prompt after sales service</li> <li>• Competitive prices</li> </ul>	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• Questionnaires</li> <li>• Dealers related events</li> <li>• Sales conferences</li> <li>• Service and warranty centers</li> <li>• Website</li> <li>• B2B</li> <li>• Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality and safety</li> <li>• Business ethics</li> <li>• Human rights</li> <li>• Renewable technology</li> <li>• Service at doorstep</li> <li>• Research</li> </ul>
Associates	<ul style="list-style-type: none"> <li>• Backbone of our success</li> <li>• A safe and best possible working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Employee survey</li> <li>• Appraisal interviews</li> <li>• Training programs</li> <li>• Employee union</li> <li>• Employee newsletter</li> <li>• Key Result Areas (KRA)</li> </ul>	<ul style="list-style-type: none"> <li>• Worker health and safety</li> <li>• Job security</li> <li>• Working conditions</li> <li>• Career development</li> <li>• Remuneration and rewards</li> </ul>
Suppliers, vendors and service providers	<ul style="list-style-type: none"> <li>• Secure delivery of goods and quality products and services</li> <li>• Meet responsible sourcing requirements</li> <li>• Provide fair access to business opportunities and appropriate payment conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue</li> <li>• Regular engagement with local management on-site</li> </ul>	<ul style="list-style-type: none"> <li>• Operational excellence</li> <li>• Ethical business practices</li> <li>• Compliance of tax laws</li> <li>• On time payments</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Generate sustainable growth and shareholders' return</li> <li>• Improve shareholders capital</li> <li>• Improve financial performance</li> </ul>	<ul style="list-style-type: none"> <li>• Interim and annual reports</li> <li>• Meetings</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Business performance</li> <li>• Corporate responsibility</li> <li>• Timely reporting</li> </ul>
Local community and neighbourhood	<ul style="list-style-type: none"> <li>• Provide support for local economic development</li> <li>• Build trust with local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Workshops</li> <li>• CSR</li> <li>• Internships and management trainee programs</li> </ul>	<ul style="list-style-type: none"> <li>• Community engagement processes</li> <li>• Environment pollution control</li> <li>• Job security</li> <li>• Social investment</li> </ul>
Banks	<ul style="list-style-type: none"> <li>• Negotiations of rates</li> <li>• Smooth trade facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Interim and annual reports</li> <li>• Financial analysis</li> <li>• Forecast and projections</li> </ul>	<ul style="list-style-type: none"> <li>• Better relationship</li> <li>• Minimal fees</li> <li>• Higher deposits</li> <li>• Higher number of operations / transactions</li> <li>• Suitable trade facilities</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Raise awareness of products</li> <li>• Raise awareness of safety tips and operational use of products</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Website</li> <li>• Social media</li> <li>• TVC</li> <li>• Radio</li> </ul>	<ul style="list-style-type: none"> <li>• Industry challenges and developments</li> <li>• Healthy, safety and environmental issues</li> </ul>
Industry partners	<ul style="list-style-type: none"> <li>• Improve business practices</li> <li>• Build capacity within organization and drive peer approaches</li> </ul>	<ul style="list-style-type: none"> <li>• Active involvement in organizations and associations e.g. PSX, ICAP, MAP, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Long term industry challenges</li> <li>• Human rights</li> <li>• Health and safety</li> </ul>

### *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.

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 2018-19 was held on September 27, 2018 in Karachi. The shareholders adopted inter alia the following resolutions:

#### *Ordinary Business*

- Minutes of the Annual General Meeting held on September 29, 2017 be and are hereby confirmed and signed.
- Annual Audited Accounts for the year ended June 30, 2018 along with the Chairman's Review, Directors' and Auditors' Reports thereon be and are hereby adopted.
- Cash dividend @ 100% (Rs.10.00 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, 2018.
- 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, 2019 for an audit fee of Rs.1,200,000/-.

#### *Special Business*

- Bonus share @ 40% (Two bonus shares for every Five shares held) 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, 2018.
- The fractional shares to be combined and disposed off in stock market and proceed to be paid to charitable institution.
- The Articles of Association of the Company to be altered to bring them in conformity with Companies Act, 2017.
- 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.

#### *Issues discussed in last AGM*

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

Atlas Battery Limited's Extraordinary General Meeting was held on December 19, 2018 in Karachi. The shareholders adopted inter alia the following resolutions:

#### *Ordinary Business*

- Minutes of the Annual General Meeting held on September 27, 2018 be and are hereby confirmed and signed.

#### *Special Business*

- Sale of land, measuring 2.34 acres, situated in Sindh Industrial Trading Estate (SITE), Karachi to M/s. Shirazi Investments (Private) Limited, the holding company, for an amount of Rs.650,000,000/-.
- Directors are empowered to authorize any officer of the Company or any of the directors to take all necessary actions for the purpose to give effect to the above resolution for sale of land.

Encouraging minority shareholders to attend general meetings:

The Company's management aims to encourage minority shareholders to attend general meetings. Accordingly, the Company sent notice of its general meetings to all shareholders in addition to these notice being published in Urdu and English newspapers.

## **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 consists of minimum of seven members elected by a General Meeting of shareholders. The Board elects a Chairman among its members. The Board's tasks and responsibilities are determined primarily by the Companies Act, 2017, the Company's Articles of Association, the Listed Companies (Code of Corporate Governance) Regulations, 2017 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
- monitor 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 the Listed Companies (Code of Corporate Governance) Regulations, 2017.

#### *Role 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 Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2017 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 is circulated amongst directors for their feedback every year and compiled results are presented in the Board meeting for review and appropriate action, thereon.

#### *Remuneration of the Board of Directors*

The Board has an approved formal policy for remuneration of executive and non-executive directors. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully and to encourage value addition by them.

The Company will not pay any remuneration to independent directors except fees for attending the meetings of the Board and its committees. Remuneration of executive and non-executive directors shall be approved by the Board, as recommended by the Human Resource and Remuneration Committee.

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2017, it is ensured that no directors take part in deciding their own remuneration.

For information on remuneration of directors and CEO in 2018-19, 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.

#### *Security Clearance of Foreign Director*

Every foreign Director who is on the Board of the Company is required to submit documents for which are then submitted to Ministry of Interior for security clearance.

#### *Board meetings*

There were six 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 & Technical Services
- Human Resource
- Information Technology
- Finance

#### *Role 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 compiled;
- 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 Committee consists of three members. All members of the Committee are non-executive directors. The Chairman of the Committee is an independent director. 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;
- determination of compliance with relevant statutory requirements;
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- 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 with this report.



### *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. All members of the Committee are non-executive directors. The Chairman of the Committee is an independent director.

The Committee is responsible for:

- (a) carry out evaluation of the Board of Directors;
- (b) recommending human resource management and remuneration policies to the Board;
- (c) recommending to the Board the selection, evaluation, compensation and succession planning of the CEO;
- (d) recommending to the Board the selection, evaluation, compensation of CFO, Company Secretary and Head of Internal Audit; and
- (e) 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 2018-19, no alleged breaches of the Code of Conduct were reported.

### *IT Governance Policy*

IT Governance Policy of the Company is monitored and update 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; and
- 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; and
- 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 2018-19, 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, kickbacks, 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 or suspected infringement of legal or regulatory requirements involving associates of the Company.

#### *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 has an updated list of related parties and complete record as required by Companies Act, 2017 and directives issued by SECP from time to time.

#### *Governance Practices Exceeding Legal Requirements*

The Company is dedicated to implement best practices towards governance exceeding legal requirements which includes following:

- Best reporting practices recommended by ICAP;
- Adaptation of Pakistan Stock Exchange Top 25 Companies Criteria; and
- Implementation of strict HSE practices to attain international certifications such as ISO, OHSAS, EME, etc.






## Factors Effecting External Environment

### Risk and Opportunity Report

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2017, the Board has implemented and reviewed business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders.

The following report covers Company's risk assessment; identified risks; adopted mitigating factors and actions in place, duly endorsed by the Board of Directors.

#### External Sources:

Objectives	Risk Category	Major Business Risks	Sensitivity	Mitigating factors/actions in place
<b>Market</b> To be market leader in battery industry.	Strategic  Commercial	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
<b>Credit Risk</b> To minimize credit risk.	Financial	The financial loss to the Company if a customer fails to meet its contractual obligation arising from trade receivables.		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.
<b>Investment</b> To maximize returns on investments.	Financial	Adverse stock market developments may affect revaluation of assets.		The Company has investment in mutual funds and maintains diversified portfolio to mitigate risk.
<b>Socio-political situation</b> To operate in a stable market with least volatility and low occurrence of unforeseen variables.	Commercial	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.
<b>Technology</b> To evolve technologically in order to manufacture products of high quality.	Operational	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
<b>Operations</b> To ensure continuity of operations without disruptions.	Operational	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.
<b>Finance</b> To be financially strong and perform up to the expectations of all stakeholders.	Financial	Devaluation of Pak Rupee against foreign currencies and rising interest rates 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 and financing facilities are monitored by the Treasury department. Derivatives such as forward covers, currency options and interest rates swaps 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 division. Further, cash management facilities from various banks have been availed for quick realization of sales revenue.

#### Internal Sources:


Objectives	Risk Category	Major Business Risks	Sensitivity	Mitigating factors/actions in place
<b>Internal Controls</b> To have strong internal controls leading to sound and stable Company	Operational	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.
<b>Human Resource</b> Recruitment and career advancement based on integrity, merit, experience and skills.	Operational	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.

#### Sensitivity

 High

 Medium

 Low

Objectives	Risk Category	Major Business Risks	Sensitivity	Mitigating factors/actions in place
<b>Health and Safety</b> To ensure health and safety of associates at workplace.	Operational	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.
- Extending credit to the customers.
- 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.
- Interest rate fluctuations.
- 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 and Chairman of the Committee is an independent director. The Audit Committee consists of financially literate personnel as required under the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Code 2017"). 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 2018-19 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. Azam Faruque	Yes	No	4	4
2.	Mr. Bashir Makki	No	No	4	4
3.	Mr. Frahim Ali Khan	No	No	4	4

As required by the Code 2017, Audit Committee also separately met with external auditors without the representation of management. Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") attended all the meetings held during the year, by invitation.

- 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 to the Board for approval.
- 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, 2019 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 before presented to the Audit Committee and Board of Directors. 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 Act, 2017 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 to the Board for approval.
- 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's 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.
- The appraisal of Head of Internal Audit was jointly done by the Chairman of the Audit Committee and CEO.
- None of the staff and management has reported to the Committee concerns during the year about impropriety in financial and other matters.
- The Annual Report is fair, balance and understandable and provides Company's performance and strategy to shareholders.
- Evaluation of the Board performance which also included members of the Audit Committee was carried out separately.
- The Committee has discharged its duties according to its terms of reference.

#### **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 and safeguarding the assets of the Company. 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 findings of internal audit and management's response thereto. Further, it approved the internal audit plan for 2019-20.
- 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, 2019 and review of the "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017" for the year ended June 30, 2019.
- 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 2017-18 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, 2020.

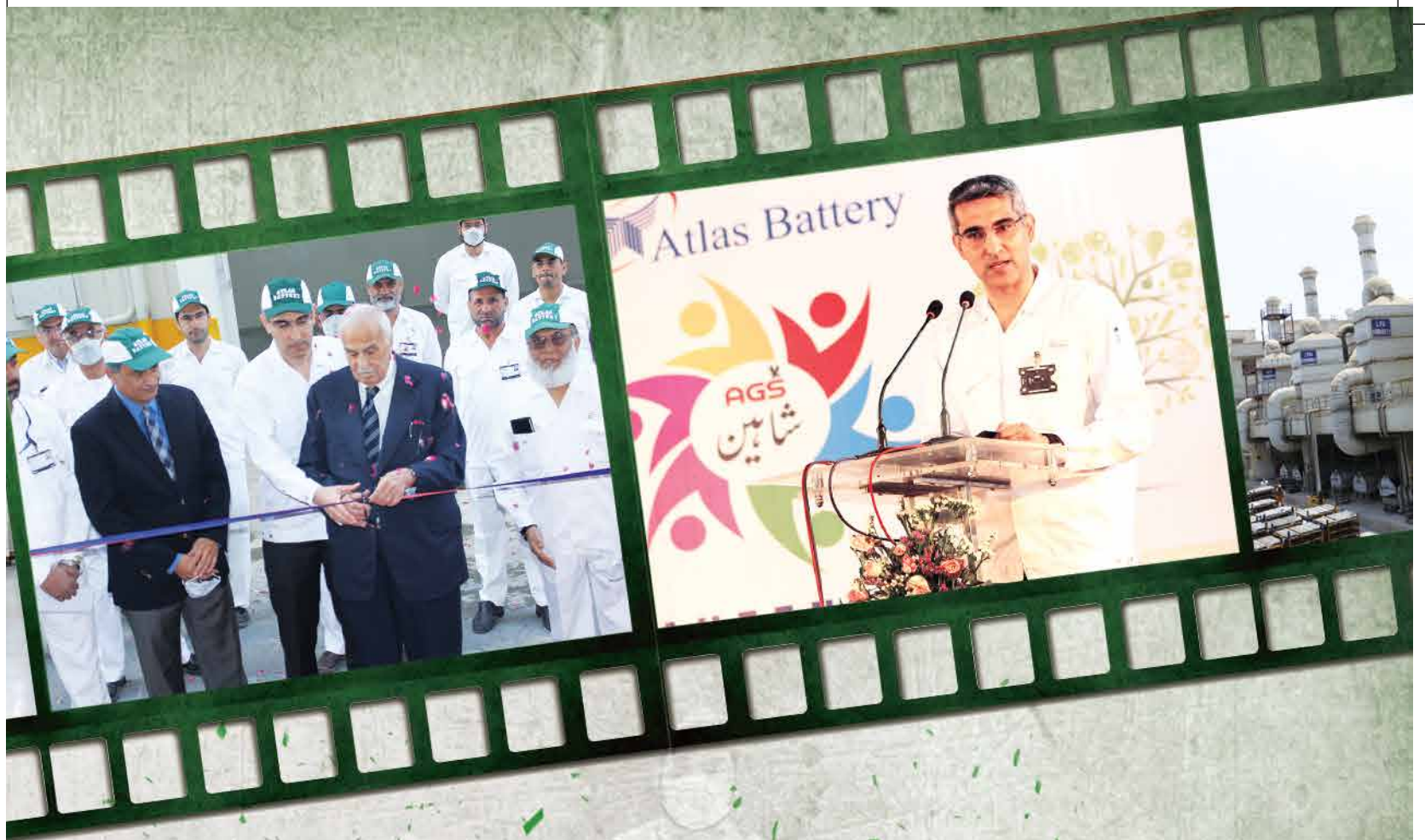


## THE JOURNEY CONTINUES...

With the spark to move ahead, we relentlessly strive to improve standards, bring forth innovation and reduce environmental impact. The last decade has seen Atlas Battery build further on its heritage of excellence and a culture of care for its customers, by relentlessly maintaining the superior quality of its products.







2009  
— TO —  
2019



# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of the Company: Atlas Battery Limited  
Year Ended: June 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following
  - a. Male: 7
  - b. Female: Nil
2. The composition of Board is as follows:
  - a) Independent Directors: 2
  - b) Other Non-executive Directors: 4
  - c) Executive Director: 1
3. 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			√

4. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
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 relevant matters have been taken by the Board / shareholders as empowered by the relevant provision of the Companies Act, 2017 (Act) and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (Regulations).
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. The Board has complied with the requirements of Act and Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
9. The Board of directors has a formal policy and transparent procedure for remuneration of directors in accordance with the Act and Regulations.
10. Five directors are Certified Director and two directors meet the criteria of exemption and are accordingly exempted from directors' training program, thereby 100% compliance of code of corporate governance has been achieved.
11. 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 and complied with relevant requirements of Regulations.
12. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

13. The Board has formed Committees comprising of members given below:
- a) Audit Committee
- Mr. Azam Faruque – Chairman
  - Mr. Bashir Makki – Member
  - Mr. Fahim Ali Khan – Member
- b) Human Resource and Remuneration Committee
- Mr. Azam Faruque – Chairman
  - Mr. Bashir Makki – Member
  - Mr. Fahim Ali Khan – Member
14. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.
15. The frequency of meetings (quarterly/half yearly/ yearly) of the Committee were as per following:
- a) Audit Committee
- 1st Meeting : within two months of end of year.
  - 2nd Meeting : within one month of end of quarter.
  - 3rd Meeting : within two months of end of year.
  - 4th Meeting : within one month of end of quarter.
- b) Human Resource and Remuneration Committee
- 1st Meeting : within two months of end of year.
  - 2nd Meeting : within one month of end of quarter.
16. The Board has set-up an effective internal audit function.
17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board 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 ICAP.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act and Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. 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.
20. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
21. We confirm that all other requirement of the Regulations have been complied with.

For and on behalf of the  
BOARD OF DIRECTORS



Azam Faruque  
Director

For and on behalf of the  
BOARD OF DIRECTORS



Ali H. Shirazi  
President / Chief Executive

Karachi: August 26, 2019

## Independent Auditor's Review Report to the Members of Atlas Battery Limited

### Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

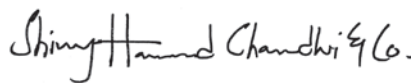
We have reviewed the enclosed Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Atlas Battery Limited (the Company) for the year ended June 30, 2019, in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.



SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS

Karachi: August 26, 2019

a member firm of  ShineWing International



GLOBAL ALLIANCE OF  
INDEPENDENT FIRMS



## Independent Auditor's Report to the Members of Atlas Battery Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **Atlas Battery Limited** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

**S.No. Key Audit Matter**

**How the matter was addressed in our audit**

**1. Property, plant and equipment - disposal and revaluation / additions**

As disclosed in notes 2, 6 and 20 to the financial statements, the Company, during the year, sold its leasehold land to Shirazi Investments (Private) Limited (the Holding Company) for Rs.650,000 thousand which resulted in a gain of Rs.327,860 thousand. Also the Company, during the year, incurred capital expenditure along with revaluation of its leasehold land aggregating Rs.716,316 thousand.

We identified the above matters as a key audit matter as these represents significant transactions and involves certain judgemental areas.

Our audit procedures in respect of these areas included:

Reviewed minutes of meeting of the Board of Directors and Extra Ordinary General Meeting regarding sale of leasehold;

Verified the sale price and other relevant information from underlying supporting documents including valuation reports of independent valuers;

Recalculated the computation for gain on sale of leasehold land;

Obtained an understanding of the management controls over capitalization and on a sample basis, test relevant controls over authorization and recording in the system;

On a sample basis, tested the costs incurred with underlying supporting documentations i.e. purchase orders, delivery challans, supplier invoices, payment and other relevant documents;

Evaluate the nature of costs on a sample basis to ensure capitalization criteria of relevant accounting and reporting standards;

Reviewed revaluation report of independent valuer for revaluation of leasehold land. Also, recalculated the computation for revaluation surplus / gain on leasehold land;

We also considered the adequacy of the disclosures made in the financial statements in relation to the above.

**2. Stock-in-trade**

Refer note 5.7 and 12 to the financial statements, the Company has stock-in-trade aggregating Rs.1,760,092 thousand comprising raw materials, finished goods and work in progress. We identified this area as a key audit matter because stock-in-trade constitutes 21.43% of the total assets of the Company as at June 30, 2019 and determining an appropriate write down as a result of net realizable value (NRV) involves management judgement and estimation.

Our audit procedures in respect of this area included:

Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;

Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;

Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; and

We also considered the adequacy of the disclosures made in the financial statements.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2019, but does not include the financial statements and our auditors' report thereon.

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

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

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

*Shing Hameed Chaudhri & Co.*

SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS

Karachi: August 26, 2019

# STATEMENT OF FINANCIAL POSITION

## AS AT JUNE 30, 2019

	Note	2019 ----- (Rupees in '000) -----	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	3,924,958	3,591,257
Intangible assets	7	160	1,002
Investments	8	-	-
Long term loans	9	1,289	1,759
Long term deposits	10	20,281	20,401
		<hr/>	<hr/>
		3,946,688	3,614,419
<b>Current assets</b>			
Stores, spares and loose tools	11	225,331	218,914
Stock-in-trade	12	1,760,092	2,689,010
Trade debts	13	1,096,449	1,754,311
Loans and advances	14	4,887	13,835
Deposits and prepayments	15	24,400	16,890
Investments	16	127,055	861,921
Other receivables	17	8,399	6,685
Sales tax receivable - net		-	31,739
Taxation - net		594,968	547,349
Bank balances	18	423,649	381,180
		<hr/>	<hr/>
		4,265,230	6,521,834
		<hr/>	<hr/>
Total assets		8,211,918	10,136,253



**Yusuf H. Shirazi**  
Chairman



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



**Rizwan Ahmed**  
Chief Financial Officer



# STATEMENT OF FINANCIAL POSITION

## AS AT JUNE 30, 2019

	Note	2019 ----- (Rupees in '000) -----	2018
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 50,000,000 (2018: 50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital	19	243,597	173,998
Revenue reserves			
General reserve		5,037,500	4,697,500
(Accumulated loss) / unappropriated profit		(589,274)	589,307
		4,448,226	5,286,807
Capital reserve			
Surplus on revaluation of leasehold land	20	589,186	193,886
<b>Total equity</b>		<b>5,281,009</b>	<b>5,654,691</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Staff retirement benefits	21	69,345	72,813
Deferred taxation	22	246,580	251,028
		315,925	323,841
<b>Current liabilities</b>			
Trade and other payables	23	1,037,880	1,643,053
Sales tax payable - net		87,717	-
Accrued mark-up		43,385	20,259
Short term borrowings		1,408,152	2,459,687
Unclaimed dividend		37,850	34,722
		2,614,984	4,157,721
<b>Total liabilities</b>		<b>2,930,909</b>	<b>4,481,562</b>
<b>Contingencies and commitments</b>	25		
<b>Total equity and liabilities</b>		<b>8,211,918</b>	<b>10,136,253</b>

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



**Yusuf H. Shirazi**  
Chairman



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



**Rizwan Ahmed**  
Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 ----- (Rupees in '000) -----	2018
Sales	26	12,773,113	18,332,861
Cost of sales	27	(12,506,602)	(16,330,483)
<b>Gross profit</b>		266,511	2,002,378
Distribution cost	28	(598,645)	(721,325)
Administrative expenses	29	(221,352)	(245,055)
Other income	30	385,464	73,988
Other expenses	31	(43,546)	(160,045)
<b>(Loss) / profit from operations</b>		(211,568)	949,941
Finance cost	32	(213,222)	(117,845)
<b>(Loss) / profit before taxation</b>		(424,790)	832,096
Taxation	33	(167,673)	(241,502)
<b>(Loss) / profit for the year</b>		(592,463)	590,594
<b>Other comprehensive income / (loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Surplus on revaluation of land during the year		395,300	-
Re-measurement of staff retirement benefit obligation		(3,551)	(8,109)
Impact of deferred tax		1,030	2,352
Other comprehensive income / (loss) for the year - net of tax		392,779	(5,757)
<b>Total comprehensive (loss) / income for the year</b>		(199,684)	584,837
<b>----- Rupees -----</b>			
<b>(Loss) / earnings per share - basic and diluted</b>	34	(24.32)	<b>Re-stated</b> 24.24

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



Yusuf H. Shirazi  
Chairman



Ali H. Shirazi  
President / Chief Executive



Rizwan Ahmed  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital	Revenue Reserves General reserve	Unappropriated profit / (accumulated loss)	Capital Reserve Surplus on revaluation of leasehold land	Total
	----- (Rupees in '000) -----				
Balance as at July 1, 2017	173,998	3,827,500	1,483,462	193,886	5,678,846
Transfer to general reserve	-	870,000	(870,000)	-	-
<b>Transaction with owners, recognised directly in equity</b>					
Cash dividend for the year ended June 30, 2017 at the rate of Rs.35 per share	-	-	(608,992)	-	(608,992)
<b>Total comprehensive income for the year ended June 30, 2018</b>					
Profit for the year	-	-	590,594	-	590,594
Other comprehensive loss	-	-	(5,757)	-	(5,757)
	-	-	584,837	-	584,837
<b>Balance as at June 30, 2018</b>	173,998	4,697,500	589,307	193,886	5,654,691
Transfer to general reserve	-	340,000	(340,000)	-	-
<b>Transaction with owners, recognised directly in equity</b>					
Cash dividend for the year ended June 30, 2018 at the rate of Rs.10 per share	-	-	(173,998)	-	(173,998)
Bonus shares issued for the year ended June 30, 2018 in ratio of 2 shares for every 5 shares held	69,599	-	(69,599)	-	-
<b>Total comprehensive loss for the year ended June 30, 2019</b>					
Loss for the year	-	-	(592,463)	-	(592,463)
Other comprehensive (loss) / income	-	-	(2,521)	395,300	392,779
	-	-	(594,984)	395,300	(199,684)
<b>Balance as at June 30, 2019</b>	243,597	5,037,500	(589,274)	589,186	5,281,009

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



**Yusuf H. Shirazi**  
Chairman



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



**Rizwan Ahmed**  
Chief Financial Officer



# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2019

	2019 ----- (Rupees in '000) -----	2018 -----
<b>Cash flows from operating activities</b>		
(Loss) / Profit before taxation	(424,790)	832,096
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	316,363	294,500
Amortisation	842	815
Provision for gratuity	4,754	6,868
Provision / (reversal) for compensated leave absences	10,865	(3,143)
Gain on sale of investments at fair value through profit or loss	(4,450)	(1,502)
Dividend income	(15,955)	(45,806)
Fair value (gain) / loss on investments at fair value through profit or loss	(98)	60,359
(Gain) / loss on disposal of operating fixed assets	(327,076)	13,465
Provision for doubtful debts	3,896	2,329
Finance cost	213,222	117,845
	(222,427)	1,277,826
<b>Changes in working capital:</b>		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(6,417)	(27,018)
- Stock-in-trade	928,918	(982,151)
- Trade debts	653,966	(1,391,998)
- Loans and advances	8,948	(8,601)
- Deposits and prepayments	(7,510)	1,341
- Other receivables	(1,714)	(2,792)
- Sales tax receivable - net	-	(97,009)
	1,576,191	(2,508,228)
(Decrease) / increase in current liabilities		
- Trade and other payables	(599,411)	329,651
- Sales tax payable - net	119,456	-
	(479,955)	329,651
	1,096,236	(2,178,577)
<b>Cash generated from / (used in) operations</b>	873,809	(900,751)
Finance cost paid	(190,096)	(102,209)
Income taxes paid (including tax deducted at source)	(218,710)	(441,237)
Gratuity paid	(13,891)	(6,800)
Compensated leave absences paid	(14,509)	(3,799)
Long term loans - net	470	(456)
Long term deposits - net	120	(3,624)
<b>Net cash generated from / (used in) operating activities - carried forward</b>	437,193	(1,458,876)

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	----- (Rupees in '000) -----	
<b>Net cash generated from / (used in) operating activities - brought forward</b>	437,193	(1,458,876)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(636,972)	(774,584)
Proceeds from sale of property, plant and equipment	709,284	33,389
Payments for intangible assets	-	(350)
Payments for investments	(133,676)	(1,039,032)
Proceeds from sale of investments	873,090	2,583,105
Dividend received	15,955	45,806
<b>Net cash generated from investing activities</b>	827,681	848,334
<b>Cash flows from financing activities</b>		
Short term borrowings - net	(1,051,535)	1,576,917
Dividend paid	(170,870)	(600,068)
<b>Net cash (used in) / generated from financing activities</b>	(1,222,405)	976,849
<b>Net increase in cash and cash equivalents</b>	42,469	366,307
<b>Cash and cash equivalents at beginning of year</b>	381,180	14,873
<b>Cash and cash equivalents at end of year</b>	423,649	381,180

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



**Yusuf H. Shirazi**  
Chairman



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



**Rizwan Ahmed**  
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Atlas Battery Limited (the Company) was incorporated as a public limited company on October 19, 1966 and its shares are quoted on Pakistan Stock Exchange Limited. The Company is engaged in manufacturing and sale of automotive and motorcycle batteries & allied products. The registered office is located at D-181, Central Avenue, S.I.T.E., Karachi. The manufacturing facilities of the Company are located at S.I.T.E., Karachi with branches at Karachi, Lahore, Multan, Islamabad, Faisalabad, Sahiwal, Peshawar, Sukkur and Rahim Yar Khan.

The Company is a subsidiary of Shirazi Investments (Private) Limited, which holds 58.86% of issued, subscribed and paid-up capital of the Company as at June 30, 2019.

### 2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

#### Revaluation of leasehold land

The Company, during the year has conducted revaluation exercise of its leasehold land in accordance with the requirements of International Accounting Standard (IAS) 16 'Property, plant & equipment. This has been reflected in note 20 to the financial statements.

#### Sale of land

During the year, the Company has sold its leasehold land for Rs.650,000 thousand resulting gain of Rs.327,860 thousand. This is reflected in note 6.6 to the financial statements.

#### Gross profit margin

Significant decline in sale, surge in major material prices and increase in exchange rates forced the cost of sales margin to grow resulting decrease in gross profit margin which stood at 2.1% as compared to 10.9% during corresponding year.

For detail performance review of the Company, refer Chairman's Review and Directors' Report.

### 3. BASIS OF PREPARATION

#### 3.1 Statement of compliance

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

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

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

#### 3.2 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.

#### 3.3 New and amended standards and interpretations

##### 3.3.1 Standards, amendments to approved accounting standards effective in the current year

New and amended standards mandatory for the first time for the financial year beginning July 1, 2018:



- (a) IFRS 15, 'Revenue from contracts with customers' is applicable in Pakistan on accounting periods beginning on or after July 1, 2018. The IASB has issued a new standard for the recognition of revenue. This has replaced 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.

As stated in note 5.16 to the financial statements the management has concluded that the adoption of IFRS 15 doesn't not have significant impact on the timing and amount of revenue recognition of the Company.

- (b) IFRS 9, 'Financial instruments' is applicable in Pakistan on accounting periods ending on or after June 30, 2019. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39 'Financial Instruments - Recognition and Measurement'. 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 adoption of IFRS 9 have changed the classification of financial assets and related disclosures as stated in note 5.3, 5.8 and note 37.3 to the financial statements. The adoption of standards doesn't effect the reported figures of the financial assets and liabilities of the Company.

- (c) The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

### **3.3.2 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, 2018 and have not been early adopted by the Company:

- (a) The IFRS 16 'Leases' will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard is applicable on accounting periods beginning on or after January 1, 2019. 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. The Company has yet to assess the full impact of this standard on its financial statements.
- (b) IFRIC 23 'Uncertainty over Income Tax Treatment' is applicable for annual periods beginning on or after January 1, 2019. The amendment clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS12 'Income Taxes'. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The interpretation is not expected to have a material impact on the Company's financial statements.
- (c) Annual improvements 2017 applicable for annual periods beginning on or after January 1, 2019. These amendments include changes from the 2015-2017 cycle of annual improvements project that mainly affect following standards:
  - (i) Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements', clarifies how a company accounts for increase of its interest in a joint operation that meets the definition of a business. If a party maintains (or obtains) joint control, then the previously held interest is not re-measured. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party re-measures the previously held interest at fair value.
  - (ii) Amendment to IAS 12, 'Income taxes', clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.
  - (iii) Amendment to IAS 23 'Borrowing Costs', clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance the qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non qualifying assets – are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.
- (d) The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 1, 2020 for preparers of financial statements who

develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

- (e) Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

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

#### **4. BASIS OF MEASUREMENT**

- 4.1 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.

- 4.2 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 5.1 and 5.2]
- (ii) Provision for doubtful debts [note 5.8]
- (iii) Estimate of payables and receivables in respect of employees' retirement benefits [note 5.11]
- (iv) Estimation of current and deferred tax [note 5.13]
- (v) Estimate of provisions and warranty [note 5.14 and 5.15]

#### **5. 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.

##### **5.1 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 6.1. 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 recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of operating fixed assets", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of operating fixed assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on operating fixed assets relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders.

## **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.

## **5.2 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.



### 5.3 Financial assets

The details of new accounting policies after the application of IFRS 9 is as follows. The new IFRS effectively eliminated loans and receivables category of the previous IAS 39.

#### 5.3.1 Classification

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

##### (a) Financial assets at amortised cost

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

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

##### (b) Financial assets at fair value through other comprehensive income

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

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

##### (c) Financial assets at fair value through profit or loss

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

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

#### 5.3.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the 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.

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

Gains or losses arising from changes in fair value of the 'financial assets at fair value through 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.

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

### 5.4 Financial liabilities

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

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

## **5.5 Off-setting of financial assets and financial liabilities**

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

## **5.6 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.

## **5.7 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.

## **5.8 Trade debts and other receivables and related impairment**

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and 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. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

## **5.9 Cash and cash equivalents**

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

## **5.10 Share capital**

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

## **5.11 Employees' benefits**

The Company has following plans for its employees:

### **5.11.1 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.

#### **5.11.2 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 statement of financial position 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, 2019.

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

#### **5.11.3 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.

#### **5.12 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.

#### **5.13 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 reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

##### **Deferred**

Deferred tax is recognised using the 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 reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

#### **5.14 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.

#### **5.15 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.

#### **5.16 Revenue recognition**

According to the core principle of IFRS 15, the Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognises revenue in accordance with that core principle by applying the following steps:

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

The Company manufactures and sale automotive batteries and allied products. Revenue from sale of goods is recognized when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are dispatched to customers. This criteria of revenue recognition for its timing and amount is in accordance with repealed IAS 18 which is also consistent with IFRS 15 therefore, the management concludes that the adoption of IFRS 15 does not have impact on the timing and amount of revenue recognition of the Company.

#### **5.17 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.

#### **5.18 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.

#### **5.19 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.

#### **5.20 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.

#### **5.21 Dividend and appropriation to reserves**

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



## 6. PROPERTY, PLANT AND EQUIPMENT

	Note	2019 ----- (Rupees in '000) -----	2018
Operating fixed assets	6.1	3,352,171	3,334,426
Capital work-in-progress	6.7	572,787	256,831
		<u>3,924,958</u>	<u>3,591,257</u>

### 6.1 Operating fixed assets

	Leasehold land (note 20)	Buildings on leasehold land	Plant and machinery	Office equipment	Computers and accessories	Furniture and fixtures	Air condi- tioners	Vehicles	Total
----- (Rupees in '000) -----									
<b>As at July 1, 2017</b>									
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
<b>Year ended June 30, 2018</b>									
Opening net book value	516,440	571,490	1,832,438	10,341	12,381	33,977	13,267	99,670	3,090,004
Additions	-	293,476	209,399	1,074	7,583	17,667	2,727	53,850	585,776
Disposals									
- cost	-	-	16,782	-	388	-	150	48,502	65,822
- accumulated depreciation	-	-	(9,664)	-	(238)	-	(82)	(16,669)	(26,653)
	-	-	7,118	-	150	-	68	31,833	39,169
Written-off									
- cost	-	10,307	-	-	-	-	-	-	10,307
- accumulated depreciation	-	(2,622)	-	-	-	-	-	-	(2,622)
	-	7,685	-	-	-	-	-	-	7,685
Depreciation charge	-	61,792	196,093	1,081	8,086	4,101	1,454	21,893	294,500
Closing net book value	516,440	795,489	1,838,626	10,334	11,728	47,543	14,472	99,794	3,334,426
<b>At June 30, 2018</b>									
Revaluation / cost	516,440	1,005,571	2,901,057	14,878	57,042	59,021	20,691	149,801	4,724,501
Accumulated depreciation	-	210,082	1,062,431	4,544	45,314	11,478	6,219	50,007	1,390,075
Net book value	516,440	795,489	1,838,626	10,334	11,728	47,543	14,472	99,794	3,334,426
<b>Year ended June 30, 2019</b>									
Opening net book value	516,440	795,489	1,838,626	10,334	11,728	47,543	14,472	99,794	3,334,426
Revaluation / additions	395,300	120,482	131,259	579	8,969	10,792	5,458	43,477	716,316
Disposals									
- cost	322,140	-	60,384	-	268	78	81	42,290	425,241
- accumulated depreciation	-	-	(26,846)	-	(141)	(69)	(39)	(15,938)	(43,033)
	322,140	-	33,538	-	127	9	42	26,352	382,208
Depreciation charge	-	83,377	193,566	1,057	8,111	5,388	1,656	23,208	316,363
Closing net book value	589,600	832,594	1,742,781	9,856	12,459	52,938	18,232	93,711	3,352,171
<b>At June 30, 2019</b>									
Revaluation / cost	589,600	1,126,053	2,971,932	15,457	65,743	69,735	26,068	150,988	5,015,576
Accumulated depreciation	-	293,459	1,229,151	5,601	53,284	16,797	7,836	57,277	1,663,405
Net book value	589,600	832,594	1,742,781	9,856	12,459	52,938	18,232	93,711	3,352,171
Depreciation rate (% per annum)		10	10 - 20	10	30 - 33	10	10	20	

**6.2** Leasehold land of the Company are located at D-181, S.I.T.E. Karachi with an area of 2.68 acres.

**6.3** Had the leasehold land been recognised under the cost model, the carrying amount of leasehold land would have been Rs.414 thousand (2018: 322,554 thousand).

	Note	2019 ----- (Rupees in '000) -----	2018
<b>6.4 Depreciation charge has been allocated as follows:</b>			
Cost of goods manufactured	27.1	286,470	268,348
Distribution cost	28	13,406	11,189
Administrative expenses	29	16,487	14,963
		<u>316,363</u>	<u>294,500</u>

**6.5** Plant and machinery includes certain dies and moulds having cost aggregating Rs.120,856 thousand (2018: Rs.101,788 thousand) and net book value of Rs.71,863 thousand (2018: Rs.68,254 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. Detail of vendors are as follows:

	2019		2018	
	Cost	Net Book Value	Cost	Net Book Value
	----- (Rupees in '000) -----			
<b>Vendor Name</b>				
A.R Enterprises	1,188	591	1,188	657
Al Huda Plastics	3,406	1,629	3,406	1,810
Atlas Aluminium (Private) Limited - a related party	17,610	14,468	16,225	14,935
Diwan Plastic Industries	18,859	9,747	18,859	10,830
Industrial Technical Services	2,244	1,081	2,244	1,201
Malta Auto Industries (Private) Limited	3,265	2,108	3,265	2,342
Precision Polymers (Private) Limited	50,185	27,630	40,267	25,529
Polymer Engineering Products	23,268	14,274	15,503	10,578
N H Enterprises	691	263	691	292
Nobel Enterprises	140	72	140	80
	<u>120,856</u>	<u>71,863</u>	<u>101,788</u>	<u>68,254</u>

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

Particular of Assets	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particular of buyers
----- (Rupees in '000) -----							
<b>Assets having net book value exceeding Rs. 500,000 each</b>							
Leasehold land	322,140	-	322,140	650,000	327,860	Negotiation	Shirazi Investments (Private) Limited, the Holding Company, 2nd Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
<b>Plant and machinery</b>							
PVC Cables	8,925	3,107	5,818	5,931	113	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	5,959	2,075	3,884	3,960	76		
PVC Cables	5,876	2,178	3,698	3,770	72		
PVC Cables	4,667	1,651	3,016	3,074	58		
PVC Cables	4,514	1,597	2,917	2,973	56		
PVC Cables	4,550	1,687	2,863	2,920	57		
PVC Cables	2,876	1,066	1,810	1,845	35		
PVC Cables	1,841	641	1,200	1,223	23		
PVC Cables	1,638	598	1,040	1,060	20		
PVC Cables	1,549	574	975	994	19		
PVC Cables	1,391	484	907	924	17		
AMB Assembly Line	5,052	4,216	836	105	(731)		
Cable Tray	1,451	629	822	838	16		
Cable Tray	1,045	381	664	194	(470)		
PVC Cables	1,020	361	659	672	13	Negotiation	M/s Gulfaraz Abbasi, Baldia Town, Karach
PVC Cables	862	305	557	568	11		
Environmental control apparatus	6,283	4,859	1,424	117	(1,307)	Negotiation	
	59,499	26,409	33,090	31,168	(1,922)		
<b>Vehicles</b>							
	2,213	295	1,918	1,918	-	Company Policy	Amanullah Abid - Ex Employee
	1,414	738	676	1,555	879	Negotiation	Shahid Ashraf, H # 299 S, F 32, Islamabad
	1,715	168	1,547	1,547	-	Company Policy	Asher Ahmed - Employee
	2,319	799	1,520	1,520	-	Company Policy	Mirza Bakhtiar Haider - Ex Employee
	2,329	820	1,509	1,509	-	Company Policy	Nehal Asghar - Ex Employee
	2,329	824	1,505	1,505	-	Company Policy	Atlas Honda Limited, a related party
	2,551	1,134	1,417	1,417	-	Company Policy	Talha Saad - Ex Employee
	2,329	1,036	1,293	1,293	-	Company Policy	Malik Nasir Mohyuddin - Ex Employee
	1,644	585	1,059	1,059	-	Company Policy	Iftikhar ul Islam - Employee
	1,805	803	1,002	1,002	-	Company Policy	Syed Munawar Hassan - Ex Employee
	1,641	808	833	833	-	Company Policy	Imtiaz Askari - Employee
	795	93	702	776	74	Negotiation	Awais, B29 Sir Syed Town Karachi
	795	53	742	742	-	Insurance claim	Atlas Insurance Limited, a related party
	802	213	589	740	151	Negotiation	Amjad Hussain, H # 1, Hussaini Society, Karachi.
	795	106	689	689	-	Company Policy	Atlas Honda Limited, a related party
	1,304	618	686	686	-	Company Policy	Muhammad Irfan - Employee
	802	191	611	611	-	Company Policy	Atlas Metals (Private) Limited, a related party
	778	197	581	581	-	Company Policy	Adil Hayat - Employee
	778	237	541	541	-	Company Policy	Irfan Ahmed - Employee
	778	258	520	520	-	Company Policy	Waseem Ahmad - Employee
	758	271	487	487	-	Company Policy	Shariq Saleem - Employee
	30,674	10,247	20,427	21,531	1,104		
Various assets having net book value upto Rs.500,000 each	12,928	6,377	6,551	6,585	34		
<b>2019</b>	<b>425,241</b>	<b>43,033</b>	<b>382,208</b>	<b>709,284</b>	<b>327,076</b>		
<b>2018</b>	<b>65,822</b>	<b>26,653</b>	<b>39,169</b>	<b>33,389</b>	<b>(5,780)</b>		

	Note	2018	Additions	Transfers	2019
		----- (Rupees in '000) -----			
<b>6.7 Capital work-in-progress</b>					
Buildings on leasehold land		192,298	275,240	(71,436)	396,102
Plant and machinery		54,379	157,787	(44,070)	168,096
Computers and accessories		942	1,577	(441)	2,078
Furniture and fixtures		4,662	5,289	(6,911)	3,040
Air conditioners		-	4,619	(3,166)	1,453
Vehicles		3,750	38,946	(42,696)	-
Intangible asset		800	2,160	(942)	2,018
	6.8	<u>256,831</u>	<u>485,618</u>	<u>(169,662)</u>	<u>572,787</u>

**6.8** Includes Rs.52,185 thousand advance payment made to Atlas Global FZE, a related party, for purchase of plant & machinery {2018: Rs.2,797 thousand to Honda Atlas Cars (Pakistan) Limited and Rs 159 thousand to Atlas Honda Limited, related parties}.

	Software licenses	ERP implementation cost	Total
	----- (Rupees in '000) -----		
<b>7. INTANGIBLE ASSETS</b>			
<b>As at July 1, 2017</b>			
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>
<b>Year ended June 30, 2018</b>			
Opening net book value	1,467	-	1,467
Additions	350	-	350
Amortisation charge	(815)	-	(815)
Closing net book value	<u>1,002</u>	<u>-</u>	<u>1,002</u>
<b>At June 30, 2018</b>			
Cost	23,067	7,400	30,467
Accumulated amortisation	(22,065)	(7,400)	(29,465)
Net book value	<u>1,002</u>	<u>-</u>	<u>1,002</u>
<b>Year ended June 30, 2019</b>			
Opening net book value	1,002	-	1,002
Amortisation charge	(842)	-	(842)
Closing net book value	<u>160</u>	<u>-</u>	<u>160</u>
<b>At June 30, 2019</b>			
Cost	23,067	7,400	30,467
Accumulated amortisation	(22,907)	(7,400)	(30,307)
Net book value	<u>160</u>	<u>-</u>	<u>160</u>
<b>Amortisation rate</b> (% per annum)	<u>50</u>	<u>50</u>	

**7.1** Intangible assets as at June 30, 2019 include items having an aggregate cost of Rs. 28,517 thousand (2018: Rs.28,517 thousand) that have been fully amortised and still in use of the Company.

	Note	2019	2018
		----- (Rupees in '000) -----	
<b>7.2 Amortisation charge has been allocated as follow</b>			
Distribution cost	28	175	15
Administrative expenses	29	667	800
		<u>842</u>	<u>815</u>



	Note	2019 ----- (Rupees in '000) -----	2018
<b>8. INVESTMENTS</b>			
<b>Available for sale - Unquoted</b>			
Arabian Sea Country Club Limited		1,000	1,000
100,000 ordinary shares of Rs.10 each - cost		1,000	1,000
Less: Impairment in the value of investment		-	-
		<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>
<b>9. LONG TERM LOANS</b>			
<b>Considered good - secured</b>			
Loans to employees - others		2,716	3,581
Recoverable within one year - others	14	(1,427)	(1,822)
		<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>
<b>9.1</b>	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.2,019 thousand (2018: Rs.2,540 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.		
<b>9.2</b>	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.		
	Note	2019 ----- (Rupees in '000) -----	2018
<b>10. LONG TERM DEPOSITS</b>			
<b>Considered good - unsecured and interest-free</b>			
Security deposits for:			
- utilities		4,019	4,019
- rent agreements		11,949	12,069
- others		4,313	4,313
		<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>
<b>11. STORES, SPARES AND LOOSE TOOLS</b>			
Consumables stores			
- in hand		119,645	113,775
- in transit		-	1,739
Maintenance spares		105,309	102,794
Loose tools		377	606
		<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>
<b>12. STOCK-IN-TRADE</b>			
Raw materials and components:			
- in hand		557,726	481,928
- with third parties	12.1	31,924	29,349
		<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>
		589,650	511,277
Work-in-process		695,094	687,340
Finished goods		474,704	1,411,039
Items in transit		644	79,354
		<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>
		1,760,092	2,689,010
<b>12.1</b>	Includes raw materials amounting to Rs.9,825 thousand (2018: Rs.6,302 thousand) held with Atlas Aluminium (Private) Limited - an Associated Company for further processing into parts to be supplied to the Company.		
<b>12.2</b>	Stock-in-trade and trade debts upto a maximum amount of Rs.5,534,020 thousand (2018: Rs.4,201,487 thousand) are under hypothecation of commercial banks as security for short term borrowings (note 24).		

	Note	2019 ----- (Rupees in '000) -----	2018
<b>13. TRADE DEBTS - Unsecured</b>			
<b>Consider good</b>			
Associated Companies:			
Atlas Honda Limited		59,524	88,048
Honda Atlas Cars (Pakistan) Limited		15,026	14,483
Others		1,021,899	1,651,780
		<u>1,096,449</u>	<u>1,754,311</u>
<b>Consider doubtful</b>			
Others		13,844	9,948
		<u>1,110,293</u>	<u>1,764,259</u>
Provision for doubtful debts	13.1	(13,844)	(9,948)
		<u>1,096,449</u>	<u>1,754,311</u>
<b>13.1 Provision for doubtful debts</b>			
Balance at beginning of the year		9,948	7,619
Provision for the year - net		3,896	2,329
		<u>13,844</u>	<u>9,948</u>
Balance at end of the year		<u>13,844</u>	<u>9,948</u>

	Associated Companies		Others	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
<b>13.2 The ageing of trade debts at June 30, is as follows:</b>				
Less than 30 days	61,845	84,238	455,665	830,535
31 - 180 days	12,467	18,293	562,147	820,024
181 days to 365 days	238	-	6,379	1,221
Over one year	-	-	11,552	9,948
	<u>74,550</u>	<u>102,531</u>	<u>1,035,743</u>	<u>1,661,728</u>
Provision for doubtful debts	-	-	(13,844)	(9,948)
	<u>74,550</u>	<u>102,531</u>	<u>1,021,899</u>	<u>1,651,780</u>

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

**13.4** The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.147,060 thousand (2018: Rs.277,062 thousand).

	Note	2019 ----- (Rupees in '000) -----	2018
<b>14. LOANS AND ADVANCES</b>			
<b>Considered good and interest-free</b>			
<b>Secured</b>			
Current portion of long term loans to employees	9	1,427	1,822
<b>Unsecured</b>			
Loans to staff other than executives	14.1	107	104
Advances to suppliers, contractors and others	14.2	3,353	11,909
		<u>4,887</u>	<u>13,835</u>

**14.1** 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.

**14.2** Includes advances to suppliers, contractors and others amounting Nil (2018: Rs.164 thousand) paid to Atlas Honda Limited - an Associated Company against purchase of motorcycle for employees.

			2019 ----- (Rupees in '000) -----	2018
<b>15. DEPOSITS AND PREPAYMENTS</b>				
Considered good and unsecured				
Deposits and margins - interest-free			17,277	6,669
Prepayments			7,123	10,221
			<u>24,400</u>	<u>16,890</u>
<b>16. INVESTMENTS</b> - at fair value through profit or loss				
	2019 ----- (Number of units) -----	2018		
		Related parties		
	5	447	2	277
	4,127	532,527	2,075	281,931
	-	871,997	-	462,499
			<u>2,077</u>	<u>744,707</u>
		Others		
	-	1,116,891	-	117,214
	1,223,815	-	124,978	-
			<u>127,055</u>	<u>861,921</u>

- 16.1** 1,223,815 units of HBL Money Market Fund valuing Rs.124,978 thousand (2018: 1,116,891 units of HBL Islamic Money Market Fund valuing Rs.117,214 thousand) are under lien of a commercial bank against guarantees aggregating Rs.105,711 thousand (2018: Rs.93,764 thousand) issued in favour of Sui Southern Gas Co. Ltd., Pakistan State Oil Co. Ltd. and Excise & Taxation Department, Government of Sindh on behalf of the Company.

	Note	2019 ----- (Rupees in '000) -----	2018
<b>17. OTHER RECEIVABLES</b>			
Considered good and unsecured			
Insurance claim receivable	17.1	6,082	-
Workers' profit participation fund	23.3	-	4,368
Sales tax paid under protest		2,317	2,317
		<u>8,399</u>	<u>6,685</u>
<b>17.1</b> Represents receivable from Atlas Insurance Limited, a related party.			
<b>18. BANK BALANCES</b>			
Balances with banks on current accounts		34,253	26,514
Cheques-in-hand	18.1	389,396	354,666
		<u>423,649</u>	<u>381,180</u>

- 18.1** 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.

## 19. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019 ----- (Number of Shares) -----	2018		2019 ----- (Rupees in '000) -----	2018
1,300,000	1,300,000	Ordinary shares of Rs.10 each fully paid in cash	13,000	13,000
23,059,676	16,099,769	Ordinary shares of Rs.10 each issued as fully paid bonus shares	230,597	160,998
<u>24,359,676</u>	<u>17,399,769</u>		<u>243,597</u>	<u>173,998</u>

## 19.1 Movement in issued, subscribed and paid-up capital

2019 ----- (Number of Shares) -----	2018		2019 ----- (Rupees in '000) -----	2018
17,399,769	17,399,769	Balance at beginning of the year	173,998	173,998
6,959,907	-	Ordinary shares of Rs.10 each issued as fully paid bonus shares	69,599	-
<u>24,359,676</u>	<u>17,399,769</u>	Balance at end of the year	<u>243,597</u>	<u>173,998</u>

## 19.2 Ordinary shares of the Company held by the related parties as at June 30,

	2019 ----- (Number of shares) -----	2018
Shirazi Investments (Private) Limited	14,338,412	10,241,723
GS Yuasa International Limited - Japan	3,653,925	2,609,947
Atlas Foundation	447,820	319,872
Atlas Insurance Limited	424,788	303,420
	<u>18,864,945</u>	<u>13,474,962</u>

## 20. SURPLUS ON REVALUATION OF LEASEHOLD LAND

An independent revaluation of the Company's leasehold land at D-181, Central Avenue, S.I.T.E., Karachi was performed by M/s. Surval on June 30, 2008 and that 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 & June 21, 2019 by MYK Associates (Private) Limited & Pee Dee & Associates respectively, Independent Valuers, 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.395,300 thousand over the book value of Rs.194,300 thousand. At the time of latest revaluation, forced sale value of the land was ranging from Rs.442,200 thousand to Rs.471,680 thousand.

	Note	2019 ----- (Rupees in '000) -----	2018
21. STAFF RETIREMENT BENEFITS			
Provision for gratuity	21.1	1,629	1,453
Compensated leave absences	21.2	67,716	71,360
		<u>69,345</u>	<u>72,813</u>

### 21.1 Provision for gratuity

21.1.1 As stated in note 5.11.2, the Company operates an approved funded gratuity scheme for its management staff and an unfunded gratuity scheme for its non-management staff.

21.1.2 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, the Companies Act, 2017, 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.

21.1.3 The latest actuarial valuations of the Schemes as at June 30, 2019 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	
	2019	2018	2019	2018	2019	2018
	----- (Rupees in '000) -----					
21.1.4 Balance sheet reconciliation						
Present value of defined benefit obligation at June 30 - note 21.1.5	84,064	123,938	1,629	1,453	85,693	125,391
Fair value of plan assets at June 30 - note 21.1.6	(78,524)	(108,727)	-	-	(78,524)	(108,727)
Receivable from / (payable to) related parties in respect of transferees	3,465	(444)	-	-	3,465	(444)
Liability at end of the year	9,005	14,767	1,629	1,453	10,634	16,220
Payable within next twelve months	(9,005)	(14,767)	-	-	(9,005)	(14,767)
	<u>-</u>	<u>-</u>	<u>1,629</u>	<u>1,453</u>	<u>1,629</u>	<u>1,453</u>



	Management		Non - management		Total	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
<b>21.1.5 Movement in the present value of defined benefit obligation</b>						
Balance at beginning of the year	123,938	113,594	1,453	1,566	125,391	115,160
Benefits paid	(10,933)	(7,081)	-	(322)	(10,933)	(7,403)
Current service cost	6,381	6,128	50	49	6,431	6,177
Interest cost	7,811	8,737	131	111	7,942	8,848
Re-measurements on obligation	(4,002)	2,742	(5)	49	(4,007)	2,791
Receivable recognised in respect of transfers	(39,131)	(182)	-	-	(39,131)	(182)
Balance at end of the year	84,064	123,938	1,629	1,453	85,693	125,391
<b>21.1.6 Movement in the fair value of plan assets</b>						
Balance at beginning of the year	108,727	105,829	-	-	108,727	105,829
Contributions	13,891	6,478	-	-	13,891	6,478
Benefits paid	(10,933)	(7,081)	-	-	(10,933)	(7,081)
Interest income	9,618	8,157	-	-	9,618	8,157
Re-measurements	(7,558)	(5,318)	-	-	(7,558)	(5,318)
Amount transferred (to) / from other group companies	(35,221)	662	-	-	(35,221)	662
Balance at end of the year	78,524	108,727	-	-	78,524	108,727
<b>21.1.7 Expense recognised in profit and loss account</b>						
Current service cost	6,381	6,128	50	49	6,431	6,177
Net interest cost	(1,808)	580	131	111	(1,677)	691
	4,573	6,708	181	160	4,754	6,868
<b>21.1.8 Re-measurements recognised in other comprehensive income</b>						
(Gain) / loss arising from change in financial assumptions	(3,304)	1,032	(66)	9	(3,370)	1,041
Experience (gain) / loss	(698)	1,710	-	40	(698)	1,750
Loss on re-measurement of plan assets	7,558	5,318	61	-	7,619	5,318
Net re-measurements	3,556	8,060	(5)	49	3,551	8,109
<b>21.1.9 Net liability recognised</b>						
Balance at beginning of the year	14,767	6,477	1,453	1,566	16,220	8,043
Charge for the year	4,573	6,708	181	160	4,754	6,868
Contributions made during the year	(13,891)	(6,478)	-	(322)	(13,891)	(6,800)
Re-measurements recognised in other comprehensive income	3,556	8,060	(5)	49	3,551	8,109
Recognised liability as at June 30	9,005	14,767	1,629	1,453	10,634	16,220
Payable within next twelve months	(9,005)	(14,767)	-	-	(9,005)	(14,767)
	-	-	1,629	1,453	1,629	1,453
<b>21.1.10 Plan assets comprise of:</b>						
Debt securities	45,295	52,769	-	-	45,295	52,769
Equity Instrument	-	55,768	-	-	-	55,768
Mutual funds - units	32,139	-	-	-	32,139	-
Cash and cash equivalent	1,090	190	-	-	1,090	190
	78,524	108,727	-	-	78,524	108,727

	Management		Non-Management	
	2019	2018	2019	2018
	----- (% per annum) -----			
<b>21.1.11 Actuarial assumptions used</b>				
Discount rate at June 30	14.25%	9.00%	14.25%	9.00%
Expected rate of increase in future salaries - first year	6.00%	12.00%	6.00%	8.00%
- long term	13.25%	8.00%	13.25%	8.00%
Demographic assumptions				
- Mortality rates (for death in service)	SLIC	SLIC	SLIC	SLIC
	(2001-05)	(2001-05)	(2001-05)	(2001-05)
- Rates of employee turnover	Moderate	Moderate	Moderate	Moderate

#### 21.1.12 Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions set-out above. The following table summarises how.

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
		----- (Rupees in '000) -----	
Discount rate	1.00%	79,332	92,944
Increase in future salaries - long term	1.00%	92,536	79,578
Withdrawal rates : light		84,641	
Withdrawal rates : high		86,466	

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 statement of financial position.

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

**21.1.13** 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.

**21.1.14** Based on actuary's advice, the expected contribution for the year ending June 30, 2020 to management and non-management gratuity plans will be Rs.6,919 thousand and Rs.289 thousand respectively.

**21.1.15** The weighted average duration of funded gratuity and un-funded gratuity is 7.48 years and 4.95 years respectively. Expected maturity analysis of undiscounted retirement benefit plans.

	Less than a year	Between 1-2 years	Between 2-5 years	Between 5-20 years	Total
	----- (Rupees in '000) -----				
<b>As at June 30, 2019</b>					
Management staff	8,414	3,596	29,166	625,020	666,196
Non-management staff	486	44	449	5,855	6,884
Total	8,900	3,640	29,665	630,875	673,080

	Note	2019	2018
		----- (Rupees in '000) -----	
<b>21.2 Compensated leave absences</b>			
Balance at beginning of the year		71,360	78,302
Provision / (reversal) for the year		10,865	(3,143)
		82,225	75,159
Encashed during the year		(14,509)	(3,799)
Balance at end of the year		67,716	71,360

**21.2.1** Includes liability in respect of key management personnel aggregating to Rs.20,333 thousand (2018: Rs.22,005 thousand)

	2019	2018
	----- (Rupees in '000) -----	
<b>22. DEFERRED TAXATION - Net</b>		
The liability for deferred tax comprises temporary differences relating to:		
Accelerated tax depreciation	306,715	309,728
Tax amortisation	147	92
Provision for impairment of available-for-sale investments	(290)	(290)
Provision for doubtful debts	(4,015)	(2,885)
Provision for gratuity	(3,085)	(4,705)
Provision for compensated leave absences	(19,638)	(20,694)
Provision for warranty	(33,254)	(30,218)
	<u>246,580</u>	<u>251,028</u>

22.1 As at June 30, 2019, the Company has unused tax losses aggregating Rs.704,824 thousand. Deferred tax asset on un-used losses has not been recognised on prudent basis.

	Note	2019	2018
		----- (Rupees in '000) -----	
<b>23. TRADE AND OTHER PAYABLES</b>			
Trade creditors	23.1	249,546	734,168
Accrued liabilities	23.1	508,717	655,279
Provision for warranty	23.2	114,670	104,201
Contract liabilities - customers advances and credit balances		65,330	34,759
Workers' profit participation fund	23.3	-	-
Provision for gratuity	21.1	9,005	14,767
Workers' welfare fund	23.4	-	16,434
Sindh government infrastructure fee	23.5	76,431	66,098
Withholding taxes		6,931	11,486
Other liabilities	23.6	7,250	5,861
		<u>1,037,880</u>	<u>1,643,053</u>

23.1 Trade creditors and accrued liabilities include Rs.170,860 thousand (2018: Rs.784,755 thousand) pertaining to related parties.

	Note	2019	2018
		----- (Rupees in '000) -----	
<b>23.2 Provision for warranty</b>			
Balance at beginning of the year		104,201	98,468
Provision for the year	27.1	622,062	519,096
		<u>726,263</u>	<u>617,564</u>
Payments made during the year		(611,593)	(513,363)
Balance at end of the year		<u>114,670</u>	<u>104,201</u>
<b>23.3 Workers' profit participation fund</b>			
Balance at beginning of the year		(4,368)	(1,576)
Allocation for the year	31	-	44,632
		<u>(4,368)</u>	<u>43,056</u>
Payments (received) / made during the year - net		4,368	(47,424)
Balance at end of the year		<u>-</u>	<u>(4,368)</u>
<b>23.4 Workers' welfare fund</b>			
Balance at beginning of the year		16,434	35,531
Charge for the year		-	15,918
Adjustment for prior year		526	-
	31	<u>526</u>	<u>15,918</u>
Payments made during the year		16,960	51,449
		<u>(16,960)</u>	<u>(35,015)</u>
Balance at end of the year		<u>-</u>	<u>16,434</u>

- 23.5** 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, 2019, the Company has provided bank guarantees amounting Rs.80,000 thousand (2018: Rs.72,000 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.

- 23.6** Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.6,016 thousand (2018: Rs.5,448 thousand).

	Note	2019 ----- (Rupees in '000) -----	2018
<b>24. SHORT TERM BORROWINGS - Secured</b>			
Running finances / musharakah	24.1	1,408,152	2,359,687
Demand Finance	24.2	-	100,000
		<u>1,408,152</u>	<u>2,459,687</u>

- 24.1** Running finance / musharakah facilities available from various banks under mark-up arrangements aggregate to Rs.4,000,000 thousand (2018: Rs.3,100,000 thousand). During the year these finance facilities carry mark-up at the rates ranging from 7.02% to 13.29% (2018: 6.22% to 7.45%) per annum.
- 24.2** Demand finance facilities aggregating Rs.4,000,000 thousand (2018: Rs.3,100,000 thousand) are also available to the Company from various banks as sub-limits of the above mentioned running finance / musharakah facilities. These facilities carry mark-up at the rates ranging from 7.00% to 13.00% (2018: 6.14% to 7.12%) per annum.
- 24.3** FE-25 facilities aggregating Rs.2,680,000 thousand (2018: Rs.2,440,000 thousand) are available from various banks as sub-limits of above mentioned running finance / musharakah facilities. The Company has not utilised these facility during the year.
- 24.4** 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, 2019.
- 24.5** The facilities for opening letters of credit and guarantees as at June 30, 2019 aggregated to Rs.1,830,000 thousand (2018: 1,930,000 thousand) of which the amount remained unutilised at year end aggregated to Rs.1,576,516 thousand (2018: 1,759,923 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 dated January 28, 2015 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 on February 19, 2015 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) on May 23, 2015 against the order of levy of excise duty on royalty. Further, the Commissioner Inland Revenue has also filed an appeal on June 25, 2015 before ATIR against the abovementioned order of CIR(A) through which relief was granted to the Company. ATIR has allowed the appeal of the Company and dismissed the appeal of the department in its order dated May 13, 2019.

**25.1.3** Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, for the tax year 2013 passed an order dated September 30, 2014 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. An appeal was filed before the CIR(A) on October 22, 2014 against the above order. The Company paid the demand of Rs.0.1 million which pertains to a tax deduction on freight charges and filed a stay application on October 27, 2014 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) on October 27, 2014 subject to partial payment of Rs.50 million which was paid on October 29, 2014. Pursuant to above 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 on April 18, 2015 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 on July 15, 2016 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 dated January 22, 2016 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 on February 11, 2016 against the aforesaid order pursuant to which the DCIR passed a rectified order dated February 22, 2016 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)] on March 10, 2016 against the rectified order and challenged the aggregate demand of Rs.81.991 million. Pursuant to this appeal, CIR(A) passed an order dated June 8, 2016 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 on August 5, 2016 against the above mentioned order of CIR(A) before the Appellate Tribunal Inland Revenue; which is pending for adjudication.

**25.1.6** The Additional Commissioner Enforcement-III (Assessing Officer), Punjab Revenue Authority (PRA), Government of Punjab issued a show cause notice to the Company and alleged that the Company has failed to withhold and deposit the Punjab Sales Tax on advertisement services. The Company responded that some of the service providers do not have their registered office in the territorial jurisdiction of Punjab and in most of the cases, services were not completely consumed in Punjab only rather were electronically transmitted throughout Pakistan. Further, the Company had withheld sales tax from all the payments made against said services and has deposited either to Federal Board of Revenue (FBR) or Sindh Revenue Board (SRB), therefore, demand raised by PRA would tantamount to double jeopardy for the Company. However, the Assessing Officer did not consider the arguments of the Company and passed an order dated May 22, 2017 under section 14 & 19 of Punjab Sales Tax on Services Act 2012 read with Punjab Sales Tax on Services (Withholding) Rules 2012 & 2015 and created an impugned demand of Rs.4.327 million including penalty.

The Company filed an appeal before Commissioner (Appeal), PRA, Lahore on June 23, 2017 against the aforementioned demand who also upheld the order of the Assessing Officer on October 3, 2017. The Company then filed an appeal before Appellate Tribunal, PRA, Lahore on November 23, 2017. The Appellate Tribunal has granted a stay against demand on November 29, 2017. The main appeal is pending before the Appellate Tribunal.

**25.1.7** Additional Commissioner Inland Revenue (ACIR), Large Taxpayers Unit, Karachi, for the tax year 2016 passed an order dated November 30, 2017 under section 161 / 205 of the Income Tax Ordinance, 2001 on account of non-deduction of tax on (i) trade discount allowed to dealers, (ii) rent paid to Atlas Foundation, (iii) cartage & octroi expenses, (iv) repair and maintenance expenses and (v) entertainment expenses. ACIR through the order created an aggregate demand of Rs.200.172 million including default surcharge and penalty. The Company filed an appeal before [CIR(A)] on December 20, 2017 against (i) and (ii), where as tax levied for (iii), (iv) and (v) were not contested in appeal. The Company paid the demand of Rs.1.5 million in light of directions given by [CIR(A)] on December 22, 2017 while granting stay from recovery proceedings which duly covers the balance tax demand Rs.1.221 million in respect of issues not contested in appeals. Pursuant to the appeal, [CIR(A)], on January 22, 2018, passed an order under section 129 of the Ordinance and granted relief in respect of both issues contested i.e. (i) trade discount allowed to dealers and (ii) rent paid to Atlas Foundation. The department has filed an appeal on April 23, 2018 against the abovementioned order of CIR(A) before the Appellate Tribunal Inland Revenue; which is pending for adjudication.

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

#### 25.1.9 Outstanding bank guarantees

Guarantees aggregating Rs.105,711 thousand (2018: Rs.93,764 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.

	2019	2018
	----- (Rupees in '000) -----	
<b>25.2 Commitments</b>		
<b>25.2.1</b> Commitments in respect of letters of credit / contract relating to:		
- raw materials, stores, spares and loose tools	130,042	270,386
- capital expenditure	17,731	66,020
	<u>147,773</u>	<u>336,406</u>

**25.2.2** Commitments outstanding for capital expenditure other than through letters of credit as at June 30, 2019 aggregated to Rs.58,675 thousand (2018: Rs.97,761 thousand).

		2019	2018
		----- (Rupees in '000) -----	
<b>26 . SALES - Net</b>			
Local sales			
- manufacturing activity		17,766,254	23,149,141
- trading activity		339,013	1,218,867
		18,105,267	24,368,008
Export sales		42,350	4,432
		18,147,617	24,372,440
Less:			
- sales tax		2,693,073	3,664,296
- discounts		2,681,431	2,375,283
		5,374,504	6,039,579
		12,773,113	18,332,861
<b>27. COST OF SALES</b>			
Opening stock of finished goods		1,411,039	422,668
Cost of goods manufactured	27.1	11,315,268	16,475,291
Purchases during the year		254,999	843,563
		11,570,267	17,318,854
Closing stock of finished goods		(474,704)	(1,411,039)
		12,506,602	16,330,483
<b>27.1 Cost of goods manufactured</b>			
Opening stock of work-in-process		687,340	663,469
Raw materials and components consumed	27.2	8,254,734	13,220,930
Salaries, wages and benefits	27.3	1,092,315	987,837
Stores consumed		226,692	368,261
Light, heat and water		469,029	661,312
Insurance		28,593	38,321
Rent, rates and taxes		71,517	113,865
Repair and maintenance		65,312	73,626
Royalty and technical fee	27.4	141,189	186,182
Cartage		14,726	16,040
Travelling, conveyance and entertainment		23,564	31,047
Postage and telephone		4,032	3,591
Printing and stationery		2,421	3,498
Vehicle running		1,816	1,816
Depreciation	6.4	286,470	268,348
Free replacement	23.2	622,062	519,096
Other expenses		18,550	5,392
		12,010,362	17,162,631
Closing stock of work-in-process		(695,094)	(687,340)
		11,315,268	16,475,291
<b>27.2 Raw materials and components consumed</b>			
Opening stock		511,277	513,461
Purchases during the year		8,333,107	13,218,746
		8,844,384	13,732,207
Closing stock		(589,650)	(511,277)
		8,254,734	13,220,930
<b>27.3</b>	Salaries, wages and benefits include Rs.2,907 thousand (2018: Rs.3,018 thousand) and Rs.10,035 thousand (2018: Rs.9,903 thousand) in respect of staff retirement benefits gratuity and provident / pension funds respectively.		
<b>27.4</b>	Royalty charged in these financial statement pertains to GS Yuasa International Limited having registered office at 1, Inobanba-cho, Nishinosho, Kisshoin, Minami-ku, Kyoto 601-8520 Japan.		

	Note	2019 ----- (Rupees in '000) -----	2018
<b>28. DISTRIBUTION COST</b>			
Salaries and benefits	28.1	71,167	74,353
Travelling, conveyance and entertainment		35,678	32,363
Vehicle running		438	282
Rent, rates and taxes		29,327	25,152
Advertisement and sales promotion		148,686	253,349
Repair and maintenance		3,955	2,272
Light, heat and water		3,890	5,432
Freight and forwarding		237,876	243,081
Printing and stationery		719	538
Postage and telephone		6,259	5,480
Depreciation	6.4	13,406	11,189
Amortisation	7.2	175	15
Services charges		270	176
Insurance		45,145	67,452
Newspapers, magazines and subscription others		1,654	191
		<u>598,645</u>	<u>721,325</u>

**28.1** Salaries and benefits include Rs.541 thousand (2018: Rs.1,050 thousand) and Rs.3,132 thousand (2018: Rs.3,050 thousand) in respect of staff retirement benefits gratuity and provident / pension funds respectively.

	Note	2019 ----- (Rupees in '000) -----	2018
<b>29. ADMINISTRATIVE EXPENSES</b>			
Directors' meeting fee		650	600
Salaries and benefits	29.1	127,080	127,179
Travelling, conveyance and entertainment		10,909	12,813
Rent and rates		2,265	9,008
Repair and maintenance		2,863	3,799
Light, heat and water		1,079	3,475
Insurance		4,224	4,788
Legal and professional charges		10,538	8,948
Fee and subscription		28,018	23,491
Postage and telephone		2,103	2,697
Printing and stationery		1,752	3,027
Vehicle running		939	431
Training expense		3,457	8,384
Depreciation	6.4	16,487	14,963
Amortisation	7.2	667	800
Donation	29.2	8,321	20,652
		<u>221,352</u>	<u>245,055</u>

**29.1** Salaries and benefits include Rs.1,306 thousand (2018: Rs.2,800 thousand) and Rs.6,408 thousand (2018: Rs.5,447 thousand) in respect of staff retirement benefits gratuity and provident / pension funds respectively.

**29.2** Donation of Rs.8,321 thousand (2019: Rs.20,652 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.

	2019 ----- (Rupees in '000) -----	2018
<b>30. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Dividend income	12,167	-
Fair value gain on investments at fair value through profit or loss - net	98	-
<b>Income from investments in related parties</b>		
Dividend income	3,788	45,806
Gain on sale of investments at fair value through profit or loss	4,450	1,502
<b>Income from assets other than financial assets</b>		
Scrap sales	12,062	14,869
Commission Income	25,823	11,811
Gain on disposal of operating fixed assets	327,076	-
	<u>385,464</u>	<u>73,988</u>



	Note	2019 ----- (Rupees in '000) -----	2018
<b>31. OTHER EXPENSES</b>			
Provision for doubtful debts	13.1	3,896	2,329
Workers' profit participation fund	23.3	-	44,632
Workers' welfare fund	23.4	526	15,918
Auditors' remuneration	31.1	1,955	1,770
Exchange loss - net	31.2	37,169	20,572
Fair value loss on investments at fair value through profit or loss - net		-	60,359
Loss on disposal / write off of operating fixed assets		-	13,465
Penalty imposed by Competition Commission of Pakistan		-	1,000
		<u>43,546</u>	<u>160,045</u>
<b>31.1 Auditors' remuneration</b>			
Remuneration in respect of auditors' services for:			
- statutory audit		1,200	1,200
- 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		355	170
- out of pocket expenses		25	25
		<u>1,955</u>	<u>1,770</u>
<b>31.2</b> Represents exchange loss arising on revaluation of actual currency.			
<b>32. FINANCE COST</b>			
Mark-up on:			
- running finances / musharakah		198,648	80,350
- demand finances		8,303	30,637
		<u>206,951</u>	<u>110,987</u>
Bank and other financial charges		6,271	6,858
		<u>213,222</u>	<u>117,845</u>
<b>33. TAXATION</b>			
<b>Current tax</b>			
Current tax on profits for the year		175,973	238,688
Adjustments for current tax of prior years		(4,882)	4,366
		<u>171,091</u>	<u>243,054</u>
<b>Deferred tax</b>			
Origination and reversal of temporary differences		(3,418)	6,510
Impact of change in tax rate		-	(8,062)
		<u>(3,418)</u>	<u>(1,552)</u>
		<u>167,673</u>	<u>241,502</u>
<b>33.1</b> No numeric tax rate reconciliation for the period is given in the financial statements, as provision made during the current year primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 150 and 153 of the Ordinance. Relationship between tax expense and accounting profit for the preceding financial year is as follows:			
			<b>June 30, 2018</b>
			<b>Rupees in '000'</b>
Profit before taxation			<u>832,096</u>
Tax at the applicable rate of 30%			249,629
Tax effect of:			
- expenses not deductible for tax purposes			279,257
- expenses deductible for tax purposes but not taken to profit and loss account			(277,750)
- income not subject to tax / income subject to final tax regime / tax credits			(37,553)
Adjustments in respect of prior years			4,366
Super tax for rehabilitation of temporarily displaced persons			25,105
Deferred taxation			(1,552)
<b>Tax charge</b>			<u>241,502</u>

- 33.2** According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provisions with tax assessed is presented below:

	2018	2017	2016
	----- Rupees in '000 -----		
Income tax provision for the year - accounts	238,688	564,219	584,183
Income tax as per tax assessment	215,764	483,869	514,756
Excess	22,924	80,350	69,427

- 33.2.1** Excess is mainly due to super tax provision recorded in respective years which have not become due as the Company has filed petition in the High Court of Sindh against levy of super tax.

	2019	2018
	----- (Rupees in '000) -----	

### 34. (LOSS) / EARNINGS PER SHARE

#### 34.1 Basic (loss) / earnings per share

Net (loss) / profit for the year	(592,463)	590,594
	----- Number of shares -----	
	Re-stated	
Weighted average ordinary shares in issue	24,359,676	24,359,676
	----- Rupees -----	
(Loss) / earnings per share	(24.32)	24.24

#### 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 related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

#### 35.1 Name and nature of relationship

##### a) The Holding Company

Shirazi Investments (Private) Limited - 58.46% shares held in the Company

##### b) Associated Company - significant influence

GS Yuasa International Limited - Japan (note 35.1.1)

##### c) Associated Companies - common directorship

Atlas Honda Limited	Atlas Insurance Limited
Honda Atlas Cars (Pakistan) Limited	Atlas Asset Management Limited
Atlas Autos (Private) Limited	Atlas Metals (Private) Limited
Shirazi Trading Company (Private) Limited	Atlas Foundation
Atlas Aluminium (Private) Limited	Atlas Global, FZE (note 35.1.2)

##### d) Associated companies - Group companies

Atlas Worldwide General Trading LLC (note 35.1.3)  
Honda Atlas Power Products (Private) Limited

- 35.1.1** GS Yuasa International Limited (GSYIL) is a company incorporated in Japan, having registered office at 1, Inobanba-cho, Nishinosho, Kisshoin, Minami-ku, Kyoto 601-8520, Japan. GSYIL holds 15% shares in the Company. Mr. Osamu Murao is the President of GSYIL. Major line of business of GSYIL is manufacturing and sale of automotive batteries, industrial batteries, power supply systems, switch gear, lighting equipment, ultraviolet systems, specialty equipment, and other electrical equipment. Auditors have expressed unqualified opinion on the financial statements of GSYIL for the year ended March 31, 2019.
- 35.1.2** Atlas Global FZE (AG) is a Free Zone establishment with limited liability in the Jebel Ali Free Zone, Dubai, UAE formed under the Law 9 of 1992 and implementing regulation issued there under by Jebel Ali Free Zone. The registered office of AG is P.O. Box 17442, Dubai, UAE. Mr. Iftikhar H. Shirazi is the Chief Executive Officer of AG. Major line of business of AG is general trading activities. Auditors have expressed unqualified opinion on the financial statements of AG for the year ended June 30, 2018.
- 35.1.3** Atlas Worldwide General Trading (L.L.C) (AWWT) established with limited liability in Dubai formed under Federal Law 2 of 2015 by Dubai, UAE. The registered office of AWWT is Office 311, Nasir Ahmed Nasir Lootah Building, Khalid Bin Al Waleed Road, Dubai, UAE. Mr. Iftikhar H. Shirazi is the Chief Executive Officer of AWWT. Major line of business of AWWT is general trading activities. Auditors have expressed unqualified opinion on the financial statements of AWWT for the year ended June 30, 2018.

	2019	2018
	----- (Rupees in '000) -----	
<b>35.2 Transactions with related parties</b>		
<b>The Holding Company</b>		
Rent / service charges paid	59,905	115,217
Dividend paid	102,417	358,460
Reimbursement of expenses	1,189	2,058
Sales of operating fixed assets	650,000	11,501
Bonus shares issued	40,967	-
<b>Associated companies</b>		
Sales of:		
- goods	978,799	2,107,371
- operating fixed assets	5,069	3,415
Purchases of:		
- goods and services	6,222,642	13,805,735
- operating fixed assets	83,393	31,119
Rent / service charges paid	13,782	21,077
Reimbursement of expenses	4,422	2,845
Expenses charged	157	-
Insurance premium	123,449	153,098
Insurance claims	20,885	26,313
Purchase of units in mutual funds	5,276	1,016,032
Sale of units in mutual funds	755,031	2,583,105
Dividend received	3,788	45,806
Dividend paid	32,332	113,163
Commission income	25,823	11,811
Bonus shares issued	12,933	-
Royalty and technical fee	141,189	186,182
Donation paid	8,417	20,652
Contribution to pension funds	13,684	12,415
<b>Other related parties</b>		
Contributions paid to:		
- gratuity funds	13,891	6,478
- provident fund	5,891	5,985
Salaries and other short term employment benefits to key management personnel	102,138	111,234
Sale of vehicles under Company policy	4,219	1,830

The related party status of outstanding balances as at June 30, 2019 is included in 'Capital work-in-progress - note 6.7', 'Stock-in-trade - note 12.1', 'Trade debts - note 13', 'Investments note - 16', 'Other receivables note - 17' and 'Trade and other payables - note 23.1' respectively. These are settled in ordinary course of business.

### 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	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Managerial remuneration	18,331	16,974	-	-	67,885	64,735
House rent and utilities	6,416	11,881	-	-	47,519	47,269
Bonus	-	4,453	-	-	4,500	18,152
Retirement benefits	2,550	2,535	-	-	7,720	8,021
Medical and others	615	321	-	-	3,698	2,492
	<u>27,912</u>	<u>36,164</u>	<u>-</u>	<u>-</u>	<u>131,322</u>	<u>140,669</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>26</u>

- 36.1 The Chief Executive and Director 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 (2018: two) non-executive directors was Rs.650 thousand (2018: Rs.600 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.1,698,349 thousand (2018: Rs.3,028,167 thousand) as at June 30, 2019 and are as follows:

	2019	2018
	(Rupees in '000)	(Rupees in '000)
Long term loans	1,289	1,759
Long term deposits	20,281	20,401
Trade debts	1,096,449	1,754,311
Loans and advances	1,534	1,926
Deposits and margins	17,277	6,669
Investments	127,055	861,921
Other receivables	6,082	-
Bank balances	423,649	381,180
	<u>1,693,616</u>	<u>3,028,167</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 97.27% (2018: 99%) 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:

	2019		2018	
	%	Rupees in '000	%	Rupees in '000
Original Equipment Manufacturers and Institutions	5.34	58,533	2.13	37,383
Associated Companies	6.80	74,550	5.84	102,531
Dealers and others	87.86	963,366	92.02	1,614,397
	100	1,096,449	100	1,754,311

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		2019	2018
		short-term	long-term	---(Rupees in '000)---	
MCB Bank Limited	PACRA	A-1+	AAA	4,043	4,070
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	100	50
Habib Bank Limited	VIS	A-1+	AAA	25,257	22,391
Meezan Bank Limited	JCR-VIS	A-1+	AA+	4,852	-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	1	3
				34,253	26,514

Mutual funds	Agency	Rating	2019	2018
			---(Rupees in '000)---	
Atlas Stock Market Fund	PACRA	AM2+	2	277
Atlas Money Market Fund	PACRA	AA(f)	2,075	281,931
Atlas Islamic Stock Fund	PACRA	AM2+	-	462,499
HBL Islamic Money Market Fund	JCR-VIS	AA(f)	-	117,214
HBL Money Market Fund	JCR-VIS	AA(f)	124,978	-
			127,055	861,921

## (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, 2019, the Company had Rs.4,000,000 thousand available borrowings limits from banks / financial institutions and of bank balances Rs.34,253 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) -----			
<b>June 30, 2019</b>				
Trade and other payables	887,114	887,114	887,114	-
Accrued mark-up	43,385	43,385	43,385	-
Short term borrowings	1,408,152	1,450,547	1,450,547	-
Unclaimed dividend	37,850	37,850	37,850	-
	2,376,501	2,418,896	2,418,896	-
<b>June 30, 2018</b>				
Trade and other payables	1,510,995	1,510,995	1,510,995	-
Accrued mark-up	20,259	20,259	20,259	-
Short term borrowings	2,459,687	2,501,028	2,501,028	-
Unclaimed dividend	34,722	34,722	34,722	-
	4,025,663	4,067,004	4,067,004	-

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, 2019.

**(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:

	2019		2018	
	Rupees in '000	U.S. Dollars	Rupees in '000	U.S. Dollars
<b>Balance sheet exposure</b>				
Trade and other payables	13,160	80,000	9,728	80,000

Exchange rate of Rs.164.50 (2018: 121.60) for US Dollar to Rupee has been applied.

At June 30, 2019, 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.658 thousand (2018: Rs.486 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, 2019, the Company's interest bearing borrowings aggregated to Rs.1,408,152 thousand (2018: Rs.2,459,687 thousand).

At June 30, 2019, 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.14,082 thousand (2018: Rs.24,597 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.127,055 thousand (2018: Rs.861,921 thousand) and classified at fair value through profit or loss. The Company is not exposed to commodity risk.

At June 30, 2019, if fair value (Net Asset Value) had been 1% higher / lower with all other variables held constant, the post-tax loss for the year would have Rs.1,271 thousand (2018: Rs.8,619 thousand) (lower) / higher 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.127,055 thousand (2018: Rs.861,921 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 reporting 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, 2019			As at June 30, 2018		
	Amortised Cost	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 statement of financial position						
Long term loans	1,289	-	1,289	1,759	-	1,759
Long term deposits	20,281	-	20,281	20,401	-	20,401
Trade debts	1,096,449	-	1,096,449	1,754,311	-	1,754,311
Loans and advances	1,534	-	1,534	1,926	-	1,926
Deposits and prepayments	17,277	-	17,277	6,669	-	6,669
Investments	-	127,055	127,055	-	861,921	861,921
Bank balances	423,649	-	423,649	381,180	-	381,180
	<u>1,560,479</u>	<u>127,055</u>	<u>1,687,534</u>	<u>2,166,246</u>	<u>861,921</u>	<u>3,028,167</u>
Financial liabilities at amortised cost						
2019 2018						
----- Rupees in '000 -----						
Trade and other payables				887,114	1,510,995	
Accrued mark-up				43,385	20,259	
Short term borrowings				1,408,152	2,459,687	
Unclaimed dividend				37,850	34,722	
				<u>2,376,501</u>	<u>4,025,663</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 97.73% (2018: 94.32%) of the total revenue of the Company.

### 39.2 Information about geographical areas

All non-current assets of the Company as at June 30, 2019 are located in Pakistan.

All of the Company's sales relate to customers in Pakistan other than export sales amounting to Rs.42,350 thousand (2018: Rs.4,432 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

	Factory		Others	
	2019	2018	2019	2018
Total number of employees	217	251	89	84
Average number of employees	226	248	95	81

## 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, 2019:

	2019 ----- (Rupees in '000) -----	2018 -----
Size of the Fund - Total Assets	149,507	161,259
Cost of investments made	70,773	71,099
Percentage of investments made	96.08%	97.88%
Fair value of investments	143,649	157,842

### 41.2 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder.



#### 42. SHAHRIAH SCREENING DISCLOSURE


	----- 2019 -----		----- 2018 -----	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	----- (Rupees in '000) -----			
Short term investments	127,055	-	282,208	579,713
Bank balances	29,401	4,852	26,514	-
Accrued mark-up	38,504	4,881	11,295	8,964
Short term borrowings	1,295,546	112,606	1,784,723	674,964
Revenue	-	12,773,113	-	18,332,861
Other income				
a) Dividend income	11,814	4,141	-	45,806
b) Gain / (loss) on sale of investments at fair value through profit or loss	(1,667)	6,215	21,144	(19,642)
c) Fair value gain / (loss) on investments at fair value through profit or loss	-	-	3,876	(64,235)
d) Others including exchange gain on actual currency	-	364,961	-	26,680
Mark-up on running finances / musharakah	133,865	64,783	43,808	36,542
Mark-up on demand finances	8,016	287	30,637	-

#### 43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on August 26, 2019 by the Board of Directors of the Company.



**Yusuf H. Shirazi**  
Chairman



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



**Rizwan Ahmed**  
Chief Financial Officer

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## GLOSSARY OF TERMS

AGS	Atlas Genzo Shimadzu	LUMS	Lahore University of Management Sciences
ATL	Active Taxpayer List	MAP	Management Association of Pakistan
B2C	Business to Consumer	MC	Management Committee
BCP	Business Continuity Plan	NAV	Net Asset Value
BPR	Business Process Re-engineering	NBFC	Non-Banking Financial Institution
CDC	Central Depository Company	NCCPL	National Clearing Company Pakistan Limited
CDS	Central Depository System	NGO	Non Governmental Organization
CFO	Chief Financial Officer	NIT	National Investment Trust
CEO	Chief Executive Officer	OEM	Original Equipment Manufacturer
CGLS	Corporate Governance Leadership Skills	PAMA	Pakistan Automotive Manufacturers Association
CIR (A)	Commissioner Inland Revenue (Appeals I)	PAT	Profit After Taxation
CNIC	Computerized National Identity Card	PBT	Profit Before Taxation
CSR	Corporate Social Responsibility	PICG	Pakistan Institute of Corporate Governance
DCIR	Deputy Commissioner Inland Revenue	PKR	Pakistan Rupee
DFI	Development Financial Institution	PRA	Punjab Revenue Authority
DI & I	Directorate General Intelligence and Investigation	PSX	Pakistan Stock Exchange
DPS	Dividend Per Share	PUC	Projected Unit Cost
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortization	SRB	Sindh Revenue Board
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 Participation 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		

 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1975
 Atlas Insurance	1980*
 Atlas Engineering	1981*
<b>HONDA</b> Honda Atlas Cars	1992
<b>HONDA</b> 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 Global	2015
 Atlas Energy	2016



## Product Types and their Application

Product Type			20 HR Capacity (AH)	Applications
Light Batteries (12 Volts)				
CGR 30	7PL	CGR30	24	CNG Rickshaw
GR 46	9PL	NS40SR	30	Suzuki Van / Pick-up, Subaru Van / Pick-up (old models) (600cc to 800cc)
GL 48	9PL	NS40ZL 9PL	35	Suzuki Mehran, Daihatsu Cuore, Kia Classic, All CNG converted vehicles (800cc to 1000cc)
GL 50	11PL	NS40ZL 11PL	38	All types of vehicles (800cc to 1300cc)
CNG 60	11PL	N40	45	Datsun 120Y, Mazda, Mitsubishi Lancer, Toyota, Honda Civic (1000cc to 1800cc)
GR 65	13PL	NS60	45	
GL 65	13PL	NS60L	45	
GR 70	9PL	N50	50	
80D26R	11PL	N50Z	60	Honda Accord, Honda CRV, Toyota Mark II, Toyota Crown, Toyota Cressida, Mercedes Benz, Willys Jeeps, MF375 Tractors, Hyundai, Daewoo (2000cc to 6000cc)
GR 85	13PL	N70 EXTRA	70	
GL 85	13PL	N70 EXTRA L	70	
Medium Batteries (12 Volts)				
GR 87	11PL	NS70	60	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)
GR 95	13PL	N70Z	75	
GR 100	15PL	N85P	80	
GL 100	15PL	N85L	80	
6FT120	15PL	6FT15	85	
N125	17PL	N100S	100	Fiat Tractors 460 / 480, IMT 540 Tractors, Massey Ferguson Tractors 240 / 265, Ford Wagons, Land Rover, Toyota Land Cruiser (3000cc to 6000cc)
GX 132	17PL		100	Isuzu Trucks, Mercedes Benz, Hino Truck ZH - 100, Fiat Tractors 640, Isuzu JCR 460R (3000cc to 6000cc)
GX 135	19PL	N100	105	
Heavy Batteries (12 Volts)				
GX 165	21PL	N120S	120	Fiat Tractors 640, Hino Trucks and Busses, Hino Bowzer, Fiat Trucks, Ford Dumper, Isuzu Diesel Buses, Fiat Buses (3000cc to 12000cc)
GX 175	23PL	N140	140	Ford Tractor 3610 and 46
GL 190	23PL	GL190	150	Bedford Truck, Fiat Tractors 640, Mazda Coaster T-3000, Isuzu TD-72, Generator Sets, Road Rollers and Belarus Tractors
195G51F	25PL		160	
GX 200 F	27PL	N190Z	175	Heavy Generators and Ships
GX 260 F	33PL	N200	220	
SP Batteries (12 Volts)				
SP 35 R	5PL		20	Generators
SP 55 L	9PL		35	Suzuki Mehran, Daihatsu Cuore, Kia Classic, All CNG converted vehicles (800cc to 1000cc)
SP 65 L	11PL		38	All types of vehicles (800cc to 1300cc)
SP 75 L	13PL		45	Datsun 120Y, Mazda, Mitsubishi Lancer, Toyota, Honda Civic (1000cc to 1800cc)
SP 100 R	11PL		60	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)
SP 180	21PL		120	Fiat Tractors 640, Hino Trucks and Busses, Hino Bowzer, Fiat Trucks, Ford Dumper, Isuzu Diesel Buses, Fiat Buses (3000cc to 12000cc)
SP 210	23PL		150	Bedford Truck, Fiat Tractors 640, Mazda Coaster T-3000, Isuzu TD-72, Generator Sets, Road Rollers and Belarus Tractors
SP 250	27PL		175	
Hybrid Batteries (12 Volts)				
HB 46 R	9PL	Hybrid	30	All types of vehicles (800cc to 1300cc)
HB 46 L	9PL	Hybrid	30	
HB 50	11PL	Hybrid	38	
HB 65	13PL	Hybrid	45	All types of vehicles (1000cc to 1800cc)
HB 65 (Thin Pole)	13PL	Hybrid	45	
HB 100 R	15PL	Hybrid	80	All types of vehicles (2000cc to 6000cc)
HB 100 L	15PL	Hybrid	80	
Deep Cycle Batteries (12 Volts)				
DC 110	11PL	Deep Cycle	80	Solar Panels and UPS
DC 175	15PL	Deep Cycle	125	
DC 220	23PL	Deep Cycle	200	
Motorcycle Battery (12 Volts)				
GM2.53C2 CLASSIC			2.5 (10 HR)	Honda CD70, CG125, all Japanese and Chinese motorcycles
Battery Tonic				
Battery Tonic	1000 ML			Distilled water for all types of batteries

## OUR VALUED OEM CUSTOMERS

HONDA ATLAS CARS (PAKISTAN) LIMITED



INDUS MOTOR COMPANY LIMITED



PAK SUZUKI MOTOR COMPANY LIMITED



MASTER MOTOR CORPORATION (PRIVATE) LIMITED



FUSO MASTER MOTORS (PRIVATE) LIMITED



AFZAL MOTORS (PRIVATE) LIMITED



DAEWOO PAK MOTORS (PRIVATE) LIMITED



PM AUTO INDUSTRIES (PRIVATE) LIMITED



SIGMA MOTORS (PRIVATE) LIMITED



ATLAS HONDA LIMITED



AS AUTO INDUSTRY





September 05, 2019

To: All Shareholders of the Company

**Remuneration of Chief Executive and Company Secretary**  
**Information under Section 213 of the Companies Act, 2017.**

It is to inform you that the Board has approved the remuneration for the following, for the year ending June 30, 2020.

1. Chief Executive at Rs. 18.33 million.
2. Company Secretary at Rs. 1.62 million.

Bonus, retirement benefits and other facilities are provided in accordance with Company's rules.

Yours truly  
For Atlas Battery Limited

A handwritten signature in black ink, appearing to read 'Abdullah Zaheer'.

**Abdullah Zaheer**  
Company Secretary

September 05, 2019

To: All Shareholders of the Company

**Copy of Computerized National Identification Number - CNIC or National Tax Number – NTN**

The shareholders are informed that as per Sub Clause 9(i) of Regulation 4 of Companies (Distribution of Dividends) Regulations 2017, the identification of the registered shareholder or its authorized person should be made available with the Company. Therefore, it is requested that shareholders must provide copy of their Computerized National Identity Card (in case of individual) or National Tax Number (in case of other than individual) or Passport (in case of foreign individual) shareholder.

The shareholders are therefore requested to provide the above documents by mail to the Company Secretary at following address, unless it has already been provided. The members while sending above documents must quote their respective folio number.

**The Company Secretary**  
**Atlas Battery Limited**  
**4-C, Khayaban-e-Tanzeem,**  
**Tauheed Commercial, Phase V, DHA**  
**Karachi**

Shareholders are also requested to immediately notify the change of address, if any.

Yours truly  
For Atlas Battery Limited



**Abdullah Zaheer**  
Company Secretary





September 05, 2019

To: All Shareholders of the Company

### Dividend Mandate Form

As per Section 242 of Companies Act, 2017, it is mandatory for the public listed companies to pay cash dividend to their shareholders ONLY through electronic mode, directly into bank account designated by the entitled shareholders. Therefore, all shareholders are requested to provide their valid bank account details at the earliest (if it is already not provided) in the "Dividend Mandate Form" as given below. 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.

Further, as per provisions of Sub-Section 2 of Section 244 of the Companies Act, 2017, any dividend and / or share certificate which remain unclaimed or unpaid for a period of three years from the date these have become due and payable, the Company shall be liable to deposit those unclaimed / unpaid amounts with the Federal Government.

**The Company Secretary**  
**Atlas Battery Limited**  
**4-C, Khayaban-e-Tanzeem,**  
**Tauheed Commercial, Phase V, DHA,**  
**Karachi.**

#### DIVIDEND MANDATE FORM

Information of shareholder for Payment of Cash Dividend																						
Title of Bank Account																						
Bank's Name																						
Branch Name and Address																						
Complete Bank Account Number with IBAN "Mandatory"																						
<table border="1"><tr><td>P</td><td>K</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>		P	K																			
P	K																					
CNIC No.																						
Cell Number & Email																						

It is stated that the above mentioned information is correct. Further, 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 Company Secretary,  
Atlas Battery Limited,  
4-C, Khayaban-e-Tanzeem, Tauheed Commercial,  
Phase V, D.H.A,  
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 27, 2019 at 2nd Floor, Federation House, Sharae  
Firdousi, Clifton, Karachi and at every adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

Witness:

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

Affix  
Revenue  
Stamp

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.

The Company Secretary,  
Atlas Battery Limited,  
4-C, Khayaban-e-Tanzeem,  
Tauheed Commercial,  
Phase V, D.H.A,  
Karachi.

AFFIX  
POSTAGE

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پراکسی فارم

- سڈی سی شیپر ہولڈرز اور ان کی براسکیز سے درخواست کی جاتی ہے کہ کمپنی کو جمع کروانے سے قبل اس پر کسی فارم کے ساتھ اپنا کمپیوٹرائزڈ فوٹی شناختی کارڈ یا پاسپورٹ کی نقل جمع کروائیں۔



درست رقم کا ٹکٹ  
چسپاں کریں

کمپنی سیکریٹری  
اٹلس بیٹری لمیٹڈ،  
4-C خیابان تنظیم، توحید کمرشل،  
فیز ۷، ڈی ایچ اے، 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.

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\*Mobile apps are also available for download for android and ios devices

## Atlas Battery Limited

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

Ph: (92-21) 32567990-4,

Fax: (92-21) 32564703

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

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