



Atlas Engineering
Annual Report 2015

Organisation
development
through
self development



 Atlas Engineering



Vision

A leading customer oriented manufacturer and supplier of auto parts and components meeting world class standards.

Mission

To realize vision by:

Dynamic manufacturing and marketing of good quality auto parts at competitive prices to the satisfaction of customers.

Continuously improve performance through advancement in technology and innovation, aim to generate earnings sufficient to ensure attractive return to the stakeholders.

Create ideal working environment leading to enhanced productivity, job satisfaction and provide employees opportunity for personal development.

Contribute to the national economy with a strong sense of responsibility to society and the environment.

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Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Frahim Ali Khan
Director

Bashir Makki
Director Technology

Khaleeq-ur-Rahman Khan
Director

Ali H. Shirazi
Director

Suhail Ahmed
Director

Sadaqat Ali
Chief Executive Officer

Arsalan Faiyaz
Company Secretary

Management Committee

Sadaqat Ali
Chief Executive Officer

Shakil Ahmed
Chief Financial Officer

Mushtaq Alam
General Manager
Information Technology

Mohammad Arshad Siddiqui
General Manager Plant

Munzim Ahmed Vahidy
General Manager
Quality Assurance

Rashid Ahmed
General Manager
Supply Chain

Abdul Sattar
Head of Human Resource
& Administration

Faisal Mehmood
Manager Sales & Marketing

Bankers

Bank Alfalah Limited

Faysal Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Soneri Bank Limited

Standard Chartered Bank
(Pakistan) Limited

Summit Bank Limited

Dubai Islamic Bank Limited

Auditors

Ernst & Young Ford Rhodes
Sidat Hyder
Chartered Accountants

Legal Advisors

Mohsin Tayebali & Co.
Hassan & Humayun Associates
HR Associates Advocate
Agha Faisal Barrister at Law

Tax Advisor

Ernst & Young Ford Rhodes
Sidat Hyder
Chartered Accountants

Share Registrar

Hameed Majeed Associates
(Pvt.) Limited
Karachi Chambers, Hasrat Mohani
Road, Karachi
Phones: 021-32424826 & 32412754
Fax: 021-32424835
E-mail: majeed@hmaconsultants.com

Registered Office and Factory

15th Mile, National Highway, Landhi,
Karachi-75120
PABX: 111-111-AEL (235),
Fax: 021-35011709
Email: aelkhi@atlasengineering.com.pk
Website: www.atlasengineering.com.pk

Sales Offices

Lahore Office:

Salam Chamber, 1st Floor
2-Kothalia Building
McLeod Road, Lahore
Phones: 042-37354245, 37227075
Fax: 042-37352724
Mobile: 0307- 4606099

Multan Office:

Near Capri Cinema
Azmat Wasti Road, Multan
Phone: 061-4512181
Fax: 061-4541690 & 4586280
Mobile: 0300-6302201

Faisalabad Office:

No. 54, Chenab Market
Madina Town, Faisalabad
Phone: 041-8549376
Mobile: 0300-7982516

Rawalpindi Office:

60, Bank Road, Saddar
Rawalpindi
Phone: 051-5120495
Mobile: 0333-5129411



A view of AEL Factory

Board of Directors



Yusuf H. Shirazi
Chairman

Mr. Shirazi is a Law graduate (LLB) with BA (Hons.) and JD (Diploma in Journalism) from Punjab University 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 Honda, GS Yuasa 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.



Frahim Ali Khan
Director

Mr. Frahim Ali Khan has been associated with Atlas Group since 1967 and has over 50 years of experience in General Management, Finance, Taxation, Legal matters and Investment Banking. He is a law graduate and has also attended General Management and Financial Management programs of Harvard University and Stanford University, USA, and Insead University of France.



Bashir Makki
Director Technology

Mr. Bashir Makki is an MBA from IBA, Karachi and has over 30 years of corporate management experience. He formerly worked with ICI Pakistan Limited for 21 years, which also included 2 years of secondment with ICI Malaysia Holdings. In addition to being the Human Resource Director at Atlas Group, he is also the Group Executive Committee Member and oversees the operations of its two companies in the automotive sector.

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 on the Board of Governors of Pakistan Society for Training and Development to pursue his aim to build leadership competencies in business executives.



Khaleeq-ur-Rahman Khan
Director

Mr. Khaleeq-ur-Rahman Khan is the Group Director Trading and member of Group Executive Committee. He has been associated with Atlas Group since 1970. Prior to this he served as Chief Executive Officer of Shirazi Trading Co. (Pvt) Ltd., for about 10 years and of Atlas Lease Limited for 7 years.

He is an MBA from International Management Institute (IMI) Geneva, Switzerland. He has attended various management level training programs from international institutes including AMP from INSEAD France, GMP from Stanford University, Singapore and Leasing-Competing in the 1990s from Amembal & Halladay, Singapore. He has also completed a number of financial and management courses at domestic level. Mr. Khaleeq has over 40 years of experience including different management positions in manufacturing, trading and financial sector in the Atlas Group.



Ali H. Shirazi
Director

Mr. Ali H. Shirazi graduated from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. During this period he worked for the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is Group Director Financial Service and President / Chief Executive of Atlas Battery Limited. He serves on the Board of Atlas Asset Management Limited, Atlas Engineering Limited, Atlas Insurance Limited, Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (as alternate director), National Management Foundation (sponsoring body of LUMS), Pakistan Society for Training and Development (PSTD) and National Clearing Company Pakistan Limited (NCCPL).



Suhail Ahmed
Director

Mr. Suhail Ahmed has been associated with Atlas Group since 1978 and has 35 years of experience in General Management, Financial Management, Banking and Taxation. He has attended Management and Development course from Harvard Business School. He is also the Chief Executive Officer of Atlas Autos (Private) Limited.



Sadaqat Ali
Chief Executive Officer

Mr. Sadaqat Ali has been associated with the Company since 2005. Prior to elevation as Chief Executive Officer he was associated as Chief Financial Officer of the Company. He is fellow member of Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan. He also holds Bachelor degree in Law and legislation. He has 20 years vast post qualification experience in multifarious disciplined organizations of Pakistan. He remained member of Income Tax Bar Association since 1991.

Notice of the Annual General Meeting

Notice is hereby given that the 53rd Annual General Meeting of Atlas Engineering Limited will be held at 2nd Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi on July 14, 2015 at 09:00AM to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Annual General Meeting held on July 15, 2014.
2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and Auditors' Reports for the year ended March 31, 2015.
3. To appoint Auditors for the year 2015-2016 and to fix their remuneration.

OTHER BUSINESS:

4. To transact any other business as may be placed before the meeting with permission of Chair.

By order of the Board



Arsalan Faiyaz
Company Secretary

Karachi: June 21, 2015

NOTES:

- i) The share transfer books of the Company will remain closed from July 8, 2015 to July 14, 2015(both days inclusive).
- ii) A member entitled to attend and vote at the meeting shall be entitled to appoint another member as his / her proxy to attend and vote on his / her behalf. The instrument appointing a proxy (Proxy Form) must be received at the Company's Registered Office not less than 48 hours before the time of holding of the meeting.
- iii) No person shall act as proxy unless he is a member of the Company. Signature of shareholder on Proxy Form must agree with the specimen signature registered with the Company. Appropriate revenue stamp should be affixed on the Proxy Form.
- iv) For the convenience of the shareholder, a Proxy Form is attached with this report.
- v) Any individual beneficial owner of the Central Depository Company, entitled to vote at this meeting must bring his / her Computerized National Identity Card (CNIC) with him / her to prove his / her identity and in case of proxy, must enclose an attested copy of his / her CNIC. Representatives of corporate members should bring their usual documents required for such purpose.
- vi) Members are requested to notify any change in their addresses and their contact numbers immediately to our Share Registrar, Hameed Majeed Associates (Private) Limited, Karachi.

Chairman's Review

It is my pleasure to present to you the 53rd annual performance report of the Company for the year ended March 31, 2015.

THE ECONOMY

The Pakistan's economy is showing signs of stability as economic indicators have been moving in a favourable direction.

The trade deficit is on a declining trend. Considerable foreign exchange inflows have enabled to maintain sufficient foreign exchange reserves. To date foreign exchange reserves have climbed to over \$17 billion. The improvement is in spite of subdued exports performance. Reduced oil prices, successful completion of fourth and fifth review under IMF's EFF and issuance of international SUKUK have contributed positively towards overall improvement in the Balance of Payment position. With IMF program on track and anticipated proceeds from privatisation / official inflows, the net SBP reserves are expected to further increase. With lower price impact in imports and multilateral inflows on track, the external sector outlook remains stable. Containment of fiscal deficit bodes well for better macroeconomic outlook for the next fiscal year.

GDP growth is on course and is expected to surpass the previous fiscal year's actual GDP growth of 4.1%. Besides that, inflation is well below the annual target of 8.0%. The recent cut in policy rate will result in lower prices of raw materials that should boost the manufacturing sector. In the agriculture sector, improved yields in major kharif crops (cotton and rice in particular) due to incentives along with favorable weather conditions for rabi season's wheat crop, the GDP growth is expected to be higher.

KSE Index surpassed 34,000 points during the financial year which is encouraging for both local and foreign investors.

The current macroeconomic stabilization has thus opened a window of opportunity to gear up structural reforms to ensure improvements in the economy.

AUTOMOBILE SECTOR

As far as two wheelers are concerned, after a slack in demand in the first nine months of the year under review, especially in the rural areas, the market is clearly beginning to show signs of improvement primarily due to improvement in buying power of consumers. As far as the four wheeler segment is concerned, results released by Pakistan Automobile Manufacturers Association (PAMA) reveals a growth of 24% for the period July 2014 to March 2015 as compared to the period of July 2013 to March 2014.

THE COMPANY

The Company has done reasonably well during the current year given the circumstances it had experienced in the shape of rising costs of production due to increase in power tariffs and overhead costs. The rising costs of production were offset through initiating process improvements, improving power infrastructure, controlling natural gas leakages and compressor usage, buying efficiencies and effective working capital management. All these measures have enabled the Company to do well and maintain its profitability. Favourable LME and exchange rates have also contributed favourably to the profitability of the Company.

In line with the business strategy, the Company maintained its focus on sales of auto parts to its major customers i.e. Atlas Honda Limited and Atlas Autos (Private) Limited. In radiator segment, besides achieving a growth of 7% in replacement market, we have achieved growth in sales of radiators to our valuable OEM customer PSMC. We have also been successful in developing other radiators for PSMC which is a valuable addition in our product range. Moreover, we had exported radiator consignments to Bangladesh, which is an encouraging sign and is expected to continue in the years to follow.

Another encouraging aspect was the progress the Company made in Engineering and Development segment. The Company is now becoming independent in local development of dies for its products which would save valuable resources of the Company and country in terms of foreign exchange spending.

During the year under review the Company focused on strengthening its infrastructure. The Company upgraded its power infrastructure in order to minimize the risk of electrical breakdowns. It also focused on replacing old gas lines to save and conserve natural gas.

RENTAL INCOME

During the period under review, the Company's rental income increased from Rs. 52.55 million to Rs. 87.03 million as the Company focused to maximize its rental income by letting its idle space to the group companies. This has not only contributed a healthy amount of profit but has also improved cash flows of the Company.

FINANCIAL HIGHLIGHTS

During the year under review, the Company registered a turnover of Rs. 1.60 billion against turnover of Rs 1.42 billion for the nine months ended March 31, 2014. The major decline in revenue was due to strategic exit from clutch assembly segment during the year ended March 31, 2014. Despite increase in overheads, the Company registered a gross profit of Rs. 238.71 million being 14.88% of sales.

The operating and financial expenses for the year under review were Rs. 174.41 million. Better cash flows from operations, as a result of improved cash sales in the replacement business, enhanced rental income and efficient management of average rate of utilization of spread rates has resulted in considerable reduction of financial charges in the period under review.

The Company registered profit before tax and profit after tax of Rs. 156.79 million and Rs. 124.98 million for the year ended March 31, 2015 against Rs. 124.69 million and Rs. 90.90 million for the nine months ended March 31, 2014. Earnings per share after tax, for the year under review were Rs. 5.07 against Rs. 3.68 for the period of nine months ended March 31, 2014.

Net cash from operating activities during the year ended March 31, 2015 was Rs. 225.29 million as compared to Rs. 166.16 million for the period ended March 31, 2014.

CONTRIBUTION TO EXCHEQUER

During the period under review, the Company contributed an amount of Rs. 342.20 million in respect of sales tax, income tax, custom duty and various other government levies. Moreover, the Atlas Group, of which the company is a constituent member, contributed Rs. 30 billion in all towards the national exchequer. This makes Atlas Group one of the largest tax payers in the country, contributing 1% of government's total revenue.

HUMAN RESOURCES

Human Resource Department as a strategic business partner played its role of an enabler towards implementation of organizational strategy conceived for 2014-2015 to achieve company's vision, mission and goals.

During 2014-2015, re-structuring of the organization took place due to change of business needs to improve productivity and

efficiency in operations. Skilled and qualified staff and associates were inducted in the team. Throughout the year, focus was maintained on training and development of staff and associates. Building up technical skills was the prime area of focus of management. Extensive practical steps were taken to align and adopt Atlas Culture through soft initiatives, trainings and induction of quality human resource.

HSE / 5S were focused upon to improve the environment and safety of employees at workplace. Management has encouraged the use of Personal Protective Equipment (PPE) at workplace to avoid undesirable accidents / injuries.

OUTLOOK & CHALLENGES

With positive economic indicators and improving law and order situation, the Pakistan's economy is clearly moving in the right direction. With reduced inflation, it is expected that the demand for two wheelers and four wheelers will increase manifold resulting in increase in sales of the Company.

The Company has taken a challenging target for next year i.e. becoming free from long term borrowings. For achieving this target the Company will need to focus on better collection period from debtors and maintaining optimum level of inventory. The Company will further reduce manufacturing costs by bringing in efficiencies in both buying and production activities and strictly monitoring overheads and operating expenses to keep them as restricted as possible. The Company shall also focus to increase its product range in OEM segment in order to maximize revenue in the forthcoming years. As far as sales in replacement market are concerned, the Company will continue to focus on providing the market with high quality products and services.

Though a lot has been done to improve 5S and HSE, there is still a lot of room for improvement. In the coming year, shortcomings in 5S and HSE shall be addressed so that the vision of conversion of Atlas Industrial Park into a world class manufacturing facility is realized in true sense.

جالتے ہیں جس کے لیے تیری آنکھوں کے دیئے
ڈھونڈھ لایا ہوں وہی گیت میں تیرے لیے

[all is here; what is needed is focus all the more]

ACKNOWLEDGEMENT

I would like to thank the customers, dealers, financial institutions and shareholders for their continued support and cooperation in maintaining high standards of excellence. I also thank our Board of Directors, Chief Executive Officer and his team for their hard work and dedication to make Atlas Engineering a great company continuing to excel in service to our valued customers.

Karachi: June 9, 2015



Yusuf H. Shirazi
Chairman

Key Performance and Financial Data

(Rupees in million)

PARTICULARS	Year Ended March 31, 2015	Nine Months Ended March 31, 2014	Year Ended June 30								
			2013	2012	2011	2010	2009	2008	2007	2006	2005
Sales	1,604	1,419	2,358	2,235	2,117	1,529	1,135	1,228	925	947	693
Gross profit	239	194	271	223	232	188	64	142	78	138	123
Profit / (Loss) Before Taxation	157	125	128	46	83	58	(59)	30	(16)	57	70
Profit / (Loss) After Taxation	125	91	84	37	72	36	(47)	19	0.57	29	41
Share Capital	247	247	247	247	247	247	247	123	123	123	123
Reserves	330	243	190	124	87	15	(21)	36	16	28	11
Shareholders' Equity											
- Including Surplus on Revaluation	933	846	793	727	690	678	642	575	556	270	254
- Excluding Surplus on Revaluation	576	489	437	371	334	262	226	159	140	152	135
Fixed Assets Net	947	925	896	880	807	844	810	877	890	593	503
Total Assets	1,484	1,480	1,415	1,437	1,343	1,237	1,151	1,209	1,137	904	715
Current Assets	523	538	500	537	513	382	330	325	242	309	208
Current Liabilities	392	426	468	566	455	395	364	416	355	340	219
Net Working Capital	131	112	32	(29)	57	(13)	(34)	(91)	(113)	(31)	11
Ratios:											
Profitability (%)											
Gross Profit	14.88	13.68	11.51	9.98	10.96	12.28	5.65	11.54	8.40	14.59	17.70
Profit Before Tax	9.77	8.79	5.44	2.07	3.91	3.80	(5.22)	2.41	(1.68)	6.04	10.08
Profit After Tax	7.79	6.40	3.58	1.68	3.38	2.36	(4.18)	1.58	0.06	3.07	5.89
Return to Shareholders											
Dividend %	-	15.00	15.00	7.50	-	-	-	7.50	-	10.00	10.00
Cash Dividend Per Share	-	1.50	1.50	0.75	-	-	-	0.75	-	1.00	1.00
Dividend Yield Ratio	-	0.03	0.03	0.01	-	-	-	0.02	-	0.02	0.03
Dividend Pay Out Ratio	-	0.41	0.44	0.49	-	-	-	0.47	-	0.42	0.27
ROE - After Tax % *	21.69	24.76	19.30	10.09	21.45	13.80	(21.02)	12.17	0.41	19.18	30.27
*Earnings/(loss) per share											
- basic & diluted - Rs. ***	5.07	3.68	3.42	1.52	2.90	1.46	(3.33)	1.61	0.05	2.36	3.74
Market Price - as at year / period end #	58.00	58.00	58.00	58.00	39.50	16.00	9.66	31.60	25.70	39.70	33.00
Activity (Times)											
Sales to Total Assets	1.08	0.96	1.67	1.56	1.58	1.24	0.99	1.02	0.81	1.05	0.97
Sales to Fixed Assets	1.69	1.53	2.63	2.54	2.62	1.81	1.40	1.40	1.04	1.60	1.38
Debtor Turnover (Days)	17	16	16	30	27	25	40	13	13	12	21
Liquidity / Leverage											
Current Ratio (Times)	1.34	1.26	1.07	0.95	1.13	0.97	0.91	0.78	0.68	0.91	1.06
Quick Ratio (Times)	0.60	0.61	0.41	0.47	0.51	0.40	0.43	0.20	0.14	0.18	0.31
Break up Value per Share (Rs)											
- Excluding Surplus on Revaluation	23.36	19.84	17.70	15.04	13.52	10.62	9.15	12.91	11.33	12.29	10.93
Long Term debts to Equity(Incl. Surplus on Revaluation) (Times)											
	0.11	0.17	0.12	0.17	0.22	0.16	0.17	0.28	0.32	0.52	0.54
Total Liabilities to Total Assets	0.37	0.43	0.44	0.49	0.49	0.45	0.44	0.52	0.51	0.70	0.65

* ROE - After Tax for the nine months period ended March 31, 2014 has been annualised.

** EPS for the period ended March 31, 2014 relates to nine months whereas EPS in comparatives relate to 12 months period

As at June 30, 2012, June 30, 2013, March 31, 2014 and March 31, 2015 market price means buy back price of share.

Statement of Value Addition

Year Ended March 31, 2015

----- (Rupees in thousands) -----
 Year Ended March 31, 2015 Period Ended March 31, 2014
 Amount % age Amount % age

Wealth Generated:

Total Revenue
 Material & Services (excluding duties)

1,893,852		1,668,588	
(972,826)		(923,035)	
<u>921,026</u>	<u>100.00%</u>	<u>745,553</u>	<u>100.00%</u>

Wealth distributed:

To Employees
 Salaries & other related costs

313,141	34.00%	227,236	30.47%
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To Government
 Sales tax, income tax, import duty & other levies

342,199	37.15%	308,092	41.32%
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To Providers of Capital
 Dividend to shareholders
 Markup/Interest

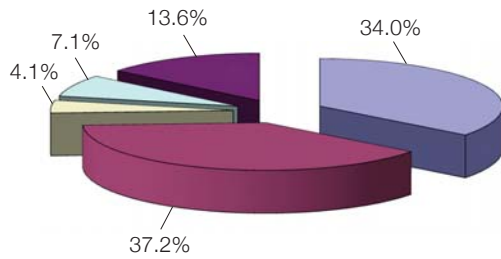
37,010	4.02%	37,010	4.96%
38,017	4.13%	35,345	4.74%
75,027	8.15%	72,355	9.70%

Retained in the Business

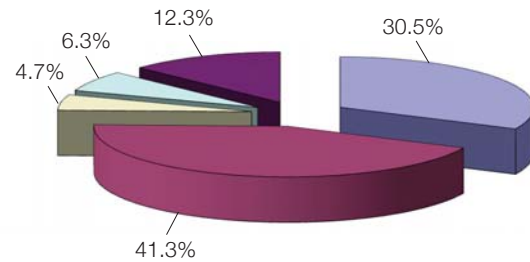
Depreciation
 Retained Profit

65,684	7.13%	46,971	6.31%
124,975	13.57%	90,899	12.29%
190,659	20.70%	137,870	18.60%
<u>921,026</u>	<u>100.00%</u>	<u>745,553</u>	<u>100.00%</u>

Wealth Distribution 2015

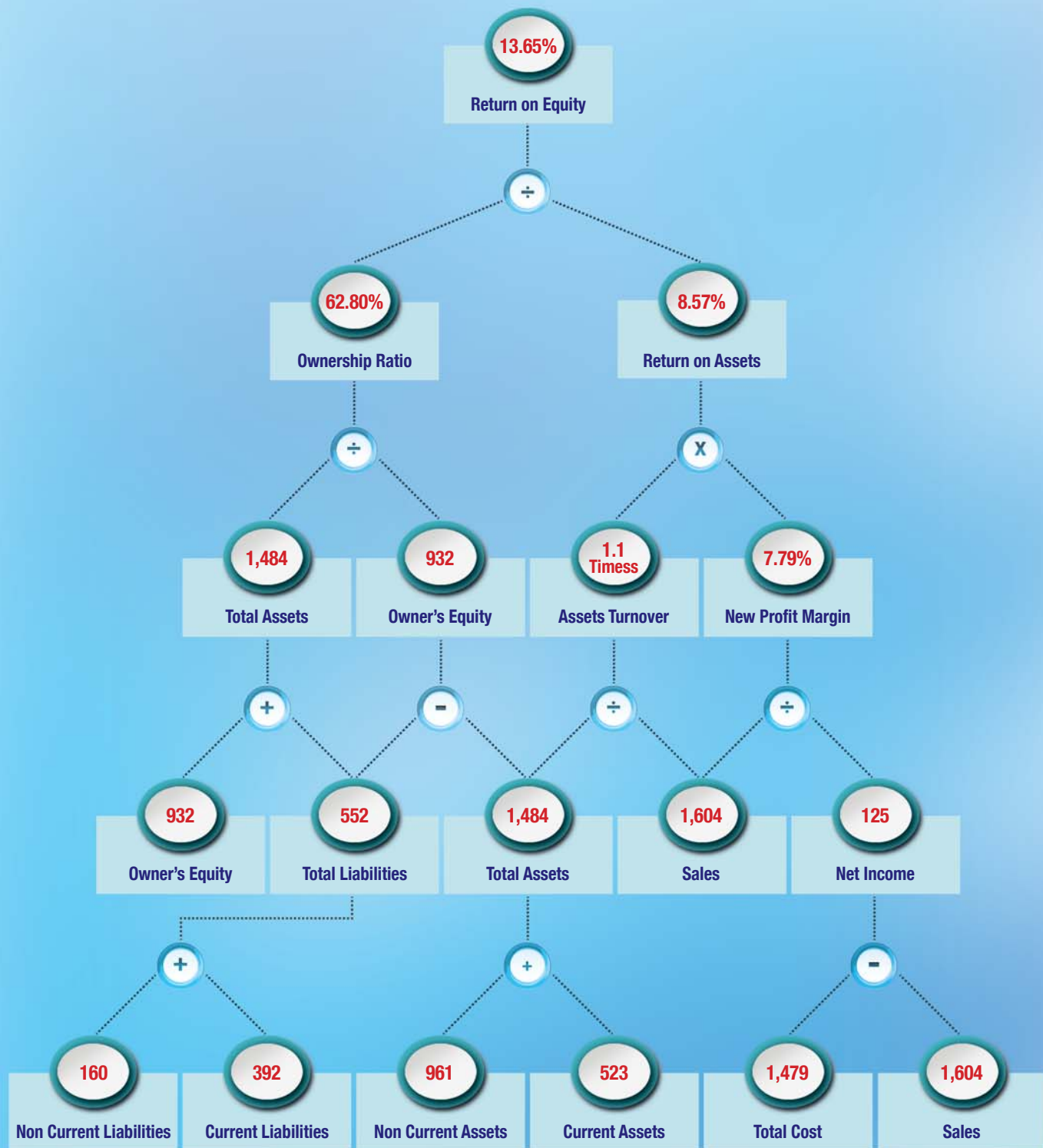


Wealth Distribution 2014



■ Employees ■ Government ■ Markup/Interest ■ Depreciation ■ Retained in Business

DuPont Analysis



Note: Amounts have been rounded of to the nearest million rupees.

Director's Report

The Directors of your company take pleasure in presenting their report together with the Audited Accounts and Auditor's Report thereon for the year ended March 31, 2015.

Financial Results

The financial results of your company for the year ended March 31, 2015 under review are summarized as follows:

	Year ended March 31, 2015 (Rupees in thousands)	Nine months period ended March 31, 2014
Profit before taxation	156,785	124,691
Taxation	(31,810)	(33,792)
Profit after taxation	<u>124,975</u>	<u>90,899</u>

Earnings per Share

Basic earnings per share after tax is Rs. 5.07 per share (2014: Rs. 3.68).

Dividend

The Board of Directors has recommended final cash dividend of Rs. Nil per share. (2014: Rs. 1.5 per share). Accordingly, following appropriation has been made.

	2015 (Rupees in thousands)	2014
Profit available for appropriation	329,520	242,756
Appropriation - Proposed Dividend	-	(37,010)
Un-appropriated profit carried forward	<u>329,520</u>	<u>205,746</u>

Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the performance of the company for the year ended March 31, 2015 and future prospects. The directors endorse the contents of the review.

Board of Directors

The Board comprises of one Executive and six Non-Executive directors. All the non-executive directors are independent from management.

The Board approved the remuneration of the CEO Rs. 10.38 million, bonus and other benefits like free transportation, telephone facility, medical expenses etc. as per company's policy for the year 2015-2016.

Auditors

The present Auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year 2015-2016.

Donation

The Company has a policy to donate 1% of its profit before tax of preceding year to a charitable institution.

Pattern of Shareholding

The pattern of shareholding of the company is annexed.

For and on behalf of the
Board of Directors



Sadaqat Ali
Chief Executive Officer

Karachi: June 09, 2015

Statement of Ethics and Business Principles

Standard of Conduct

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

Employees

Atlas Engineering Limited is committed to create 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 provide safe and healthy working conditions to all employees and not use any form of forced, compulsory or child labour.

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

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

It maintains good communication with employees through company based information and consultation procedures.

Consumers

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

Shareholders

Atlas Engineering Limited conducts its operations in accordance with principles of good corporate governance. It provides timely, regular and reliable information about its activities, structure, financial situation and performance to all the shareholders.

Business Partners

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

Innovation

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

Business Integrity

Atlas Engineering 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 Engineering 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.

Compliance Monitoring Reporting

Compliance with business principles is an essential element in Atlas business success. The Board of Directors of Atlas Engineering Limited is responsible for ensuring that 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.

Health, Safety and Environment

Objective

Atlas Engineering Limited is committed to create safe working environment by establishing and maintaining procedures and high standards of occupational health, safety & environment through promotion of safe work practices and prevention of all injuries and incidents. Our objective is embracing the safety of all employees, contractors, visitors, and related people / entities in the course of our day to day operations.

Policy

We believe that occupational health, safety & environment takes its roots through individual commitments and behaviors. HSE is an integral part of all our activities at Atlas Engineering; a common goal which is achieved through individual efforts of all employees who are required to actively participate in making the operations safe, healthy and environment friendly.

We are committed to:

- Comply with all applicable national legislations on occupational health, safety and environmental issues.
- Work in close liaison with industry members and legislative bodies to promote highest standards of occupational health, safety & environment.
- Establish and maintain a HSE management system in our Company to identify all health risks including those involved in innovation or process change.
- Investigation of all potential incidences that have or could have resulted in a work injury or property loss. For this we will adopt the methodology that best supports the nature of risks associated with our operations.
- Acknowledge the role of human behavior in effective HSE management and aim to develop resource specific programs focusing on behavioral elements.
- Ensure that all our employees at each level and functions are well aware of this policy and its importance and are motivated to apply it in their areas of responsibilities. Necessary support and training will be given in this respect to achieve HSE objectives.
- Guide our contractor and suppliers to develop awareness to improve overall work environment and HSE performance.
- Ensure that all efforts are directed to achieve HSE excellence through continuous improvement.



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Chartered Accountants
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Auditors' Report to the Members

We have audited the annexed balance sheet of Atlas Engineering Limited (the Company) as at 31 March 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for change as stated in note 2.3 to the accompanying financial statements with which we concur;
 - ii) the expenditure incurred during the period was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

Karachi: June 09, 2015

BALANCE SHEET

AS AT MARCH 31, 2015

	Note	March 31, 2015 (Rupees in thousands)	March 31, 2014
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	946,801	922,281
Intangible assets	5	585	2,405
		947,386	924,686
Long-term loans and advances	6	273	593
Long-term deposits	7	13,188	16,276
		960,847	941,555
CURRENT ASSETS			
Stores, spare parts and loose tools	8	42,559	42,890
Stock-in-trade	9	245,477	235,228
Trade debts	10	114,123	105,528
Loans and advances	11	1,269	2,261
Trade deposits, short-term prepayments and other receivables	12	8,296	22,493
Taxation - net	13	84,142	106,560
Cash and bank balances	14	27,350	23,069
		523,216	538,029
TOTAL ASSETS		1,484,063	1,479,584
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	246,734	246,734
Accumulated profit		329,520	242,756
		576,254	489,490
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	16	356,360	356,360
NON-CURRENT LIABILITIES			
Long-term financing	17	52,534	103,937
Retirement and other service benefits	18	17,330	17,185
Deferred taxation	19	89,737	86,506
		159,601	207,628
CURRENT LIABILITIES			
Trade and other payables	20	129,553	115,262
Accrued mark-up	21	6,168	9,869
Short-term borrowings	22	158,922	208,851
Current maturity of long-term financing	17	51,403	55,975
Provisions and other liabilities	23	41,945	35,388
Running finance utilized under mark-up arrangements	24	3,857	761
		391,848	426,106
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		1,484,063	1,479,584

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



Sadaqat Ali
Chief Executive Officer



Yusuf H. Shirazi
Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2015

	Note	Year ended March 31, 2015 (Rupees in thousands)	Nine months period ended March 31, 2014
Sales - net	26	1,604,423	1,419,228
Cost of goods sold	27	(1,365,713)	(1,225,120)
Gross profit		238,710	194,108
Selling and distribution expenses	28	(41,504)	(25,332)
Administrative expenses	29	(81,817)	(55,425)
Other operating expenses	30	(13,075)	(9,723)
		(136,396)	(90,480)
Operating profit		102,314	103,628
Finance costs	31	(38,017)	(35,345)
Other income	32	92,488	56,408
Profit before taxation for the year / period		156,785	124,691
Taxation	33	(31,810)	(33,792)
Profit after taxation for the year / period		124,975	90,899
		(Rupees)	(Rupees)
Earnings per share - Basic and diluted	34	5.07	3.68

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



Sadaqat Ali
Chief Executive Officer



Yusuf H. Shirazi
Chairman

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2015

	Year ended March 31, 2015 (Rupees in thousands)	Nine months period ended March 31, 2014
Profit after taxation for the year / period	124,975	90,899
Other comprehensive loss:		
Actuarial losses recognized directly in equity	(1,201)	(1,220)
Total comprehensive income for the year / period	<u>123,774</u>	<u>89,679</u>

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



Sadaqat Ali
Chief Executive Officer



Yusuf H. Shirazi
Chairman

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2015

	Note	Year ended March 31, 2015 (Rupees in thousands)	Nine months period ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	273,305	257,644
Finance costs paid		(41,718)	(32,780)
Gratuity paid		(133)	(3,139)
Tax paid		(6,161)	(55,567)
Net cash generated from operating activities		225,293	166,158
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(106,804)	(110,303)
Long-term loans and advances		320	268
Long-term deposits		3,088	2,175
Proceeds from disposal of operating fixed assets		22,057	33,918
Net cash used in investing activities		(81,339)	(73,942)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing (repaid) / obtained - net		(55,975)	53,562
Dividend paid		(36,865)	(36,860)
Short term loans		(30,000)	(20,000)
Murabaha finance		(25,616)	28,245
Trust receipts		5,687	(20,938)
Net cash (used in) / generated from financing activities		(142,769)	4,009
Net increase in cash and cash equivalents		1,185	96,225
Cash and cash equivalents as at the beginning of the year / period		22,308	(73,917)
Cash and cash equivalents as at the end of the year / period		23,493	22,308
CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	27,350	23,069
Running finance utilized under mark-up arrangements	24	(3,857)	(761)
		23,493	22,308

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



Sadaqat Ali
Chief Executive Officer



Yusuf H. Shirazi
Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2015

	Issued, subscribed and paid up capital	Accumulated profit	Total
	(Rupees in thousands)		
Balance as at June 30, 2013	246,734	190,087	436,821
Cash dividend for the year ended June 30, 2013 @ Rs. 1.50/- share	-	(37,010)	(37,010)
Profit for the period	-	90,899	90,899
Other comprehensive loss	-	(1,220)	(1,220)
Total comprehensive income	-	89,679	89,679
Balance as at March 31, 2014	246,734	242,756	489,490
Cash dividend for the period ended March 31, 2014 @ Rs. 1.50/- share	-	(37,010)	(37,010)
Profit for the year	-	124,975	124,975
Other comprehensive loss	-	(1,201)	(1,201)
Total comprehensive income	-	123,774	123,774
Balance as at March 31, 2015	246,734	329,520	576,254

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



Sadaqat Ali
Chief Executive Officer



Yusuf H. Shirazi
Chairman

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

1. THE COMPANY AND ITS OPERATIONS

Atlas Engineering Limited (the Company) was incorporated in Pakistan as a private limited company in 1963 and was converted into a public limited company on July 15, 1966. Its shares were listed on the Karachi and Lahore stock exchanges.

The Board of Directors of the Company in its meeting held on October 27, 2011 decided to voluntarily delist the Company from the Stock Exchanges as per Listing Regulations of the Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE). The purchase price of Rs. 58/- per share was approved by the KSE and LSE, which was also agreed by the shareholders in the Extra-Ordinary General Meeting, held on December 09, 2011. As a result of which the Company was delisted from the stock exchanges with effect from March 21, 2012.

The Company is engaged in manufacturing of components and parts for automotive vehicles. The registered office of the Company is situated at 15th Mile, National Highway, Landhi, Karachi, Pakistan. As at March 31, 2014, Shirazi Investments (Private) Limited (Holding Company) held 99.01% ordinary shares of the Company (note 15.1).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The Company has voluntarily adopted the requirements of 'Economically Significant Entity' as defined in the 5th Schedule to the Companies Ordinance, 1984 for the presentation and preparation of its financial statements, although the Company meets the qualifying criteria of 'Medium Sized Entity' that requires the preparation of financial statements based on Accounting and Financial Reporting Standards for Medium Sized Entity.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for leasehold land which has been stated at revalued amount.

2.3 New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- IAS 32 - Financial Instruments : Presentation - (Amendment)
Offsetting Financial Assets and Financial Liabilities
- IAS 36 - Impairment of Assets - (Amendment)
Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment)
Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 - Levies

The adoption of the above did not have any effect on the financial statements for the current year.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation	Effective date (annual periods beginning on or after)
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 11 - Joint Arrangements	01 January 2015

Standard or interpretation	Effective date (annual periods beginning on or after)
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 1 - Presentation of Financial Statements - (Amendment) - Disclosure Initiative	01 January 2016
IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions	01 July 2014
IAS 16 & 41 - Property, Plant and Equipment & Agriculture - (Amendment) - Agriculture: Bearer Plants	01 January 2016
IAS 16 & 38 - Property, Plant and Equipment & Intangible assets - (Amendment) - Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2014 and 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

3.1.1 Owned

These are stated at cost less accumulated depreciation and any impairment in value except leasehold land which is stated at revalued amount.

Depreciation is charged to profit and loss account applying the written down value method at the rates specified in Note 4.1. Depreciation is charged from the month of the year in which addition / capitalization occurs while no depreciation is charged in the month in which an asset is disposed off. Assets' residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each financial year end.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are taken to the profit and loss account.

3.1.2 Assets subject to finance lease

Leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are capitalized at the inception of the lease, at the fair value of the leased property or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets acquired under finance lease are depreciated using the same basis as for owned assets.

3.1.3 Capital work-in-progress

These are stated at cost less accumulated impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for use.

3.1.4 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of such assets can also be measured reliably.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible asset.

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method when assets are available for use. Amortization is charged from the month of the year in which addition / capitalization occurs while no amortization is charged in the month in which an asset is disposed off.

3.2 Impairment

The carrying values of the Company's assets except for inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the assets recoverable amount is estimated and impairment loss is recognized in the profit and loss account.

3.3 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of cost and net realizable value. Cost is determined on weighted average basis except for goods in transit which are valued at invoice price plus other related charges paid thereon upto the balance sheet date. Provision is made for slow moving and obsolete items, if any, to write them down to their estimated net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3.4 Stock-in-trade

All stocks, except in transit, are valued at the lower of cost and net realizable value. Cost is determined on weighted average basis and includes costs incurred in bringing raw material to its present location and condition.

Stock in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Work-in-process and finished goods consist of direct materials and labour and a proportion of manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3.5 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

3.6 Taxation

3.6.1 Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits and tax rebates available, if any. The tax charge as calculated above is compared with Turnover Tax. Higher of Normal tax or Turnover Tax is compared with Alternate Corporate Tax and whichever is higher is provided in the financial statements. Alternate Corporate Tax and Turnover Tax are calculated in accordance with the provisions of Sections 113C and 113 of the Income Tax Ordinance 2001, respectively.

3.6.2 Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part for the deferred tax asset to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

3.7 Staff retirement benefits

3.7.1 Defined benefit plan

The Company operates an unfunded gratuity scheme for workers and funded gratuity scheme for management staff as described in note 18 to the financial statements. Annual charge is based on actuarial recommendations. Actuarial valuation of the scheme is carried out annually, using Projected Unit Credit Method. Actuarial gains or losses are recognised in full in the period in which they occur in other comprehensive income. All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

3.7.2 Defined contribution plan

The Company operates a recognized provident fund for its permanent employees. Equal monthly contributions are made to the fund at the rate of 9% for workers and 11% for management staff by the employees and the Company in accordance with the rules of the scheme.

The Provident Fund Rules were amended through Supplementary Trust Deed dated August 30, 2008 which was approved by the Commissioner (Legal Division) Large Taxpayer Unit, Karachi vide letter no.CIT/Legal Div/LTU/2008 dated October 08, 2008.

As per amended Rule, the employees were given option to transfer the complete amount or any portion thereof standing to credit of his accumulated balance in the Fund, to any of the Voluntary Pension Schemes managed by the Atlas Asset Management Company Limited, an associated company under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund by a request to the Trustees of fund, in writing. Equal monthly contributions at the rate of 11% of basic salary are made to the Funds under Voluntary Pension Scheme both by the Company and employees. If the member voluntarily opts to become a participant of Atlas Pension Fund or Atlas Islamic Fund managed by the Atlas Asset Management Company Limited, an associated company, the Company shall not be required to make an equal monthly contribution to the Fund. In such case the Company's equal contribution shall be made to the Atlas Pension Fund or Atlas Pension Islamic Fund, as applicable, with effect from the month in which he/she exercises such option, in full and final discharge of Company's liability towards members' retirement benefits.

3.8 Compensated absences

The Company provides a facility to its non-management employees for accumulating their annual earned leave under an unfunded scheme.

Provisions are made to cover the obligation under the scheme on accrual basis and are charged to profit and loss account. Accrual for compensated absences is calculated on the basis of one month's gross salary. The amount of liability recognized in the balance sheet is calculated by the Company using the above basis as the difference in liability is not expected to be material using the Projected Unit Credit Method.

3.9 Trade and other payables

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

3.10 Provisions

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

3.11 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees (presentation currency) at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates ruling at the balance sheet date. Exchange differences on foreign currency translations are included in the profit and loss account.

3.12 Revenue recognition

- Sales are recorded when the significant risk and rewards of ownership of the goods have passed to the customers which generally coincide with the dispatch of goods to customers.
- Return on bank deposits is accrued on a time proportion basis by reference to the principal outstanding on the applicable rate of return.
- Other income including rental income is recognized on accrual basis.

3.13 Borrowing costs

Borrowings costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of that asset. All other borrowing costs are charged to the profit and loss account.

3.14 Ijarah rentals

Ijarah payments under an Ijarah arrangement are recognized as an expense in the profit and loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of the time pattern of the user's benefit.

3.15 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques / payorders in hand and bank balances net of short term running finance.

3.16 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognized in case of assets, when the contractual rights under the instrument are realized, expired or surrendered and in case of liability, when the obligation is discharged, cancelled or expired. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.17 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

3.18 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated as given in notes 35 and 38 to the financial statements.

3.19 Significant accounting estimates, judgments and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognized prospectively.

In the process of applying the Company's accounting policies, management has made the following estimates, judgements and assumptions which are significant to the financial statements:

	Note
Determining the residual values and useful lives of property, plant and equipment	3.1
Revaluation of leasehold land	3.1 & 16
Impairment / adjustment of inventories to their net realizable value	3.2, 3.3 & 3.4
Recognition of taxation and deferred tax	3.6
Accounting for post employment benefits	3.7

3.20 Dividend and other appropriations of reserves

These are recognized in the period in which such dividend and appropriation are approved by the Board of Directors.

3.21 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	March 31, 2015 (Rupees in thousands)	March 31, 2014
Operating fixed assets	4.1	923,822	862,887
Capital work-in-progress	4.7	22,979	59,394
		<u>946,801</u>	<u>922,281</u>

4.1 Operating fixed assets

Description	Note	COST / REVALUATION			ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depreciat- ion rate %
		As at April 01, 2014	Additions/ transfers/ (Note 4.4)	Disposals	As at March 31, 2015	As at April 01, 2014	Charge for the year	Disposals	As at March 31, 2015	As at March 31, 2015	
----- (Rupees in thousands) -----											
Owned assets											
Leasehold land	4.2	358,545	-	-	358,545	-	-	-	-	358,545	-
Buildings on leasehold land											
Factory		80,414	10,892*	-	91,306	50,560	3,582	-	54,142	37,164	10
Generator premises		4,924	-	-	4,924	3,895	103	-	3,998	926	10
Residential		153	-	-	153	137	1	-	138	15	5
Office		4,215	-	-	4,215	2,164	103	-	2,267	1,948	5
Plant and machinery		646,340	78,221*	(15,631)	708,930	279,476	40,453	(2,320)	317,609	391,321	10
Power generators		146,811	1,107	(799)	147,119	101,973	7,516	(716)	108,773	38,346	10&35
Electrical fittings		19,642	1,281	(682)	20,241	9,767	1,106	(475)	10,398	9,843	10
Office equipment		5,202	1,434	-	6,636	2,537	539	-	3,076	3,560	15
Computers and other IT related equipment		20,625	912*	-	21,537	13,000	2,505	-	15,505	6,032	30
Furniture and fittings		4,854	3,315*	-	8,169	3,138	289	-	3,427	4,742	10
Vehicles		31,165	2,181	(5,764)	27,582	13,864	3,293	(2,765)	14,392	13,190	20
Sui gas, water and drainage lines		2,348	428	-	2,776	1,602	88	-	1,690	1,086	10
Measuring instruments, dies, jigs, patterns and other equipments		66,210	43,448*	-	109,658	46,448	6,106	-	52,554	57,104	20
March 31, 2015		1,391,448	143,219	(22,876)	1,511,791	528,561	65,684	(6,276)	587,969	923,822	

* Represents transferred to owned assets from capital work-in-progress.

Description	Note	COST / REVALUATION			ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depreciat- ion rate %
		As at July 01, 2013	Additions/ transfers/ (Note 4.4)	Disposals	As at March 31, 2014	As at July 01, 2013	Charge for the period	Disposals	As at March 31, 2014	As at March 31, 2014	
----- (Rupees in thousands) -----											
Owned assets											
Leasehold land	4.2	358,545	-	-	358,545	-	-	-	-	358,545	-
Buildings on leasehold land											
Factory		74,327	*6,087	-	80,414	48,427	2,133	-	50,560	29,854	10
Generator premises		4,924	-	-	4,924	3,812	83	-	3,895	1,029	10
Residential		153	-	-	153	136	1	-	137	16	5
Office		4,215	-	-	4,215	2,084	80	-	2,164	2,051	5
Plant and machinery		630,214	*61,542	(45,416)	646,340	274,195	27,994	(22,713)	279,476	366,864	10
Power generators		144,379	2,432	-	146,811	95,042	6,931	-	101,973	44,838	10&35
Electrical fittings		18,248	1,696	(302)	19,642	9,157	716	(106)	9,767	9,875	10
Office equipment		3,270	1,932	-	5,202	2,249	288	-	2,537	2,665	15
Computers and other IT related equipment		20,520	1,118	(1,013)	20,625	11,829	2,113	(942)	13,000	7,625	30
Furniture and fittings		4,919	187	(252)	4,854	3,158	139	(159)	3,138	1,716	10
Vehicles		38,031	6,064	(12,930)	31,165	14,377	3,572	(4,085)	13,864	17,301	20
Sui gas, water and drainage lines		2,098	250	-	2,348	1,550	52	-	1,602	746	10
Measuring instruments, dies, jigs, patterns and other equipments		57,786	9,563	(1,139)	66,210	44,086	2,869	(507)	46,448	19,762	20
March 31, 2014		1,361,629	90,871	(61,052)	1,391,448	510,102	46,971	(28,512)	528,561	862,887	

* Represents transferred to owned assets from capital work-in-progress.

- 4.2 Leasehold land is carried at revalued amount. Had the land been carried at cost, it would have been carried at Rs. 0.16 million (refer note 16 to the financial statements).

	Note	March 31, 2015 (Rupees in thousands)	Nine months period ended March 31, 2014
4.3 Allocation of depreciation charge:			
Cost of goods sold	27	61,688	43,432
Selling and distribution costs	28	354	316
Administrative expenses	29	3,642	3,223
		<u>65,684</u>	<u>46,971</u>
		March 31, 2015 (Rupees in thousands)	March 31, 2014

4.4 Reconciliation of net book value:			
Book value as at the beginning of the year / period		862,887	851,527
Additions during the year / period		143,219	90,871
Depreciation for the year / period		(65,684)	(46,971)
Disposals / written-off during the year / period at book value		(16,600)	(32,540)
Book value as at the end of the year / period		<u>923,822</u>	<u>862,887</u>

- 4.5 Details of property, plant and equipment disposed-off during the year are given in note 40 to the financial statements.

- 4.6 Includes operating fixed assets purchased from Shirazi Trading Company (Private) Limited - a related party amounting to Rs. 0.584 million (2014: Rs. 3.35 million).

4.7 Movement of capital work-in-progress

	Leashold Land	Factory building	Plant and machinery	Computer and other IT related equipments	Furniture	Measuring instruments	Total
	----- (Rupees in thousands) -----						
Balance as at June 30, 2013	-	453	39,509	-	-	-	39,962
Capital expenditure incurred / advances paid during the year	-	8,415	77,150	-	1,496	-	87,061
Transferred to operating fixed assets	-	(6,087)	(61,542)	-	-	-	(67,629)
Balance as at March 31, 2014	-	2,781	55,117	-	1,496	-	59,394
Capital expenditure incurred / advances paid during the year	2,630	8,111	43,453	912	1,819	43,448	100,373
Transferred to operating fixed assets	-	(10,892)	(78,221)	(912)	(3,315)	(43,448)	(136,788)
Balance as at March 31, 2015	<u>2,630</u>	<u>-</u>	<u>20,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,979</u>

- 4.7.1 Includes finance costs of Rs. 1.075 million (2014: Rs. 1.826 million) capitalized as a part of cost of such assets.

5. INTANGIBLE ASSETS

	COST		ACCUMULATED AMORTIZATION			NET BOOK VALUE		Amorti- sation rate %
	As at April 01/ July 01	Additions	As at March 31	As at April 01/ July 01	Charge for the year / period	As at March 31	As at March 31	
Computer software	----- (Rupees in thousands) -----							
2015	9,639	-	9,639	7,234	1,820	9,054	585	33
2014	9,639	-	9,639	5,309	1,925	7,234	2,405	33

- 5.1 The entire amortization charge of Rs. 1.820 million (2014: Rs. 1.925 million) has been charged under administrative expenses (note 29).

	Note	March 31, 2015 (Rupees in thousands)	March 31, 2014
6. LONG-TERM LOANS AND ADVANCES			
Secured, considered good			
Loans to employees - interest bearing	6.1	533	615
Less: current maturity shown under current assets	11	470	449
		63	166
Advances to employees - non-interest bearing	6.2	560	902
Less: current maturity shown under current assets	11	350	475
		210	427
		273	593

- 6.1 These loans carry mark-up at the rate of 1% (2014: 1%) per month and are secured against employees' retirement benefits. The loans are recoverable in monthly installments over a period of maximum 20 months.

- 6.2 These represent non-interest bearing advances to employees for purchase of motorcycles and are payable by way of a 15% amount upfront and the balance in maximum 42 equal monthly installments. These are secured against employees' retirement benefits.

	Note	March 31, 2015 (Rupees in thousands)	March 31, 2014
7. LONG-TERM DEPOSITS			
Security deposits			
Ijarah		11,123	14,333
Utilities		1,051	1,051
Suppliers		246	365
Others		768	527
		13,188	16,276
8. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores and spare parts in hand		16,495	7,885
Loose tools		26,064	35,005
		42,559	42,890
Less: Provision for obsolescence	8.1	-	-
		42,559	42,890
8.1 Reconciliation of provision for obsolescence is as follows:			
Balance as at the beginning of the year		-	6,038
Provision for the year / period	27	-	5,274
Write-offs during the year / period		-	(11,312)
Balance as at the end of the year		-	-
9. STOCK-IN-TRADE			
Raw and ancillary materials			
In hand		141,218	130,233
In transit		33,096	32,607
		174,314	162,840
Packing materials		1,551	1,103
Work-in-process	9.1	27,760	23,133
Finished goods		43,052	49,352
		246,677	236,428
Less: Provision for obsolescence	9.2	1,200	1,200
		245,477	235,228

- 9.1 Included herein are stocks held by third parties amounting to Rs. 4.132 million (2014: Rs. 1.576 million).
- 9.2 Comprises provision in respect of raw and ancillary materials - in hand amounting to Rs. 0.57 million (2014: Rs. 0.57 million) and in respect of work-in-process amounting to Rs. 0.63 million (2014: Rs. 0.63 million).

	Note	March 31, 2015 (Rupees in thousands)	March 31, 2014
10. TRADE DEBTS - Unsecured, considered good			
	10.1 & 10.2	114,123	105,528
10.1	The ageing analysis of unimpaired trade debts is as follows:		
	Neither past due nor impaired	67,286	84,056
	Past due but not impaired		
	- within 30 days	35,836	12,469
	- 31 to 60 days	3,344	3,323
	- 61 to 90 days	1,165	808
	- over 90 days	6,492	4,872
		114,123	105,528
10.2	Included herein trade debts receivable from following related parties:		
	Atlas Honda Limited	-	-
	Atlas Autos (Private) Limited	-	11,041
		-	11,041

	March 31, 2015		March 31, 2014	
	Atlas Honda Limited	Atlas Autos (Private) Limited	Atlas Honda Limited	Atlas Autos (Private) Limited
	----- (Rupees in thousands) -----			
Neither past due nor impaired	-	-	-	-
Past due but not impaired				
- within 30 days	-	-	-	10,715
- 31 to 60 days	-	-	-	326
- 61 to 90 days	-	-	-	-
- over 90 days	-	-	-	-
	-	-	-	11,041

	Note	March 31, 2015 (Rupees in thousands)	March 31, 2014
11. LOANS AND ADVANCES - Unsecured, considered good			
Loans to employees - non-interest bearing		39	148
Current maturity of:			
loans to employees - interest bearing	6	470	449
advances to employees - non interest bearing	6	350	475
		820	924
Advances:			
against salary		-	58
against expenses		410	282
to suppliers		-	849
		410	1,189
		1,269	2,261

	Note	March 31, 2015 (Rupees in thousands)	March 31, 2014
12. TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES			
Trade Deposits			
Security and trade deposits		381	894
Short-term Prepayments			
Short-term prepayments		3,626	4,647
Other Receivables			
Receivable against disposal of operating fixed assets		-	5,970
Receivable against scrap sales		199	1,220
Others		346	-
From Related Parties:			
- Atlas Autos (Private) Limited		698	6,935
- Atlas Hi-tech (Private) Limited		-	341
- Atlas Metals (Private) Limited		-	2,285
- Atlas Insurance Limited		-	46
- Employees Provident Fund	12.1	3,046	155
		3,744	9,762
		8,296	22,493
		March 31, 2015 (Rupees in thousands) (Un-Audited)	March 31, 2014 (Audited)

12.1 Employees Provident Fund**12.1.1 General disclosures**

Size of the trust	112,282	127,112
Cost of investments made	94,830	107,650
Fair value of investments	112,282	115,255
Percentage of investment made	100%	90.67%

The major categories of investment of provident fund are as follows:

Banks	1,282	1,743
Government securities	61,255	56,105
Others	49,745	57,407
	112,282	115,255

12.1.2 Investments of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

13. TAXATION - net

The assessment of the Company for and upto the tax year 2014 have been completed or deemed to be assessed.

14. CASH AND BANK BALANCES

Cash in hand	443	432
Cheques in hand	20,656	-
	21,099	432
Cash at bank in current accounts	6,251	22,637
	27,350	23,069

March 31,
2015
(Rupees in thousands)

March 31,
2014

15. SHARE CAPITAL

March 31, 2015 ----- (Number of Shares) -----	March 31, 2014		March 31, 2015 (Rupees in thousands)	March 31, 2014
40,000,000	40,000,000	Authorized Share Capital	400,000	400,000
		Ordinary shares of Rs.10/- each		
		Issued, subscribed and paid-up capital		
		Ordinary shares of Rs.10/- each		
21,610,283	21,610,283	- fully paid in cash	216,103	216,103
49,800	49,800	- issued for consideration other than cash	498	498
3,013,307	3,013,307	- issued as fully paid bonus shares	30,133	30,133
24,673,390	24,673,390		246,734	246,734

- 15.1 As at the balance sheet date, the shares in the Company held by related parties were 24,469,564 (2014: 24,430,352) shares which included 24,469,564 (2014: 24,430,352) ordinary shares of Rs.10/- each which is 99.17% (2014: 99.01%) of the total equity of the Company held by Shirazi Investments (Private) Limited, the Holding Company.

March 31,
2015
(Rupees in thousands)

March 31,
2014

16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

356,360	356,360
---------	---------

- 16.1 Leasehold land costing Rs. 0.160 million was revalued by Razzaque Umrani & Co., Engineers and Surveyors on June 20, 1998 resulting in surplus amounting to Rs.118.680 million which has been credited to surplus on revaluation of property, plant and equipment account. The basis of revaluation was market value.
- 16.2 In the year 2007, another revaluation of the above land was carried out by M/s Surval - Engineers, Surveyors and Technical Consultants on June 22, 2007 resulting in surplus amounting to Rs. 297.100 million which has been credited to surplus on revaluation account. The basis of revaluation was market value.
- 16.3 In the year 2010, another revaluation of the above land was carried out by M/s Surval - Engineers, Surveyors and Technical Consultants on August 18, 2009. The result of the said valuation was not materially different from the valuation carried out on June 22, 2007.
- 16.4 In the year 2011, another revaluation of the above land was carried out by M/s. Surval - Engineers, Surveyor and Technical Consultant on June 30, 2011 resulting in a deficit of Rs. 59.420 million which was debited to surplus on revaluation account. The basis of revaluation was market value.

March 31,
2015
(Rupees in thousands)

March 31,
2014

17. LONG-TERM FINANCING - Secured

From banking companies			
Loan - I	17.1	14,286	42,857
Loan - II	17.2	8,571	17,143
Loan - III	17.3	81,080	99,912
		103,937	159,912
Less: Current maturity - long-term financing		51,403	55,975
		52,534	103,937

- 17.1 This represents a utilized portion of a loan facility of Rs. 100 million obtained from a commercial bank. The loan is repayable in 7 semi annual installments commenced from June 15, 2012 and carries mark-up at the rate of 6 months KIBOR plus 1.25% per annum. The loan is secured by first pari-passu charge over fixed assets of the Company for Rs. 134 million.

- 17.2** This represents a utilized portion of a loan facility of Rs. 30 million obtained from a commercial bank. The loan is repayable in 7 semi annual installments commenced from December 06, 2012 and carries mark-up at the rate of 3 months KIBOR plus 1.50% per annum. The loan is secured by way of first pari-passu charge over fixed assets of the Company for Rs. 100 million.
- 17.3** This represents a utilized portion of a loan facility of Rs. 99.912 million obtained from a commercial bank. The loan is repayable in 7 semi annual installments commencing from April 29, 2014 and carries mark-up at the rate of 6 months KIBOR plus 1.0% per annum. The loan is secured by way of first pari-passu charge over fixed assets of the Company for Rs. 146.67 million.

	Note	March 31, 2015 (Rupees in thousands)	March 31, 2014
18. RETIREMENT AND OTHER SERVICE BENEFITS			
Non-management staff gratuity	18.1	2,607	1,912
Accrual for compensated absences	18.2	14,723	15,273
		<u>17,330</u>	<u>17,185</u>

Defined benefit plan

18.1 General Description

The Company operates an unfunded gratuity scheme for non-management staff. On introduction of the provident fund in 1974 the employees were given the option to either continue with the gratuity scheme or join the provident fund. Those employees who opted to join the provident fund were entitled to gratuity upto the period of joining the provident fund and provision in this respect was duly made at that time. The Company entered into an agreement with the Collective Bargaining Agent (CBA), whereby the non-management staff who opted for the provident fund scheme are also entitled to gratuity for four days for each completed year of service.

The Company also established funded gratuity scheme for its management staff with effect from July 01, 2003 which was approved by the Commissioner of Income Tax in October 2002.

The actuarial valuation of the gratuity schemes is carried out every year and the latest valuation was carried out as at March 31, 2015.

	Management		Non - management		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- (Rupees in thousands) -----						
18.1.1 Reconciliation of obligations as at year end						
Present value of defined benefit obligation	30,546	27,336	2,607	1,912	33,153	29,248
Fair value of plan assets	(17,916)	(19,562)	-	-	(17,916)	(19,562)
	<u>12,630</u>	<u>7,774</u>	<u>2,607</u>	<u>1,912</u>	<u>15,237</u>	<u>9,686</u>
Payable in respect of Inter Group Transfers	444	1,824	-	-	444	1,824
Net liability as at the end of the year / period	<u>13,074</u>	<u>9,598</u>	<u>2,607</u>	<u>1,912</u>	<u>15,681</u>	<u>11,510</u>
18.1.2 Movement in liability						
Net liability as at the beginning of the year	9,598	2,993	1,912	8,459	11,510	11,452
Charge for the year in profit and loss account	2,793	1,792	310	185	3,103	1,977
Amortization of actuarial loss / (gain) charged to equity	-	6,278	-	(6,760)	-	(482)
Re-measurement chargeable in other comprehensive income	683	1,528	518	174	1,201	1,702
Contribution	-	(2,993)	-	-	-	(2,993)
Benefits paid	-	-	(133)	(146)	(133)	(146)
Net liability as at the end of the year / period	<u>13,074</u>	<u>9,598</u>	<u>2,607</u>	<u>1,912</u>	<u>15,681</u>	<u>11,510</u>
18.1.3 Charge for the year / period						
Current service cost	1,666	1,071	71	46	1,737	1,117
Interest cost	3,417	2,030	239	139	3,656	2,169
Expected return on assets	(2,290)	(1,309)	-	-	(2,290)	(1,309)
Charge for the year / period	<u>2,793</u>	<u>1,792</u>	<u>310</u>	<u>185</u>	<u>3,103</u>	<u>1,977</u>

	Management		Non - management		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- (Rupees in thousands) -----						
18.1.4 Movement in defined benefit obligation						
Present value of defined benefit obligation as at the beginning of the year / period	27,336	24,771	1,912	1,699	29,248	26,470
Current service cost	1,666	1,071	71	46	1,905	1,117
Interest cost	3,417	2,030	239	139	3,488	2,169
Benefits paid during the year / period	(1,736)	(235)	(133)	(146)	(1,869)	(381)
Actuarial loss	306	1,310	518	174	824	1,484
Liability recognized - transferees	(443)	(1,611)	-	-	(443)	(1,611)
Present value of defined benefit obligation as at the end of the year / period	<u>30,546</u>	<u>27,336</u>	<u>2,607</u>	<u>1,912</u>	<u>33,153</u>	<u>29,248</u>
18.1.5 Movement in fair value of plan assets						
Present value of plan assets as at the beginning of the year / period	19,562	15,713	-	-	19,562	15,713
Expected return on plan assets	2,290	1,309	-	-	2,290	1,309
Contributions made by the Company	-	2,993	-	-	-	2,993
Benefits paid during the year / period	(1,736)	(235)	-	-	(1,736)	(235)
Actuarial loss	(377)	(218)	-	-	(377)	(218)
Transfer of assets in respect of transferees	(1,823)	-	-	-	(1,823)	-
Present value of plan assets as at the end of the year / period	<u>17,916</u>	<u>19,562</u>	<u>-</u>	<u>-</u>	<u>17,916</u>	<u>19,562</u>

	Management		Non - management	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
18.1.6 Principal actuarial assumptions				
Discount rate	<u>9.25%</u>	<u>12.75%</u>	<u>9.25%</u>	<u>12.75%</u>
Expected per annum rate of return on plan assets	<u>9.25%</u>	<u>12.75%</u>	<u>-</u>	<u>-</u>
Expected per annum rate of increase in future salaries	<u>8.250%</u>	<u>11.75%</u>	<u>8.00%</u>	<u>11.75%</u>

	Management		Non - management		Total	
	March 31, 2015	March 30, 2014	March 31, 2015	March 30, 2014	March 31, 2015	March 30, 2014
----- (Rupees in thousands) -----						
18.1.7 Actual return on plan assets	<u>-</u>	<u>1,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,307</u>

18.1.8 Plan assets comprise the following:

	March 31, 2015		March 31, 2014	
	Rupees in thousands	%age	Rupees in thousands	%age
Debt	7,684	42.89%	8,899	45.49%
Mutual funds	9,956	55.57%	10,613	54.25%
Cash	276	1.54%	50	0.26%
	<u>17,916</u>	<u>100.00%</u>	<u>19,562</u>	<u>100.00%</u>

18.1.9 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

20.2 Included herein Rs. Nil (2014: Rs. 1.268 million) received from Atlas Autos (Private) Limited and Rs. 3.056 million (2014: Rs. 2.779 million) received from Atlas Hitec (Private) Limited respectively, being related parties.

20.3 Includes a provision of Rs. 12.968 million (2014: Nil) for Gas Infrastructure Development Cess (GIDC). In accordance with the GIDC Act, 2011 (the Act), the Company was required to pay GIDC to Sui Southern Gas Company Limited (SSGC), as specified in the First Schedule to the Act, at rates specified in the Second Schedule to the Act. The Company had paid GIDC till July 2014 at applicable cess rates. During the year, the Honourable Supreme Court struck down the Act on the grounds of it being unconstitutional. The President of Pakistan promulgated the GIDC Ordinance, 2014 (the Ordinance) on September 24, 2014 with retrospective effect. However, the Honourable High Court of Sindh issued an interim order in favour of the Company restraining the defendants, which included SSGC, from raising demand in relation to GIDC. Accordingly, no GIDC has been billed to the Company after July 2014. Subsequent to the year end, the National Assembly passed the GIDC Bill, 2014. The Company has provided for the full amount of GIDC at the relevant rate in these financial statements.

	Note	March 31, 2015 (Rupees in thousands)	March 31, 2014
21. ACCRUED MARK-UP			
Term loans		2,890	4,076
Short-term running finances		3,278	5,793
		<u>6,168</u>	<u>9,869</u>
22. SHORT-TERM BORROWINGS - Secured			
Short-term loans	22.1	90,000	120,000
Murabaha finance	22.2	59,822	85,438
Trust receipts	22.3	9,100	3,413
		<u>158,922</u>	<u>208,851</u>

22.1 This represents the utilized portion of loan facilities of Rs. 90 million (2014: Rs. 200 million) obtained during the year from various banks and carries a mark-up at the rate ranging from 1 month KIBOR plus 0.5% (2014: 1 month KIBOR plus 0.4% to 6 months KIBOR plus 0.6%). These are repayable latest by April 6, 2015. These are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company.

22.2 The aggregate facilities for short term murabaha finance from banks as at March 31, 2015 amount to Rs. 160 million (2014: Rs. 200 million) of which Rs. 100.178 million (2014: Rs. 114.562 million) remained unutilized as at the year/period end. This carries profit at the rate of 3 months KIBOR plus 0.5% to 1% per annum (2014: 3 months KIBOR plus 0.8% to 1% per annum). This is secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. This is repayable by June 23, 2015.

22.3 The aggregate facilities of trust receipts available from various banks as at March 31, 2015 amount to Rs. 130 million (2014: Rs. 70 million) of which Rs. 120.9 million (2014: Rs. 66.587 million) remained unutilized as at the year/period end. These are under mark-up arrangements and are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. The rate of mark-up on these finances is 3 months KIBOR plus 0.5% to 3 months KIBOR plus 1% per annum (2014: 3 months KIBOR plus 0.8% to 3 months KIBOR plus 1.25% per annum).

	Note	March 31, 2015 (Rupees in thousands)	March 31, 2014
23. PROVISIONS AND OTHER LIABILITIES			
Provision for bonus - management staff	23.1	16,068	17,346
Provision for bonus - non-management staff	23.1	4,039	661
Deposits from employees	23.2	2,867	1,980
Workers' Profit Participation Fund	23.3	14,031	8,771
Workers' Welfare Fund		3,059	2,788
Unclaimed dividends		883	738
Others		998	3,104
		<u>41,945</u>	<u>35,388</u>

23.1 The movements in provisions during the period / year were as follows:

	Opening Balance	Charge for the year / period	Payments	Closing Balance
	----- (Rupees in thousands) -----			
Provision for bonus - management staff	17,346	15,798	(17,076)	16,068
Provision for bonus - non-management staff	661	5,170	(1,792)	4,039
March 31, 2015	<u>18,007</u>	<u>20,968</u>	<u>(18,868)</u>	<u>20,107</u>
March 31, 2014	<u>21,708</u>	<u>18,659</u>	<u>(22,360)</u>	<u>18,007</u>

23.2 These represent deposits from employees under the Company's vehicle scheme.

	Note	March 31, 2015 (Rupees in thousands)	March 31, 2014
23.3 Workers' Profits Participation Fund			
Balance as at the beginning of the year / period		8,771	4,974
Provision for the year / period	23.3.1	3,832	3,797
Interest on funds utilised by the Company		1,428	-
		<u>14,031</u>	<u>8,771</u>
Less: Amount paid during the year / period		-	-
Balance as at the end of the year / period		<u>14,031</u>	<u>8,771</u>

23.3.1 For the purpose of calculating WPPF, rental income has been excluded based on the legal opinion obtained in this respect.

	March 31, 2015 (Rupees in thousands)	March 31, 2014
24. RUNNING FINANCE UTILIZED UNDER MARK-UP ARRANGEMENTS - Secured	<u>3,857</u>	<u>761</u>

24.1 The aggregate facilities for short term running finance available from various banks as at March 31, 2015 amount to Rs. 732 million (2014: Rs. 642 million) of which Rs. 728.14 million (2014: Rs. 641.24 million) remained unutilized as at the year / period end. These are under mark-up arrangements and are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. The rate of mark-up on these finances ranges from 1 month KIBOR plus 1.00% to 3 months KIBOR plus 0.5% per annum (2014: 1 month KIBOR plus 1% to 3 months KIBOR plus 1.25% per annum). These facilities expire on various dates, latest by December 31, 2015.

	March 31, 2015 (Rupees in thousands)	March 31, 2014
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25. CONTINGENCIES AND COMMITMENTS

25.1. Guarantees

Bank guarantees in favour of Sui Southern Gas Company Limited	<u>21,598</u>	<u>18,278</u>
Excise and taxation	<u>3,200</u>	<u>-</u>

25.2 Commitments under letters of credit

- For capital expenditures	<u>114,519</u>	<u>2,477</u>
- Other than capital expenditures	<u>836</u>	<u>146,118</u>

25.3 Commitments for rentals under Ijarah finance agreement:

Within one year	<u>18,994</u>	<u>20,288</u>
After one year but not more than five years	<u>2,260</u>	<u>31,790</u>
	<u>21,254</u>	<u>52,078</u>

Represents Ijarah finance facility entered into with Meezan Bank Limited in respect of plant and machinery and motor vehicles. Ijarah payments are payable in semi-annual instalments latest by March 2018. Taxes, repairs, replacement and insurance costs are to be borne by the muj'ir (lessor). These are secured by on demand promissory notes of Rs. 118.03 million (2014: Rs. 170.91 million).

	March 31, 2015 (Rupees in thousands)	Nine months period ended March 31, 2014
26. SALES		
Local sales	<u>1,882,766</u>	<u>1,662,657</u>
Less: Sales tax	<u>289,429</u>	<u>249,360</u>
	<u>1,593,337</u>	<u>1,413,297</u>
Export sales	<u>11,086</u>	<u>5,931</u>
	<u>1,604,423</u>	<u>1,419,228</u>

		March 31, 2015	Nine months period ended March 31, 2014
	Note	(Rupees in thousands)	
27. COST OF GOODS SOLD			
Raw and ancillary materials consumed		816,739	827,544
Salaries, wages and benefits	27.1	247,117	180,668
Spare parts and other maintenance		58,543	48,990
Packing materials consumed		13,186	9,748
Fuel, water and power		131,228	94,682
Rent, rates and taxes		108	329
Insurance		6,478	6,001
Training expenses		165	226
Travelling		1,386	1,887
Repairs and maintenance		17,717	14,360
Depreciation	4.3	61,688	43,432
Ijarah rentals		17,674	15,944
Royalties and technical fee		11,600	11,134
Printing and stationery		735	537
Postage, telephone and telegrams		268	200
Subscriptions		30	28
Provision for slow moving stores, spare parts and loose tools		-	5,274
General expenses		1,355	1,578
Reimbursement of fixed expenses	27.2	(21,977)	(10,974)
		<u>1,364,040</u>	<u>1,251,588</u>
Opening work-in-process		23,133	29,531
Closing work-in-process		(27,760)	(23,133)
		<u>(4,627)</u>	<u>6,398</u>
Cost of goods manufactured		1,359,413	1,257,986
Opening stock of finished goods		49,352	16,486
Closing stock of finished goods		(43,052)	(49,352)
		<u>6,300</u>	<u>(32,866)</u>
		<u>1,365,713</u>	<u>1,225,120</u>
27.1 Included herein are the following retirement benefits:			
Gratuity		2,017	1,285
Employees Old Age Benefits		798	744
Provident Fund		1,762	2,371
		<u>4,577</u>	<u>4,400</u>
27.2 Represents reimbursement of expenses received by the Company on account of Human Resource and Admin facility, security, car parking, sanitation, gardening and various other expenses incurred during the year on behalf of related parties.			

		March 31, 2015	Nine months period ended March 31, 2014
	Note	(Rupees in thousands)	
28. SELLING AND DISTRIBUTION EXPENSES			
Salaries and allowances	28.1	10,476	7,226
Advertisement and publicity		18,443	7,751
Cartage and octroi		3,043	2,189
Travelling and conveyance		2,213	2,440
Executive training		19	160
Depreciation	4.3	354	316
Insurance		3,888	3,896
Ijarah rentals		729	58
Printing and stationery		77	30
Postage, telephone and telegrams		283	247
Medical expenses		298	220
Rent, rates and taxes		855	592
Subscriptions		-	1
Repairs and maintenance		461	9
General expenses		365	197
		<u>41,504</u>	<u>25,332</u>

		March 31, 2015 (Rupees in thousands)	Nine months period ended March 31, 2014
28.1	Included herein are the following retirement benefits:		
	Gratuity	155	99
	Employees Old Age Benefits	61	48
	Provident Fund	136	208
		352	355
29.	ADMINISTRATIVE EXPENSES		
	Salaries and allowances	55,166	39,055
	Medical expenses	84	68
	Travelling and conveyance	2,050	1,038
	Insurance	2,917	1,640
	Depreciation	3,642	3,223
	Amortization	1,820	1,925
	Printing and stationery	939	563
	Postage, telephone and telegrams	942	558
	Subscriptions	461	262
	ljarah rentals	3,266	309
	Advertisement and publicity	11	93
	Training expenses	241	138
	Repairs and maintenance	7,242	5,521
	General expenses	3,036	1,032
		81,817	55,425
29.1	Included herein are the following retirement benefits:		
	Gratuity	931	593
	Employees Old Age Benefits	430	65
	Provident Fund	949	1,412
		2,310	2,070
30.	OTHER OPERATING EXPENSES		
	Legal and professional charges	2,059	941
	Workers' Profit Participation Fund	5,260	3,797
	Workers' Welfare Fund	3,059	2,788
	Auditors' remuneration	1,030	1,074
	Donation	1,667	1,123
		13,075	9,723
30.1	Auditors' remuneration		
	Audit fee - statutory	600	600
	Certification, tax and other services	350	389
	Out-of-pocket expenses	80	85
		1,030	1,074
30.2	Represents donation paid / payable to Atlas Foundation. Mr. Yusuf H. Shirazi, a director of the Company is also the director in Atlas Foundation.		
31.	FINANCE COSTS		
	Mark-up on:		
	- long-term financing - secured	14,038	7,698
	- short-term borrowings - secured	22,709	26,210
	Bank and other allied charges	1,270	1,437
		38,017	35,345

	Note	March 31, 2015 (Rupees in thousands)	Nine months period ended March 31, 2014
32. OTHER INCOME			
Rental income from related parties	32.1	87,031	52,549
Income from services from related parties	32.2	-	2,481
Gain on disposal of operating fixed assets	40.1	5,457	1,378
		<u>92,488</u>	<u>56,408</u>
32.1 Represents rental income earned from following related parties:			
Atlas Metals (Private) Limited		45,846	30,040
Atlas Battery Limited		31,528	17,985
Atlas Autos (Private) Limited		2,600	634
Atlas Hi-tech (Private) Limited		7,057	3,890
		<u>87,031</u>	<u>52,549</u>
32.2 Represents income from services earned from the following related parties:			
Atlas Metals (Private) Limited		-	493
Atlas Autos (Private) Limited		-	1,793
Atlas Hi-tech (Private) Limited		-	195
		<u>-</u>	<u>2,481</u>
33. TAXATION			
For the year / period:			
- current		16,150	1,880
- prior		12,429	14,560
- deferred		3,231	17,352
	33.1	<u>31,810</u>	<u>33,792</u>
33.1 Reconciliation between tax expense and accounting profit			
Accounting profit for the year / period before taxation		156,785	124,691
Tax at applicable rate of 33% / 34%		51,739	42,395
Tax effects of FTR income and net expenses that are admissible but not included in determining accounting profit		11,656	4,108
BMR rebate		(12,406)	(8,982)
Tax effect of prior years' charge		12,429	14,560
Carry over of minimum tax written-off		(350)	(13,727)
Others (represent the impact of reversal of deferred tax asset, lower tax rate on rental income and rebate on donation)		(31,258)	(4,562)
		<u>31,810</u>	<u>33,792</u>
34. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation (Rupees in '000')		124,975	90,899
Weighted average number of ordinary shares in issue (in '000')		24,673	24,673
Basic earnings per share (Rupees)		5.07	3.68
There is no dilution effect on earnings per share of the Company.			

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executive	
	March 31, 2015	Nine Months period ended March 31, 2014	March 31, 2015	Nine Months period ended March 31, 2014	March 31, 2015	Nine Months period ended March 31, 2014
----- (Rupees in thousands) -----						
Managerial remuneration	6,695	4,651	-	-	27,445	19,215
Bonus	1,559	1,688	-	-	5,969	10,870
Rent	2,441	1,683	-	-	9,286	6,199
Utility	543	374	-	-	2,063	1,377
Retirement benefits	605	411	-	-	2,270	1,518
Reimbursable expenses	91	59	-	-	644	439
	<u>11,934</u>	<u>8,866</u>	<u>-</u>	<u>-</u>	<u>47,677</u>	<u>39,618</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>19</u>

35.1 The Chief Executive is provided with free use of Company maintained car and telephone at residence.

		March 31, 2015 (Rupees in thousands)	Nine months period ended March 31, 2014
36. CASH GENERATED FROM OPERATIONS	Note		
Profit before taxation		156,785	124,691
Adjustments for:			
Depreciation	4.3	65,684	46,971
Amortization	5	1,820	1,925
Gain on disposal of operating fixed assets	40.1	(5,457)	(1,378)
Provision for obsolete stores, spare parts and loose tools		-	5,274
Stores, spare parts and loose tools written-off	8.1	-	(11,312)
Provision for gratuity		3,103	1,977
Accrual for compensated absences		(550)	4,367
Finance costs		38,017	35,345
		<u>102,617</u>	<u>83,169</u>
Operating profit before working capital changes		259,402	207,860
Working capital changes	36.1	13,903	49,784
Cash generated from operations		<u>273,305</u>	<u>257,644</u>
36.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spares parts and loose tools		331	12,934
Stock-in-trade		(10,249)	21,619
Trade debts		(8,595)	(4,244)
Loans and advances		992	6,949
Trade deposits, short-term prepayments and other receivables		14,197	(9,828)
		<u>(3,324)</u>	<u>27,430</u>
Increase in current liabilities			
Trade and other payables		12,243	19,760
Provision and other liabilities		4,984	2,594
		<u>17,227</u>	<u>22,354</u>
		<u>13,903</u>	<u>49,784</u>
37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES			

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

37.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	March 31, 2015 (Rupees in thousands)	March 31, 2014
Long-term loans and advances	273	593
Long-term deposits	13,188	16,276
Trade debts	114,123	105,528
Loans and advances	1,269	2,261
Trade deposits	381	894
Other receivables	4,289	16,952
Bank balances	6,251	22,637
	<u>139,774</u>	<u>165,141</u>

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

The maximum exposure to credit risk for trade receivables at reporting date was:

	March 31, 2015 (Rupees in thousands)	March 31, 2014
Original Equipment Manufacturers (OEMs)	12,975	14,845
Replacement market	101,148	90,683
	<u>114,123</u>	<u>105,528</u>

Based on past experience the Company believes that no impairment allowance is necessary against amounts past due by 30 days and above as 11.37% (2014: 14.07%) of the amount is due from OEMs and remaining amount is due from customers having good track record with the Company.

	March 31, 2015 (Rupees in thousands)	March 31, 2014
Cash at bank		
A1+	1,531	17,554
A-1+	561	1,675
A-1	4,159	42
A-2	-	3,366
A-3	-	-
	<u>6,251</u>	<u>22,637</u>

37.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates:

	2015					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	
	----- (Rupees in thousands) -----					
Long-term financing - secured	-	-	51,403	52,534	-	103,937
Short-term borrowings	158,922	-	-	-	-	158,922
Trade and other payables	123,132	-	-	-	-	123,132
Running finance	3,857	-	-	-	-	3,857
Provision and other liabilities	38,886	-	-	-	-	38,886
Accrued mark-up	6,168	-	-	-	-	6,168
	<u>330,965</u>	<u>-</u>	<u>51,403</u>	<u>52,534</u>	<u>-</u>	<u>434,902</u>

	2014					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	
	----- (Rupees in thousands) -----					
Long-term financing - secured	-	-	55,975	103,937	-	159,912
Short-term borrowings	208,851	-	-	-	-	208,851
Trade and other payables	105,455	-	-	-	-	105,455
Running finance	761	-	-	-	-	761
Provision and other liabilities	23,829	-	-	-	-	23,829
Accrued mark-up	9,869	-	-	-	-	9,869
	<u>348,765</u>	<u>-</u>	<u>55,975</u>	<u>103,937</u>	<u>-</u>	<u>508,677</u>

37.3 Interest rate risk profile

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax (Rupees in thousands)
2015		
KIBOR	+100	(2,667)
KIBOR	-100	2,667
2014		
KIBOR	+100	(3,695)
KIBOR	-100	3,695

37.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in 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, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and investments. Capital signifies equity as shown in the balance sheet plus net debt.

The gearing ratios as at March 31, 2015 and March 31, 2014 were as follows:

	March 31, 2015 (Rupees in thousands)	March 31, 2014
Long term financing	103,937	159,912
Short term borrowings	158,922	208,851
Running finance	3,857	761
Accrued mark-up	6,168	9,869
Total debt	272,884	379,392
Less: Cash and bank balances	27,350	23,069
Net debt	245,534	356,324
Share capital	246,734	246,734
Reserves	329,520	242,756
Equity	576,254	489,490
Capital	821,788	845,814
Gearing ratio	29.88%	42.13%

37.5 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair value.

38. RELATED PARTY TRANSACTIONS

The related parties include entities with common directors, major shareholders, directors, key management personnel and staff retirement benefit plans. The Company has a policy whereby transactions with related parties are entered into at arm's length prices other than certain benefits to employees under the terms of the employment. The transactions with related parties, other than remuneration and benefits to key management personnel disclosed in note 35 and 38 are as follows:

Relationship with the Company	Nature of transactions	March 31,	Nine months
		2015	period ended March 31, 2014
		(Rupees in thousands)	
Entities having shareholding and directors in common with the Company			
Shirazi Investments (Private) Limited	Dividend paid	36,672	36,553
	Office rent	1,006	915
Atlas Metals (Private) Limited	Rental income	45,846	30,040
	Income from services	-	493
	Sale of operating fixed assets	-	1,095
	Reimbursement of fixed Expenses	11,163	8,100
Atlas Honda Limited	Sale of goods	953,373	997,412
	Purchase of machinery	500	-
	Purchase of scrap	14,880	10,159
	Purchase of motorcycles	1,491	1,849
	Purchase of generator	1,000	-
	Expenses claimed	286	-
Atlas Hi-tech (Private) Limited	Rental income	7,057	3,890
	Reimbursement of fixed expenses	1,850	-
	Purchase of scrap	530	-
	Income from services	-	195
Atlas Battery Limited	Sale of goods	-	-
	Rental income	31,528	17,985
Atlas Autos (Private) Limited	Purchase of services	10,392	28,041
	Sale of goods	152,438	54,923
	Purchase of scrap	1,794	-
	Sale of operating fixed assets	13,669	20,500
	Rental income	2,600	634
	Income from services	-	1,793
Reimbursement of fixed expenses	8,964	2,874	
Atlas Insurance Limited	Insurance premium	20,752	23,065
Shirazi Trading Company (Private) Limited	Photocopier spares and Services	630	126
	Purchase of tools, chemicals and equipment	5,401	3,328
	Sale of fixed assets	690	-
	Commission expense	756	425
Atlas Foundation	Donations paid	1,247	1,283
	Office rent	785	536
Employees' retirement benefit Plans	Contribution paid during the year	9,598	2,993

The related party status of outstanding receivables and payables as at March 31, 2015 are given in respective notes to the financial statements.

39. PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends on the relative proportions of various types of components and parts of vehicles and tractors produced.

40. DETAILS OF OPERATING FIXED ASSETS DISPOSED-OFF

40.1 The following operating fixed assets were disposed-off during the year:

	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain / (Loss)	Mode of disposal	Particular of buyers
----- (Rupees in thousands) -----							
Owned							
Plant and machinery	10,951	-	10,951	13,669	2,718	Negotiations	Atlas Autos (Private) Limited
Plant and machinery	85	77	8	850	842	Negotiations	Hanif & Co
Plant and machinery	2,679	1,393	1,286	120	(1,166)	Negotiations	Akram Scrap Dealers
Plant and machinery	1,769	714	1,055	370	(685)	Negotiations	Mr.Ali Send
Plant and machinery	147	136	11	281	270	Negotiations	Fareed Scrap Dealer
Electric Transformers	1,481	1,191	290	2,819	2,529	Negotiations	Fareed Scrap Dealer
Shehzor Truck	589	574	15	625	610	Negotiations	Akram Scrap Dealers
Suzuki Pickup Van	312	304	8	330	322	Negotiations	Akram Scrap Dealers
Honda City	1270	752	518	518	-	Company Policy	Mr. Shujaat Ali
Suzuki Mehran	509	310	199	199	-	Company Policy	Mr. Najeeb Ullah Khan
Suzuki Mehran	612	192	420	420	-	Company Policy	Mr. Muzzaffer Abbas
Suzuki Mehran	690	-	690	690	-	Company Policy	Shirazi Trading Co. (Pvt) Limited
Honda CG - 125 Delux	96	6	90	90	-	Company Policy	Ms. Shaheen Shaikh
Honda CG - 125 Delux	93	15	78	78	-	Company Policy	Mr. Khalid Rashid
Honda CG - 125 Delux	96	18	78	78	-	Company Policy	Mr. Shaheer Hassan
Honda CG - 125 Delux	83	48	35	34	(1)	Company Policy	Mr. Saleem Ud din
Honda CG - 125 Delux	87	43	44	44	-	Company Policy	Mr. Muhammad Ahad Ahmed Khan
Honda CG - 125 Delux	107	51	56	55	(1)	Company Policy	Mr. Muhammad Ashraf Malik
Honda CG - 125 Delux	86	41	45	44	(1)	Company Policy	Mr. Muhammad Aslam
Honda CG - 125 Delux	93	19	74	74	-	Company Policy	Mr. Muhammad Ameen
Honda CG - 125 Delux	80	47	33	33	-	Company Policy	Mr. Waheed Uddin
Honda CD-100 Prider	80	14	66	66	-	Company Policy	Mr. Raja Muhammad Arif
Honda CD-70	64	18	46	46	-	Company Policy	Mr. Mirza Fareed
Honda CD-70	65	5	60	60	-	Company Policy	Mr. Qamer Ud din
Honda CD-70	60	38	22	22	-	Company Policy	Mr. Imtiyaz Ahmed
Honda CD-70	60	38	22	22	-	Company Policy	Mr. Muhammad Furqan
Honda CD-70	60	38	22	22	-	Company Policy	Mr. Anwar Siddiqui
Honda CD-70	60	38	22	22	-	Company Policy	Mr. Syed Wajid Ali
Honda CD-70	65	13	52	53	1	Company Policy	Mr. Azfar Majeed
Honda CD-70	63	30	33	33	-	Company Policy	Mr. Muhammad Pervaiz
Honda CD-70	64	27	37	37	-	Company Policy	Mr. Junaid Hameed
Honda CD-70	65	17	48	65	17	Company Policy	Mr. Izzat Khan
Honda CD-70	60	34	26	26	-	Company Policy	Mr. Muhammad Saeed
Honda CD-70	65	12	53	54	1	Company Policy	Syed Firasat Ali
Honda CD-70	66	8	58	59	1	Company Policy	Syed Wajid Ali
Honda CD-70	64	15	49	49	-	Company Policy	Ms. Ayesha Iqbal
March 31, 2015	<u>22,876</u>	<u>6,276</u>	<u>16,600</u>	<u>22,057</u>	<u>5,457</u>		
March 31, 2014	<u>61,052</u>	<u>28,512</u>	<u>32,540</u>	<u>33,918</u>	<u>1,378</u>		

41. NUMBER OF EMPLOYEES

Total number of persons employed as at the year end were 205 (2014: 224) and average number of employees during the year were 207 (2014: 224).

42. DIVIDEND AND APPROPRIATIONS

The Board of Directors in their Board meeting held on June 09, 2015 has recommended a final cash dividend of Rs. Nil (2014: Rs. 1.5 per share 15%) for the year ended March 31, 2015. The approval of the members for the proposed final cash dividend will be obtained at the Annual General Meeting of the Company to be held on July 14, 2015. The financial statements for the year ended March 31, 2015 do not include the effect of the final cash dividend which will be accounted for in the financial statements for the year ending March 31, 2016.

43 GENERAL

43.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

43.2 Corresponding figures in the profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity pertain to nine months period ended March 31, 2014 and, hence are not comparable.

43.3 The following figures have been reclassified for the purpose of better presentation:

Selling and distribution expenses	Advertisement and publicity	Business promotion expense	Total
	----- (Rupees in thousands) -----		
2014 - reclassified	7,751	-	7,751
2014	2,590	5,161	7,751

43.4 These financial statements were authorized for issue on June 09 2015 by the Board of Directors of the Company.



Sadaqat Ali
Chief Executive Officer



Yusuf H. Shirazi
Chairman

Categories of Shareholders

As at March 31, 2015

SR #	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Directors Chief Executive Officer and their spouse and minor children	6	6	0.000
2	Associated Companies, Undertaking and Related Parties	1	24,430,352	99.015
3	NIT & ICP	1	319	0.001
4	Bank / Financial Institution	7	10,932	0.044
5	Others Companies	12	6,388	0.026
6	General Pubic / Individuals	596	225,393	0.914
		623	24,673,390	100.000

Categories of Shareholders

As at March 31, 2015

	Number	Shares	Percentage
A) Associated Companies, Undertakings and Related Parties			
Shirazi Investment (Pvt.) Limited	1	24,430,352	99.01
B) NIT & ICP			
Investment Corporation of Pakistan	1	319	0.00
C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN			
DIRECTORS & THEIR SPOUSES			
Mr. Ali H. Shirazi	1	1	0.00
Mr. Yusuf Hussain Shirazi & Khawar Shireen Shirazi	1	1	0.00
Mr. Khaleeq-Ur-Rehman	1	1	0.00
Mr. Bashir Makki	1	1	0.00
Mr. Suhail Ahamed	1	1	0.00
Mr. Frahim Ali Khan	1	1	0.00
	6	6	0.00
EXECUTIVE	-	-	-
D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS			
Banks	6	7,335	0.03
Investment Company	1	3,597	0.01
	7	10,932	0.04
E) OTHER COMPANIES	12	6,388	0.03
F) GENERAL PUBLIC (LOCAL)	596	225,393	0.91
TOTAL	623	24,673,390	100.00
G) SHAREHOLDERS HOLDING 05% OR MORE			
Shirazi Investment (Pvt.) Limited	1	24,430,352	99.01
H) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN	-	-	-

Atlas Group Companies

	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1973
 Atlas Insurance	1980*
 Atlas Engineering	1981*
HONDA Honda Atlas Cars	1992
HONDA Honda Atlas Power Product	1997
 Atlas Asset Management	2002
 Shirazi Capital	2005
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008
 Atlas Autos	2011
 Atlas Hitec	2012
 Atlas Metals	2012

The Secretary
Atlas Engineering Limited
15th Mile, National Highway
Landhi, Karachi-75120

Registered Folio/
Participant's ID No. &
A/c. No.

No. of Shares held

PROXY FORM

I/We _____

of _____ in the district of _____

being member(s) of Atlas Engineering Limited, and a holder of _____

Shares Nos. _____ hereby appoint

Mr./Mrs./Miss _____

of _____ in the district of _____

who is also a member of the Company, as proxy in my absence to attend and to vote for me, and on my behalf at the Annual General Meeting of the Company to be held on July 14, 2015 at 09:00 a.m. at Corporate Office, Federation House, 2nd Floor, Shahrah-e-Firdousi, main Clifton, Karachi and at any adjournment thereof.

As witness my hand this _____ day of _____ 2015.

Signed by the said in the presence of

Address _____

Please affix
Rupees Five
Revenue
Stamp

(Signature should agree with the
specimen signature registered
with the Company)

Notes:

1. The Proxy Form should be deposited in the Registered Office of the Company as soon as possible but not less than 48 hours before the time of holding the meeting, and in default Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he / she is a member of the Company.



The Secretary
Atlas Engineering Limited
15th Mile, National Highway
Landhi, Karachi-75120

AFFIX
POSTAGE

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Fold Here

Atlas Engineering Limited

15th Mile, National Highway, Landhi, Karachi-75120, Pakistan
PABX: 111-111-AEL (235) Fax: 021-35011709
Email: aeilkhi@atlasengineering.com.pk
Website: www.atlasengineering.com.pk

