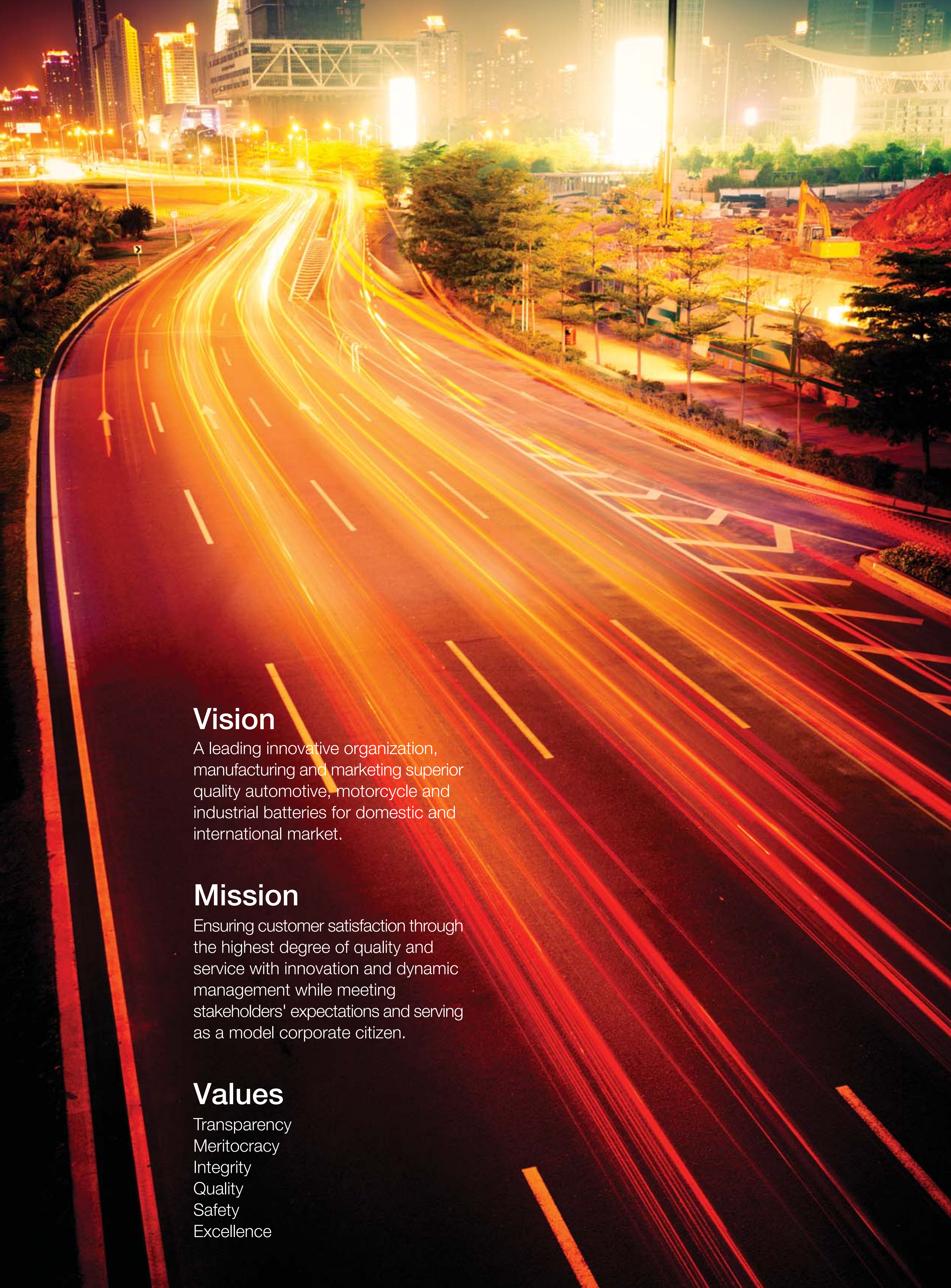
Annual Report 2012


Atlas Battery

Organisation
development
through
self development

Atlas Battery

The Battery behind the best brands
ISO 9001
BUREAU VERITAS Certification
UKAS QUALITY MANAGEMENT
008
AGS
بات ہے کوالٹی کی...
map
28th Corporate Excellence Awards
Management Association of Pakistan
takes pleasure in awarding
Certificate of Excellence
in
Automobiles & Parts Sector
to
Atlas Battery Ltd.
for demonstrating excellence in corporate management
Syed Masood Hashmi
Chairman
Corporate Excellence Awards Sub Committee
Kamal A. Chinoy
President
Management Association of Pakistan
AGS 6FT 120
AGS GR 100
AGS GX 200F
AGS GL 190
AGS CNG 60
AGS GL-50
AGS
Brands of the year Award



## Vision

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

## Mission

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

## Values

Transparency
Meritocracy
Integrity
Quality
Safety
Excellence

# Strategic Objectives

| | |
|---|---|
| **Employees** | To develop, update and enhance our employees' skills, knowledge and creative potential. |
| **Consumer** | Dedicated to provide satisfaction to our consumers and value for their money. |
| **Quality** | To maintain edge over competitors in terms of quality of products and services. |
| **Innovation** | Driven for innovation and continuous improvement. |
| **Shareholders** | To safeguard shareholders' interest through a healthy and viable business, which regularly pays satisfactory dividends and add value to their investment. |
| **Corporate Governance** | Committed to the principles of good Corporate Governance by managing and supervising the Company responsibly with proper internal controls, risk management and efficient and effective operations. |
| **Corporate Success** | To recognize that Leadership, Empowerment and Accountability are essential for corporate success. |

# Quality Policy

To adopt continual improvement for dealers, customers, suppliers, shareholders and employees. We will continue to manufacture AGS batteries by fostering superior technologies and innovations to fulfill our objectives, the needs and expectation of our customers and other requirements of our Quality Management System.

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# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at 9:30 a.m. on Monday, September 24, 2012 at 2nd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, to transact the following business:

**Ordinary Business:**

1. To confirm Minutes of Annual General Meeting held on September 29, 2011.

2. To receive, consider and adopt the Audited Annual Financial Statements of the Company for the year ended June 30, 2012 together with the Directors' and Auditors' Report thereon.

3. To consider and approve the Cash dividend at the rate of 100% (Rs.10/- per share) for the year ended June 30, 2012 as recommended by the Board of Directors.

4. To appoint Auditors and fix their remuneration for the year ending June 30, 2013. The present Auditors M/s. Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

**Special Business:**

5. To consider and approve the bonus shares issue @ 20% (One bonus share for every Five shares held) for the year ended June 30, 2012 as recommended by the Board of Directors.

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

5.1 RESOLVED “that a sum of Rs.24,166,350/- out of Company's profit be capitalized for issuing 2,416,635/- fully paid ordinary shares of Rs.10/- each as bonus shares to be allotted to those shareholders of the Company, whose names shall appear in the register of members at the close of business on September 13, 2012 @ 20% in the proportion of One ordinary share of Rs.10/- each for every Five ordinary shares held by a shareholder. The said shares shall rank pari passu with the existing shares of the Company as regards future dividend and in all other respects.”

5.2 FURTHER RESOLVED “that all the fractional bonus shares shall be combined and the Directors be and are hereby authorized to combine and sell the fractional shares so combined in the stock market and pay the proceeds of sales thereof, when realized, to a charitable institution approved under the Income Tax Ordinance, 2001.”

5.3 FURTHER RESOLVED “that the Directors be and are hereby authorized to give effect to the foregoing resolutions and in this regard to do or cause to be done all acts, deeds and things that may be necessary or required.”

A statement under section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business referred to above is annexed to this Notice of Meeting.

**Other Business:**

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

BY ORDER OF THE BOARD

Company Secretary

Karachi: August 31, 2012

## NOTES:

1. The Share Transfer Books of the Company will remain closed from September 14, 2012 to September 24, 2012 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Hameed Majeed Associates (Private) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi before the close of business on September 13, 2012 will be considered in time for the purpose of entitlement for cash dividend and bonus shares.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.

3. Any individual Beneficial Owner of the Central Depository Company (CDC), entitled to vote at this meeting must bring his / her Computerized National Identity Card (CNIC) or passport (in case of foreigner) along with CDC account number to prove his / her identity and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

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

5. Members are requested to provide by mail or fax, photocopy of their CNIC or passport (in case of foreigner), unless it has been provided earlier, enabling the Company to comply with relevant laws.

## STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984:

This statement is annexed to the Notice of the Annual General Meeting of Atlas Battery Limited to be held on September 24, 2012 at which certain special business is to be transacted. The purpose of this statement is to set forth the material facts concerning such special business.

## ITEM NO. 5 OF THE AGENDA

The Board of Directors has recommended to the members of the Company to declare dividend by way of issue of fully paid bonus shares @ 20% for the year ended June 30, 2012 and thereby capitalize a sum of Rs.24,166,350/-. The Directors have also recommended that all the fractional bonus shares shall be combined and the Directors be authorized to combine and sell the fractional shares so combined in the stock market and pay the proceeds of sales thereof when realized to a charitable institution approved under the Income Tax Ordinance, 2001.

Directors are interested in the business only to the extent of their entitlement of bonus shares as shareholders.

# Company Information


## Board of Directors

Yusuf H. Shirazi
Chairman

Kamal A. Chinoy
Director

Khaleeq-ur-Rahman Khan
Director

Makio Tanaka
Director

Omar Saeed
Director

Talha Saad
Director

Ali H. Shirazi
President / Chief Executive

Rizwan Ahmed
Company Secretary

## Audit Committee

Kamal A. Chinoy
Chairman

Khaleeq-ur-Rahman Khan
Member

Talha Saad
Member

Rizwan Ahmed
Secretary

M. Rizwan Jamil
Head of Internal Audit

## Human Resource and Remuneration Committee

Omar Saeed
Chairman

Ali H. Shirazi
Member

Khaleeq-ur-Rahman Khan
Member

Ahmar Waheed
Secretary

## Management Committee

Ali H. Shirazi
President / Chief Executive

Talha Saad
Managing Director

Ahmad Zafaryab Ali
Chief Financial Officer

Arshad Gulraiz Butt
General Manager Marketing

Muhammad Iqbal
General Manager Supply Chain

Muhammad Jamil Awan
General Manager Quality Assurance

Nehal Asghar
General Manager Plant

Ahmar Waheed
Head of Human Resource

Qasim Imran Khan
Head of Information Technology

## Auditors

Hameed Chaudhri & Co.
Chartered Accountants

## Legal Advisors

Agha Faisal Barrister at Law
Mohsin Tayebaly & Co.

## Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

## Bankers

Allied Bank Limited
Bank Alfalah Limited
Barclays Bank PLC
HSBC Bank Middle East Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Summit Bank Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
United Bank Limited

## Share Registrar

Hameed Majeed Associates (Pvt) Ltd.,
Karachi Chambers,
Hasrat Mohani Road, Karachi
Tel: (021) 32424826 & 32412754
Fax: (021) 32424835
E-mail: shares@hmaconsultants.com.pk

## Registered Office & Factory

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

## Zonal Office Karachi

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

## Sukkur Office

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

## Zonal Office Lahore

Salam Chambers, 21 Link Mcleod Road,
Lahore-54000
Tel: (042) 37227075 & 37354245 Fax: (042) 37352724

## Faisalabad Office

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

## Multan Office

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

## Peshawar Office

1st Floor, Zeenat Plaza, Near General Bus Stand,
G.T. Road, Peshawar
Tel: (091) 2262485

## Rawalpindi Office

312-A, Kashmir Road, R.A. Bazar,
Rawalpindi-65847
Tel: (051) 5567423

## Sahiwal Office

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

## Company Website

www.atlasbattery.com.pk

## Email Address

abl@atlasbattery.com.pk

# Information for Shareholders

## Company's Registered Office

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

## Share Registrar

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

## Listing on Stock Exchanges

Atlas Battery Limited is listed on Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE).

## Listing Fees

The annual listing fee for the financial year 2012-13 has been paid to the two stock exchanges within the prescribed time limit.

## Stock Symbol

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

## Statutory Compliance

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

## Share Transfer System

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

## Dividend Announcement

The Board of Directors of the Company has proposed a Final Cash Dividend of Rs.10/- each (100%) and Bonus Shares @ 20% (One bonus share for every Five shares held) for the year ended June 30, 2012, subject to the approval by the shareholders of the Company at the Annual General Meeting.

Dividend paid for the previous year ended June 30, 2011 was, Cash Dividend of Rs.10/- per share (100%) and Bonus Shares @ 20% (One bonus share for every Five shares held).

## Book Closure Dates

The Register of Members and Share Transfer Books of the Company will remain closed from September 14, 2012 to September 24, 2012 (both days inclusive).

## Dividend Remittance

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

### (i) For shares held in physical form

To shareholders whose names appear in the register of members of the Company after entertaining all requests for transfer of shares lodged with the Company by September 13, 2012.

### (ii) For shares held in electronic form

To shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on September 13, 2012.

## Withholding of Tax & Zakat on Dividend

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company at the rate of 10% wherever applicable.

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

## Dividend Warrants

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

The shareholders are informed that SECP through S.R.O. 779(1)/2011 dated August 18, 2011 has made it mandatory that dividend warrants issued by the issuer should bear Computerized National Identity Card (CNIC) numbers of the registered shareholders, except in the case of minor(s) and corporate shareholders. The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of a foreigner copy of passport, unless it has already been provided.

### Dividend Mandate (Optional)

Transferee of shares may exercise option for dividend mandate by using the revised "Form of Transfer Deed". The revised form of transfer deed will enable the transferees to receive cash dividend directly in their bank accounts, if such transferee provides particulars of its bank account which he / she / it desires to be used for credit of cash dividend. The existing shareholders have the option to seek the dividend mandate by using the standardized "Dividend Mandate Form" if they so desires. Shareholders maintaining shareholding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant / CDC Investor Account Service.

### Annual General Meetings

Pursuant to section 158 of the Companies Ordinance, 1984, Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi and Lahore.

### Proxies

Pursuant to section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his / her proxy to attend and vote on his / her behalf. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy, who ought to be a member of the Company.

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

### Website

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

### Share Price and Volume

The following table shows the monthly high, low and closing share prices of the Company and the volume of shares traded on the Karachi Stock Exchange during the financial year ended June 30, 2012.

| Months | Highest (Rs.) | Lowest (Rs.) | Closing (Rs.) | No. of shares traded |
|---|---|---|---|---|
| Jul-11 | 241.00 | 220.00 | 236.90 | 134,089 |
| Aug-11 | 241.50 | 215.10 | 219.98 | 125,227 |
| Sep-11 | 226.00 | 161.00 | 165.39 | 142,533 |
| Oct-11 | 172.85 | 163.01 | 167.50 | 54,804 |
| Nov-11 | 174.50 | 165.75 | 169.06 | 34,495 |
| Dec-11 | 170.00 | 160.00 | 161.71 | 18,519 |
| Jan-12 | 174.25 | 161.00 | 174.24 | 35,240 |
| Feb-12 | 187.00 | 165.00 | 186.99 | 39,179 |
| Mar-12 | 197.00 | 187.25 | 192.98 | 34,010 |
| Apr-12 | 206.00 | 190.90 | 205.60 | 36,123 |
| May-12 | 210.00 | 200.01 | 207.12 | 55,890 |
| Jun-12 | 210.25 | 201.00 | 201.69 | 33,327 |

# Board of Directors

## Mr. Yusuf H. Shirazi

**Chairman**

Mr. Shirazi is a Law graduate (LLB) with BA (Hons) and JD (Diploma in Journalism) Punjab University and AMP Harvard. He served in the Financial Services of the Central Superior Services of Pakistan for eight years. He is the author of five 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 economy. Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with GS Yuasa International, Honda Motor Company and MAN to name a few. He has been the President of Karachi Chamber of Commerce and Industries for two terms. 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 visiting faculty member of National Defence University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College. Previously, he also served on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space and Upper Atmosphere Research Commission (SUPARCO).

## Mr. Kamal A. Chinoy

**Director**

Mr. Kamal Amir Chinoy is the Chief Executive of Pakistan Cables Limited. He graduated from the Wharton School, University of Pennsylvania, U.S.A. with a B.Sc. in Economics (with a triple major). He serves on the Board of International Industries Limited, International Steels Limited, Pakistan Cables Limited, NBP Fullerton Asset Management Limited and Pakistan Security Printing Corporation. He is also Honorary Consul General of the Republic of Cyprus. Mr. Kamal is a member of the Executive Committee of International Chamber of Commerce (ICC) Pakistan, and President of Management Association of Pakistan. He is on the Board of Governors of Army Burn Hall Institutions. He has also served on the Admissions Committee of Aga Khan University. He served as the Chairman of Aga Khan Foundation for 6 years. He is a “Certified Director” having been certified by the Pakistan Institute of Corporate Governance. He is amongst the first 25 directors in Pakistan to be certified.

## Mr. Khaleeq-ur-Rahman Khan

**Director**

Mr. Khaleeq-ur-Rahman Khan is the Chief Executive of Shirazi Trading Company (Pvt) Ltd. and has been associated with Atlas Group since 1970. Prior to serving Shirazi Trading Company, he worked as Chief Executive of Atlas Lease Limited till 2002. 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 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.

## Mr. Makio Tanaka
**Director**

Mr. Makio Tanaka had been incharge of the Production Engineering Division of GS Yuasa Manufacturing before being appointed to Pakistan as Technical Advisor in July 2009. He has expertise in developing battery production system, quality improvement of the battery for Automobile, Motorcycle and VRLA (portable and UPS). He has experience of working at other GS Yuasa Group Companies in China, Taiwan and Indonesia.

## Mr. Omar Saeed
**Director**

Mr. Omar Saeed is the Chief Executive of Service Industries Limited, a leading manufacturing company listed on KSE. He is also the founder and Chairman of Ovex Technologies and sits on the Boards of System Limited, Cinepax Limited and Mantaq Systems. He is also a member of the National Policy Platform formed by the Competitiveness Support Fund. He teaches Entrepreneurship at LUMS where he is an adjunct faculty member. Mr. Omar got his BA from Brown University and MBA from Harvard Business School, and currently serves as the President of the Harvard Business School Club of Pakistan.

## Mr. Talha Saad
**Director**

Mr. Talha Saad has the dual honor of holding a bachelors degree in mechanical engineering from Peshawar University and MBA from IBA, Karachi. He also attended a 'Management and Development' course from Harvard University. He has been with the Atlas Group of Companies for the last 31 years. Prior to Joining Atlas Battery, he was associated with Atlas Honda Limited as General Manager Supply Chain.

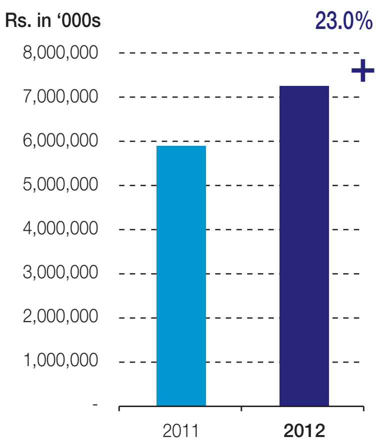
## Mr. Ali H. Shirazi
**President / Chief Executive**

Mr. Ali H. Shirazi graduated in Political Science from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is an Atlas Group Director, and is responsible for Group's financial services. He is 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) and Techlogix International Limited.

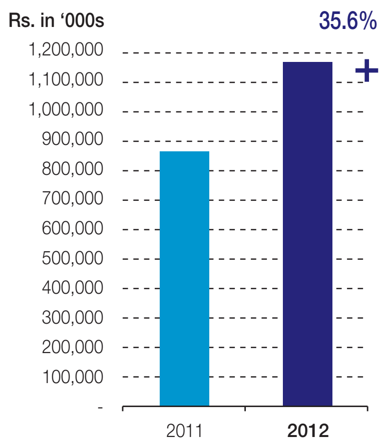
# Financial Highlights

| | -------Rupees in '000------- | | |
|---|---|---|---|
| | 2012 | 2011 | % |
| Sales | 7,217,116 | 5,868,260 | 23.0% + |
| Gross Profit | 1,167,682 | 860,839 | 35.6% + |
| Operating Profit | 759,545 | 562,616 | 35.0% + |
| Profit before Tax | 689,649 | 525,101 | 31.3% + |
| Profit after Tax | 486,014 | 354,502 | 37.1% + |
| Earnings Per Share - Basic & Diluted (Rupees) | 40.22 | 29.34 | 37.1% + |
| Shareholders' Equity | 1,340,066 | 954,745 | 40.4% + |
| Property, Plant & Equipment - Net of Revaluation Reserve | 954,073 | 732,846 | 30.2% + |

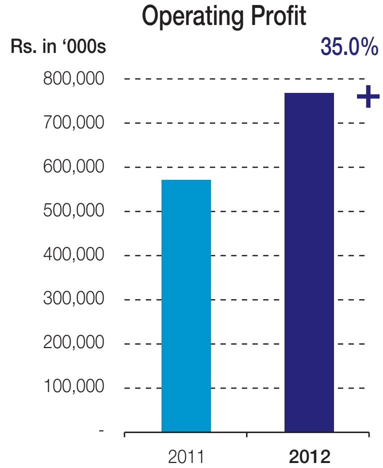
Sales Revenue



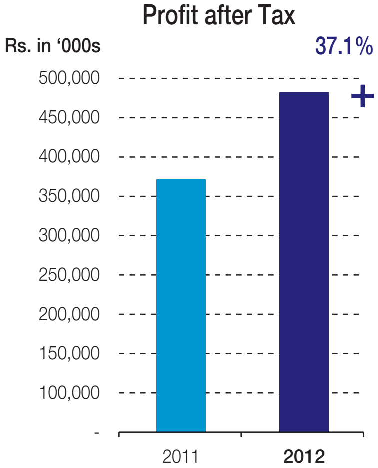

Gross Profit



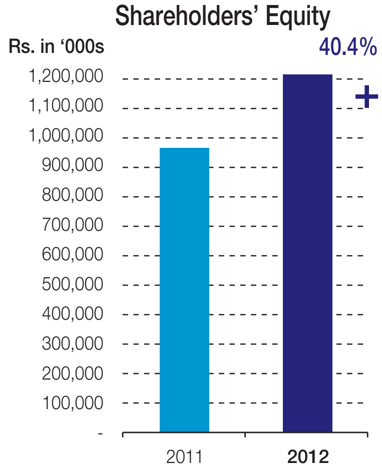

Operating Profit



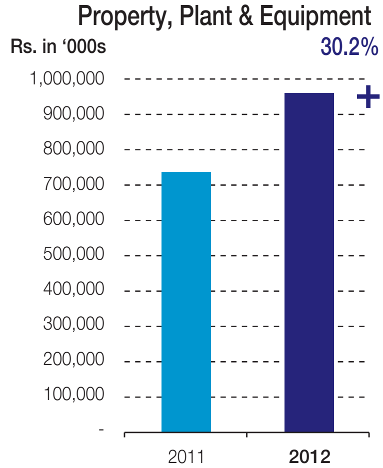

Profit after Tax




Shareholders' Equity




Property, Plant & Equipment



# Statement of Value Addition
## Year Ended June 30, 2012

| | (Rupees in '000) 2012 Amount | 2012 % age | 2011 Amount | 2011 % age |
|---|---|---|---|---|
| **Wealth Generated:** | | | | |
| Sales including Sales Tax & SED | 8,419,489 | 99.6 | 7,000,531 | 99.8 |
| Other Operating Income | 37,035 | 0.4 | 12,265 | 0.2 |
| | 8,456,524 | 100.0 | 7,012,796 | 100.0 |
| **Wealth distributed:** | | | | |
| Cost of Material & Services | 5,905,839 | 69.8 | 4,816,585 | 68.6 |
| **To Employees** | | | | |
| Salaries & other related costs | 420,148 | 5.0 | 364,713 | 5.2 |
| **To Government** | | | | |
| Taxes | 1,421,529 | 16.8 | 1,323,275 | 18.9 |
| Workers' Profit Participation Fund | 37,049 | 0.4 | 28,189 | 0.4 |
| Workers' Welfare Fund | 14,289 | 0.2 | 10,502 | 0.1 |
| | 1,472,867 | 17.4 | 1,361,966 | 19.4 |
| **To Providers of Capital** | | | | |
| Dividend to Shareholders | 100,693 | 1.2 | 83,911 | 1.2 |
| Finance Cost | 69,896 | 0.8 | 37,515 | 0.5 |
| | 170,589 | 2.0 | 121,426 | 1.7 |
| **To Society** | | | | |
| Donation | 5,251 | 0.1 | 3,413 | 0.1 |
| **Retained in the Business** | | | | |
| For replacement of Fixed Assets: | | | | |
| Depreciation & Amortization | 96,509 | 1.1 | 74,102 | 1.1 |
| To provide for Growth: Retained Profit | 385,321 | 4.6 | 270,591 | 3.9 |
| | 481,830 | 5.7 | 344,693 | 5.0 |
| | 8,456,524 | 100.0 | 7,012,796 | 100.0 |

**June 30, 2012**

- Cost of Materials & Services (69.8%)
- To Employees (5%)
- To Government (17.4%)
- To Providers of Capital (2%)
- To Society (0.1%)
- Depreciation & Amortization (1.1%)
- Retained Profit (4.6%)

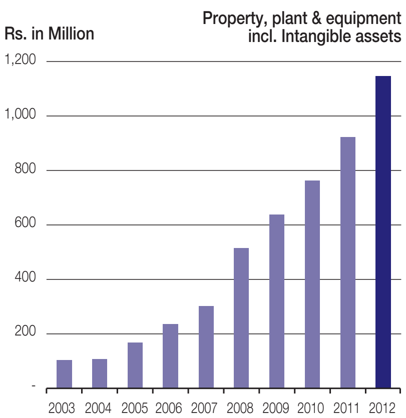
**June 30, 2011**

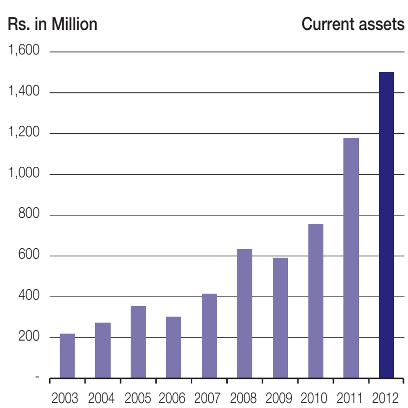
- Cost of Materials & Services (68.6%)
- To Employees (5.2%)
- To Government (19.4%)
- To Providers of Capital (1.7%)
- To Society (0.1%)
- Depreciation & Amortization (1.1%)
- Retained Profit (3.9%)

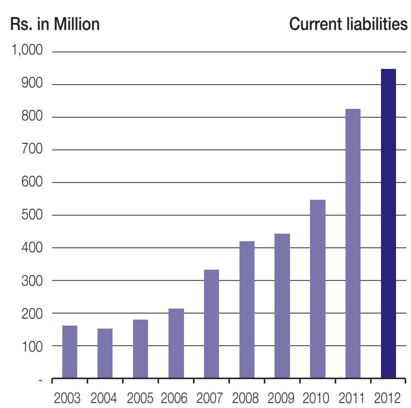
# Ten Years Growth at a Glance

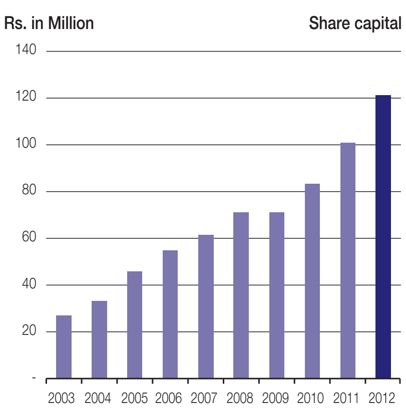
(Rupees in million)

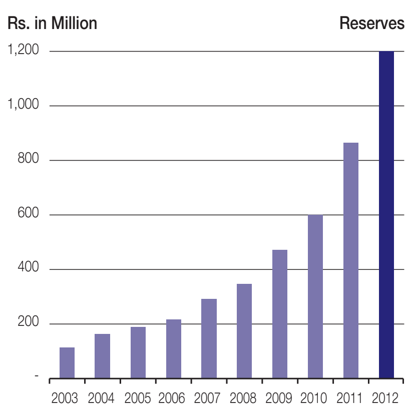
| YEARS | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Condensed Balance Sheet** | | | | | | | | | | |
| **Assets** | | | | | | | | | | |
| **Non Current Assets** | | | | | | | | | | |
| Property, plant & equipment incl. intangible assets | 1,127.9 | 906.6 | 756.3 | 635.3 | 517.9 | 311.0 | 239.7 | 151.5 | 94.0 | 84.4 |
| Other non current assets | 6.8 | 0.5 | 0.5 | 2.4 | 4.0 | 4.0 | 4.0 | 2.6 | 0.5 | 5.1 |
| Long term loan | 0.7 | 0.6 | 0.3 | - | - | - | - | - | - | - |
| **Current Assets** | | | | | | | | | | |
| Inventory | 855.1 | 747.9 | 554.0 | 448.7 | 423.6 | 316.9 | 226.7 | 218.2 | 108.7 | 134.8 |
| Investments & bank balances | 484.5 | 298.8 | 56.1 | 35.0 | 49.3 | 37.8 | 30.6 | 72.5 | 98.5 | 16.6 |
| Trade debtors | 112.4 | 89.6 | 100.4 | 88.5 | 77.4 | 51.8 | 45.9 | 39.5 | 39.7 | 40.0 |
| Other current assets | 44.3 | 36.6 | 46.3 | 16.4 | 78.0 | 7.2 | 9.9 | 11.7 | 17.8 | 17.9 |
| | 1,496.3 | 1,172.9 | 756.8 | 588.6 | 628.3 | 413.7 | 313.1 | 341.9 | 264.7 | 209.3 |
| **Total Assets** | 2,631.7 | 2,080.6 | 1,513.9 | 1,226.3 | 1,150.2 | 728.7 | 556.8 | 496.0 | 359.2 | 298.8 |
| **Equity & Liabilities** | | | | | | | | | | |
| Share capital | 120.8 | 100.7 | 83.9 | 69.9 | 69.9 | 60.8 | 52.9 | 46.0 | 32.9 | 28.6 |
| Reserves | 1,219.3 | 854.0 | 600.2 | 461.6 | 336.4 | 275.2 | 211.5 | 188.5 | 160.8 | 101.3 |
| Surplus on revaluation of fixed assets | 173.8 | 173.8 | 173.8 | 173.8 | 173.8 | - | - | - | - | - |
| Deferred liabilities | 179.3 | 138.4 | 111.3 | 85.6 | 61.8 | 62.9 | 50.5 | 30.9 | 15.7 | 6.9 |
| Long Term loans | - | - | - | - | - | - | 40.0 | 60.0 | - | - |
| **Current Liabilities** | | | | | | | | | | |
| Creditors & provisions | 515.5 | 373.8 | 368.9 | 329.3 | 185.3 | 156.2 | 93.3 | 78.2 | 82.6 | 86.6 |
| Short term borrowings | 415.2 | 434.7 | 174.6 | 103.6 | 313.0 | 171.2 | 91.0 | 74.3 | 34.7 | 41.0 |
| Current portion of long term loans | - | - | - | - | - | - | 16.0 | 16.0 | - | - |
| Other current liabilities | 7.8 | 5.2 | 1.2 | 2.5 | 10.0 | 2.4 | 1.6 | 2.1 | 32.5 | 34.4 |
| | 938.5 | 813.7 | 544.7 | 435.4 | 508.3 | 329.8 | 201.9 | 170.6 | 149.8 | 162.0 |
| **Total Equity & Liabilities** | 2,631.7 | 2,080.6 | 1,513.9 | 1,226.3 | 1,150.2 | 728.7 | 556.8 | 496.0 | 359.2 | 298.8 |

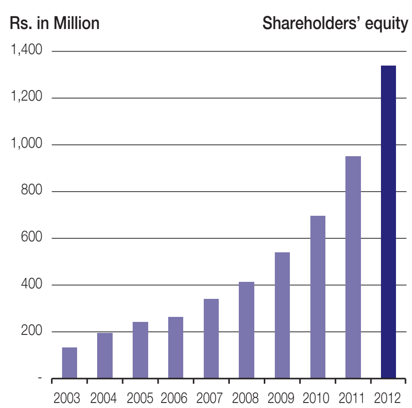


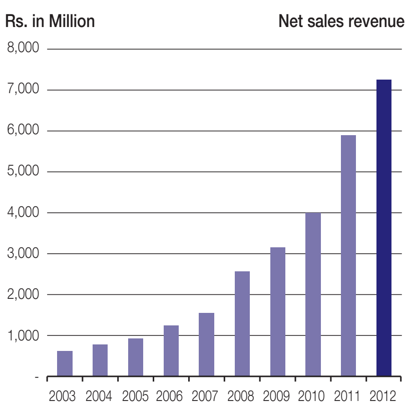



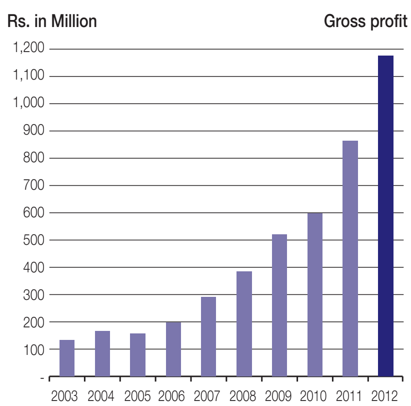



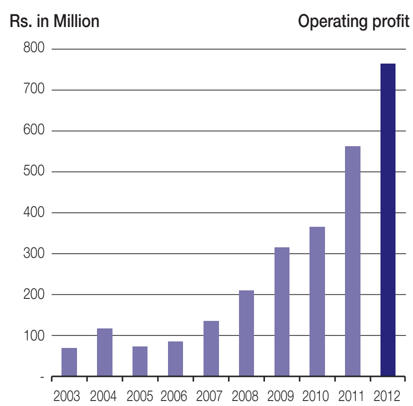
# Ten Years Growth at a Glance

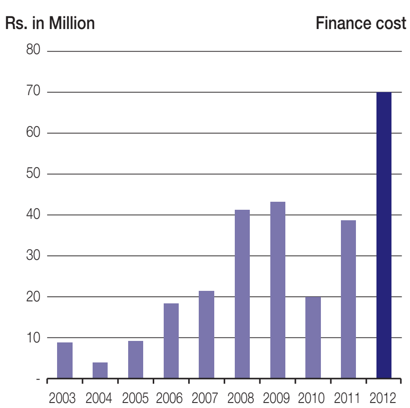
(Rupees in million)

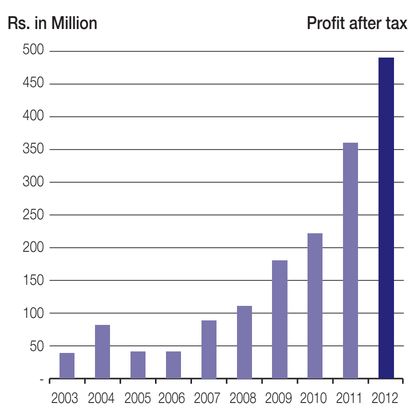
| YEARS | | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Condensed Profit & Loss Account** | | | | | | | | | | | |
| Sales | | 7,217.1 | 5,868.3 | 4,024.4 | 3,156.8 | 2,628.8 | 1,585.6 | 1,209.0 | 949.8 | 770.1 | 617.1 |
| Cost of sales | | (6,049.4) | (5,007.5) | (3,433.2) | (2,626.7) | (2,241.9) | (1,294.0) | (1,020.0) | (792.2) | (596.6) | (475.9) |
| Gross profit | | 1,167.7 | 860.8 | 591.2 | 530.1 | 386.9 | 291.6 | 189.0 | 157.6 | 173.5 | 141.2 |
| Operating expenses (net of other income) | | (408.2) | (298.2) | (230.1) | (213.7) | (181.2) | (147.3) | (104.9) | (94.4) | (51.7) | (75.6) |
| Operating profit | | 759.5 | 562.6 | 361.1 | 316.4 | 205.7 | 144.3 | 84.1 | 63.2 | 121.8 | 65.6 |
| Finance cost | | (69.9) | (37.5) | (19.8) | (43.5) | (41.6) | (22.0) | (17.9) | (9.2) | (4.1) | (8.4) |
| Profit before tax | | 689.6 | 525.1 | 341.3 | 272.9 | 164.1 | 122.3 | 66.2 | 54.0 | 117.7 | 57.2 |
| Taxation | | (203.6) | (170.6) | (118.8) | (95.2) | (57.3) | (34.8) | (24.9) | (13.2) | (34.2) | (18.0) |
| Profit after tax | | 486.0 | 354.5 | 222.5 | 177.7 | 106.8 | 87.5 | 41.3 | 40.8 | 83.5 | 39.2 |
| **Profitability Ratios** | | | | | | | | | | | |
| Gross profit | (%) | 16.2 | 14.7 | 14.7 | 16.8 | 14.7 | 18.4 | 15.6 | 16.6 | 22.5 | 22.9 |
| Profit before tax | (%) | 9.6 | 8.9 | 8.5 | 8.6 | 6.2 | 7.7 | 5.5 | 5.7 | 15.3 | 9.3 |
| Profit after tax | (%) | 6.7 | 6.0 | 5.5 | 5.6 | 4.1 | 5.5 | 3.4 | 4.3 | 10.8 | 6.4 |
| Return on capital employed | (%) | 44.9 | 44.4 | 37.3 | 40.0 | 32.0 | 36.2 | 23.7 | 19.4 | 58.2 | 48.0 |
| Interest coverage ratio | (Times) | 10.9 | 15.0 | 18.2 | 7.3 | 4.9 | 6.6 | 4.7 | 6.9 | 29.7 | 7.8 |
| Earnings before interest, tax, depreciation & amortization (EBITDA) | (Rs. in million) | 856.0 | 636.7 | 415.3 | 359.5 | 241.4 | 178.2 | 109.4 | 81.3 | 134.6 | 77.9 |
| EBITDA Margin | (%) | 11.9 | 10.8 | 10.3 | 11.4 | 9.2 | 11.2 | 9.0 | 8.6 | 17.5 | 12.6 |

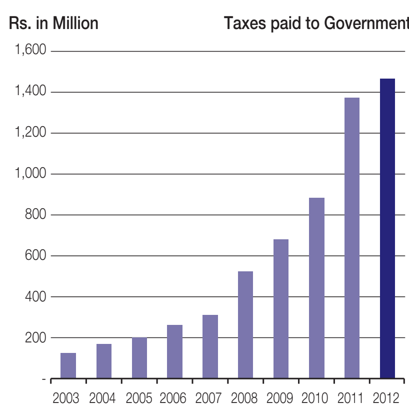


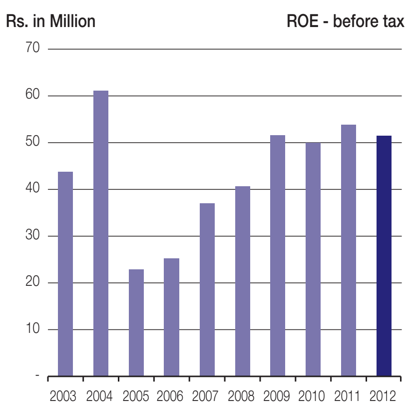



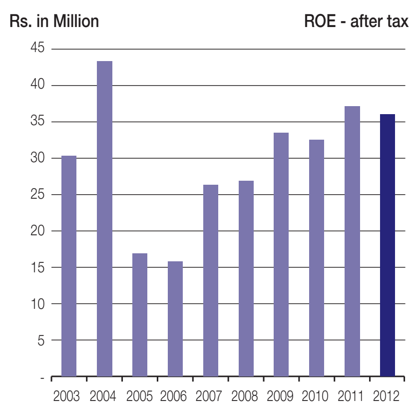



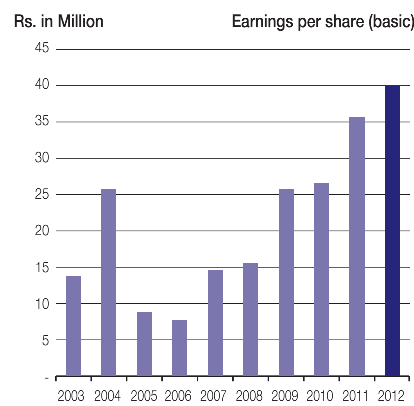



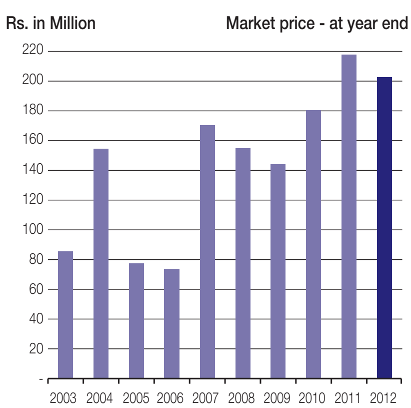
# Ten Years Growth at a Glance

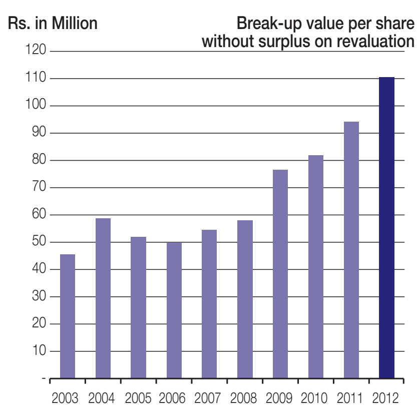
| YEARS | | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Return to Shareholders** | | | | | | | | | | | |
| Return on equity - before tax | (%) | 51.5 | 55.0 | 49.9 | 51.3 | 40.4 | 36.4 | 25.0 | 23.0 | 60.8 | 44.0 |
| Return on equity - after tax | (%) | 36.3 | 37.1 | 32.5 | 33.4 | 26.3 | 26.0 | 15.6 | 17.4 | 43.1 | 30.2 |
| Earnings per share (basic) | (Rs.) | 40.22 | 35.21 | 26.52 | 25.42 | 15.28 | 14.39 | 7.81 | 8.87 | 25.38 | 13.71 |
| Earnings per share (diluted) | (Rs.) | 40.22 | 29.34 | 22.10 | 21.18 | 15.28 | 12.52 | 6.79 | 7.71 | 18.15 | 11.91 |
| Price earning ratio | (Times) | 5.0 | 6.2 | 6.8 | 5.7 | 10.1 | 11.7 | 9.5 | 8.7 | 6.1 | 6.3 |
| Market price - at year end | (Rs.) | 201.7 | 217.0 | 181.0 | 144.0 | 154.9 | 167.8 | 73.9 | 77.0 | 154.0 | 86.0 |
| Market price - during the period | (High - Rs.) | 241.5 | 235.9 | 237.0 | 150.0 | 213.0 | 187.4 | 90.5 | 115.0 | 205.0 | 140.0 |
| Market price - during the period | (Low - Rs.) | 160.0 | 131.0 | 138.0 | 63.6 | 129.9 | 68.2 | 61.7 | 62.0 | 96.0 | 25.3 |
| Break-up value per share without surplus on revaluation | (Rs.) | 110.9 | 94.8 | 81.5 | 76.0 | 58.1 | 55.3 | 50.0 | 51.0 | 58.9 | 45.4 |
| Break-up value per share with surplus on revaluation | (Rs.) | 125.3 | 112.1 | 102.3 | 100.9 | 83.0 | 55.3 | 50.0 | 51.0 | 58.9 | 45.4 |
| **Dividend** | | | | | | | | | | | |
| Cash dividend | (%) | 100 | 100 | 100 | 100 | 75 | 60 | 30 | 25 | 60 | 60 |
| Stock dividend | (%) | 20 | 20 | 20 | 20 | - | 15 | 15 | 15 | 40 | 15 |
| Dividend yield | (%) | 5.9 | 5.5 | 6.6 | 8.3 | 4.8 | 4.5 | 6.1 | 5.2 | 6.5 | 8.7 |
| Dividend cover | (Times) | 3.4 | 2.9 | 2.2 | 2.1 | 2.0 | 1.9 | 1.7 | 2.2 | 2.5 | 1.8 |
| Dividend pay out | (%) | 29.8 | 34.1 | 45.2 | 47.2 | 49.1 | 52.1 | 57.6 | 45.1 | 39.4 | 54.7 |
| Plough back ratio | (%) | 70.2 | 65.9 | 54.8 | 52.8 | 50.9 | 47.9 | 42.4 | 54.9 | 60.6 | 45.3 |
| Dividend yield (Cash) | (%) | 5.0 | 4.6 | 5.5 | 6.9 | 4.8 | 3.6 | 4.1 | 3.2 | 3.9 | 7.0 |
| Dividend cover (Cash) | (Times) | 4.0 | 3.5 | 2.7 | 2.5 | 2.0 | 2.4 | 2.6 | 3.5 | 4.2 | 2.3 |
| Dividend pay out (Cash) | (%) | 24.9 | 28.4 | 37.7 | 39.3 | 49.1 | 41.7 | 38.4 | 28.2 | 23.6 | 43.8 |
| Plough back ratio (Cash) | (%) | 75.1 | 71.6 | 62.3 | 60.7 | 50.9 | 58.3 | 61.6 | 71.8 | 76.4 | 56.2 |

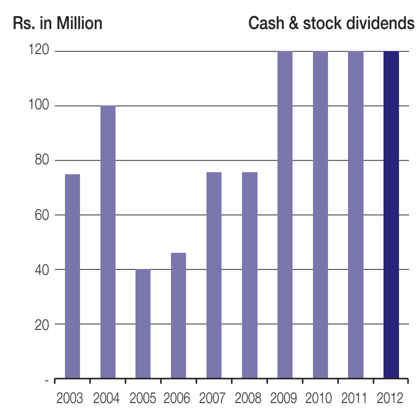


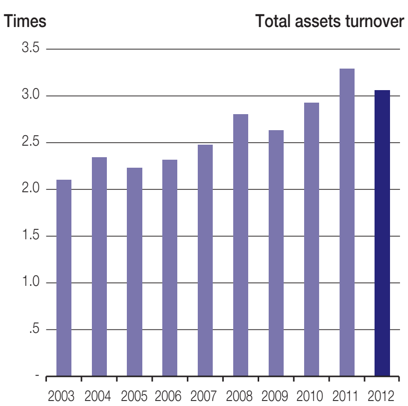



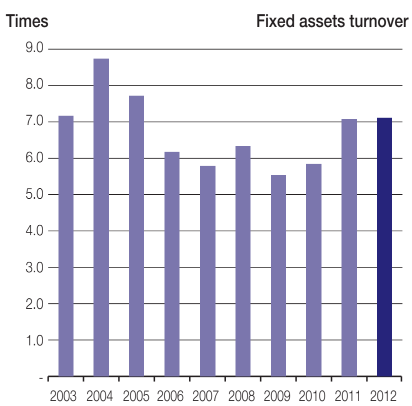



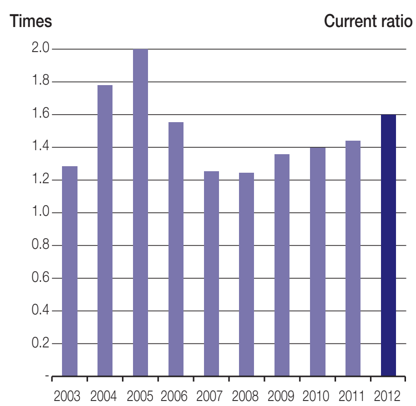



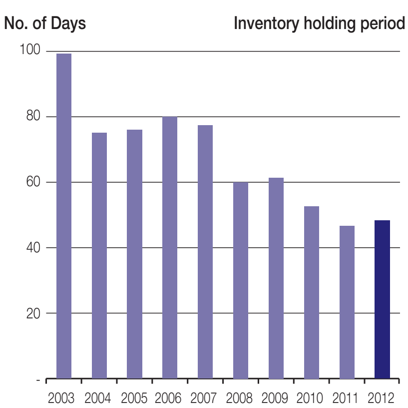
# Ten Years Growth at a Glance

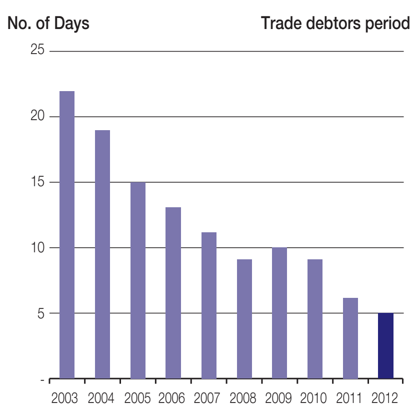
| YEARS | | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Asset Utilization** | | | | | | | | | | | |
| Total assets turnover | (Times) | 3.1 | 3.3 | 2.9 | 2.7 | 2.8 | 2.5 | 2.3 | 2.2 | 2.3 | 2.1 |
| Fixed assets turnover | (Times) | 7.1 | 7.1 | 5.8 | 5.5 | 6.3 | 5.8 | 6.2 | 7.7 | 8.6 | 7.1 |
| Inventory turnover | (Times) | 7.5 | 7.7 | 6.8 | 6.0 | 6.1 | 4.8 | 4.6 | 4.8 | 4.9 | 3.7 |
| Trade debts turnover | (Times) | 71.5 | 61.8 | 42.6 | 38.1 | 40.7 | 32.5 | 28.3 | 24.0 | 19.3 | 16.9 |
| Trade creditors turnover | (Times) | 13.6 | 13.5 | 9.8 | 10.2 | 13.1 | 10.4 | 11.9 | 9.9 | 7.1 | 6.1 |
| Capital employeed turnover | (Times) | 4.9 | 5.2 | 4.6 | 4.4 | 5.1 | 4.2 | 3.6 | 3.6 | 4.4 | 4.6 |
| **Operating Cycle** | | | | | | | | | | | |
| Inventory holding period | (No. of Days) | 48 | 47 | 53 | 61 | 60 | 77 | 80 | 75 | 74 | 99 |
| Trade debts collection period | (No. of Days) | 5 | 6 | 9 | 10 | 9 | 11 | 13 | 15 | 19 | 22 |
| Trade creditors payment period | (No. of Days) | (27) | (27) | (37) | (36) | (28) | (35) | (31) | (37) | (52) | (60) |
| Operating cycle | (No. of Days) | 26 | 26 | 25 | 35 | 41 | 53 | 62 | 53 | 41 | 61 |
| **Liquidity / Leverage** | | | | | | | | | | | |
| Current ratio | (Times) | 1.6 | 1.4 | 1.4 | 1.4 | 1.2 | 1.3 | 1.6 | 2.0 | 1.8 | 1.3 |
| Quick ratio | (Times) | 0.7 | 0.5 | 0.4 | 0.3 | 0.4 | 0.3 | 0.4 | 0.7 | 1.0 | 0.5 |
| Cash to current liabilities | (Times) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.1 |
| Cash flow from operations to sales | (%) | 8.4 | 4.8 | 4.7 | 12.9 | (1.0) | 6.5 | 6.4 | 5.3 | 12.1 | 11.3 |
| Financial leverage ratio | (Times) | 0.3 | 0.5 | 0.3 | 0.2 | 0.8 | 0.5 | 0.6 | 0.6 | 0.2 | 0.3 |
| Long term debts to equity | (Times) | - | - | - | - | - | - | 0.2 | 0.3 | - | - |
| Total liabilities to equity | (Times) | 0.8 | 1.0 | 1.0 | 1.0 | 1.4 | 1.2 | 1.1 | 1.1 | 0.9 | 1.3 |

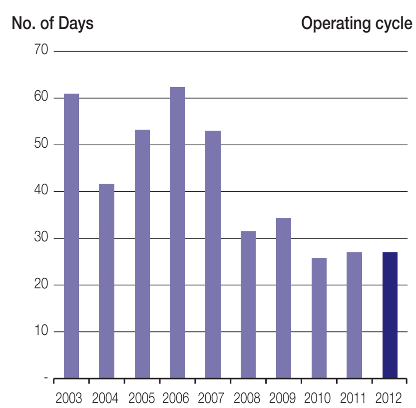


# Analysis of Financial Statements
# Balance Sheet

(Rupees in '000)

| PARTICULARS | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| **Non Current Assets** | | | | | | |
| Property, plant and equipment incl. intangible assets | 1,127,859 | 906,632 | 756,339 | 635,294 | 517,862 | 310,995 |
| Long term deposits | 6,832 | 517 | 517 | 2,439 | 4,012 | 4,012 |
| Long term loans | 719 | 605 | 270 | - | - | - |
| Total non current assets | 1,135,410 | 907,754 | 757,126 | 637,733 | 521,874 | 315,007 |
| **Current Assets** | | | | | | |
| Stores, spares and loose tools | 43,594 | 30,933 | 22,413 | 14,122 | 12,968 | 10,730 |
| Stock-in-trade | 811,490 | 717,004 | 531,597 | 434,594 | 410,672 | 306,171 |
| Trade debts | 112,423 | 89,625 | 100,396 | 88,521 | 77,387 | 51,834 |
| Loans and advances | 2,682 | 2,884 | 2,350 | 2,381 | 1,475 | 2,622 |
| Deposits and prepayments | 5,138 | 4,847 | 5,928 | 7,025 | 74,191 | 2,826 |
| Investments | 436,291 | 204,863 | 26,224 | 6,132 | - | 278 |
| Accrued mark-up | - | - | 195 | 14 | 175 | 175 |
| Other receivables | 7,023 | 2,317 | - | 1,952 | 2,240 | 26 |
| Sales tax - net | - | - | 31,050 | 5,065 | - | - |
| Taxation - net | 29,481 | 26,488 | 6,792 | - | - | 1,532 |
| Cash and bank balances | 48,191 | 93,952 | 29,869 | 28,892 | 49,274 | 37,501 |
| Total current assets | 1,496,313 | 1,172,913 | 756,814 | 588,698 | 628,382 | 413,695 |
| **Total Assets** | 2,631,723 | 2,080,667 | 1,513,940 | 1,226,431 | 1,150,256 | 728,702 |
| **Equity and Liabilities** | | | | | | |
| **Share Capital and Reserves** | | | | | | |
| Share capital | 120,832 | 100,693 | 83,911 | 69,926 | 69,926 | 60,805 |
| Reserves | 727,500 | 497,500 | 375,500 | 282,500 | 228,500 | 186,500 |
| Unappropriated profit | 491,734 | 356,552 | 224,743 | 179,120 | 107,886 | 88,693 |
| | 1,340,066 | 954,745 | 684,154 | 531,546 | 406,312 | 335,998 |
| Surplus on revaluation of property, plant & equipment | 173,786 | 173,786 | 173,786 | 173,786 | 173,786 | - |
| **Non Current Liabilities** | | | | | | |
| Deferred liabilities | 179,325 | 138,411 | 111,246 | 85,627 | 61,823 | 62,881 |
| **Current Liabilities** | | | | | | |
| Trade and other payables | 494,461 | 356,874 | 364,955 | 326,767 | 170,551 | 155,931 |
| Sales tax payable - net | 21,066 | 3,908 | - | - | 14,716 | 223 |
| Special exise duty payable - net | - | 13,023 | 3,956 | 2,559 | - | - |
| Accrued mark-up | 7,810 | 5,222 | 1,245 | 1,603 | 7,057 | 2,469 |
| Short term borrowings - secured | 415,209 | 434,698 | 174,598 | 103,616 | 313,002 | 171,200 |
| Provision for taxation - net | - | - | - | 927 | 3,009 | - |
| Total current liabilities | 938,546 | 813,725 | 544,754 | 435,472 | 508,335 | 329,823 |
| **Total Equity and Liabilities** | 2,631,723 | 2,080,667 | 1,513,940 | 1,226,431 | 1,150,256 | 728,702 |

# Analysis of Financial Statements
# Balance Sheet

| PARTICULARS | Vertical Analysis 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | Horizontal Analysis 2012/ 2011 | 2011/ 2010 | 2010/ 2009 | 2009/ 2008 | 2008/ 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ------------------------ Percentage ----------------------- | | | | | | ---------------- Percentage --------------- | | | | |
| **Non Current Assets** | | | | | | | | | | | |
| Property, plant and equipment incl. intangible assets | 42.9 | 43.6 | 50.0 | 51.8 | 45.0 | 42.7 | 24.4 | 19.9 | 19.1 | 22.7 | 66.5 |
| Long term deposits | 0.3 | - | - | 0.2 | 0.3 | 0.6 | 1,221.5 | - | (78.8) | (39.2) | - |
| Long term loans | - | - | - | - | - | - | 18.8 | 124.1 | 100.0 | - | - |
| Total non current assets | 43.2 | 43.6 | 50.0 | 52.0 | 45.3 | 43.3 | 25.1 | 19.9 | 18.7 | 22.2 | 65.7 |
| **Current Assets** | | | | | | | | | | | |
| Stores, spares and loose tools | 1.7 | 1.5 | 1.5 | 1.2 | 1.1 | 1.5 | 40.9 | 38.0 | 58.7 | 8.9 | 20.9 |
| Stock-in-trade | 30.8 | 34.5 | 35.1 | 35.4 | 35.7 | 42.0 | 13.2 | 34.9 | 22.3 | 5.8 | 34.1 |
| Trade debts | 4.3 | 4.3 | 6.6 | 7.2 | 6.7 | 7.1 | 25.4 | (10.7) | 13.4 | 14.4 | 49.3 |
| Loans and advances | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | 0.4 | (7.0) | 22.7 | (1.3) | 61.4 | (43.7) |
| Deposits and prepayments | 0.2 | 0.2 | 0.4 | 0.6 | 6.4 | 0.4 | 6.0 | (18.2) | (15.6) | (90.5) | 2,525.3 |
| Investments | 16.6 | 9.8 | 1.7 | 0.5 | - | - | 113.0 | 681.2 | 327.7 | 100.0 | (100.0) |
| Accrued mark-up | - | - | - | - | - | - | - | (100.0) | 1,292.9 | (92.0) | - |
| Other receivables | 0.3 | 0.1 | - | 0.2 | 0.2 | - | 203.1 | 100.0 | (100.0) | (12.9) | 8,515.4 |
| Sales tax - net | - | - | 2.1 | 0.4 | - | - | - | (100.0) | 513.0 | 100.0 | - |
| Taxation - net | 1.1 | 1.3 | 0.4 | - | - | 0.2 | 11.3 | 290.0 | 100.0 | - | (100.0) |
| Cash and bank balances | 1.7 | 4.6 | 2.0 | 2.3 | 4.5 | 5.1 | (48.7) | 214.5 | 3.4 | (41.4) | 31.4 |
| Total current assets | 56.8 | 56.4 | 50.0 | 48.0 | 54.7 | 56.7 | 27.6 | 55.0 | 28.6 | (6.3) | 51.9 |
| **Total Assets** | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 26.5 | 37.4 | 23.4 | 6.6 | 57.8 |
| **Equity and Liabilities** | | | | | | | | | | | |
| **Share Capital and Reserves** | | | | | | | | | | | |
| Share capital | 4.6 | 4.8 | 5.5 | 5.7 | 6.1 | 8.3 | 20.0 | 20.0 | 20.0 | - | 15.0 |
| Reserves | 27.6 | 23.9 | 24.8 | 23.0 | 19.9 | 25.6 | 46.2 | 32.5 | 32.9 | 23.6 | 22.5 |
| Unappropriated profit | 18.7 | 17.1 | 14.8 | 14.6 | 9.4 | 12.2 | 37.9 | 58.6 | 25.5 | 66.0 | 21.6 |
| | 50.9 | 45.8 | 45.1 | 43.3 | 35.4 | 46.1 | 40.4 | 39.6 | 28.7 | 30.8 | 20.9 |
| Surplus on revaluation of property, plant & equipment | 6.6 | 8.4 | 11.5 | 14.2 | 15.1 | - | - | - | - | - | 100.0 |
| **Non Current Liabilities** | | | | | | | | | | | |
| Deferred liabilities | 6.8 | 6.7 | 7.3 | 7.0 | 5.4 | 8.6 | 29.6 | 24.4 | 29.9 | 38.5 | (1.7) |
| **Current Liabilities** | | | | | | | | | | | |
| Trade and other payables | 18.8 | 17.1 | 24.2 | 26.7 | 14.7 | 21.5 | 38.6 | (2.2) | 11.7 | 91.6 | 9.4 |
| Sales tax payable - net | 0.8 | 0.2 | - | - | 1.3 | - | 439.0 | 100.0 | - | (100.0) | 6,499.1 |
| Special exise duty payable - net | - | 0.6 | 0.3 | 0.2 | - | - | (100.0) | 229.2 | 54.6 | 100.0 | - |
| Accrued mark-up | 0.3 | 0.3 | 0.1 | 0.1 | 0.6 | 0.3 | 49.6 | 319.4 | (22.3) | (77.3) | 185.8 |
| Short term borrowings - secured | 15.8 | 20.9 | 11.5 | 8.4 | 27.2 | 23.5 | (4.5) | 149.0 | 68.5 | (66.9) | 82.8 |
| Provision for taxation - net | - | - | - | 0.1 | 0.3 | - | - | - | (100.0) | (69.2) | 100.0 |
| Total current liabilities | 35.7 | 39.1 | 36.1 | 35.5 | 44.1 | 45.3 | 15.3 | 49.4 | 25.1 | (14.3) | 54.1 |
| **Total Equity and Liabilities** | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 26.5 | 37.4 | 23.4 | 6.6 | 57.8 |

# Analysis of Financial Statements
# Profit and Loss Account

(Rupees in '000)

| PARTICULARS | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| Sales | 7,217,116 | 5,868,260 | 4,024,422 | 3,156,807 | 2,628,820 | 1,585,648 |
| Cost of sales | (6,049,434) | (5,007,421) | (3,433,222) | (2,626,740) | (2,241,937) | (1,294,026) |
| Gross profit | 1,167,682 | 860,839 | 591,200 | 530,067 | 386,883 | 291,622 |
| Distribution cost | (186,367) | (165,053) | (128,861) | (124,359) | (114,957) | (96,481) |
| Administrative expenses | (151,495) | (99,679) | (80,548) | (70,549) | (55,957) | (42,661) |
| Other operating income | 37,035 | 12,265 | 5,258 | 2,149 | 1,929 | 1,296 |
| Other operating expenses | (107,310) | (45,756) | (25,903) | (20,891) | (12,231) | (9,477) |
| Profit from operations | 759,545 | 562,616 | 361,146 | 316,417 | 205,667 | 144,299 |
| Finance cost | (69,896) | (37,515) | (19,857) | (43,537) | (41,536) | (22,042) |
| Profit before tax | 689,649 | 525,101 | 341,289 | 272,880 | 164,131 | 122,257 |
| Taxation | (203,635) | (170,599) | (118,755) | (95,202) | (57,334) | (34,747) |
| Profit after tax | 486,014 | 354,502 | 222,534 | 177,678 | 106,797 | 87,510 |

# Analysis of Financial Statements
# Cash Flow Statement

(Rupees in '000)

| PARTICULARS | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| Cash flow from operating activities | 606,775 | 280,876 | 190,487 | 406,363 | (26,597) | 103,149 |
| Cash flow from investing activities | (533,888) | (394,042) | (191,437) | (165,688) | (67,387) | (104,515) |
| Cash flow from financing activities | (118,648) | 177,249 | 1,927 | (261,057) | 105,756 | 8,558 |
| Increase / (decrease) in cash & cash equivalents | (45,761) | 64,083 | 977 | (20,382) | 11,772 | 7,192 |

# Analysis of Financial Statements
# Profit & Loss Account

| PARTICULARS | Vertical Analysis 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | Horizontal Analysis 2012/2011 | 2011/2010 | 2010/2009 | 2009/2008 | 2008/2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Percentage | | | | | | Percentage | | | | |
| Sales | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 23.0 | 45.8 | 27.5 | 20.1 | 65.8 |
| Cost of sales | (83.8) | (85.3) | (85.3) | (83.2) | (85.3) | (81.6) | 20.8 | 45.9 | 30.7 | 17.2 | 73.3 |
| Gross profit | 16.2 | 14.7 | 14.7 | 16.8 | 14.7 | 18.4 | 35.6 | 45.6 | 11.5 | 37.0 | 32.7 |
| Distribution cost | (2.6) | (2.8) | (3.2) | (3.9) | (4.4) | (6.1) | 12.9 | 28.1 | 3.6 | 8.2 | 19.1 |
| Administrative expenses | (2.1) | (1.7) | (2.0) | (2.2) | (2.1) | (2.7) | 52.0 | 23.8 | 14.2 | 26.1 | 31.2 |
| Other operating income | 0.5 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 202.0 | 133.3 | 144.7 | 11.4 | 48.8 |
| Other operating expenses | (1.5) | (0.8) | (0.6) | (0.7) | (0.5) | (0.6) | 134.5 | 76.6 | 24.0 | 70.8 | 29.1 |
| Profit from operations | 10.5 | 9.6 | 9.0 | 10.1 | 7.8 | 9.1 | 35.0 | 55.8 | 14.1 | 53.8 | 42.5 |
| Finance cost | (1.0) | (0.6) | (0.5) | (1.4) | (1.6) | (1.4) | 86.3 | 88.9 | (54.4) | 4.8 | 88.4 |
| Profit before tax | 9.5 | 9.0 | 8.5 | 8.7 | 6.2 | 7.7 | 31.3 | 53.9 | 25.1 | 66.3 | 34.3 |
| Taxation | (2.8) | (2.9) | (3.0) | (3.0) | (2.2) | (2.2) | 19.4 | 43.7 | 24.7 | 66.0 | 65.0 |
| Profit after tax | 6.7 | 6.1 | 5.5 | 5.7 | 4.0 | 5.5 | 37.1 | 59.3 | 25.2 | 66.4 | 22.0 |

# Analysis of Financial Statements
# Cash Flow Statement

| PARTICULARS | Vertical Analysis 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | Horizontal Analysis 2012/2011 | 2011/2010 | 2010/2009 | 2009/2008 | 2008/2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Percentage | | | | | | Percentage | | | | |
| Cash flow from operating activities | (1,326.0) | 438.3 | 19,497.2 | (1,993.7) | (226.0) | 1,434.2 | 116.0 | 47.5 | (53.1) | 1,627.9 | (125.8) |
| Cash flow from investing activities | 1,166.7 | (614.9) | (19,594.4) | 812.9 | (572.4) | (1,453.2) | (35.5) | (105.8) | (15.5) | (145.9) | 35.5 |
| Cash flow from financing activities | 259.3 | 276.6 | 197.2 | 1,280.8 | 898.4 | 119.0 | (166.9) | 9,098.2 | 100.7 | (346.8) | 1,135.8 |
| Increase / (decrease) in cash & cash equivalents | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | (171.4) | 6,459.2 | 104.8 | (273.1) | 63.7 |

# Chairman's Review

*With our strong financial position, we are highly committed to building long-term shareholder's value. We view our cash generation and commitment to paying high dividends as distinguishing characteristics of our philosophy.*

I am pleased to present to you the 46th Annual Report of your Company for the year ended June 30, 2012 together with the Auditors' Report.

### The Economy

Pakistan economy has been under pressure in recent years due to various controllable and uncontrollable factors. However, it has shown signs of modest recovery in 2011-12. Despite numerous challenges, the economy performed better in 2011-12 than many developed and developing economies. The FY2012 ended with GDP growth of 3.7% as against 3.0% last year. This was on the back of reasonable performance of service and agriculture sectors which recorded growth of 4% and 3.1% respectively. The growth rate would be significantly better but for the circular debt which has perpetuated the energy crisis.

During 2011-12, workers remittances remained buoyant and grew by 17.7% at US$ 13.1 billion. The buoyancy in remittances is largely attributed to the government's efforts to divert remittances from informal to formal channels. However, foreign exchange reserves at US$ 15.2 billion were lower by 16.5% as against last year level of US$ 18.2 billion, due to payments to IMF. The inflationary pressure subsidized to some extent as the CPI declined for the third consecutive year and remained at 10.8% during FY2012. Resultantly SBP also reduced policy rate by 200 bps in order to revive private sector investment. The stock exchanges performed well during the fiscal year 2011-12 as compared with the other world indices. This was mainly due to the steps taken by the government to boost the confidence of the equity market investors which includes reforms in the capital gains tax.

On the other hand, external side depicts a bleak picture on account of rising trade deficit, which swelled by 36.5% to US$ 21.3 billion by June 2012 as against last year of US$ 15.6 billion. During July 2011 to June 2012, imports increased by 11.1% at US$ 44.9 billion as against US$ 40.4 billion during same period last year. This was mainly due to high import cost of petroleum related products. Contrary to the imports; exports had recorded negative growth of 4.8% at US$ 23.6 billion in the period under review as against US$ 24.8 billion of same period last year. These imbalances on the external front and absence of investment inflows pushed Pak Rupee to a record low level of 94.6 against one US$. As a result the government is relying on domestic banking system to finance the gap, thus crowding out private sector lending.

### Review of Auomobile Industry

Pakistan's auto industry is one of the most critical industrial sectors of the country and entrusted with the task of promoting the economic and commercial interests of the state. Auto industry is the third largest tax payer in the country with total tax payments of nearly Rs.70 billion. The year 2011-12 was yet another challenging year for automobile industry; the earthquake in Japan followed by the unprecedented floods in Thailand, fading economic conditions and continuous depreciation of Pak Rupee put enormous pressure on reviving this industry. Further, the steady progress automobile sector has made in last 4-5 years, may be uncertain in the future due to a number of grave issues and key factors at the back drop of policy measures.

During the year 2011-12, this industry showed signs of recovery as against preceding year 2010-11. Sales of locally manufactured cars improved significantly by 23% to 157,325 units as against 127,944 units sold last year. LCV segment also improved by 17.6% to 21,814 units from 18,553 units during the same period of last year. However, the heavy vehicle segment i.e. trucks, buses and farm tractors did not perform well during 2011-12. The sales of truck and bus segment decreased by 13.1%; 3,003 units sold as against 3,457 units during the same period last year. Sales of farm tractors declined significantly by 28.1%; 49,745 units sold as against 69,203 units during July 2011 to June 2012 period, mainly due to levy of sales tax which resulted in nose-dive sales during July 2011 to Jan 2012 period. However, during the period from Feb-June 2012, sales improved by 12.8%; from 30,787 units to 34,729 units, after reduction of sales tax from 16% to 5%.

Sales of two and three wheelers (assemblers who are registered with PAMA) during July 2011 to June 2012 period remained almost flat with sales of 829,893 units as against 835,455 units during same period last year. The growth in this segment was mitigated by the recent slow down in agriculture sector. In addition to the above, it is estimated that around 500,000 motorcycles (includes motorcycles which are used as Rickshaw) have been sold by various un-regulated assemblers; who are not registered with PAMA.

### Battery Industry

Being vendor of automobile industry, battery industry used to be dependent on growth of this industry, which mainly required light and medium segment batteries. This segment has witnessed reasonable growth during last 4-5 years. Unlike four wheeler segment, however, a battery is not an integral part of two-wheelers; it is required only for lighting purpose. Although the OEM segment of two-wheeler is growing at a reasonable pace, the replacement segment has only seen meager growth. The persistent electricity shortage has changed the demand pattern of batteries in Pakistan and has spurred the demand of heavy and medium sized batteries across the country as a back-up source for electricity. I feel proud to state that 'AGS' has a distinction in this segment and the consumer prefers to buy 'AGS' battery on the backdrop of longer life, good quality and after sales service.

### Strengthened our Business: *Brand Building*

Throughout 2011-12, the management of your Company took steps to further strengthen foundation for long-term growth. We continued our investments in our marketing, infrastructure and people to ensure we are well-positioned to benefit from the eventual return of a multiyear replacement cycle for automotive and motorcycle batteries. Overall, we enhanced our value proposition, customer satisfaction and competitive position through the following activities:

- Your Company took some significant strides in the field of branding during the year 2011-12 and is striving consistently to ensure maximum presence of 'AGS' brand through ATL and BTL activities.
- Your Company branded three CNG stations in north zone in addition to strategic alliance with Total-Parco gasoline stations to provide value-added service to consumers.
- As usual, dealers of all regions were invited to factory visit to witness the Company's resolute focus in manufacturing immaculate quality products and to strengthen the bond in dealers-Company relations.
- Workshops were also conducted to raise awareness and educate auto-electricians about battery handling and care.
- Your Company participated in auto-mechanika Middle East held in Dubai, UAE and also sponsored the 44th National Athletics Championship at Jinnah Stadium Islamabad.

### Operating Performance

We are proud that in 2011-12; we were able to exceed our key financial objectives with:

- Sales increased by 23% to a record high of Rs.7.2 billion
- Profit after tax up 37.1% to a record high of Rs.486.0 million
- Earnings per share was Rs.40.22; up 37.1%
- Return on Equity - 36.3%
- Assets turnover - 3.1 times
- Net - Debt free Company as at June 30, 2012

Net sales value of your Company increased by 23% to Rs.7.2 billion in 2011-12 from Rs.5.9 billion in 2010-11. Organic growth was 17% while better sales mix and control on sales incentives contributed rest of the increase. Your Company also benefited from sophisticated product development process that enabled to introduce some SKU's to meet the customer's need. Gross profit improved by 35.6% at Rs.1.2 billion as against Rs.0.9 billion last year and as a percentage of net sales revenue, it increased to 16.2% from 14.7% in 2010-11. The increase in gross profit ratio was contributed primarily by better sales mix, lower sales incentives and control on fixed manufacturing overheads.

Net operating expenses for the period increased by 36.9% to Rs.408.1 million from Rs.298.2 million last year. Operating profit increased by 35.6%, due to better gross margins. Financial cost during the year was Rs.69.9 million as against Rs.37.5 million during last year, up 86.3%, due to higher utilization of running finance facilities in first half of the year.

Your Company earned Rs.689.6 million profit before tax and after providing Rs.203.6 million for taxation, profit after tax of your Company was Rs.486.0 million during 2011-12, up 37.1% as against last year. Earnings improved to Rs.40.22 per share as against Rs.29.34 per share on a diluted basis, an increase of Rs.10.88 per share over 2010-11 and a record high in your Company history. We succeeded by remaining faithful to our strategy of growing sustainable growth year after year.

### Contribution to National Exchequer

During the year under review, your Company contributed Rs.1,472.9 million to the national exchequer on account of various government levies, taxes and import duties; up 8.1% as against last year. Payment of these taxes are 3 times more than the net profit after tax of the Company which shows your Company's positive attitude towards development of economy and fulfilling its responsibility as a good corporate citizen. Together with other Atlas Group Companies, the total contribution to the exchequer is over Rs.20 billion, one of the highest in the country.

### Financial Management

The healthy balance sheet of your Company enabled the management to make prudent long term decisions for the business. Currently we maintain a balance sheet with a net-debt free position. We started to build the balance sheet in this manner to have adequate resources for future expansion plans.

During the year, the operations of your Company generated Rs.868.2 million as against last year of Rs.490.5 million; a healthy increase of Rs.377.7 million. After payment of income taxes of Rs.171.7 million and other operational expenses, net cash generated from operations stood at Rs.606.8 million as against last year of Rs.280.9 million; up 116%. This improvement in cash generation during the year allowed your Company to invest Rs.533.9 million in plant expansion and treasury activities and also helped to reduce short term borrowings by Rs.19.5 million.

Your Company's impressive performance and solid balance sheet allowed us to increase dividends to shareholders by Rs.16.8 million during 2011-12, with total cash distribution of Rs.100.7 million; the highest amount ever.

### Map Certificate and KSE Award

It gives me great pleasure in informing you that your Company has been nominated for “KSE Top 25 Companies Award” for the financial year 2010 also. This is the third consecutive nomination and is based on the excellent operating performance and handsome payout ratio - hallmark of Atlas Group. Your Company has also been awarded the “Management Excellence Certificate” by the Management Association of Pakistan (MAP) for the year 2010-11. Winning of this prestigious award affirms ABL's adherence to best corporate governance practices. We are very pleased with our success in streamlining our operations and will continue to capitalize on additional opportunities to increase our efficiency and productivity in the future.

### Information Technology

The importance of information technology cannot be underestimated as it has dominated almost all fields of business and industry. IT is the enabler for enhancing efficiency and accuracy in business processes and timely decision making. Your Company, being cognizant of the critical role of IT, during the year completed the implementation of ERP system for real-time data processing of all regional, zonal offices and factory.

### Human Resource Management - *Motivated Employees*

Finding and retaining the right people is paramount for a sustainable development of a company. This has been a top priority of your Company for several years and finding skilled people will continue to play a pivotal role in 2012-13. We make concerted efforts to recruit competent personnel and provide adequate training in producing quality products. We provide on-the-job and skills development training, where worker safety is also an important element in addition to understanding the manufacturing process. Effectively communicating and cascading corporate strategy is a key method for creating such a workplace and is critical for engaging associates in our shared vision.

During the year 2011-12, we provided in-house and external trainings to our associates. External training includes especially designed program of Atlas-IBA diploma on Group basis. Three associates of your Company from different divisions successfully completed this distinguished course during the year. Further, 183 associates were trained during the year through 17 in-house designed courses and 58 other associates from all departments on 26 external courses. Fundamental to Atlas Culture is 3R's philosophy i.e. Respect, Recognition and Reward, which is well reflected through the usual annual family function of your Company which was held in May 2012. Your Company appreciated the loyalty of associates through long service awards which were presented to recognize individuals' long association.

### Looking Ahead

Under the prevailing circumstances, the outlook for 2012-13 remains challenging. The risk to macro-economic stability stems from the external account and continued fiscal weakness. The government must work together with all its stakeholders to take decisive actions on broadening revenue mobilization, restructuring of public sector enterprises and providing a solution to the worsening energy crisis. The government should also target early realization of planned foreign inflows to mitigate uncertainty at external account.

Agriculture, a core contributor to revival with a 25% share in the economy, will remain the nucleus of economic growth. Reasonable support prices, improved acreage in major crops and timely financial support by the government to farmers will assist in moving the economic cycle at a faster pace, thus strengthening the demand of batteries for vehicles. However, depreciating Pak Rupee, influx of used cars and political uncertainty in wake of imminent parliamentary elections will keep a check on the progress of automobile industry. Prices of refined lead, a major raw material for batteries, are expected to rebound next year due to high demand. This will have a negative impact on the gross margins. The cost of other main raw material; re-melted lead, is also likely to increase due to recent waiver of 25% regulatory duty on export through DTRE, which was levied in federal budget 2012-13.

Despite this, I firmly believe that your Company will continue to do well at the backdrop of following the basic Group principles of “The Atlas Way” and unique corporate culture that are the foundation of our success, which will help your Company to sustain its growth momentum year after year.

ع گیسوئے تابدار کو اور بھی تابدار کر
(Let us brighten the future all the more)

### Acknowledgements

I would like to thank our joint venture partners, GS Yuasa International Limited, Japan for their continuous support in technology transfer. We highly appreciate the recent visit of President of GS Yuasa Corporation Japan; Mr. Makoto Yoda and we believe that this visit will help in strengthening our partnership in the ensuing periods. We are proud of our partnership and would also like to heartily applaud the Japanese nation for their marvelous efforts in recovering from a series of natural calamities. I thank the Board of Directors, shareholders, bankers, vendors and valued customers for their continuous support. I would also like to thank Mr. Ali H. Shirazi; President / Chief Executive of your Company and the management team for their dedication and commitment to accept new challenges every year. I am proud of their achievements and believe that they are on the path of sustainable growth and transforming the Company from good to great.

Yusuf H. Shirazi
Chairman

Karachi: August 27, 2012

# Directors' Report

The Directors of the Company take pleasure in presenting their report together with the Company's audited annual financial statements for the year ended June 30, 2012. The Director's report, prepared under section 236 of the Companies Ordinance, 1984 will be put forward to the members at the Forty Sixth Annual General Meeting of the Company to be held on September 24, 2012.

| | **2012** | 2011 |
|---|---|---|
| | ------ (Rupees in '000) ----- | |
| **Operating Results** | | |
| Profit before tax | 689,649 | 525,101 |
| Provision for taxation: | | |
| Current year | 169,264 | 148,357 |
| Prior year | (515) | 256 |
| Deferred | 34,886 | 21,986 |
| | 203,635 | 170,599 |
| Profit after taxation | 486,014 | 354,502 |

## Subsequent Appropriations

The directors have recommended a cash dividend of Rs.10/- (2011: Rs.10/-) per share along with a 20% (2011: 20%) bonus issue. Accordingly the following appropriations have been made:

| | 2012 | 2011 |
|---|---|---|
| Profit available for appropriation | 491,734 | 356,552 |
| Appropriations: | | |
| Transferred to General Reserves | 340,000 | 230,000 |
| Proposed Dividend @ 100% (2011: 100%) | 120,832 | 100,693 |
| Reserve for issue of Bonus Shares @ 20% (2011: 20%) | 24,166 | 20,139 |
| | 484,998 | 350,832 |
| Unappropriated profit carried forward | 6,736 | 5,720 |

## Earnings Per Share

The basic earnings per share after tax is Rs.40.22 (2011: Rs.29.34 - diluted).

## Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the performance of the Company for the year ended June 30, 2012 and future prospects. The Directors endorse the contents of the review.

## Board of Directors

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

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

| Sr. No. | Name of Directors | Executive Director | Applicable No. of Meetings | Attendance | Number of Directorship in listed companies |
|---|---|---|---|---|---|
| 1. | Mr. Yusuf H. Shirazi | No | 5 | 5 | 5 |
| 2. | Mr. Ali H. Shirazi | Yes | 5 | 5 | 2 |
| 3. | Mr. Kamal A. Chinoy | No | 5 | 3 | 4 |
| 4. | Mr. Khaleeq-ur-Rahman Khan | No | 5 | 5 | 1 |
| 5. | Mr. Makio Tanaka | No | 5 | 5 | 1 |
| 6. | Mr. Omar Saeed | No | 5 | 4 | 2 |
| 7. | Mr. Talha Saad | Yes | 5 | 5 | 1 |

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

### Statement of Directors' Responsibilities

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed in total by the Board in the light of the Company's overall objectives. The Board is committed to maintain the high standard of good corporate governance. The Company has been in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly amended listing rules of the stock exchanges.

Following are the Statements on Corporate and Financial Reporting Framework:

(a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.

(b) Proper books of accounts have been maintained by the Company.

(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

(e) The system of internal control is sound in design and has been effectively implemented and monitored.

(f) There are no doubts upon the Company's ability to continue as going concern.

(g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

### The Corporate Governance Practices

The Board of Directors of Atlas Battery Limited is committed to the principles of good Corporate Governance. The stakeholders expect that the Company is managed and supervised responsibly and proper internal controls and risk management policy and procedures are in place for efficient and effective operations of the Company, safeguarding of assets, compliance with laws and regulations and proper financial reporting in accordance with International Financial Reporting Standards.

### Donation

The Company has a policy to donate 1% of its prior year's profit before tax to a charitable institution. During the year, Company has donated Rs.5.251 million to Atlas Foundation.

### Contribution to National Exchequer

During the year under review, Company contributed Rs.1,473 million towards the National Exchequer on account of various government levies, taxes and import duties. Payment of these taxes is 3 times more than the net profit after tax of the Company which shows Company's positive attitude towards development of economy and fulfilling its responsibility as a good corporate citizen.

### Safety, Health and Environment

Being a responsible corporate citizen, we are acutely aware of our responsibility to provide a safe and healthy work environment to our associates. We make every effort to eliminate workplace hazards and provide safe, healthy and comfortable working conditions for our employees. Our safety culture is founded on the premise that all injuries are preventable. To this end, we have established "zero incidents and zero injuries" as our goal. We pursue this goal through a culture of continuous improvement in which all incidents are reported and investigated, and the root causes are resolved. We believe that safety and health is a journey of continuous improvement and eternal diligence. We will continue to take steps to improve the safety and health of all of our associates.

### Code of Conduct

The Company has prepared a 'Code of Conduct', which has been disseminated throughout the Company.

The basic philosophy underlying this Code is to conduct business operations with honesty, integrity and openness, and with respect for human rights and interest of the employees. The Company respects the legitimate interest of all those with whom it has relationships - Government, Employees, Consumers, Shareholders, Business Partners and the Society and Communities in which it operates. These business principles cover the areas like Public Activities, Environment, Innovation, Competition, Business Integrity and Conflicts of Interest.

Compliance with this Code is an essential element in business success. The Board of Directors is responsible for ensuring that this Code is communicated to and understood and observed by all employees. Day-to-day responsibility is delegated to the senior management. They are responsible for implementing this Code, if necessary, through more detailed guidance tailored to business needs.

### Audit Committee

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The Committee consists of three members. Majority of members including the Chairman of the Committee are non-executive directors.

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

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

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

| Sr. No. | Name of Directors | Executive Director | Applicable No. of Meetings | Attendance |
|---|---|---|---|---|
| 1. | Mr. Omar Saeed | No | 4 | 4 |
| 2. | Mr. Khaleeq-ur-Rahman Khan | No | 4 | 4 |
| 3. | Mr. Talha Saad | Yes | 4 | 4 |

In addition to above meetings, Audit Committee also met with external auditors without Chief Financial Officer and Head of Internal Audit. By invitation, Chief Executive attended all the four meetings held during the year.

### Human Resource and Remuneration Committee

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

### Management Committee

The Management Committee ensures that a proper system is developed and working that enable swift and appropriate decision making. It acts in an advisory capacity to the Chief Executive at the operating level, providing recommendations relating to business and other corporate affairs. It is responsible for reviewing and forwarding long-term plans, capital and expense budget development and stewardship of business plans. The Committee is organized on a functional basis and meets monthly to review the performance of each function against set targets.

### Employees' Retirement Benefits

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

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

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

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

The value of investment, based on their respective accounts as at June 30, 2012 is as follows:

| | Rupees in Million |
|---|---|
| - Provident Fund | 126.4 |
| - Gratuity Fund | 16.9 |

### Operating & Financial Data

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

### Pattern of Shareholding

The pattern of shareholding as at June 30, 2012 is annexed.

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

### Statutory Auditor of the Company

The present Auditors, M/s. Hameed Chaudhri & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Audit Committee of the Company has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2013.

### Obituary

The Board of Directors felt profound grief on the sad demise of Mr. Abdul Majeed Chaudhri, Partner of Hameed Chaudhri & Co., Chartered Accountants, who passed away on April 23, 2012. His professional guidance and expert knowledge will be remembered forever. May Allah rest his soul in peace and comfort Ameen!

### Communication

Communication with the shareholders is given a high priority. Annual reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company also has a web site, **www.atlasbattery.com.pk**, which contains up to date information on Company's activities and financial reports.

For and on behalf of the
BOARD OF DIRECTORS

Ali H. Shirazi
President / Chief Executive

Karachi: August 27, 2012

# Statement of Compliance with the Code of Corporate Governance

Name of the Company: **Atlas Battery Limited**
Year ended: **June 30, 2012**

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

| Sr. No. | Name of Directors | Independent (2) | Category of Director Non-Executive (5) | Executive (2) |
|---|---|---|---|---|
| 1. | Mr. Yusuf H. Shirazi | | √ | |
| 2. | Mr. Ali H. Shirazi | | | √ |
| 3. | Mr. Kamal A. Chinoy | √ | √ | |
| 4. | Mr. Khaleeq-ur-Rahman Khan | | √ | |
| 5. | Mr. Makio Tanaka | | √ | |
| 6. | Mr. Omar Saeed | √ | √ | |
| 7. | Mr. Talha Saad | | | √ |

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a Vision and Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranges orientation courses for its directors as and when needed to apprise them of their duties and responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them first hand knowledge on the working of the Company. One director has attended Corporate Governance Leadership Skills (CGLS) Program of the Pakistan Institute of Corporate Governance (PIGC) during the year. One director is already a Certified Director and one director meets the criteria of exemption under clause (xi) of the Code and is accordingly exempted from directors' training program.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.

11. The directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the Committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The board has formed a Human Resource and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the Chairman of the Committee is an independent director.

18. The Board has set-up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the
BOARD OF DIRECTORS

Ali H. Shirazi
President / Chief Executive

Karachi: August 27, 2012

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Atlas Battery Limited** to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2012.

Hameed Chaudhri & Co.

Karachi: August 27, 2012
Engagement partner: Muhammad Ali

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

**LAHORE:**
HM House, 7-Bank Square.
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# FINANCIAL STATEMENTS

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HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

# Auditors' Report to the Members

We have audited the annexed balance sheet of **Atlas Battery Limited** as at June 30, 2012 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of 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;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Hameed Chaudhri & Co.

Karachi: August 27, 2012
Engagement partner: Muhammad Ali

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

**LAHORE:**
HM House, 7-Bank Square.
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**KARACHI:**
Karachi Chambers, Hasrat Mohani Road.
Tel : 32411474, 32412754, 32424826
Fax : 021-32424835 E-mail : khi@hccpk.com
URL : www.hccpk.com

# BALANCE SHEET
## AS AT JUNE 30, 2012

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 5 | 1,127,859 | 900,503 |
| Intangible assets | 6 | - | 6,129 |
| Investments | 7 | - | - |
| Long-term deposits | | 6,832 | 517 |
| Long-term loans | 8 | 719 | 605 |
| | | 1,135,410 | 907,754 |
| **CURRENT ASSETS** | | | |
| Stores, spares and loose tools | 9 | 43,594 | 30,933 |
| Stock-in-trade | 10 | 811,490 | 717,004 |
| Trade debts | 11 | 112,423 | 89,625 |
| Loans and advances | 12 | 2,682 | 2,884 |
| Deposits and prepayments | 13 | 5,138 | 4,847 |
| Investments | 14 | 436,291 | 204,863 |
| Other receivables | 15 | 7,023 | 2,317 |
| Taxation - net | | 29,481 | 26,488 |
| Bank balances | 16 | 48,191 | 93,952 |
| | | 1,496,313 | 1,172,913 |
| | | 2,631,723 | 2,080,667 |

**Yusuf H. Shirazi**
Chairman

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

**Omar Saeed**
Director

# BALANCE SHEET
## AS AT JUNE 30, 2012

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Authorized capital | | | |
| 50,000,000 (2011:50,000,000) ordinary shares of Rs.10 each | | 500,000 | 500,000 |
| Issued, subscribed and paid up capital | 17 | 120,832 | 100,693 |
| General reserves | | 727,500 | 497,500 |
| Unappropriated profit | | 491,734 | 356,552 |
| | | 1,340,066 | 954,745 |
| **SURPLUS ON REVALUATION OF LEASEHOLD LAND** | | 173,786 | 173,786 |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred liabilities | 18 | 179,325 | 138,411 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 19 | 494,461 | 356,874 |
| Sales tax payable - net | | 21,066 | 3,908 |
| Special excise duty payable - net | | - | 13,023 |
| Accrued mark-up | 20 | 7,810 | 5,222 |
| Short-term borrowings | 21 | 415,209 | 434,698 |
| | | 938,546 | 813,725 |
| **CONTINGENCIES AND COMMITMENTS** | 22 | | |
| | | 2,631,723 | 2,080,667 |

The annexed notes 1 to 39 form an integral part of these financial statements.

| | | |
|---|---|---|
| **Yusuf H. Shirazi** | **Ali H. Shirazi** | **Omar Saeed** |
| Chairman | President / Chief Executive | Director |

# PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED JUNE 30, 2012

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| Sales | 23 | 7,217,116 | 5,868,260 |
| Cost of sales | 24 | (6,049,434) | (5,007,421) |
| **Gross profit** | | 1,167,682 | 860,839 |
| Distribution cost | 25 | (186,367) | (165,053) |
| Administrative expenses | 26 | (151,495) | (99,679) |
| Other operating income | 27 | 37,035 | 12,265 |
| Other operating expenses | 28 | (107,310) | (45,756) |
| **Profit from operations** | | 759,545 | 562,616 |
| Finance cost | 29 | (69,896) | (37,515) |
| **Profit before taxation** | | 689,649 | 525,101 |
| Taxation | 30 | (203,635) | (170,599) |
| **Profit after taxation** | | 486,014 | 354,502 |
| Other comprehensive income | | - | - |
| **Total comprehensive income** | | 486,014 | 354,502 |
| | | ------ Rupees ------ | |
| | | | Restated |
| Earnings per share - basic and diluted | 31 | 40.22 | 29.34 |

The annexed notes 1 to 39 form an integral part of these financial statements.

| | | |
|---|---|---|
| **Yusuf H. Shirazi** | **Ali H. Shirazi** | **Omar Saeed** |
| Chairman | President / Chief Executive | Director |

# CASH FLOW STATEMENT
## FOR THE YEAR ENDED JUNE 30, 2012

| | 2012 | 2011 |
|---|---|---|
| | ------ (Rupees in '000) ----- | |
| **Cash flows from operating activities** | | |
| Profit before taxation | 689,649 | 525,101 |
| **Adjustments for non-cash charges and other items** | | |
| Depreciation of operating fixed assets | 90,380 | 67,972 |
| Amortisation of intangible assets | 6,129 | 6,130 |
| Net change in fair value of investments at fair value through profit or loss | (24,206) | (6,379) |
| Gain on sale of investments | (8,235) | (125) |
| Finance cost | 69,896 | 37,515 |
| Loss / (gain) on sale of operating fixed assets | 5,975 | (2,488) |
| Operating fixed assets written off | 11,190 | - |
| Provision for gratuity | 8,420 | 8,144 |
| Provision for compensated leave absences | 13,777 | 6,612 |
| Operating profit before working capital changes | 862,975 | 642,482 |
| Working capital changes: | | |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | (12,661) | (8,520) |
| Stock-in-trade | (94,486) | (185,407) |
| Trade debts | (22,798) | 10,771 |
| Loans and advances | 202 | (534) |
| Deposits and prepayments | (291) | 1,081 |
| Other receivables | (4,706) | (2,317) |
| Sales tax - net | - | 34,958 |
| | (134,740) | (149,968) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 135,795 | (11,090) |
| Sales tax payable - net | 17,158 | - |
| Special excise duty payable - net | (13,023) | 9,067 |
| | 139,930 | (2,023) |
| | 5,190 | (151,991) |
| **Cash generated from operations** | 868,165 | 490,491 |
| Finance cost paid | (67,308) | (33,538) |
| Interest received | - | 195 |
| Income taxes paid (including tax deducted at source) | (171,742) | (168,309) |
| Gratuity paid | (8,024) | (6,015) |
| Compensated leave absences paid | (7,887) | (1,613) |
| Long term deposits | (6,315) | - |
| Long term loans | (114) | (335) |
| **Net cash generated from operating activities - carried forward** | 606,775 | 280,876 |

# CASH FLOW STATEMENT
## FOR THE YEAR ENDED JUNE 30, 2012

| | 2012 | 2011 |
|---|---|---|
| | ------ (Rupees in '000) ----- | |
| **Net cash generated from operating activities brought forward** | 606,775 | 280,876 |
| **Cash flows from investing activities** | | |
| Fixed capital expenditure | (346,032) | (217,946) |
| Sale proceeds from disposal of operating fixed assets | 11,131 | 8,298 |
| Additions in intangible assets | - | (13,196) |
| Sale proceeds from disposal of intangible assets | - | 937 |
| Investments acquired | (410,000) | (192,459) |
| Sale proceeds from disposal of investments | 211,013 | 20,324 |
| **Net cash used in investing activities** | (533,888) | (394,042) |
| **Cash flows from financing activities** | | |
| Short term borrowings - net | (19,489) | 260,100 |
| Dividend paid | (99,159) | (82,851) |
| **Net cash (used in) / generated from financing activities** | (118,648) | 177,249 |
| **Net (decrease) / increase in cash and cash equivalents** | (45,761) | 64,083 |
| **Cash and cash equivalents** - at beginning of the year | 93,952 | 29,869 |
| **Cash and cash equivalents** - at end of the year | 48,191 | 93,952 |

The annexed notes 1 to 39 form an integral part of these financial statements.

| | | |
|---|---|---|
| **Yusuf H. Shirazi** | **Ali H. Shirazi** | **Omar Saeed** |
| Chairman | President / Chief Executive | Director |

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED JUNE 30, 2012

| | Share Capital | General Reserves | Unappro-priated Profit | Total |
|---|---|---|---|---|
| | (Rupees in '000) | | | |
| **Balance as at July 1, 2010** | 83,911 | 375,500 | 224,743 | 684,154 |
| Transfer to general reserve | - | 122,000 | (122,000) | - |
| **Transactions with owners** | | | | |
| Cash dividend for the year ended June 30, 2010 at the rate of Rs.10 per share | - | - | (83,911) | (83,911) |
| Bonus shares at the rate of 20% issued during the year | 16,782 | - | (16,782) | - |
| | 16,782 | - | (100,693) | (83,911) |
| Total comprehensive income for the year | - | - | 354,502 | 354,502 |
| **Balance as at June 30, 2011** | 100,693 | 497,500 | 356,552 | 954,745 |
| Transfer to general reserve | - | 230,000 | (230,000) | - |
| **Transactions with owners** | | | | |
| Cash dividend for the year ended June 30, 2011 at the rate of Rs.10 per share | - | - | (100,693) | (100,693) |
| Bonus shares at the rate of 20% issued during the year | 20,139 | - | (20,139) | - |
| | 20,139 | - | (120,832) | (100,693) |
| Total comprehensive income for the year | - | - | 486,014 | 486,014 |
| **Balance as at June 30, 2012** | 120,832 | 727,500 | 491,734 | 1,340,066 |

The annexed notes 1 to 39 form an integral part of these financial statements.

**Yusuf H. Shirazi**
Chairman

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

**Omar Saeed**
Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

## 1. LEGAL STATUS AND NATURE OF BUSINESS

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as are notified by the provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by the SECP differ from the requirements of the approved accounting standards, the Ordinance and the said directives have been followed.

### 2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the Company's functional currency. All financial information presented in Pakistan Rupee has been rounded-off to the nearest thousand except stated otherwise.

### 2.3 Standards, amendments to approved accounting standards and interpretations that are effective in the current year;

There are certain new standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2011, but are considered not to be relevant or did not have any significant impact on the Company's financial statements and are, therefore, not detailed in these financial statements.

### 2.4 Standards, amendments to approved accounting standards and interpretations that are published and considered relevant but not yet effective;

Following new standards and amendments to existing standards have been published that are mandatory for accounting periods beginning on the dates mentioned below;

(a) IFRS 9, 'Financial Instruments' (effective for the periods beginning on or after January 1, 2015). This is the first standard issued as part of a wider project to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets at (a) amortised cost and (b) fair value. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. The Company is yet to assess the full impact of IFRS 9, however, initial indications are that it may not significantly affect the Company's financial assets.

(b) IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for the periods beginning on or after July 1, 2012).The main change resulting from these amendments is a requirement for the entities to group items presented in 'other comprehensive income' on the basis of whether they can be potentially reclassified to profit and loss subsequently (reclassification adjustments). Since, the Company currently does not have any items of other comprehensive income, the amendments are not expected to have a significant impact on the Company's financial statements.

(c) IAS 19 (Revised), 'Employee benefits' (effective for the periods beginning on or after January 1, 2013). It eliminates the 'corridor method' for recognising actuarial gains and losses and make it mandatory for all the actuarial gains and losses to be recognised immediately and replaces interest cost & expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset. The Company shall apply this from July 1, 2013 and its impact on unappropriated profit shall be Rs.19.891 million due to recognition of current unrecognised actuarial loss on its defined benefit plans.

**2.5 Standards, amendments to approved accounting standards and interpretations that are not yet effective and are not considered relevant;**

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However these are not expected to affect materially the financial statements of the Company for accounting periods on the dates prescribed therein.

## 3. BASIS OF MEASUREMENT

**3.1** These financial statements have been prepared under the historical cost convention except that leasehold land has been included at the revalued amount, investments are carried at fair value and certain employee retirement benefits are stated at present value.

**3.2** The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates / judgments and associated assumptions are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects the both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are:

- residual values and useful lives of depreciable and intangible assets (note 4.1 & 4.2);

- fair value of investments (note 4.3);

- net realizable values of stores, spares & loose tools and stock-in-trade (note 4.4 & 4.5);

- employees' retirement benefits (note 4.10 & 18.1.9);

- provision (note 4.12 & 4.14); and

- provision for current and deffered taxation (note 4.13).

## 4. SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Property, plant and equipment

**Owned assets**

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

**Subsequent cost**

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

**Depreciation**

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

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

Residual values and useful lives are reviewed, at each reporting date, and adjusted if impact on depreciation is significant.

**Disposal**

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

**Revaluation of assets**

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

**Leased assets**

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

**Impairment**

The Company assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in income currently.

**4.2 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

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

**Subsequent expenditure**

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

**Amortization**

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

**4.3 Financial instruments**

**Financial assets**

**4.3.1 Classification**

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

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

These are held for trading financial assets. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities outstanding for more than 12 months as at the reporting date, in which case, they are classified as non-current assets.

(c) **Held to maturity financial assets**

These are financial assets with fixed or determinable payments and fixed maturity in respect of which the Company has positive intent and ability to hold till maturity. There were no held to maturity investments as at reporting date.

(d) **Available-for-sale financial assets**

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

4.3.2. **Recognition**

Regular purchases and sales of financial assets are recognized on the trade date i.e. the date on which the Company commits to purchase or sell the asset. All financial assets are initially recognized at fair value plus transaction costs except for those financial assets which are designated as 'financial assets at fair value through profit or loss'. 'Financial assets at fair value through profit or loss' are initially recognized at fair value and transaction costs are charged to the profit and loss account. Financial assets are derecognized when the right to receive cash flows from such assets has expired or have been transferred and the Company has transferred substantially all risks and rewards, incidental to the ownership of such financial assets.

Dividend income from 'financial assets at fair value through profit or loss' and 'available-for-sale financial assets' is recognized in the profit and loss account when the Company's right to receive payments is established. Interest income from all financial assets is calculated using the effective interest rate method and is recognized in the profit and loss account when it is accrued.

Equity instruments that do not have a quoted market price in an active market and whose fair values can not be reliably measured or determined, are stated at cost.

4.3.3. **Measurement**

'Financial assets at fair value through profit or loss' and 'available for sale financial assets' are subsequently measured at fair value whereas 'held to maturity financial assets' and 'loans and receivables' are subsequently measured at amortized cost using the effective interest rate method.

Gains or losses arising from changes in fair value of 'financial assets at fair value through profit or loss' are recognized in the profit and loss account in period in which they arise.

Changes in fair value of 'available for sale financial assets' are recognized in other comprehensive income. When financial assets classified as available for sale are sold or impaired, the cumulative fair value adjustments recognized in other comprehensive income till the time of disposal or impairment, are charged to the profit and loss account.

Fair value of listed securities are the quoted prices on Stock Exchange on the date it is valued.

4.3.4. **Impairment**

The Company assesses at end of each reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence is identified to exist, the said financial asset or group of financial assets are impaired and an impairment loss is recognized in the profit and loss account for the amount by which the assets' carrying amounts exceed their recoverable amounts. Impairment losses of equity instruments, once recognised are not reversed through profit or loss account.

4.3.5 **Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

4.3.6 **Financial liabilities**

These are initially recognized at cost, which is the fair value of consideration expected to be paid. All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the obliging instrument / contract.

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

**4.4 Stores, spares and loose tools**

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

**4.5 Stock-in-trade**

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

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

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

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

Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to completion and to be incurred in marketing, selling and distribution.

**4.6 Trade debts and other receivables**

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

**4.7 Cash and cash equivalents**

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

**4.8 Foreign currency translation**

Transactions in foreign currencies are translated into Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognised in the profit and loss account.

**4.9 Interest / mark-up bearing loans and borrowings**

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

**4.10 Employees' benefits**

**4.10.1 Defined contribution plan**

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

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

– a recognized provident fund; or

– Voluntary pension schemes managed by Atlas Asset Management Limited, a related party, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

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

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

**4.10.2 Defined benefit plan**

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

The Company operates an approved funded gratuity scheme for its management staff and an unfunded gratuity scheme for its non management staff. Contributions under the schemes are made on the basis of actuarial valuation and are charged to the profit and loss account. The valuations of both schemes are carried-out annually by an independent expert, using the "Projected Unit Credit Method" with the latest valuation being carried out as on June 30, 2012.

The amount recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service costs, if any, as reduced by the fair value of the plan assets.

Cumulative net unrecognized actuarial gains and losses at the end of the previous year which exceed 10% of the greater of present value of the defined benefit obligation and fair value of plan assets, are amortized in the profit and loss account over the remaining average service life of the employees over which they are expected to receive benefits.

**4.10.3 Employees compensated absences**

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

**4.11 Trade and other payables**

Trade and other payables are stated at their cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

**4.12 Warranty**

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

**4.13 Taxation**

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

**Current**

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime in respect of imports.

**Deferred**

Deferred tax is provided using the balance sheet liability method on all temporary differences arising from differences between tax base of assets & liabilities and their carrying amounts for financial statements reporting purpose.

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

Deferred tax is calculated at the rates that are expected to apply to the period when the related temporary differences reverse, based on tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

### 4.14 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and 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 the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the prevailing best estimate.

### 4.15 Revenue recognition

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

– revenue from sale of goods is recognised when goods are dispatched and invoiced to customers;

– interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable; and

– dividend income from investments is recognised when the Company's rights to receive payment has been established.

### 4.16 Borrowing costs

Borrowing costs directly attributable to construction / acquisition of qualifying assets are capitalised up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account.

### 4.17 Earnings per share

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

### 4.18 Segment Reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information, as required by the approved accounting standards, is presented in note 33 to these financial statements.

### 4.19 Dividend and appropriation to reserves

Dividend and other appropriations to reserves are recognized in the period in which they are approved.

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in ’000) ----- | |
| **5. PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 5.1 | 1,076,257 | 866,223 |
| Capital work-in-progress | 5.6 | 51,602 | 34,280 |
| | | 1,127,859 | 900,503 |

## 5.1 Operating fixed assets

| | Leasehold land | Buildings on leasehold land | Plant and machinery | Office equipment | Computers and accesso-ries | Furniture and fixtures | Air condi-tioners | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| | ---------- | ---------- | ---------- | ---------- | (Rupees in '000) | ---------- | ---------- | ---------- | ---------- |
| **As at July 1, 2010** | | | | | | | | | |
| Revaluation / cost | 174,200 | 109,489 | 637,504 | 1,227 | 13,312 | 2,188 | 4,491 | 43,759 | 986,170 |
| Accumulated depreciation | - | 43,076 | 229,617 | 909 | 9,551 | 1,587 | 2,406 | 18,089 | 305,235 |
| Book value | 174,200 | 66,413 | 407,887 | 318 | 3,761 | 601 | 2,085 | 25,670 | 680,935 |
| **Year ended June 30, 2011** | | | | | | | | | |
| Opening book value | 174,200 | 66,413 | 407,887 | 318 | 3,761 | 601 | 2,085 | 25,670 | 680,935 |
| Additions | 48,105 | 1,220 | 177,077 | 634 | 748 | - | 1,726 | 29,560 | 259,070 |
| Disposals | | | | | | | | | |
| - cost | - | - | 3,280 | 40 | 78 | - | 215 | 12,330 | 15,943 |
| - accumulated depreciation | - | - | (2,982) | (3) | (12) | - | (185) | (6,951) | (10,133) |
| | - | - | 298 | 37 | 66 | - | 30 | 5,379 | 5,810 |
| Depreciation for the year | - | 6,681 | 51,671 | 37 | 1,673 | 60 | 345 | 7,505 | 67,972 |
| Closing book value | 222,305 | 60,952 | 532,995 | 878 | 2,770 | 541 | 3,436 | 42,346 | 866,223 |
| **As at June 30, 2011** | | | | | | | | | |
| Revaluation / cost | 222,305 | 110,709 | 811,301 | 1,821 | 13,982 | 2,188 | 6,002 | 60,989 | 1,229,297 |
| Accumulated depreciation | - | 49,757 | 278,306 | 943 | 11,212 | 1,647 | 2,566 | 18,643 | 363,074 |
| Book value | 222,305 | 60,952 | 532,995 | 878 | 2,770 | 541 | 3,436 | 42,346 | 866,223 |
| **Year ended June 30, 2012** | | | | | | | | | |
| Opening book value | 222,305 | 60,952 | 532,995 | 878 | 2,770 | 541 | 3,436 | 42,346 | 866,223 |
| Additions | - | 26,389 | 249,755 | 2,383 | 8,603 | 2,602 | 2,778 | 36,200 | 328,710 |
| Disposals (note 5.5) | | | | | | | | | |
| - cost | - | - | 14,729 | - | - | - | - | 18,444 | 33,173 |
| - accumulated depreciation | - | - | (7,851) | - | - | - | - | (8,216) | (16,067) |
| | - | - | 6,878 | - | - | - | - | 10,228 | 17,106 |
| Write-off | | | | | | | | | |
| - cost | - | 9,111 | 53,025 | 995 | - | 296 | 1,991 | - | 65,418 |
| - accumulated depreciation | - | (8,195) | (43,358) | (799) | - | (277) | (1,599) | - | (54,228) |
| | - | 916 | 9,667 | 196 | - | 19 | 392 | - | 11,190 |
| Depreciation for the year | - | 6,907 | 69,221 | 115 | 2,391 | 97 | 447 | 11,202 | 90,380 |
| Closing book value | 222,305 | 79,518 | 696,984 | 2,950 | 8,982 | 3,027 | 5,375 | 57,116 | 1,076,257 |
| **As at June 30, 2012** | | | | | | | | | |
| Revaluation / cost | 222,305 | 127,987 | 993,302 | 3,209 | 22,585 | 4,494 | 6,789 | 78,745 | 1,459,416 |
| Accumulated depreciation | - | 48,469 | 296,318 | 259 | 13,603 | 1,467 | 1,414 | 21,629 | 383,159 |
| Book value | 222,305 | 79,518 | 696,984 | 2,950 | 8,982 | 3,027 | 5,375 | 57,116 | 1,076,257 |
| Depreciation rate (%) | - | 10 | 10 - 20 | 10 | 30 | 10 | 10 | 20 | |

5.2 The Company's leasehold land was revalued on June 30, 2008 by Surval, an Independent Valuer, based on market value in the similar area. This revaluation exercise resulted in appraisal surplus of Rs.173,765 thousand over the written down value of Rs.435 thousand which was credited to the surplus on revaluation of fixed assets account to comply with the requirements of section 235 of the Companies Ordinance, 1984.

Value of the abovementioned revalued land as per latest revaluation report dated January 13, 2011 by an Independent Valuer does not materially differ from the book value as on June 30, 2012.

Had there been no revaluation, the book value of the leasehold land would have been Rs.407 thousand (2011: Rs.407 thousand).

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) | ----- |
| 5.3 Depreciation for the year has been allocated as follows: | | | |
| Cost of goods manufactured | 24.1 | 77,403 | 59,877 |
| Distribution cost | 25 | 2,372 | 3,219 |
| Administrative expenses | 26 | 10,605 | 4,876 |
| | | 90,380 | 67,972 |

5.4 Certain dies and moulds having cost aggregating Rs.40,610 thousand (2011: Rs.30,908 thousand) and book value of Rs.28,383 thousand (2011: Rs.15,371 thousand) are held by various vendors.

### 5.5 Disposal of fixed assets

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

| Assets | Cost | Accumulated depreciation | Book value | Sale proceeds | Loss | Mode of disposal | Particular of buyers |
|---|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | | |
| Tiger welder | 2,078 | 1,957 | 121 | 34 | 87 | Negotiation | Computer Disposable Godown, I. I. Chundrigar Road, Karachi. |
| Hydra Sealer | 555 | 471 | 84 | 23 | 61 | Negotiation | |
| Post Burn Machine | 2,647 | 1,148 | 1,499 | 421 | 1,078 | Negotiation | |
| COS Machine Unloaders | 2,042 | 886 | 1,156 | 44 | 1,112 | Negotiation | |
| I.C. Welding Machine | 3,165 | 1,373 | 1,792 | 69 | 1,723 | Negotiation | |
| Short Testing Machine | 1,094 | 475 | 619 | 24 | 595 | Negotiation | |
| Lid Sealing Machine | 1,823 | 791 | 1,032 | 40 | 992 | Negotiation | |
| Air Lead Testing Machine | 941 | 408 | 533 | 20 | 513 | Negotiation | |
| | 14,345 | 7,509 | 6,836 | 675 | 6,161 | | |

| Assets | Cost | Accumulated depreciation | Book value | Sale proceeds | Loss / (gain) | Mode of disposal | Particular of buyers |
|---|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | | |
| Vehicles | | | | | | | |
| | 888 | 607 | 281 | 281 | - | Company policy | Mr. Abdul Waheed Lodhi (employee) |
| | 835 | 565 | 270 | 270 | - | Company policy | Mr. Qasim Imran Khan (employee) |
| | 835 | 560 | 275 | 275 | - | Company policy | Mr. Nehal Asghar (employee) |
| | 1,311 | 923 | 388 | 388 | - | Company policy | Mr. Ahmad Zafaryab Ali (employee) |
| | 464 | 320 | 144 | 144 | - | Company policy | Mr. Sikander Ali Memon (ex-employee) |
| | 504 | 347 | 157 | 157 | - | Company policy | Mr. Yousuf Ali (employee) |
| | 395 | 254 | 141 | 141 | - | Company policy | Mr. Mohammad Asher (employee) |
| | 1,311 | 844 | 467 | 467 | - | Company policy | Mr. Arshad Gulraiz Butt (employee) |
| | 395 | 249 | 146 | 146 | - | Company policy | Mr. Syed Azhar Abbas (employee) |
| | 408 | 248 | 160 | 160 | - | Company policy | Mr. Sohail Khan (employee) |
| | 408 | 248 | 160 | 160 | - | Company policy | Mr. Ghalib Hussain (employee) |
| | 408 | 248 | 160 | 160 | - | Company policy | Mr. Muhammad Sami (employee) |
| | 521 | 309 | 212 | 212 | - | Company policy | Mr. Umar Khalid (ex-employee) |
| | 999 | 474 | 525 | 525 | - | Company policy | Mr. Behram Khan (ex-employee) |
| | 710 | 300 | 410 | 410 | - | Company policy | Mr. Tehseen Raza (employee) |
| | 906 | 403 | 503 | 503 | - | Company policy | Mr. Jawaid Iqbal Ahmed (employee) |
| | 362 | 59 | 303 | 303 | - | Company policy | Mr. Syed Munawar Hassan (employee) |
| | 544 | 88 | 456 | 456 | - | Company policy | Mr. Shoaib Anis (ex-employee) |
| | 1,766 | 283 | 1,483 | 1,483 | - | Company policy | Mr. Shehzad Ahmed Khan (ex-employee) |
| | 1,039 | 118 | 921 | 921 | - | Company policy | Mr. Mansoor Jamil Khan (employee) |
| | 509 | 34 | 475 | 475 | - | Company policy | Mr. Bashir Makki (employee) |
| | 809 | 54 | 755 | 755 | - | Company policy | Mr. Sikander Ali Memon (ex-employee) |
| | 652 | 87 | 565 | 565 | - | Company policy | Mr. Zia Ullah Begg (employee) |
| | 81 | 16 | 65 | 65 | - | Insurance claim | Atlas Insurance Limited |
| | 61 | 5 | 56 | 56 | - | Insurance claim | Atlas Insurance Limited |
| | 86 | 8 | 78 | 78 | - | Insurance claim | Atlas Insurance Limited |
| | 63 | 3 | 60 | 60 | - | Insurance claim | Atlas Insurance Limited |
| | 106 | 9 | 97 | 97 | - | Insurance claim | Atlas Insurance Limited |
| | 63 | 2 | 61 | 61 | - | Insurance claim | Atlas Insurance Limited |
| | 63 | 1 | 62 | 62 | - | Insurance claim | Atlas Insurance Limited |
| | 17,502 | 7,666 | 9,836 | 9,836 | - | | |
| Various assets having book value upto Rs.50,000 each | 1,326 | 892 | 434 | 620 | (186) | Negotiation / Company policy<br>Various | |
| **2012** | 33,173 | 16,067 | 17,106 | 11,131 | 5,975 | | |
| 2011 | 15,943 | 10,133 | 5,810 | 8,298 | (2,488) | | |

| | 2011 | Additions | (Transfers) | 2012 |
|---|---|---|---|---|
| | ------------------- (Rupees in '000) ------------------- | | | |

**5.6 Capital work-in-progress**

| | 2011 | Additions | (Transfers) | 2012 |
|---|---|---|---|---|
| Tangible | | | | |
| Buildings on leasehold land | 13,557 | 46,817 | (12,413) | 47,961 |
| Plant and machinery | 19,224 | 16,959 | (34,318) | 1,865 |
| Office equipment | - | 367 | - | 367 |
| Furniture and fixtures | - | 377 | - | 377 |
| Vehicles | 1,499 | 612 | (1,499) | 612 |
| Intangible - Computer software | - | 420 | - | 420 |
| | 34,280 | 65,552 | (48,230) | 51,602 |

## 6. INTANGIBLE ASSETS

| | Software license | ERP implementation cost | Total |
|---|---|---|---|
| | ---------- (Rupees in '000) ---------- | | |
| **Year ended June 30, 2011** | | | |
| Additions | 5,796 | 7,400 | 13,196 |
| Disposal | (937) | - | (937) |
| Amortisation charge for the year | (2,430) | (3,700) | (6,130) |
| Book value | 2,429 | 3,700 | 6,129 |
| **Year ended June 30, 2012** | | | |
| Amortisation charge for the year | (2,429) | (3,700) | (6,129) |
| Book value | - | - | - |
| **As at June 30, 2011** | | | |
| Cost | 4,859 | 7,400 | 12,259 |
| Accumulated amortisation | (2,430) | (3,700) | (6,130) |
| Book value | 2,429 | 3,700 | 6,129 |
| **As at June 30, 2012** | | | |
| Cost | 4,859 | 7,400 | 12,259 |
| Accumulated amortisation | (4,859) | (7,400) | (12,259) |
| Book value | - | - | - |
| Amortisation rate (%) | 50 | 50 | |

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |

## 7. INVESTMENTS - AVAILABLE FOR SALE

| | Note | 2012 | 2011 |
|---|---|---|---|
| **Unquoted** | | | |
| Arabian Sea Country Club Limited | | | |
| 100,000 ordinary shares of Rs.10 each - cost | | 1,000 | 1,000 |
| Less: Impairment in the value of investment | | (1,000) | (1,000) |
| | | - | - |

## 8. LONG TERM LOANS - Considered good

| | Note | 2012 | 2011 |
|---|---|---|---|
| Due from: | | | |
| - executives | 8.1 & 8.2 | 232 | 167 |
| - non-executives | | 1,558 | 1,071 |
| | 8.3 | 1,790 | 1,238 |
| Less: recoverable within one year and grouped under current assets | | | |
| - executives | | 232 | 156 |
| - non-executives | | 839 | 477 |
| | 12 | 1,071 | 633 |
| | | 719 | 605 |

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| **8.1** Reconciliation of carrying amount of loans to executives | | | |
| Balance at beginning of the year | | 167 | - |
| Add: disbursements | | 659 | 245 |
| | | 826 | 245 |
| Less: recoveries | | (594) | (78) |
| Balance at end of the year | | 232 | 167 |

**8.2** The maximum aggregate amount due from executives at the end of any month during the year was Rs.552 thousand (2011: Rs.195 thousand).

**8.3** This represents interest free loans to employees and executives as per terms of employment. Loans to employees are made for purchase of motor cycles and are repayable in monthly instalments over period of 48 to 54 months. Loans are secured by the registration of motor cycle in the name of the Company and employees vested retirement benefits.

## 9. STORES, SPARES AND LOOSE TOOLS

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| Consumables stores | | 26,939 | 18,416 |
| Maintenance spares | | 16,087 | 11,013 |
| Loose tools | | 563 | 1,476 |
| Goods in-transit | 9.1 | 5 | 28 |
| | | 43,594 | 30,933 |

**9.1** It includes consumables stores amounting Rs.2 thousand (2011: Rs.26 thousand) and maintenance spares amounting Rs.3 thousand (2011: Rs.2 thousand).

## 10. STOCK-IN-TRADE

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| Raw materials & components: | | | |
| - in hand | | 385,176 | 290,108 |
| - with third parties | | 37,027 | 53,961 |
| | | 422,203 | 344,069 |
| Work-in-process | | 320,719 | 233,876 |
| Finished goods | | 51,567 | 90,701 |
| Goods in transit | | 17,001 | 48,358 |
| | | 811,490 | 717,004 |

**10.1** Stock-in-trade and trade debts up to a maximum amount of Rs.2,003,600 thousand (2011: Rs.1,535,800 thousand) are under hypothecation of commercial banks as security for short term finance facilities (note 21).

## 11. TRADE DEBTS - Considered good

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| Local - unsecured | 11.1 | 112,423 | 89,625 |

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |

**11.1** Trade debts include following amounts due from Associated Companies:

| | Note | 2012 | 2011 |
|---|---|---|---|
| Atlas Honda Limited | | 18,715 | - |
| Honda Atlas Cars (Pakistan) Limited | | 8,329 | 1,514 |
| | | 27,044 | 1,514 |

## 12. LOANS AND ADVANCES - Unsecured and considered good

| | Note | 2012 | 2011 |
|---|---|---|---|
| Loans to staff other than executives | | 54 | 210 |
| Advances to suppliers, contractors and others | | 1,557 | 2,041 |
| Current portion of long-term loans to: | | | |
| - executives | | 232 | 156 |
| - non-executives | | 839 | 477 |
| | 8 | 1,071 | 633 |
| | | 2,682 | 2,884 |

## 13. DEPOSITS AND PREPAYMENTS

| | Note | 2012 | 2011 |
|---|---|---|---|
| Deposits - unsecured and considered good | | 2,576 | 3,571 |
| Prepayments | | 2,562 | 1,276 |
| | | 5,138 | 4,847 |

## 14. INVESTMENTS - at fair value through profit or loss

| 2012 | 2011 | | Note | 2012 | 2011 |
|---|---|---|---|---|---|
| ----- (Number of Units) ----- | | **Related parties** | | | |
| 711,234 | 377,999 | Atlas Money Market Fund | | 357,423 | 195,425 |
| 43,386 | - | Atlas Stock Market Fund | | 17,831 | - |
| 65,737 | - | Atlas Income Fund | | 32,992 | - |
| 45,160 | - | Atlas Islamic Stock Fund | | 17,511 | - |
| | | | | 425,757 | 195,425 |
| | | **Others** | | | |
| 774,053 | 693,538 | ABL Income Fund | 14.1 | 7,763 | 6,949 |
| 27,608 | 24,836 | UBL Liquidity Plus Fund | 14.2 | 2,771 | 2,489 |
| | | | | 10,534 | 9,438 |
| | | | | 436,291 | 204,863 |

**14.1** 606,660 (2011: 606,660) units valuing Rs.6,084 thousand (2011: Rs.6,078 thousand) are under lien of a commercial bank against guarantees aggregating Rs.5,417 thousand (2011: Rs.5,417 thousand) issued in favour of Sui Southern Gas Co. Ltd. on behalf of the Company.

**14.2** 22,256 (2011: 22,256) units valuing Rs.2,233 thousand (2011: Rs.2,260 thousand) are under lien of a commercial bank against guarantee amounting Rs.2,260 thousand (2011: Rs.2,260 thousand) issued in favour of Sui Southern Gas Co. Ltd. on behalf of the Company.

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |

## 15. OTHER RECEIVABLES

| | Note | 2012 | 2011 |
|---|---|---|---|
| Sales tax paid under protest | 22.1.1 | 2,317 | 2,317 |
| Insurance claim receivable | 15.1 | 4,706 | - |
| | | 7,023 | 2,317 |

**15.1** This represent an amount due from Atlas Insurance Ltd. an Associated Company.

## 16. BANK BALANCES

| | 2012 | 2011 |
|---|---|---|
| Balances in current accounts | 7,758 | 13,514 |
| Cheques-in-hand | 40,433 | 80,438 |
| | 48,191 | 93,952 |

## 17. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| 2012 | 2011 | | 2012 | 2011 |
|---|---|---|---|---|
| ----- (Number of Shares) ----- | | | | |
| 1,300,000 | 1,300,000 | Ordinary shares of Rs.10 each fully paid in cash | 13,000 | 13,000 |
| 10,783,174 | 8,769,312 | Ordinary shares of Rs.10 each issued as fully paid bonus shares | 107,832 | 87,693 |
| 12,083,174 | 10,069,312 | | 120,832 | 100,693 |

**17.1** Movement in issued, subscribed and paid-up capital during the year

| 2012 | 2011 | | 2012 | 2011 |
|---|---|---|---|---|
| ----- (Number of Shares) ----- | | | | |
| 10,069,312 | 8,391,094 | Balance at beginning of the year | 100,693 | 83,911 |
| 2,013,862 | 1,678,218 | Issued ordinary shares of Rs.10 each as fully paid bonus shares | 20,139 | 16,782 |
| 12,083,174 | 10,069,312 | Balance at end of the year | 120,832 | 100,693 |

**17.2** Ordinary shares held by the related parties at the reporting date are as follows:

| | 2012 | 2011 |
|---|---|---|
| | ------ (Number of shares) ----- | |
| Atlas Foundation | 222,134 | 185,112 |
| Atlas Insurance Limited | 210,709 | 175,591 |
| GS Yuasa International Limited - Japan | 1,812,464 | 1,510,387 |
| Shirazi (Private) Limited | 483,120 | - |
| Shirazi Capital (Private) Limited | 3,017,500 | 2,514,584 |
| Shirazi Investments (Private) Limited | 3,611,689 | 3,009,741 |
| | 9,357,616 | 7,395,415 |

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Number of shares) ----- | |
| **18. DEFERRED LIABILITIES** | | | |
| Provision for gratuity - non management | 18.1 | 1,771 | 1,633 |
| Compensated leave absences | 18.2 | 39,668 | 33,778 |
| Deferred taxation | 18.3 | 137,886 | 103,000 |
| | | 179,325 | 138,411 |

**18.1 The Company's obligation as per the latest actuarial valuation and other related details in respect of defined benefit gratuity plans are as follows:**

| | Management Funded | | Non - management Unfunded | | Total | |
|---|---|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 | **2012** | 2011 |
| | -------------------- (Rupees in '000) -------------------- | | | | | |
| **18.1.1 Reconciliation of obligation as at year end** | | | | | | |
| Present value of defined benefit obligation | 45,590 | 52,903 | 1,260 | 1,277 | 46,850 | 54,180 |
| Fair value of plan assets | (16,919) | (26,743) | - | - | (16,919) | (26,743) |
| (Receivable from) / payable to Associated Companies in respect of transferees | (47) | 4,829 | - | - | (47) | 4,829 |
| Unrecognized actuarial (loss) / gain | (20,402) | (23,025) | 511 | 356 | (19,891) | (22,669) |
| Liability at end of the year | 8,222 | 7,964 | 1,771 | 1,633 | 9,993 | 9,597 |
| **18.1.2 Movement in liability** | | | | | | |
| Balance at beginning of the year | 7,964 | 6,015 | 1,633 | 1,453 | 9,597 | 7,468 |
| Charge for the year | 8,222 | 7,964 | 198 | 180 | 8,420 | 8,144 |
| Contributions made during the year | (7,964) | (6,015) | (60) | - | (8,024) | (6,015) |
| Balance at end of the year | 8,222 | 7,964 | 1,771 | 1,633 | 9,993 | 9,597 |
| **18.1.3 Movement in defined benefit obligation** | | | | | | |
| Balance at beginning of the year | 52,903 | 48,703 | 1,277 | 1,195 | 54,180 | 49,898 |
| Current service cost | 2,240 | 2,157 | 43 | 43 | 2,283 | 2,200 |
| Interest cost | 6,286 | 6,100 | 180 | 152 | 6,466 | 6,252 |
| Benefits paid during the year | (18,413) | (5,388) | (60) | - | (18,473) | (5,388) |
| Actuarial (gain) / loss | (900) | 4,909 | (180) | (113) | (1,080) | 4,796 |
| Payable to / (receivable from) Associated Companies in respect of transferees | 3,474 | (3,578) | - | - | 3,474 | (3,578) |
| Balance at end of the year | 45,590 | 52,903 | 1,260 | 1,277 | 46,850 | 54,180 |
| **18.1.4 Movement in fair value of plan assets** | | | | | | |
| Balance at beginning of the year | 26,743 | 17,215 | - | - | 26,743 | 17,215 |
| Expected return on plan assets | 2,275 | 2,123 | - | - | 2,275 | 2,123 |
| Contributions made during the year | 7,964 | 6,015 | - | - | 7,964 | 6,015 |
| Benefits paid during the year | (18,413) | (5,388) | - | - | (18,413) | (5,388) |
| Amount transferred to other group companies | (1,403) | (108) | - | - | (1,403) | (108) |
| Actuarial (loss) / gain | (247) | 6,886 | - | - | (247) | 6,886 |
| Balance at end of the year | 16,919 | 26,743 | - | - | 16,919 | 26,743 |
| **18.1.5 Plan assets** | | | | | | |
| Fixed income instruments | 7,386 | 14,357 | - | - | 7,386 | 14,357 |
| Mutual funds units | 9,503 | 12,356 | - | - | 9,503 | 12,356 |
| Others | 30 | 30 | - | - | 30 | 30 |
| | 16,919 | 26,743 | - | - | 16,919 | 26,743 |

| | Management Funded | | Non - management Unfunded | | Total | |
|---|---|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 | **2012** | 2011 |
| | (Rupees in '000) | | | | | |
| **18.1.6 Charge / (income) for the year** | | | | | | |
| Current service cost | 2,240 | 2,157 | 43 | 43 | 2,283 | 2,200 |
| Interest cost | 6,286 | 6,100 | 180 | 152 | 6,466 | 6,252 |
| Expected return of plan assets | (2,275) | (2,123) | - | - | (2,275) | (2,123) |
| Amortisation of loss / (gain) | 1,971 | 1,830 | (25) | (15) | 1,946 | 1,815 |
| | 8,222 | 7,964 | 198 | 180 | 8,420 | 8,144 |
| **18.1.7 Actual return on plan assets** | 2,028 | 1,417 | - | - | 2,028 | 1,417 |

**18.1.8 Comparison historical information of five years**

| | **2012** | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| | (Rupees in '000) | | | | |
| **Funded - Management** | | | | | |
| Present value of defined benefit obligation | 45,590 | 52,903 | 48,703 | 26,614 | 29,173 |
| Fair value of plan assets | (16,919) | (26,743) | (17,215) | (21,893) | (20,882) |
| Deficit | 28,671 | 26,160 | 31,488 | 4,721 | 8,291 |
| Experience adjustment on obligation (gain) / loss | (900) | 4,909 | 88 | 1,737 | 3,428 |
| Experience adjustment on plan assets (loss) / gain | (247) | 6,886 | (384) | (2,522) | 150 |
| **Unfunded - Non management** | | | | | |
| Present value of defined benefit obligation | 1,260 | 1,277 | 1,195 | 1,088 | 1,114 |
| Experience adjustment on obligation gain | (180) | (113) | (34) | (27) | (43) |

| | Management Funded | | Non - management Unfunded | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| **18.1.9 Principal actuarial assumptions used in valuation** | | | | |
| Discount rate (per annum) | 13.50% | 14.50% | 13.50% | 14.50% |
| Expected long-term rate of return on plan assets | 13.50% | 14.50% | - | - |
| Expected long-term rate of future salary increases (per annum) | 12.50% | 13.50% | 12.50% | 13.50% |
| Retirement age (years) | 60 | 60 | 60 | 60 |
| Return on investment | 13.50% | 14.50% | - | - |

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

**18.1.11** Expected charge for the year ending June 30, 2013 amounts to Rs.7,555 thousand and Rs.159 thousand for Management and Non-management gratuity plans respectively.

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| **18.2 Compensated leave absences** | | | |
| Balance at beginning of the year | | 33,778 | 28,779 |
| Add: Provision for the year | | 13,777 | 6,612 |
| | | 47,555 | 35,391 |
| Less: Payments made during the year | | 7,887 | 1,613 |
| Balance at end of the year | | 39,668 | 33,778 |
| **18.3 Deferred taxation** | | | |
| Credit balance arising in respect of accelerated tax depreciation allowance | | 160,513 | 120,854 |
| Debit balances arising in respect of: | | | |
| - tax amortization | | (1,459) | - |
| - provision for gratuity | | (3,497) | (3,359) |
| - provision for impairment of available-for-sale investments | | (350) | (350) |
| - provision for warranty | | (3,437) | (2,323) |
| - provision for compensated leave absences | | (13,884) | (11,822) |
| | | 137,886 | 103,000 |

## 19. TRADE AND OTHER PAYABLES

| | Note | 2012 | 2011 |
|---|---|---|---|
| Trade creditors | | 53,513 | 40,356 |
| Accrued liabilities | 19.1 | 228,331 | 229,105 |
| Provision for warranty | 19.2 | 9,819 | 6,636 |
| Customers advances and credit balances | | 133,953 | 26,232 |
| Workers' Profit Participation Fund | 19.3 | 37,049 | 28,189 |
| Provision for gratuity - Management | 18.1 | 8,222 | 7,964 |
| Workers' Welfare Fund | 19.4 | 14,079 | 10,502 |
| Unclaimed dividend | | 6,192 | 4,658 |
| Other liabilities | 19.5 | 3,303 | 3,232 |
| | | 494,461 | 356,874 |

**19.1** Includes Rs.72,171 thousand (2011: Rs.58,683 thousand) due to GS Yuasa International Limited - Japan (a related party).

| | Note | 2012 | 2011 |
|---|---|---|---|
| **19.2 Provision for warranty** | | | |
| Balance at beginning of the year | | 6,636 | 5,875 |
| Add: Provision for the year | 24.1 | 43,660 | 31,741 |
| | | 50,296 | 37,616 |
| Less: Payments made during the year | | 40,477 | 30,980 |
| Balance at end of the year | | 9,819 | 6,636 |
| **19.3 Workers' Profit Participation Fund** | | | |
| Balance at beginning of the year | | 28,189 | 18,316 |
| Add: Interest on funds utilized in the Company's business | 29 | 488 | 54 |
| | | 28,677 | 18,370 |
| Less: Payments made during the year | | 28,677 | 18,370 |
| | | - | - |
| Add: Allocation for the year | 28 | 37,049 | 28,189 |
| Balance at end of the year | | 37,049 | 28,189 |

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| **19.4 Workers' Welfare Fund** | | | |
| Balance at beginning of the year | | 10,502 | 6,822 |
| Add: Charge for the year | | 14,079 | 10,502 |
| Add: Adjustment for prior year | | 210 | - |
| | 28 | 14,289 | 10,502 |
| | | 24,791 | 17,324 |
| Less: Payments made during the year | | 10,712 | 6,822 |
| Balance at end of the year | | 14,079 | 10,502 |

**19.5** Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.2,897 thousand (2011: Rs.2,847 thousand).

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |

## 20. ACCRUED MARK-UP

| | Note | 2012 | 2011 |
|---|---|---|---|
| Mark-up accrued on: | | | |
| - running finances | | 7,760 | 4,194 |
| - demand finance | | 50 | - |
| - import finances | | - | 1,028 |
| | | 7,810 | 5,222 |

## 21. SHORT-TERM BORROWINGS - Secured

| | Note | 2012 | 2011 |
|---|---|---|---|
| Running finances | 21.1 | 365,209 | 255,294 |
| Demand finances | 21.2 | 50,000 | - |
| Import finances | 21.3 | - | 179,404 |
| | | 415,209 | 434,698 |

**21.1** Running finance facilities available from various banks under mark-up arrangements aggregate to Rs.1,500 million (2011: Rs.1,150 million). These finance facilities carry mark-up at the rates ranging from 12.67% to 15.06% (2011: 14.14% to 15.31%) per annum. The mark-up on running finance facilities is payable on quarterly basis.

**21.2** Demand finance facilities aggregating Rs.950 million (2011: Rs.550 million) are also available to the Company from various banks as sub-limits of above mentioned running finance facilities. These facilities carry mark-up at the rates ranging from 12.02% to 14.34% (2011: 12.80% to 13.90%) per annum.

**21.3** FE-25 facilities aggregating Rs.1,240 million (2011: Rs.640 million) are available from various banks as sub-limits of above mentioned running finance facilities. These finance facilities carry mark-up at the rates ranging from 2.06% to 4.08% (2011: 2.06% to 3.75%) per annum. Year-end balance represents Nil (2011: U.S.Dollar 2,085 thousand) which were carried at year end rate.

**21.4** The above mentioned finance facilities are secured against joint hypothecation / ranking charge on stock-in-trade and trade debts and are expiring on various dates upto March 31, 2013.

**21.5** Facilities available for opening letters of credit and guarantees from various banks aggregate to Rs.2,023 million (2011: Rs.1,500 million) of which the amount remaining unutilised at the year-end was Rs.1,692 million (2011: Rs.1,195 million). These facilities are secured against lien on import documents and are expiring on various dates upto March 31, 2013.

## 22. CONTINGENCIES AND COMMITMENTS

### 22.1 Contingencies

22.1.1 The Company received two notices under section 37 of the Sales Tax Act, 1990 (the Act) from the Directorate General of Intelligence and Investigation, Federal Board of Revenue (FBR), Karachi on March 21, 2011 and June 09, 2011. In the said notices it has been alleged that the Company purchased goods from certain suppliers who were registered with Regional Tax Offices, but were fake and issued sales tax invoices to the Company on the basis of which the Company claimed input tax adjustment amounting to Rs.19.99 million which according to them is illegal / inadmissible. Despite the stand of the Company that it purchased goods from the registered suppliers and was compliant of other regulatory requirements, it under extreme unauthorized pressure by the Directorate, deposited Rs.2.317 million on June 27, 2011 (disclosed as other receivable) in the Government Treasury without prejudice to its right to contest the case at the legal forums and claim refund of the amount deposited. The Directorate General of Intelligence and Investigation, FBR, Karachi issued contravention report and forwarded the case to large tax payers unit (LTU), Karachi for adjudication. The Deputy Commissioner Inland Revenue passed orders against the Company which has been challenged by the Company before the Commissioner Inland Revenue (Appeals-I), Karachi. The matter is pending there for finalization.

22.1.2 The Company also received another notice from the Directorate of Intelligence and Investigation, FBR, Lahore in which it had been alleged that the Company purchased goods from certain suppliers who were registered with Regional Tax Offices, but were fake and issued sales tax invoices to the Company on the basis of which the Company claimed input tax adjustment amounting to Rs.29.066 million which according to them was illegal / inadmissible. The name of the Company along with 135 companies and other individuals had therefore been included as an accused person in the First Information Report No.04/2011 dated March 26, 2011 (FIR) registered by the Additional Director, Intelligence and Investigation, FBR, Lahore. The Company has, therefore, filed a Constitutional Petition in the Honourable Lahore High Court (the Court) and prayed to quash the FIR against the Company and declare the notice illegal. The Court has granted stay order and advised the concerned authorities to restrain from further proceeding with the matter. The matter is still pending before the Court for finalization.

In both the above cases, the management is of the view that the Company has been purchasing taxable goods from active taxpayers and has been compliant of regulatory requirements in order to claim valid input tax under section 7 of the Act. The Company has also been filing monthly sale tax returns electronically which were accepted by the web portal of FBR which indicates that tax payers are active. The fake suppliers as alleged in the FIR were registered and active at the time of purchase of goods and were filing their sales tax returns which were accepted by the web portal of FBR. As such there was no reason to doubt the legitimacy of these suppliers. The management also explained that the goods supplied by the alleged fake suppliers were physically received and payments were made through cross cheques in compliance with the requirements of section 73 of the Act. The management is confident that the matter will be decided in favour of the Company and it will not be exposed to any loss on this account. The Company has therefore, made no provision in these financial statements in respect of any liability which may arise as a consequence of the said notices.

### 22.2 Outstanding bank guarantees

Guarantees aggregating Rs.33,703 thousand (2011: Rs.7,677 thousand) are issued by various commercial banks on behalf of the Company to Sui Southern Gas Company Limited and Karachi Electric Supply Company.

| | 2012 | 2011 |
|---|---|---|
| | ------ (Rupees in '000) ----- | |
| **22.3 Commitments** | | |
| 22.3.1 Commitments in respect of confirmed letters of credit relating to: | | |
| - raw-materials, stores, spares and loose tools | 281,086 | 292,547 |
| - capital expenditure | 15,904 | 3,862 |
| | 296,990 | 296,409 |

22.3.2 Commitments for capital expenditure other than through letters of credit aggregating Rs.13,855 thousand.

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| **23. SALES - Net** | | | |
| Local sales | | 9,143,748 | 7,586,450 |
| Export sales | | 24,545 | - |
| | | 9,168,293 | 7,586,450 |
| Less: | | | |
| - sales tax and special excise duty | | 1,202,373 | 1,132,271 |
| - trade discount and incentives | | 748,804 | 585,919 |
| | | 1,951,177 | 1,718,190 |
| | | 7,217,116 | 5,868,260 |

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |

## 24. COST OF SALES

| | Note | 2012 | 2011 |
|---|---|---|---|
| Finished goods at beginning of the year | | 90,701 | 69,056 |
| Cost of goods manufactured | 24.1 | 6,010,300 | 5,029,066 |
| | | 6,101,001 | 5,098,122 |
| Finished goods at end of the year | | (51,567) | (90,701) |
| | | 6,049,434 | 5,007,421 |

### 24.1 Cost of goods manufactured

| | Note | 2012 | 2011 |
|---|---|---|---|
| Work-in-process at beginning of the year | | 233,876 | 115,589 |
| Raw materials and components consumed | 24.2 | 5,021,134 | 4,263,603 |
| Salaries, wages and benefits | 24.3 | 272,631 | 249,992 |
| Stores consumed | | 142,972 | 117,839 |
| Light, heat and water | | 363,442 | 286,587 |
| Insurance | | 12,383 | 9,209 |
| Rent, rates and taxes | | 37,324 | 20,682 |
| Repair and maintenance | | 32,116 | 27,410 |
| Royalty | | 72,171 | 58,683 |
| Cartage | | 5,351 | 4,752 |
| Travelling, conveyance and entertainment | | 9,943 | 10,992 |
| Postage and telephone | | 1,162 | 816 |
| Printing and stationery | | 1,572 | 1,601 |
| Vehicle running | | 788 | 1,060 |
| Depreciation | 5.3 | 77,403 | 59,877 |
| Free replacement | 19.2 | 43,660 | 31,741 |
| Other manufacturing expenses | | 3,091 | 2,509 |
| | | 6,331,019 | 5,262,942 |
| Work-in-process at end of the year | | (320,719) | (233,876) |
| Cost of goods manufactured | | 6,010,300 | 5,029,066 |

### 24.2 Raw materials and components consumed

| | Note | 2012 | 2011 |
|---|---|---|---|
| Stock at beginning of the year | | 344,069 | 258,306 |
| Purchases | | 5,099,268 | 4,349,366 |
| | | 5,443,337 | 4,607,672 |
| Stock at end of the year | | (422,203) | (344,069) |
| | | 5,021,134 | 4,263,603 |

24.3 Salaries, wages and benefits include Rs.4,584 thousand (2011: Rs.3,954 thousand) and Rs.3,765 thousand (2011: Rs.3,732 thousand) in respect of staff retirement benefits gratuity and provident fund respectively.

## 25. DISTRIBUTION COST

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| Salaries and benefits | 25.1 | 43,851 | 47,795 |
| Travelling, conveyance and entertainment | | 10,628 | 10,347 |
| Vehicle running | | 109 | 266 |
| Rent, rates and taxes | | 4,413 | 3,552 |
| Advertisement and sales promotion | | 21,959 | 16,411 |
| Repair and maintenance | | 303 | 491 |
| Light, heat and water | | 1,520 | 1,447 |
| Freight and forwarding | | 75,055 | 59,067 |
| Printing and stationery | | 484 | 470 |
| Postage and telephone | | 2,371 | 2,496 |
| Depreciation | 5.3 | 2,372 | 3,219 |
| Services charges | | 523 | 616 |
| Insurance | | 22,480 | 18,565 |
| Newspapers, magazines and subscription others | | 299 | 311 |
| | | 186,367 | 165,053 |

25.1 Salaries and benefits include Rs.1,217 thousand (2011: Rs.1,030 thousand) and Rs.1,392 thousand (2011: Rs.1,344 thousand) in respect of staff retirement benefits gratuity and provident fund respectively.

## 26. ADMINISTRATIVE EXPENSES

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| Directors' meeting fee | | 70 | 110 |
| Salaries and benefits | 26.1 | 103,666 | 66,926 |
| Travelling, conveyance and entertainment | | 7,824 | 6,746 |
| Insurance | | 1,921 | 1,496 |
| Legal and professional charges | | 2,834 | 2,107 |
| Fee and subscription | | 8,015 | 4,386 |
| Postage and telephone | | 1,147 | 808 |
| Printing and stationery | | 985 | 837 |
| Vehicle running | | 1,497 | 418 |
| Training expense | | 1,551 | 1,426 |
| Depreciation | 5.3 | 10,605 | 4,876 |
| Amortisation | 6 | 6,129 | 6,130 |
| Donation | 26.2 | 5,251 | 3,413 |
| | | 151,495 | 99,679 |

26.1 Salaries and benefits include Rs.2,619 thousand (2011: Rs.3,160 thousand) and Rs.4,577 thousand (2011: Rs.2,659 thousand) in respect of staff retirement benefits gratuity and provident fund respectively.

26.2 Donation of Rs.5,251 thousand (2011: Rs.3,413 thousand) charged in these financial statements is paid to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi (the Foundation). Mr. Yusuf H. Shirazi, Chairman of the Company, is trustee of the Foundation.

## 27. OTHER OPERATING INCOME

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| **Income from financial assets** | | | |
| Gain on sale of investments | | 8,235 | 125 |
| Net change in fair value of investments at fair value through profit or loss | | 24,206 | 6,379 |
| | | 32,441 | 6,504 |
| **Income from other than financial assets** | | | |
| Scrap sales | | 4,594 | 3,273 |
| Gain on sale of fixed assets | | - | 2,488 |
| | | 4,594 | 5,761 |
| | | 37,035 | 12,265 |

## 28. OTHER OPERATING EXPENSES

| | Note | 2012 | 2011 |
|---|---|---|---|
| Auditors' remuneration | 28.1 | 1,309 | 1,309 |
| Workers' Profit Participation Fund | 19.3 | 37,049 | 28,189 |
| Workers' Welfare Fund | 19.4 | 14,289 | 10,502 |
| Loss on sale of operating fixed assets | 5.5 | 5,975 | - |
| Operating fixed assets written-off | 5.1 | 11,190 | - |
| Exchange loss - net | | 37,498 | 5,756 |
| | | 107,310 | 45,756 |

| | | Note | 2012 | 2011 |
|---|---|---|---|---|
| | | | ------ (Rupees in '000) ----- | |
| **28.1** | **Auditor's remuneration** | | | |
| | Fee for: | | | |
| | Annual audit | | 1,000 | 1,000 |
| | Half yearly review | | 70 | 70 |
| | Review of Code of Corporate Governance | | 68 | 68 |
| | Audits of retirement funds and workers' profit participation fund | | 73 | 73 |
| | Certification for payment of royalty, technical fee and dividend | | 83 | 83 |
| | Out-of-pocket expenses | | 15 | 15 |
| | | | 1,309 | 1,309 |
| **29.** | **FINANCE COST** | | | |
| | Mark-up on: | | | |
| | - running finances | | 33,722 | 22,747 |
| | - demand finances | | 25,429 | 11,361 |
| | - import finances | | 5,363 | 1,322 |
| | | | 64,514 | 35,430 |
| | Interest on workers' profit participation fund | 19.3 | 488 | 54 |
| | Other financial charges | | 4,894 | 2,031 |
| | | | 69,896 | 37,515 |
| **30.** | **TAXATION** | | | |
| | Current year | | 169,264 | 148,357 |
| | Adjustments of prior years | | (515) | 256 |
| | Deferred | | 34,886 | 21,986 |
| | | | 203,635 | 170,599 |
| 30.1 | Relationship between income tax expense and accounting profit | | | |
| | Profit before taxation | | 689,649 | 525,101 |
| | Tax at the applicable rate of 35% (2011: 35%) | | 241,377 | 183,785 |
| | Tax effect of expenses, which are not deductible for tax purposes and are taken to profit and loss account | | 40,994 | 27,046 |
| | Tax effect of expenses, which are deductible for tax purposes but are not taken to profit and loss account | | (83,096) | (50,636) |
| | Tax effect of income subject to final tax regime | | (316) | - |
| | Tax effect of income exempt from tax | | (2,882) | (44) |
| | Surcharge | | - | 7,108 |
| | Effect of tax credits | | (26,813) | (18,902) |
| | Effect of prior years' tax | | (515) | 256 |
| | Deferred taxation | | 34,886 | 21,986 |
| | | | 203,635 | 170,599 |
| **31.** | **EARNINGS PER SHARE** | | | |
| | Profit after taxation | | 486,014 | 354,502 |
| | | | ------ (Numbers of shares) ----- | |
| | | | | Restated |
| | Weighted average number of ordinary shares in issue during the year | | 12,083,174 | 12,083,174 |
| | | | ------ (Rupees) ----- | |
| | Basic earnings per share | | 40.22 | 29.34 |

**31.1** There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitments. Number of shares in issue and earnings per share for the year ended June 30, 2011 have been restated taking into effect of bonus shares at the rate of 20% issued during the current financial year.

## 32. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including foreign currency risk, interest rate risk and other price risk).

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

### 32.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Company.

Credit risk primarily arises from investments, trade deposits trade debts, loans and advances, other receivables and balances with banks. Financial assets that are subject to credit risk aggregate to Rs.612,863 thousand (2011: Rs.393,976 thousand).

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

The credit risk on liquid funds maintained with banks and investment in mutual funds is limited as such banks and funds enjoy reasonably high credit rating. Accordingly, management does not expect any counter party to fail in meeting their obligations.

The carrying amounts of financial assets (category-wise) that represent Company's maximum credit exposure as at the reporting date are as follows:

| | 2012 | 2011 |
|---|---|---|
| | ------ (Rupees in '000) ----- | |
| **Investments at fair value through profit or loss** | | |
| Investments | 436,291 | 204,863 |
| **Loans and receivables** | | |
| Long-term deposits | 6,832 | 517 |
| Long-term loans | 719 | 605 |
| Trade debts | 112,423 | 89,625 |
| Loans and advances | 1,125 | 843 |
| Short-term deposits | 2,576 | 3,571 |
| Other receivables | 4,706 | - |
| Bank balances | 48,191 | 93,952 |
| | 176,572 | 189,113 |
| | 612,863 | 393,976 |

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

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

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | Rupees in '000 | % | Rupees in '000 | % |
| Original Equipment & Institutions | 65,646 | 58.39 | 59,188 | 66.00 |
| Associated Companies | 27,044 | 24.06 | 1,514 | 1.70 |
| Dealers | 19,733 | 17.55 | 28,923 | 32.30 |
| | 112,423 | 100 | 89,625 | 100 |

| | 2012 | 2011 |
|---|---|---|
| | ------ (Rupees in '000) ----- | |
| The ageing of trade debts at the reporting date is as follows: | | |
| Less than 30 days | 77,967 | 66,891 |
| 31 - 90 days | 25,084 | 20,039 |
| 91 - 150 days | 8,180 | 1,156 |
| 151 days and above | 1,192 | 1,539 |
| | 112,423 | 89,625 |

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due over 151 days do not require any impairment.

The credit quality of the Company's bank balances can be assessed with the reference to the external credit ratings as follows:

| Name of Bank | Rating agency | Short-term rating | Long-term rating | 2012 | 2011 |
|---|---|---|---|---|---|
| | | | | ---(Rupees in '000)--- | |
| MCB Bank Limited | PACRA | A1+ | AA+ | 2,285 | 13,391 |
| Summit Bank Limited | JCR-VIS | A-2 | A- | 10 | 11 |
| National Bank of Pakistan | JCR-VIS | A1+ | AAA | 4 | 5 |
| HSBC Bank Middle East Limited | Moody's | P-1 | A1 | 14 | 60 |
| Meezan Bank Limited | JCR-VIS | A1+ | AA- | - | 44 |
| The Bank of Tokyo Mitsubishi UFJ Limited | S&P | A+ | A1 | 237 | 3 |
| Barclays Bank PLC, Pakistan | S&P | A1 | A | 600 | - |
| Allied Bank Limited | PACRA | A1+ | AA | 36 | - |
| Bank Alfalah Limited | PACRA | A1+ | AA | 382 | - |
| United Bank Limited | JCR-VIS | A1+ | AA+ | 4,190 | - |
| | | | | 7,758 | 13,514 |

The Company's investments in units of mutual funds can be assessed with reference to the following external credit ratings:

| Mutual fund | Rating agency | Rating | 2012 | 2011 |
|---|---|---|---|---|
| | | | ---(Rupees in '000)--- | |
| Atlas Money Market Fund | PACRA | AA+(f) | 357,423 | 195,425 |
| Atlas Stock Market Fund | PACRA | 5 star | 17,831 | - |
| Atlas Income Fund | PACRA | A+(f) | 32,992 | - |
| Atlas Islamic Stock Fund | PACRA | 4 star | 17,511 | - |
| ABL Income Fund | JCR-VIS | A+(f) | 7,763 | 6,949 |
| UBL Liquidity Plus Fund | JCR-VIS | AA+(f) | 2,771 | 2,489 |
| | | | 436,291 | 204,863 |

**32.2 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of adequate credit facilities. Financial liabilities in accordance with their contractual maturities are presented below:

| | 2012 | | |
|---|---|---|---|
| | Carrying Amount | Contractual cash flows | Less than 1 year |
| | ----------------(Rupees in '000)---------------- | | |
| Trade and other payables | 309,380 | 309,380 | 309,380 |
| Accrued mark-up | 7,810 | 7,810 | 7,810 |
| Short-term borrowings | 415,209 | 415,392 | 415,392 |
| | 732,399 | 732,582 | 732,582 |

| | 2011 | | |
|---|---|---|---|
| | Carrying Amount | Contractual cash flows | Six months or less |
| | ----------------(Rupees in '000)---------------- | | |
| Trade and other payables | 291,951 | 291,951 | 291,951 |
| Accrued mark-up | 5,222 | 5,222 | 5,222 |
| Short-term borrowings | 434,698 | 435,348 | 435,348 |
| | 731,871 | 732,521 | 732,521 |

32.3 **Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with acceptable parameters, while optimising the return.

(a) **Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to currency risk on import of fixed assets, raw materials, stores & spares and export of goods. The Company primarily has foreign currency exposures in U.S. Dollars, Japanese Yen and Euro. The Company's exposure to foreign currency risk as on June 30, 2012 is Nil (2011: U.S $ 2,085 thousand).

The average exchange rate of U.S. Dollar to Rupee works out to be 88.90 (2011: 85.50) and reporting date exchange rate is 94.20 (2011: 85.60).

**Sensitivity analysis**

At the reporting date, if Rupee had weakened by 5% against U.S. Dollar with all other variables held constant, profit before taxation for the year would have been decrease by Rs.Nil (2011: Rs.8,924 thousand) mainly as a result of foreign exchange loss on translation of financial liability.

The strengthening of Rupee against U.S. Dollar would have had an equal but opposite impact on the profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and liability of the Company.

(b) **Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company's interest rate exposure primarily arises from its short-term borrowings. Short-term borrowings of the Company as on June 30, 2012 aggregating to Rs.415,209 thousand (2011: Rs.434,698 thousand).

**Sensitivity analysis**

A change of 100 basis point in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2011.

| | **Increase** | Decrease |
|---|---|---|
| | **------ (Rupees in '000) -----** | |
| Cash flow sensitivity - variable rate instruments | | |
| As at June 30, 2012 | 4,152 | (4,152) |
| As at June 30, 2011 | 4,347 | (4,347) |

### (c) Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Company's investments in units of mutual funds aggregating Rs.436,291 thousand (2011: Rs.204,863 thousand) are exposed to price risk due to changes in Net Asset Value (NAV) of such funds.

A change of 1% in NAV of mutual funds at the reporting date would have increased / (decreased) profit for the year and investments by the amounts shown below.

| | 2012 | 2011 |
|---|---|---|
| | ------ (Rupees in '000) ----- | |
| Effect on profit before taxation | 4,363 | 2,049 |
| Effect on investments | 4,363 | 2,049 |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / investments of the Company.

### 32.4 Fair value hierarchy

The following table shows the fair value measurements of the financial instruments carried at fair value by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities:

Level 2: Inputs other than quoted prices included within level 1 that are observable for asset of liability, either directly (i.e., as price) or indirectly (i.e., derived from prices): and

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

Investments in units of mutual funds is valued using NAV of respective mutual fund, hence, fair value of such investments fall within level 2 in fair value hierarchy as mentioned above.

### 32.5 Fair value estimation

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

### 32.6 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares. There was no change to the Company's approach to capital management during the year.

## 33. OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.

(a) Battery sales represent 100% (2011:100%) of the total revenue of the Company.
(b) 99.66% (2011: 100%) of the Company's sales relate to customers in Pakistan.
(c) All non-current assets of the Company as at 30 June, 2012 are located in Pakistan.
(d) The Company does not have any customer having sale of ten percent or more during the year ended June 30, 2012 and June 30, 2011.

## 34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration including certain benefits to the Chief Executive, Director and executives of the Company are as follows:

| | Chief Executive | | Director | | Executives | |
|---|---|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 | **2012** | 2011 |
| | -------------------- (Rupees in '000) -------------------- | | | | | |
| Managerial remuneration | 7,059 | 6,022 | 5,288 | 4,847 | 58,696 | 51,524 |
| House rent and utilities | 4,941 | 2,879 | 3,702 | 2,319 | 41,096 | 23,879 |
| Bonus | 3,000 | 4,444 | 2,248 | 3,583 | 25,980 | 36,801 |
| Retirement benefits | 1,027 | 576 | 1,462 | 1,227 | 15,778 | 9,046 |
| Medical and others | 161 | 229 | 1,505 | 132 | 3,552 | 2,004 |
| Total | 16,188 | 14,150 | 14,205 | 12,108 | 145,102 | 123,254 |
| Number of persons | 1 | 2 | 1 | 1 | 43 | 34 |

34.1 Chief executive remuneration for the preceding financial year included remuneration paid to Mr. Ali H. Shirazi from August 2010 to June 2011 and to Mr. Talha Saad for the month of July 2010 only.

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

### 34.3 Remuneration to other directors

Aggregate amount charged in the financial statements for meeting fee to two (2011: three) directors was Rs.70 thousand (2011: Rs.110 thousand).

## 35. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Company, key management personnel and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment and remuneration of key management personnel is disclosed in note 34. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

| Relationship with the company | Nature of transactions | 2012 | 2011 |
|---|---|---|---|
| | | ------ (Rupees in '000) ----- | |
| (i) Associates | Sales: | | |
| | - goods | 302,735 | 319,019 |
| | - operating fixed assets | - | 612 |
| | - intangible assets | - | 937 |
| | Purchases: | | |
| | - raw materials | 20,916 | 19,415 |
| | - consumables | 1,871 | 650 |
| | - operating fixed assets | 60,190 | 18,207 |
| | Rent / service charges paid | 34,472 | 18,152 |
| | Commission paid | 133,544 | 42,376 |
| | Reimbursement of expenses | 3,560 | 1,215 |
| | Expenses charged | 263 | 43 |
| | Insurance premium | 77,313 | 62,493 |
| | Insurance claims | 8,036 | 5,015 |
| | Purchase of units in mutual funds | 410,000 | 190,000 |
| | Redemptions of units in mutual funds | 211,012 | - |
| | Dividend paid | 73,954 | 57,048 |
| | Sale proceeds of bonus fractions | 64 | 52 |
| | Royalty | 72,171 | 58,683 |
| | Donation paid | 5,251 | 3,413 |
| | Contribution to pension fund | 4,399 | 1,026 |
| | | ------ Number of shares ------ | |
| | Bonus shares issued | 1,479,081 | 1,140,968 |
| | | ------ (Rupees in '000) ----- | |
| (ii) Staff retirement funds | Contributions paid to: | | |
| | - gratuity funds | 8,222 | 8,144 |
| | - provident fund | 5,335 | 6,709 |

## 36. PLANT CAPACITY AND ACTUAL PRODUCTION

The production capacity of the plant cannot be determined as this depends upon relative proportion of various types of automotive and motorcycle batteries produced.

## 37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on August 27, 2012 by the Board of Directors of the Company.

## 38. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors, in their meeting held on August 27, 2012, has proposed following appropriations:

| | 2012 | 2011 |
|---|---|---|
| | ------ (Rupees in '000) ----- | |
| Cash dividend at the rate of 100% (2011: 100%) | 120,832 | 100,693 |
| Bonus Shares at the rate of 20% (2011: 20%) | 24,166 | 20,139 |
| Transferred to General Reserves | 340,000 | 230,000 |

## 39. CORRESPONDING FIGURES

Previous year figures have been re-arranged and / or re-classified, whenever necessary, for the purpose of comparison in the financial statements. For the purpose of alignment with third schedule to the Income Tax Ordinance, 2001 and better presentation re-classifications made in these financial statements were as follows:

| Reclassification from component | Reclassification to component | Rupees in '000 |
|---|---|---|
| **Balance sheet** | | |
| Property, plant and equipment - operating fixed assets | | |
| Moulds dies & jigs | Plant and machinery | 42,188 |
| Factory equipment | Plant and machinery | 45,372 |
| Gas installation | Plant and machinery | 9 |
| Electrical installation | Plant and machinery | 14,008 |
| Fork lifter | Plant and machinery | 3,273 |
| Laboratory equipment | Plant and machinery | 2,175 |
| Property, plant and equipment - capital work-in-progress | | |
| Moulds dies and jigs | Plant and machinery | 4,195 |
| Factory equipment | Plant and machinery | 10,439 |
| **Profit and loss account** | | |
| Reclassified within cost of sales | | |
| Stores consumed | Light, heat and water | 60,638 |

| Yusuf H. Shirazi | Ali H. Shirazi | Omar Saeed |
|---|---|---|
| Chairman | President / Chief Executive | Director |

# Pattern of Shareholding
## As at June 30, 2012

| NO. OF SHAREHOLDERS | HAVING SHARES FROM | TO | SHARES HELD | PERCENTAGE |
|---|---|---|---|---|
| 540 | 1 | 100 | 12,275 | 0.12% |
| 360 | 101 | 500 | 94,050 | 0.78% |
| 163 | 501 | 1,000 | 125,058 | 1.03% |
| 215 | 1,001 | 5,000 | 506,837 | 4.19% |
| 35 | 5,001 | 10,000 | 256,015 | 2.12% |
| 15 | 10,001 | 15,000 | 178,944 | 1.48% |
| 1 | 15,001 | 20,000 | 18,320 | 0.15% |
| 9 | 20,001 | 25,000 | 202,389 | 1.67% |
| 1 | 30,001 | 35,000 | 33,633 | 0.28% |
| 1 | 35,001 | 40,000 | 39,744 | 0.33% |
| 3 | 40,001 | 45,000 | 127,692 | 1.06% |
| 1 | 65,001 | 70,000 | 68,256 | 0.56% |
| 1 | 70,001 | 75,000 | 75,000 | 0.62% |
| 3 | 75,001 | 80,000 | 232,168 | 1.92% |
| 1 | 120,001 | 125,000 | 120,960 | 1.00% |
| 1 | 165,001 | 170,000 | 167,060 | 1.38% |
| 1 | 210,001 | 215,000 | 210,709 | 1.74% |
| 1 | 220,001 | 225,000 | 222,134 | 1.84% |
| 1 | 225,001 | 230,000 | 226,058 | 1.87% |
| 1 | 240,001 | 245,000 | 241,099 | 2.00% |
| 1 | 480,001 | 485,000 | 483,120 | 4.00% |
| 1 | 1,810,001 | 1,815,000 | 1,812,464 | 15.00% |
| 1 | 3,015,001 | 3,020,000 | 3,017,500 | 24.97% |
| 1 | 3,610,001 | 3,615,000 | 3,611,689 | 29.89% |
| 1,358 | | | 12,083,174 | 100.00% |

**The slabs representing nil holding have been omitted.**

| Categories of Shareholders | Number of Shareholders | Number of Shares held | Percentage of Shares held |
|---|---|---|---|
| Directors, Chief Executive and their spouse and minor children | 5 | 2,405 | 0.02% |
| Associated companies, undertakings & related parties (Note 1) | 6 | 9,357,616 | 77.44% |
| NIT and ICP | 2 | 3,968 | 0.03% |
| Banks, DFIs & NBFCs | 1 | 1,569 | 0.01% |
| Insurance Companies | 2 | 23,085 | 0.19% |
| Modarabas and Mutual Funds | 3 | 4,410 | 0.04% |
| Public Sector Companies & Corporations | 1 | 167,060 | 1.38% |
| **General Public** | | | |
| Local | 1,310 | 2,116,156 | 17.52% |
| Foreign | - | - | - |
| **Others:** | | | |
| Corporate Law Authority (Securities and Exchange Commission of Paksitan) | 1 | 1 | - |
| Joint Stock Companies | 25 | 362,587 | 3.00% |
| Abandoned Properties Organization | 1 | 44,316 | 0.37% |
| Trustee of Iftikhar Shirazi Family Trust | 1 | 1 | - |
| | 1,358 | 12,083,174 | 100.00% |

**Note:**

1. Following shareholders are shown under Associated Companies category:

| | | |
|---|---|---|
| Atlas Foundation | 222,134 | 1.84% |
| Atlas Insurance Limited | 210,709 | 1.74% |
| GS Yuasa International Limited - Japan | 1,812,464 | 15.00% |
| Shirazi (Private) Limited | 483,120 | 4.00% |
| Shirazi Capital (Private) Limited | 3,017,500 | 24.97% |
| Shirazi Investments (Private) Limited | 3,611,689 | 29.89% |

# Pattern of Shareholding as at June 30, 2012
## Information required under the Code of Corporate Governance

| Categories of Shareholders | Number of Shareholders | Number of Shares held | Percentage of Shares held |
|---|---|---|---|
| **Associated Companies, Undertakings and Related Parties** | | | |
| Atlas Foundation | 1 | 222,134 | 1.84% |
| Atlas Insurance Limited | 1 | 210,709 | 1.74% |
| GS Yuasa International Limited - Japan | 1 | 1,812,464 | 15.00% |
| Shirazi (Private) Limited | 1 | 483,120 | 4.00% |
| Shirazi Capital (Private) Limited | 1 | 3,017,500 | 24.97% |
| Shirazi Investments (Private) Limited | 1 | 3,611,689 | 29.89% |
| | 6 | 9,357,616 | 77.44% |
| **Mutual Funds** | | | |
| Golden Arrow Selected Stocks Fund Limited | 1 | 2,970 | 0.02% |
| MCBFSL - Trustee URSF - Equity Sub Fund | 1 | 720 | 0.01% |
| MCBFSL - Trustee UIRSF - Equity Sub Fund | 1 | 720 | 0.01% |
| | 3 | 4,410 | 0.04% |
| **NIT and ICP** | | | |
| Investment Corporation of Pakistan | 1 | 506 | - |
| IDBP - (ICP Unit) | 1 | 3,462 | 0.03% |
| | 2 | 3,968 | 0.03% |
| **Directors, Chief Executive and their spouse and minor children** | | | |
| Mr. Yusuf H. Shirazi & Mrs. Khawar S. Shirazi | 1 | 1 | - |
| Mr. Ali H. Shirazi | 1 | 1 | - |
| Mr. Kamal A. Chinoy | 1 | 1 | - |
| Mr. Khaleeq-ur-Rahman Khan | 1 | 1 | - |
| Mr. Omar Saeed | 1 | 2,401 | 0.02% |
| | 5 | 2,405 | 0.02% |
| **Executives** | - | - | - |
| **Public Sector Companies & Corporations** | | | |
| State Life Insurance Coporation of Pakistan | 1 | 167,060 | 1.38% |
| **Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarabas and Mutual Funds** | 3 | 24,654 | 0.20% |
| **General Public** | 1,310 | 2,116,156 | 17.52% |
| **Others** | 28 | 406,905 | 3.37% |
| | 1,358 | 12,083,174 | 100.00% |
| **Shareholders holding 5% or more voting interest** | | | |
| GS Yuasa International Limited - Japan | 1 | 1,812,464 | 15.00% |
| Shirazi Capital (Private) Limited | 1 | 3,017,500 | 24.97% |
| Shirazi Investments (Private) Limited | 1 | 3,611,689 | 29.89% |

### Details of Trading in the shares by Directors

| Name | No. of Shares Traded | Date of Trade | Detail |
|---|---|---|---|
| Mr. Yusuf H. Shirazi | 100,650 | 7-Jul-2011 | Purchased from market |
| Mr. Ali H. Shirazi | 100,650 | 7-Jul-2011 | Purchased from market |
| Mr. Khaleeq-ur-Rahman Khan | 1 | 13-Jul-2011 | Purchased from market |
| Mr. Omar Saeed | 2,000 | 8-Aug-2011 | Purchased from market |
| Mr. Yusuf H. Shirazi | 120,780 | 4-Oct-2011 | Sold in the market |
| Mr. Ali H. Shirazi | 120,780 | 4-Oct-2011 | Sold in the market |

## Atlas Group Companies

| | *Year of Establishment / Acquisition** |
|---|---|
| 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** |

# PRODUCT TYPES AND THEIR APPLICATION

| Battery Type | | | Application |
|---|---|---|---|
| **Light Batteries** | | | |
| CGR30 | 7 PL | CGR30 | CNG Rickshaw |
| GX43 | 9 PL | NS40SR | Suzuki Van / Pick-up, Subaru Van / Pick-up (old models) (600cc to 800cc) |
| GL43 | 9 PL | NS40SR | Suzuki Car / Van / Pick-up, Jeep, Subaru Car / Van / Pick-up, Charade Petrol (800cc to 1000cc) |
| GL48 | 9 PL | NS40ZL 9PL | Suzuki Mehran, Daihatsu Cuore, Kia Classic, All CNG converted vehicles (800cc to 1000cc) |
| GL50 | 11 PL | NS40ZL 11PL | All types of vehicles (800cc to 1300cc) |
| CNG60 | 11 PL | N40 | Datsun 120Y, Mazda, Mitsubishi Lancer, Toyota, Honda Civic (1000cc to 1800cc) |
| GR65 | 13 PL | NS60 | |
| GL65 | 13 PL | NS60L | |
| GR70 | 9 PL | N50 | Honda Accord, Honda CRV, Toyota Mark II, Toyota Crown, Toyota Cressida, Mercedes Benz, Willys Jeeps, MF375 Tractors, Hyundai, Daewoo (2000cc to 6000cc) |
| 80D26R | 11 PL | N50Z | |
| GR85 | 13 PL | N70 EXTRA | |
| GL85 | 13 PL | N70 EXTRA L | |
| **Medium Batteries** | | | |
| GR87 | 11 PL | NS70 | Toyota Hi-Ace, Mercedes Benz, Isuzu Bus JCR 520zz, Massey Ferguson Tractors, MF-210 Cruiser, Toyota Hi-Lux, Nissan Diesel Pick-up, Ford 1910 Tractor (2000cc to 6000cc) |
| GR95 | 13 PL | N70Z | |
| GR100 | 15 PL | N85P | |
| GL100 | 15 PL | N85L | |
| 6FT120 | 15 PL | 6FT15 | |
| N125 | 17 PL | N100S | Fiat Tractors 460 / 480, IMT 540 Tractors, Massey Ferguson Tractors 240 / 265, Ford Wagons, Land Rover, Toyota Land Cruiser (3000cc to 6000cc) |
| GX132 | 17 PL | | Isuzu Trucks, Mercedes Benz, Hino Truck ZH - 100, Fiat Tractors 640, Isuzu JCR 460R (3000cc to 6000cc) |
| GX135 | 19 PL | N100 | |
| **Heavy Batteries** | | | |
| GX155 | 21 PL | N120S | Fiat Tractors 640, Hino Trucks and Busses, Hino Bowzer, Fiat Trucks, Ford Dumper, Isuzu Diesel Buses, Fiat Buses (3000cc to 12000cc) |
| GX165 | 21 PL | N120S | |
| GX175 | 23 PL | N140 | Ford Tractor 3610 and 46 |
| 4DLT145 | 23 PL | N130S | |
| 4DLT160 | 27 PL | N150S | |
| GL190 | 23 PL | | Bedford Truck, Fiat Tractors 640, Mazda Coaster T-3000, Isuzu TD-72, Generator Sets, Road Rollers and Belarus Tractors |
| 195G51F | 25 PL | N150 | |
| GX200R | 27 PL | N175 | |
| GX200F | 27 PL | N190Z | |
| 210H52 | 31 PL | N200P | Generator Sets, Road Roller, Bulldozer |
| 245H52 | 33 PL | N200 | |
| **Motorcycle Battery** | | | |
| Power Plus | 18 PL | | Honda CD70, CG125, all Japanese and Chinese motorcycles |

# OUR VALUED OEM CUSTOMERS

| | |
|---|---|
| HONDA | Atlas Honda Limited |
| HONDA | Honda Atlas Cars (Pakistan) Ltd. |
| TOYOTA | Indus Motor Company Ltd. |
| SUZUKI | Pak Suzuki Motor Company Ltd. |
| AGTL | Al-Ghazi Tractors Limited |
| LAND ROVER | Sigma Motors (Pvt) Limited |
| | DYL Motorcycles Ltd. |
| | Ghandhara Nissan Ltd. |
| | Sazgar Engineering Works Ltd. |
| SUPER POWER | N.J. Auto Industries (Pvt) Ltd. |
| UNIQUE | D.S. Motors |
| SUPER STAR | Memon Motors (Pvt) Ltd. |
| RAVI | HKF Engineering (Pvt) Ltd. |
| SUPER asia | Super Asia Motors (Pvt) Ltd. |
| UNITED | United Auto Industries (Pvt) Ltd. |

Atlas Battery

August 31, 2012

To: All Shareholders of the Company

**Remuneration of Chief Executive, Director and Company Secretary**
**Information under Section 218 of the Companies Ordinance, 1984**

It is to inform you that the Board has approved the remuneration for the following, for the year ending June 30, 2013.

1. Chief Executive at Rs.13.56 million.

2. Managing Director at Rs.9.98 million.

3. Company Secretary at Rs.3.52 million.

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

Yours truly
For Atlas Battery Limited

**Rizwan Ahmed**
Company Secretary

Atlas Battery

August 31, 2012

To: All Shareholders of the Company

## Copy of Computerized National Identity Card (CNIC)

As per directions to all listed companies by Securities and Exchange Commission of Pakistan vide S.R.O. 779(1)/2011 dated August 18, 2011, the **"DIVIDEND WARRANT(S)"** should bear the Computerized National Identity Card (CNIC) number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant can not be issued without inserting the CNIC number of the member(s) or its authorized person(s).

For this purpose, please provide us a copy of your CNIC (if not provided earlier) **ON MOST URGENT BASIS** for compliance of the directions of SECP, failing which your future dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.

**You must mention your folio number on the face of your CNIC copy for identification.**

Copy of your CNIC may please be sent to our Registered Office at the following address:

**Share Department**
**Atlas Battery Limited**
**D-181, Central Avenue**
**S.I.T.E.**
**Karachi-75730**

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

Yours truly
For Atlas Battery Limited

**Rizwan Ahmed**
Company Secretary

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Copy of the Notification of Securities and Exchange Commission of Pakistan dated August 18, 2011.

S.R.O. 779(1)/2011. In exercise of the powers conferred by section 506B of the Companies Ordinance, 1984 (XL VII of 1984), the Securities and Exchange Commission of Pakistan is pleased to direct all the listed companies to issue dividend warrant(s) only crossed as "A/C payee only" in the name of registered member or in the name of authorized person where a registered member authorizes the company to pay dividend on his behalf to any person. The dividend warrant(s) should also bear the Computerized National Identity Card Number of the registered member or the authorized person, except in the case of minor(s) and corporate members.

Atlas Battery

August 31, 2012

To: All Shareholders of the Company

## Dividend Mandate Form

It is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the Company to pay dividend through his / her / its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18 of 2012 dated June 05, 2012 we request to all the registered shareholders of Atlas Battery Limited holding ______________ shares having folio number __________ to __________ hereby give the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company in future.

**Please note that this dividend mandate is optional and not compulsory, in case you do not wish your dividend to be directly credited into your bank account, then the same shall be paid to you through the dividend warrants.**

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick "√" any of the following boxes.

YES NO

If yes then please provide the following information:

| Transferee Detail | |
|---|---|
| Title of Bank Account | |
| Bank Account Number | |
| Bank's Name | |
| Branch Name and Address | |
| Cell Number of Transferee | |
| Landline Number of Transferee, if any | |

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the company and the concerned Share Registrar as soon as these occur.

______________________________

Signature of member / shareholder

The Secretary,
Atlas Battery Limited,
D-181, Central Avenue,
S.I.T.E.,
Karachi.

Affix
Revenue Stamp

Signature

________________________

________________________

________________________

Address

________________________

Date

Dear Sir,

SUBJECT: PROXY FORM

I / we the undersigned member(s) of Atlas Battery Limited holding ____________ ordinary shares hereby appoint Mr. / Mrs. / Miss ____________________ of ____________________ or failing him / her Mr. / Mrs. / Miss ____________________ of ____________________ being member of the Company as my / our proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at 2nd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi on September 24, 2012 at 9:30 a.m. and at every adjournment thereof.

(1)____________(2)____________

(3)____________(4)____________

Signature(s)

(1)________________________

(2)________________________

(3)________________________

(4)________________________

Name(s)

Signature in the presence of

________________________

Name of Witness

________________________

________________________

________________________

Address

________________________

Signature

________________________

Date

AFFIX
POSTAGE

The Secretary
Atlas Battery Limited
D-181, Central Avenue,
S.I.T.E.,
Karachi-75730

Fold Here

Fold Here

Fold Here

Fold Here

Atlas Battery Limited

D-181, Central Avenue, S.I.T.E., Karachi-75730
Ph: (92-21) 32567990-4,
Fax: (92-21) 32564703
E-mail: abl@atlasbattery.com.pk
Website: www.atlasbattery.com.pk