

Atlas Battery Limited

Annual Report 1999

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COMPANY INFORMATION

Chairman
Yusuf H. Shirazi

Directors

Aitzaz Shahbaz
M. Habib-ur-Rahman
Iftikhar H. Shirazi

M. Iwai
Shahid Anwar
Vazeer Ali

Chief Executive

Vazeer Ali

Secretary

Shahabuddin Ahmed Siddiqui

General Manager (Tech)

M. Khalid Jilani

Chairman Group Personnel Committee

Yusuf H. Shirazi

Chairman Group Audit Committee

Sanauallah Qureshi

Auditors

Hameed Chaudhri & Co.
(Chartered Accountants)

Bankers

National Bank of Pakis tan
Muslim Commercial Bank
Societe Generale
The French and International Bank
Bank of Tokyo-Mitsubishi Limited

Registered Office (Factory)

D/181, Central Avenue, S. I. T.E., Karachi.

GROUP EXECUTIVE COMMITTEE

Chairman

Yusuf H. Shirazi

Members

Jawaid Iqbal Ahmed
Frahim Ali Khan
Iftikhar H. Shirazi

Aamir H. Shirazi
Saqib H. Shirazi

Secretary
Amjad Hussain

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at 09. 00 a.m. on Tuesday, December 21, 1999 at Adamjee House, 8th Floor, I.I. Chundrigar Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm Minutes of the Extraordinary General Meeting held on May 20, 1999.
2. To consider and adopt the audited accounts of the company for the year ended June 30, 1999 together with the Directors' and Auditors' Report thereon.
3. To consider and approve the recommendation of Directors for payment of dividend at the rate of 40% (Rs. 4/- per share) for the year ended June 30, 1999.
4. To appoint Auditors for the year 1999-2000 and fix their remuneration.
5. To transact any other business with the permission of the Chair.

SPECIAL BUSINESS

6. To approve the remuneration of the Chief Executive and the working Director.

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

Karachi: November 01, 1999

By Order of the Board
Company Secretary

Notes:

- i. The Share Transfer Books of the Company will remain closed from December 15, 1999 to December 21, 1999 (both days inclusive). Transfers received in order at the registered office of the company by December 14, 1999 will be in time for the purpose of entitlement for payment of the dividend to the transferee.
- ii. 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 appointed for meeting.
- iii. The members are requested to please communicate to the company any change in their mailing address immediately.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE 1984 REGARDING SPECIAL BUSINESS AS GIVEN IN THE NOTICE OF MEETING:

This statement is annexed to the notice of the 33rd Annual General Meeting of the Shareholders of Atlas Battery Limited to be held on December 21, 1999 and sets out the material facts concerning the following Special Business to be transacted at the meeting for approval of shareholders.

REMUNERATION OF CHIEF EXECUTIVE AND THE WORKING DIRECTOR

A total amount of Rs. 7.2 million will be proposed as the aggregate remuneration Of the Chief Executive and the Working Director of the Company, in the form of following resolution.

"RESOLVED that the Company hereby authorises the holding of offices of profit and payment as remuneration to Mr. Vazeer All, Chief Executive and Mr. Iftikar H. Shirazi, Working Director, not exceeding in the aggregate Rs. 7.2 million per annum for the year ending June 30, 2000 together with other benefits as per Company policy"

The Chief Executive and the Working Director are interested in the remuneration payable to them.

FIVE YEARS AT GLANCE

(Rs. In million)

	1995 6 Months	1995-96	1996-97	1997-98	1998-99
STATISTICS					
Sales	121.97	339.58	366.10	443.41	499.32
Gross Profit	29.31	76.79	73.89	93.32	107.67
Profit before tax	8.57	27.22	18.18	31.46	36.21
Profit after tax	5.22	18.33	10.64	21.09	24.39
Paid up share capital	23.00	23.00	23.00	24.73	24.73
Reserves and unappropriated profit	20.15	32.73	40.50	52.45	66.95
Shareholders' equity	43.15	55.73	63.50	77.17	9,168
Long term debt	14.05	12.58	10.90	10.94	24.87
Fixed assets - Net	45.44	49.93	56.12	65.33	83.57
Total assets	162.79	198.29	199.52	213.92	260.26
DIVIDEND (%)					
Cash	15.00	25.00	12.50	30.00	40.00
Stock	--	--	7.50	--	--
RATIOS					
Gross Profit to Sales (%)	24.03	22.61	20.18	2,104	21.56
N . P . before tax to Sales (%)	7.03	8.01	4.977. 1 7		7.25
Return on equity before tax (%)	19.88	48.84	28.63	40.76	39.50
Return on equity after tax (%)	12.10	32.89	16.76	27.33	26.61
Earning per share before tax (Rs.)	3.73	11.83	7.90	12.72	14.64
Earning per Share after tax (Rs.)	2.27	7.97	4.63	8.53	987
Breakup value per share (Rs.)	18.76	24.23	27.61	31.21	37.08
Current ratio	1.24:1	1.17:1	1.17:1	1.21:1	1.28:1

CHAIRMAN'S REVIEW

It is my great pleasure to present the 33rd Annual Report of your company for the year ended June 30, 1999 and review its performance.

THE ECONOMY

The adverse backlash of the nuclear explosions of last year was quite marked as the economy witnessed a continuous slump during the year under review. The first half was completely dominated by the effects of the sanctions imposed by G-7 with respect to inflow of foreign loans and aid packages. The foreign currency reserves hit rock bottom as the country slipped into a worst ever economic crisis with almost no investment taking place in the country. The economy was also affected by the slow down of the global economic activity particularly in South East Asia. During the second half of the year under

review, things however began to look better with the easing of sanctions and the successful negotiation of the Government with the foreign donors and lending agencies which resulted in rescheduling of existing debts and the resumption of fresh funds inflow. The Government also embarked on the path of adjustment and reforms and a series of wide ranging measures were taken; these included rolling back of several measures taken after the economic sanctions. However, before the

economy could actually get back on the track to recovery, the momentum was hampered by the worsening of the Indo-Pak relationship due to the Kargil conflict.

The GDP registered a meagre growth of 3.1% during the year as against 4.3% of last year. Exports were 11.7% lower than last year. Value addition in the manufacturing sector was also below expectations at 4.7% during the year as against an impressive 7.9% last year. The economic sanctions, discouragement of imports, uncertain economic environment and lower demand for exports due to global economic recession adversely affected the growth in this sector. The agricultural sector also suffered a set back due to unfavourable weather conditions. It registered a meagre growth of 0.35% as against 3.8% of the previous year. National savings declined to 11.1% of GNP as compared with 14.2% last year. Only the service sector showed improvement: it recorded a growth of 4.1% compared to a growth of 3.2% during the previous year. Net foreign private investment inflows stood at US\$ 300.7 million during July-March, 1998-99 as against US\$ 639.9 million in the comparable period last year, a sizeable decline indeed.

THE BATTERY INDUSTRY

The battery industry in Pakistan however was somewhat not effected by the adverse impact of the economic situation due mainly to somewhat curbed smuggling and under invoicing to a certain extent and due to dual exchange rate and other government actions.

The Industry had a healthy growth of 12.3% as compared to 10.5% in the previous year. The Government supported policies towards the tractor industry and the engineering sectors relating to automobiles thus has had a salutary effect on the battery industry. Your company's sales growth was 13.7% as against 12.3% of the industry.

OPERATIONAL RESULTS

Your company posted a sales revenue of Rs.499.3 million for the year under review as compared to Rs. 443.4 million in the corresponding year, up 12.6%, on account of volume growth, price increase and better sales mix. The Gross Profit ratio was 21.6% as against 21.0% in the previous year. The fierce market competition, under-invoiced imports, re-plating and smuggling did not allow us to fully pass on the total cost increases to the customers and the company had to absorb a part of it. Thus the volume increase could not contribute fully to the Gross Profit and some incremental advantage was lost.

Administration, selling and distribution expenses for the year were Rs.60.8 million

compared to Rs.52.8 million in the preceding year. These expenses as ratio of sales were 12.2% as against 11.9% in the corresponding year. The operating profit at Rs.46.9 million was 15.6% more than last year's profit of Rs. 40.6million.

The financial expenses for the year stood at Rs.9.9 million against Rs.8.6 million in the previous year. The major factor of increase in the financial cost was mark-up of Rs.2.2 million on long term loan borrowed for expansion which was essential for the sustained growth of your company. The net profit before tax for the year improved to Rs. 36.2 million against Rs.31.5 million in the previous year up by 15.0%.

The company paid total taxes at Rs. 189.9 million or 38.0% of sales as against Rs. 155.0 million last year.

A refund of an amount of Rs. 1.3 million is pending 'payment from the Income Tax Department.

The company was setup in 1966 with a paid up capital of Rs. 3.0 million which has grown to Rs. 24.7 million. The total equity is at Rs. 91.7 million which includes reserves and un-appropriated profit of Rs. 66.9 million. During this period your company made Right issue at par of Rs. 10.0 million in 1990. It has paid cash dividend of Rs. 43.6 million and Bonus at Rs. 11.7 million (market value 35.2 million) against the shareholders investment of Rs. 13.0 million.

CAPACITY EXPANSION

In order to further improve the productivity, efficiency, quality and remove the .capacity constraints, the company had embarked on an expansion plan. For financing this expansion the company has obtained medium term loans, with machinery having arrived and is under installation. Production is expected to commence by the end of March 2000.

WORLD REGULATORY ORGANIZATIONS

Any business activity is directly related to the national business environment. Automotive industry plays a critical role in the development of the economy. Being a signatory to the World Trade Organization, and following other such World Regulatory

Organizations in this respect, Pakistan is obliged to make certain changes in the laws relating to Trade Policy, custom valuationand other trade related matters which are effecting country's local trade, finance and industry. These changes basically aim at further liberalization of trade and are to be implemented from the year 2000. These will

have a great bearing on the automotive business too. The Ministry of Commerce, Government of Pakistan, is of the view that a major change is expected in the concessionary regime replacing it with the tariff incentives driven regime which may affect local trade and industry - as it is! ·
Yae kahan kee dosti hain ka dost banay hain nasah
(It so happens when friends turn unfriendly!)

This agreement was signed by the Ministry of Commerce on behalf of the Government of Pakistan. Obviously, neither any debate was carried out, nor any consultation made which is the norm in such major decisions. In most countries of the world, private sector is associated with such decision making of great importance. No such due diligence was made at any quarters. The private sector did not even know that such an agreement was signed - in 1995 ! On the contrary, the private sector was, at the same time, being encouraged to invest and in fact, coerced with compulsory localization programs involving huge investment in automotive industry, where your company supplies batteries in bulk without a concessionary regime.

However, the Ministry of Industries, Government of Pakistan, duly supported by an expert view on WTO, believe on continuing with the existing policy. The Ministry has thus approached the WTO in this respect. The Ministry' s approach, if implemented, will have afar-reaching effect on the trade and other related industries as a whole. Some countries have recently obtained such extensions and exceptions. Whatever the case, there is a need to protect the huge investment made in this behalf in the industry, in the larger interest of the country.

It is generally felt by the automotive sector and various other trade bodies also that Pakistan like other developing countries should take up such matters that hurt its industry and trade at the next round of WTO multilateral trade negotiations particularly as according to Andy Rowel, a well known economic writer

"WTO represents 1% of I (0.01%) of the richest corporations and individuals in the world and last decade saw increase of wealth 70 to 85% in the richest 20 countries as against 2% decline in the 20 poorest countries of the world". The World Bank Chief, James Wolfensohn, further reinforces to say "...the searing image of desperation, hopelessness and decline - of people who once had hope, but will have it no more..." if the present globalization of economy persists in its present form!

Further, The Wall Street Journal of November 12-13, 1999 in its editorial wrote:" .. Michel Camdessus has given us all something

serious to talk about Not least is just what is the proper role of the International Monetary Fund in the past year, individuals calling for the abolition of the IMF have included George Shultz, William Simon and Walter Wriston their utter seriousness about maintaining a sound system of global finance and trade the truth is that the IMF, in its current exalted incarnation, deserves a sober reassessment from its primary funding members of its ability to perform that function The IMF also needs to get rid of its bias toward devaluation, which is supposed to "revive" exports even as the inevitable, resulting inflation quickly diminishes the resident population's incomes and assets. Impoverishing people in this way is morally indefensible and politically unsustainable

All this needs a thoughtful consideration in the interest of the world economy, itself.

HUMAN RESOURCES

The Group Personnel Committee headed by the Chairman is continuously working to make personnel policies which will carry forward to the new millennium. Atlas Group of which your company is a constituent member believes that it is through motivated employees that the company can sustain growth and good governance.

The Group believes in that it is the intellectual capital which leads to the sustained growth. The human resource development has been the hallmark of the Atlas Group. The Group has thus engaged Hay's management consultants for job evaluations to enable the Group to restructure among others, compensation for employees according to their contribution in meeting the company's objectives. Performance bonus has been introduced as also Group Medical Scheme for self and families.

The charter of demands has been settled. Consequently working hours have been increased resulting in increased capacity and productivity.

84 persons earned Long Service Awards during the year.

FUTURE OUTLOOK

Globalization of the economy, as it is, is being widely questioned. It thus needs harmonization in the interest of the world economy as a whole. The next WTO meeting being held in USA must address this issue and I hope developing countries generally and Pakistan particularly will be given a thoughtful consideration.

The Government has encouraged a team of representatives of the Private Sector to join their discussion with their official delegation

for the deliberations on WTO at the WTO meeting at Seattle., USA.

Internally, recession is expected to persist and the growth will be adversely affected including through smuggling and re-plating. There will be a fierce competition and all existing players will make all efforts to retain or improve their market share. All this will create greater pressure on cost-push, working capital and on profit.

The future of the entire industry and of your company thus will depend very much on economic revival and prosperity in the country, which can be achieved through consistent long term economic policies in harmony with the global approach dovetailed with national priorities.

However, your company will exercise control on rejections, wastages and general expenses, effective utilization of resources and for better quality of product for customers' satisfaction. Your company with expanded capacity, improved productivity and quality is ready to meet the challenges and the endeavor of the management will be to deliver an improved performance to the satisfaction of stakeholders in the company as a whole:

Apni dunyia aap pahda kar agar zandoo main hai.
(In self reliance lies the survival!)

ACKNOWLEDGEMENT

I thank the Board of Directors, Group Executive Committee members, the Chief Executive Officer, Mr. Vazeer Ali, his team and all members of the staff and workers of the company for their dedicated efforts and valuable contribution. I also thank the Japan Storage Battery Company, our Joint Venture partners for their technical support and the CBA for their positive role and valuable contribution.

I am also thankful to the shareholders, banks, and financial institutions for the confidence reposed in us and their help and support extended to the company.

YUSUF H. SHIRAZI

DIRECTORS' REPORT

The Directors have pleasure in presenting 33rd Annual Report together with the Audited Accounts and Auditors Report thereon for the year ended June 30, 1999.

Financial results are as follows:

Rs. In 000

	1998	1999
Profit before taxation	36,208	31,458
Provision for taxation		
Current	9,500	10,236

Prior Year	351	-
Deferred	1,964	133
	-----	-----
	11,815	10,369
	-----	-----
Profit after tax	24,393	21,089
Unappropriated profit brought forward	449	777
	-----	-----
	24,842	21,866
	-----	-----
Appropriations:		
Cash Dividend	9,890	7,417
General Reserve	14,000	14,000
	-----	-----
	23,890	21,42
	-----	-----
Unappropriated profit carried to Balance Sheet	952	449
	=====	=====

DIVIDEND

The Directors are pleased to recommend a cash dividend of 40% (Rs. 4/- per share) on the paid up capital of Rs. 24,725,000 / - as on June 30, 1999.

CHAIRMAN'S REVIEW

The Directors endorse the contents of the Chairman's Review, included in this report highlighting the activities of the company for the year under review.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 1999 is annexed to this report.

AUDITORS

The present auditors, Messrs. Hameed Chaudhri & Co., Chartered Accountants retired and being eligible offer themselves for reappointment.

AITZAZ SHAHBAZ	VAZEER ALI	YUSUF H. SHIRAZI
Director	Chief Executive	Chairman

Karachi · November 01, 1999

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of ATLAS BATTERY LIMITED as at June 30, 1999 and the related profit and loss account and the cash flow statement, 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 and, after due verification thereof, 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 purpose of Company's business, and

(iii) the business conducted, investments made and 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 and the cash flow statement, together with the notes forming part thereof, 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, 1999 and of the profit and the cash flows 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 under Section 7 of that Ordinance.

Karachi: November 01, 1999
HAMEED CHAUDHRI & COMPANY
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1999

	NOTE	1999 Rupees	1998 Rupees
SHARE CAPITAL			
Authorised Capital			
3,000,000 ordinary shares of Rs. 10/-each		30,000,000	30,000,000
Issued, subscribed & paidup capital	3	24,725,000	24,725,000
RESERVES & UNAPPROPRIATED PROFIT			
General reserve		66,000,000	52,000,000
Unappropriated profit		951,880	449,042
		66,951,880	52,449,042
SHAREHOLDERS' EQUITY	4	91,676,880	77,174,042
REDEEMABLE CAPITAL	5	--	1,195,414
LONG TERM LOANS	6	18,375,270	958,558
OBLIGATION UNDER FINANCE LEASE	7	6,497,650	8,785,513
DEFERRED LIABILITIES			
Provisionforgratuity	8	1,498,711	1,474,911
Deferred taxation	9	8,164,000	6,200,000
		9,662,711	7,674,911
CURRENT LIABILITIES			
Short term financing	10	25,969,118	30,988,935
Current maturity of long term liabilities	11	8,540,417	7,151,883
Creditors, provisions, accrued charges & Other liabilities	12	78,662,566	60,853,860
Provision for taxation		10,986,975	11,722,975
Proposed Dividend		9,890,000	7,417,500
		134,049,076	1,181,351.53
CONTINGENT LIABILITIES/ COMMITMENTS			
	13	--	--
		260,261,587	213,923,591

FIXED CAPITAL EXPENDITURE

Operating fixed assets	14	82,642,722	62,895,464
Capital work in progress	15	923,651	2,434,963
		-----	-----
		83,566,373	65,330,427
LONG TERM INVESTMENT	16	4,821,850	4,821.85
LONG TERM DEPOSITS	17	874,655	874,655
CURRENT ASSETS			
Stores	18	7,631,427	5,865,883
Stocks	19	95,061,677	71,436,253
Trade debtors	20	21,987,585	24,160,820
Advances, deposits & prepayments	21	18,591,578	21,141,469
Trade & other deposits	22	8,493,023	6,765,646
Cash & bank balances	23	19,233,419	13,526,588
		-----	-----
		170,998,709	142,896,659
		-----	-----
		260,261,587	213,923,591
		=====	=====

The annexed notes form an integral part of these accounts.

AITZAZ SHAHBAZ
Director

VAZEER ALI
Chief Executive

YUSUF H. SHIRAZI
Chairman

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1999**

	NOTE	1999 Rupees	1998 Rupees
SALES	24	499,318,871	443,406,794
LESS: COST OF SALES	25	391,653,861	350,086,807
		-----	-----
GROSS PROFIT		107,665,010	93,319,987
OPERATING EXPENSES			
	26	15,995,447	11,183,108
	27	44,792,132	41,582,142
		-----	-----
		60,787,579	52,765,250
OPERATING PROFIT		46,877,431	40,554,737
MISCELLANEOUS INCOME	28	1,907,705	1,775,507
		-----	-----
		48,785,136	42,330,244
LESS: OTHER CHARGES			
Financial expenses	29	9,908,825	8,553,790
Workers' profit participation fund		1,943,816	1,688,823
Workers' welfare fund		724,167	629,169
		-----	-----
		12,576,808	10,871,782
PROFIT FOR THE YEAR BEFORE TAXATION		36,208,328	31,458,462
PROVISION FOR TAXATION			
Current		9,500,000	10,236,000
Prior year		351,490	--
Deferred		1,964,000	133,000
		-----	-----
		11,815,490	10,369,000
PROFIT FOR THE YEAR AFTER TAXATION		24,392,838	21,089,462
UNAPPROPRIATED PROFIT BROUGHT FORWARD		449,042	777,080

		24,841,880	21,866,542
APPROPRIATIONS :			
Transfer to General Reserve		14,000,000	14,000,000
Proposed dividend @ 40% (1998 30%)		9,890,000	7, 417,500
		23,890,000	21,417,500
UNAPPROPRIATED PROFIT RETAINED		951,880	449,042
BASIC EARNING PER SHARE	30	9.87	8.53

The annexed notes form an integral part of these accounts

AITZAZ SHAHBAZ **VAZEER ALI** **YUSUF H. SHIRAZI**
 Director Chief Executive Chairman

**CASH FLOW STATEMENT
 FOR THE YEAR ENDED JUNE 30, 1999**

	NOTE	1999 Rupees	1998 Rupees
Net Cash inflow from Operating activities	A	52, 991,55 7	49,093,251
Return on investments and servicing of finance			
Markup / interes t paid		(6, 911.104)	(6,300,795)
Finance charges on leased assets		(2, 271,982)	(1,966, 621)
Dividend received		676,087	368, 775
Dividend paid		(7,262.21 7)	(2,813,660)
Net cash outflow		(15,769,216)	(10, 712,301)
Taxation			
Taxes paid (including tax deducted at source)		(13,456.94 7)	(7,074,336)
Investing activities			
Purchase of fixed assets		(27, 753,865)	(14,244,810)
Sale of fixed assets		2,682,150	5,841,440
		(25,071,715)	(8,403.370)
Net cash flow before financing activities		(1,306, 321)	22,903,244
Financing activities			
Loan received		20,000,000	-
(Decrease) in short term borrowing		(5,019, 81 7)	(16, 414,692)
Repayment of redeemable capital / Loans		(2,505,503)	(2,207,045)
Repayment of obligation under finance lease		(5,461,528)	(4,106,894)
Net cas h flow from financing activities		7,013,152	(22,728,631)
Increase in cash & Cash equivalents	B	5,706,831	174,613
A. Reconciliation of operating profit to net cash flow from operating activities			
Net profit before taxation		36,208,328	31,458,462
Depreciation		10, 893,489	8,638,464
Mark up / interes t expenses		6,624,164	5,628,262
Profit on sale of fixed assets		(768,720)	(872,619)
Provision for gratuity		133,611	203,064
Finance charges on leased assets		2, 271,982	1,966, 621
Dividend Income		(6 76, 08 7)	(3 68, 775)

Operating profit before working capital changes	54,686,767	46,653,479
(Increase) /Decrease in current assets		
Stores & spares	(1,765,544)	163,838
Stocks-in-trade	(23,625,424)	7,869,533
Trade Debtors	2,173,235	(5,270,283)
Advances, Deposits & Prepayments (excluding tax deducted at source)	5,419,348	(4,494,032)
Trade & other deposits	(1,727,377)	(2,152,914)
	(19,525,762)	(3,883,858)
Increase in Current Liabilities		
Creditors, provisions, accrued charges & other liabilities (excluding accrued interest/markup and unclaimed dividend)	17,940,363	6,350,662
Working Capital Changes	(1,585,399)	2,466,804
Gratuity Paid	(109,811)	(27,032)
Cash flow from operating activities	52,991,557	49,093,251
B. Analysis of changes in Cash & Cash Equivalents		
Balance as at July 1	13,526,588	13,351,975
Net Cash inflow	5,706,831	174,613
Balance as at June 30	19,233,419	13,526,588
C. Non Cash Transactions		
Assets acquired under finance lease	3,289,000	8,577,884

AITZAZ SHAHBAZ	VAZEER ALI	YUSUF H. SHIRAZI
Director	Chief Executive	Chairman

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1999

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated as a public limited company on October 19, 1966 and its shares are quoted on Stock Exchanges in Pakistan. The company is engaged in manufacture and sale of automotive and motorcycle batteries.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement benefits

The company operates an unfunded gratuity scheme for its permanent workers. Provision has been made at the rate of eight days wages for each completed year of service. The company also operates approved contributory provident fund for all employees.

2.3 Taxation

Provision for taxation is based on the taxable income if any, at the current rate of taxation after taking into account tax credits available, if any, or one half percent of turnover, whichever is higher.

The company accounts for deferred tax on all material timing differences using the liability method. However, deferred tax is not provided if it can be established with reasonable probability that the timing differences will not reverse in the foreseeable future.

2.4 Fixed assets and depreciation

Owned assets

Fixed assets other than leasehold land are stated at cost less accumulated

depreciation. Leasehold land and capital work in progress are stated at cost. Cost in relation to plant and machinery signifies historical cost and exchange differences in respect of foreign currency loans utilized for acquisition thereof.

Fixed assets (including leased assets) other than leasehold land are depreciated on a reducing balance basis, without considering extra shift workings, at the annual rates of 10% to 20% of written down values depending upon the class of assets. Full year's depreciation is charged on additions during the year while no depreciation is charged on assets deleted during the year. The exchange difference relating to plant and machinery at the end of each year is amortized at the normal rate of depreciation.

Normal repairs and maintenance are charged to income as and when incurred. Major repairs and renewals are capitalized. Gain or loss on disposal of fixed assets is included in the profit and loss account.

Leased assets

The company accounts for assets acquired under finance lease by recording the assets and related liability. Amount is determined on the basis of discounted value of minimum lease payment. Finance charge is allocated in a manner so as to produce a constant periodic rate of charge on the outstanding liability.

2.5 Investments

Long term investments are stated at cost less provision for permanent diminution in the value, if any.

2.6 Stores, spares and loose tools

These are valued at average cost.

2.7 Stocks

Stocks are valued at lower of cost or net realizable value. Cost in relation to work in process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads. In case of finished goods at regional and zonal offices cost also includes related excise duty. Items in transit are stated at cost accumulated to balance sheet date.

2.8 Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the balance sheet date. Exchange gains or losses on translation of foreign currency loans utilized for the acquisition of plant and machinery are included in the cost of plant and machinery. All other exchange differences are included in the income.

2.9 Revenue recognition

Sales are recorded on despatch of goods to the customers. Dividend income is recognized on receipt basis.

2.10 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred.

2.11 Presentation

Figures in these accounts have been rounded off to the nearest rupee. Corresponding figures of the previous year have been rearranged, wherever necessary, for the propose of comparison.

	1999 Rupees	1998 Rupees
3. ISSUED, SUBSCRIBED & PAID UP CAPITAL		
Ordinary shares of Rs. 10 each		
1,300,000 Fully paid up in cash	13,000,000	13,000,000
1,1 72,500 (1998 -1,1 72,500) Issued as fully paid Bonus Shares	11 725,000	11 725,000
-----	-----	-----
2,4 72,500	24,725,000	24,725,000
=====	=====	=====

4. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	General Reserve	Reserve for issue of bonus Shares	Unappropriated Profit	Total Rupees
Balance as at June 30, 1997	23,000,000	38,000,000	1,725,000	777,080	63,502,080
Profit for the year after taxation	--	--	--	21,089,462	21,089,462
Dividend	--	--	--	(7,417,500)	(7,417,500)
Bonus shares issued during the year	1,725,000	--	(1,725,000)	--	--
Transferred during the year	--	14,000,000	--	(14,000,000)	--
Balance as at June 30, 1998	24,725,000	52,000,000	--	449,042	77,174,042
Profit for the year after taxation	--	--	--	24,392,838	24,392,838
Dividend	--	--	--	(9,890,000)	(9,890,000)
Transferred during the year	--	14,000,000	--	(14,000,000)	--
Balance as at June 30, 1999	24,725,000	66,000,000	--	951,880	91,676,880

	1999 Rupees	1998 Rupees
5. REDEEMABLE CAPITAL		
Term Finance Certificates (TFCs)		
Balance as at July 01	3,353.72	5,239,714
Less redeemed during the year	2,158,302	1,885,998
	1,195,414	3,353,716
Less redeemable within the following twelve months	1,195,414	2,158,302
Balance as at June 30	--	1,195,414

(a) The company has issued Term Finance Certificates (TFCs) to National Investment Trust Limited (NIT) amounting to Rs. 10 million with a corresponding rescheduled repurchase price of Rs. 20.5 million. While calculating the rescheduled repurchase price mark up at the rate of 15% per annum has been charged.

(b) The repurchase price is now redeemable in sixteen half yearly installments commencing from June 30, 1992

(c) TFCs are secured by a trust deed creating a registered mortgage on all present and future movable and immovable properties of the company and a floating charge on other assets of the company ranking pari passu with charges created in favour of other creditors.

6. LONG TERM LOANS

NDFC-LMM Loan.	(Note 6.1)	597,492	958,558
Atlas Investment Bank Limited	(Note 6.2)	17,777,778	--
		18,375.27	958,558

6.1 NDFC LMM Loan

Balance as at July 01	1,128,760	1,449,807
Less Repaid during the year	347,201	321,047
	781,559	1,128,760
Less: Due within the following twelve months	184,067	170,202
Balance as at June 30	597,492	958,558

(a) The finance has been obtained from National Development Finance Corporation (NDFC) for purchase of locally manufactured machinery. Under the arrangements NDFC purchased machinery at a price of Rs. 2,275,000 and simultaneously sold the machinery to the company at a marked up price of Rs. 5,774,496 subject to rebate in the marked up Price of Rs. 2,467,822 if the instalments are paid on due dates.

(b) The marked up price is repayable in fourteen semi annual instalments commencing from January 1, 1995 and ending July 1, 2001.

(c) The loan is secured by :-

(i) Equitable mortgage of company's present and future immovable properties and assets. The security created shall rank pari passu in all respects with the existing senior creditors.

(ii) A floating charge on the business, undertaking and other properties of the company.

(iii) Hypothecation of all plant, equipment, motor vehicles and other properties of the Company.

(iv) Hypothecation of all benefits of the company's contracts with the suppliers of goods.

(v) Exclusive hypothecation of machinery purchased under the contract.

	1999 Rupees	1998 Rupees
6.2 ATLAS INVESTMENT BANK LIMITED		
Disbursed during the year	20,000,000	-
Less: Due within the following twelve months	2,222,222	-
Balance as at June30	1 7,777,778	-

(a) The company has arranged termfinance facility of Rs. 20.0 million fromAtlas Investment Bank Limited (an associated undertaking) on mark-up basis forfinancing the project cost for expansion of production facilities. The amount utilized represents the 'sale price' of the agreement with the corresponding 'repurchase price' of Rs. 3 7.282 million at a mark-up of 21 percent per annum

(b) The 'repurchase price' is repayable in 9 half yearly instalments commencing from June 30, 2000.

(c) The finance is secured against first mortgage on immovable properties and a first charge by way of hypothecation of all fixed assets, plant and machinery ranking parri passu with the existing charge by way of mortgage in favour of NDFC and NIT.

7. OBLIGATION UNDER FINANCE LEASE

Balance as at July 01	13,608,892	9,13 7,906
Assets acquired during the year	3,289,000	8, 5 77,880
Repaid during the year	16,897,892	1 7, 715,786
	5,461,528	4,106,894
Less payable within the following 12 months	11,436,364	13,608,892
	4,938, 714	4,823.38
Balance as at June 30	6,497,650	8, 785,513

(a) The company has entered into lease agreements with Orix Leasing Pakistan Limited and Atlas Lease Limited (associated undertaking)for motor vehicles, moulds and plant & machinery.

(b) The lease rentals which include finance charges at the rate of 16% to 22% per annum and are payable in equal quarterly instalments.

(c) The future minimum lease payments to which the company is committed under the agreements are due as follows:-

	1999 Rupees	1998 Rupees
Payable 1999 - 2000	6,651,248	6,931,950
Payable 2000 - 2003	7,824,670	10,766,808
Less finance charges allocated to future periods.	14,475,918	1 7,698,758
	3,039,554	4,089,866
	11,436,364	13,608,892

Classified as under:

Long term obligation under finance lease	6,497,650	8,785,513
Current obligation under finance lease	4,938,71	4,823,379
	-----	-----
	11,436,364	13,608,892

8. PROVISION FOR GRATUITY

Balance as at July 01	1,474,911	1,298,879
Add: Provision for the year	133,611	203,064
	-----	-----
	1,608,522	1,501,943
Less: Payments during the year	109,811	27,032
	-----	-----
Balance as at June 30	1,498,711	1,474,911
	=====	=====

9. DEFERRED TAXATION

The liability for deferred taxation comprises of timing differences relating to:

Accelerated tax depreciation allowance	7,864,600	5,977,219
Lease rentals	793,975	709,502
	-----	-----
	8,658,575	6,686,721
Deferred debit arising in respect of Provision for gratuity	(494,575)	(486,721)
	-----	-----
	8,164,000	6,200,000
	=====	=====

10. SHORT TERM FINANCING

Secured:		
Running /Term financing from Banks (Note 10.1)	25,969,118	30,988,935
	=====	=====

10.1 The company has credit facilities upto an aggregate of Rs. 65.0 million (1998: Rs. 65.0 million) which are secured against pledge/hypothecation of stocks and charge on receivables. The rate of mark-up is 44 paisas to 51 paisas per thousand per day. (1998-49 paisas to 51 paisas)

11. CURRENT MATURITY OF LONG TERM LIABILITIES

Redeemable Capital	1,195,414	2,158,302
N.D.F.C.	184,067	1,70,202
Atlas Investment Bank Limited	2,222,222	-
Obligation under finance lease	4,938,714	4,823,379
	-----	-----
	8,540,417	7,151,883
	=====	=====

12. CREDITORS, PROVISIONS, ACCRUED CHARGES AND OTHER LIABILITIES

Trade Creditors		12,889,894	8,861,781
Accrued expenses (Note 12.1)		3,798,321	26,009,968
Customers' Credit Balances		956,944	857,688
Interest / Mark-up on Bank Loans		1,289,640	1,576,580
Workers Welfare Fund		775,423	680,425
Sales tax payable		14,342,261	13,484,100
Other liabilities		7,546,057	7,074,892
Workers' Profit Participation Fund (Note 12.2)		2,244,836	1,829,572
Tax deductions		452	499
Unclaimed dividends (Note 12.3)		633,638	478,355
		-----	-----
		78,662.57	60,853,860
		=====	=====

12.1 Accrued expenses include Rs. 991,559 (1998 - Rs. Nil) payable to associated undertaking.

12.2 Workers' Profit participation fund

Balance as at July 01	1,829,572	1,205,885
Add: Interest credited	301,020	140,749
	-----	-----
	2,130,592	1,346,634
Less: Payments during the year	1,829,572	1,205,885
	-----	-----
	301.02	140,749
Contributions for the year	1,943,816	1,688,823
	-----	-----
Balance as at June 30	2,244,836	1,829,572
	=====	=====

The company retains the allocation to the fund for its business operations till its payment to the fund.

12.3 Unclaimed Dividends

Unclaimed Dividends	608,728	453,445
Unclaimed Bonus Fractions	24,910	24,910
	-----	-----
	633.64	478,355
	=====	=====

13. CONTINGENT LIABILITIES / COMMITMENTS

Confirmed letters of credit	32,504,498	29,760,582
Guarantees issued by bank		
On behalf of the company	3,974,784	2,513,659
Indemnity Bonds issued		
by insurance company	6,262,000	13,940,000
Excise duty & sales tax on lead		
Oxide demands raised by Central		
Excise & Land Customs not acknowledged	10,775,000	18,175,000

14. STATEMENT OF OPERATING FIXED ASSETS

Particulars	Cost as at June 30, 1998 Rupees	Additions Rupees	Disposals Rupees	Cost as at June 30 1999 Rupees	Depreciation June 30, 1999 Rupees	down value June 30, 1999 Rupees	Depreciation charge for the year Rupees	Rate %
Owned								
Leasehold land	435,238	--	--	435,238	--	435,238	--	--
Building on leasehold land	21,824,222	--	--	21,824,222	9,817,549	12,006,673	1,334,075	10
Plant and Machinery	52,391,554	20,243,352	--	72,634,906	41,061,087	31,573,819	3,508,202	10
Electric installations	789,635	--	--	789,635	670,432	119,203	13,256	10
Air conditioners	1,548,911	870,938	--	2,419,849	729,896	1,689,953	187,772	10
Gasinstallations	135,073	--	--	135,073	102,501	32,572	3,619	10
Furniture & fixtures	977,033	628,230	--	1,605,263	842,176	763,09	84,788	10
Office equipment	1,412,032	36,580	--	1,448,612	861,175	587,44	65,271	10
Laboratory equipment	1,208,526	--	--	1,208,526	497,084	711,44	79,049	10
Vehicles	8,549,091	4,629,661	4,008,022	9,170,730	3,984,793	5,185,937	1,296,484	20
Forklifters	1,054,196	--	--	1,054,196	861,81	192,391	48,073	20
Moulds, dies & Jigs	21,572,418	6,006,336	--	27,578,754	15,237,562	12,341,192	1,371,243	10
Factory equipment	1,699,286	206,000	--	1,905,286	1,299,561	605,725	67,303	10
Workshop equipment	149,749	--	--	149,749	118,820	30,929	3,436	10
Computers	2,120,293	1,338,900	--	3,459,19	934,419	2,524,774	280,531	10
	-----	-----	-----	-----	-----	-----	-----	
	115,867,257	33,959,997	4,008,022	145,819,232	77,018,860	68,800,372	8,343,102	
	=====	=====	=====	=====	=====	=====	=====	

LEASED ASSETS

Plant & machinery.	2,856,274	--	--	2,856,274	774,050	2,082,224	231,358	10
Vehicles	10,123,832	3,289,000	2,447,970	10,964,862	4,092,933	6,871,929	1,717,983	20
Moulds	5,046,850	--	2,246,850	2,800,000	532,000	2,268,000	252,000	10
Fork Lifter	1,018,000	--	--	1,018,000	601,027	416,973	104,243	20
Laboratory equipment	2,986,030	--	--	2,986,030	782,806	2,203,224	244,803	10
	-----	-----	-----	-----	-----	-----	-----	
	22,030,986	3,289,000	4,694,820	20,625,166	6,782,816	13,842,350	2,550,387	

Total 1999	137,898,243	37,248,997	8,702,842	166,444,398	83,801,676	82,642,722	10,893,489
Total 1998	121,116,845	23,288,704	6,507,306	137,898,243	75,002,779	62,895,464	8,638,464

14.1 DISPOSAL OF FIXED ASSETS

Particulars	Cost Rupees	Accumulated Depreciation Rupees	Written down Value Rupees	Sale Proceeds Rupees	Profit (Loss) Rupees	Particulars of Purchaser
Motor Vehicles						
						Negotiation / Company Policy
Motor Cycle CD 70	38,300	27,005	11,295	15,688	4,393	Mr. AliAkhtar Employee
Motor Cycle CD 70	46,500	29,358	17,142	46,500	29,358	Mr. M. Mustafa Employee
Motor Cycle CD 70	46,500	29,358	17,142	46,500	29,358	Mr. Shahid Hussain Employee
MotorCycle CD 70	50,300	24,547	25,753	50,300	24,547	Mr. AshrafH. Shirazi Employee
MotorCycle CD 70	47,000	25,342	21,658	47,000	25,342	Mr. AbdulMajid Employee
Motor Cycle CD 70	46,500	29,358	17,142	46,500	29,358	Mr. M. Anwar Employee
Motor Cycle CD 70	46,500	25,073	21,427	46,500	25,073	Mr. Raqeeb Sher Employee
Motor Cycle CD 70	46,500	25,073	21,427	46,500	25,073	Mr. RaeesHussain Employee
Motor Cycle CD 70	50,300	24,546	25,754	50,300	24,546	Mr. Farooq Ex-Employee
MotorCycle CD 70	50,300	24,546	25,754	50,300	24,546	Mr. Mamoon Ex-Employee
MotorCycle CD 70	47,800	25,724	22,026	47,800	25,774	Mr. Noorzaley Employee
MotorCycle CG 125	63,330	22,799	40,531	40,531	--	Mr. Hashmat Ali Kh Employee
Motor Cycle CD 70	46,500	29,358	17,142	46,500	29,358	Mr. M. Hussain Employee
MotorCycle CD 70	50,300	24,547	25,753	50,300	24,547	Mr. FazleAleem Employee
MotorCycle CD 70	55,832	20,100	35,732	55,832	20,100	Mr. A. Waheed Ex-Employee
MotorCycle CD 70	54,700	26,694	28,006	54,700	26,694	Mr. M. Ibrahim Ex-Employee
MotorCycle CD 70	56,315	11,263	45,052	56,315	11,263	Mr..SharifKhan Ex-Employee
MotorCycle CD 70	46,500	25,073	21,427	46,500	25,073	Mr..M. Multan Employee
MotorCycle CD 70	47,800	25,773	22,027	47,800	25,773	Mr. Khanzada Employee
Motor Cycle CD 70	54,700	26,694	28,006	54,700	26,694	Mr. Nadeem Iqbal Ex-Employee
Motor Cycle CD 70	46,500	29,358	17,142	46,500	29,358	Mr. M. Penvaiz Ex-Employee
MotorCycle CD 70	57,272	11,454	45,818	57,272	11,454	Mr. FaridKhan Ex-Employee
Sazuki Margalla	389,500	245,915	143,59	161,533	17,948	Mr. Abdul Waheed Lodhi Employee
SuzukiMargalla	500,820	180,295	320,525	320.53	--	Mr. Riaz Farrukh Ex-Employee
SuzukiMehran	222,500	140,478	82,022	92,275	10,253	Mr.M. Iqbal Employee
SuzukiMargalla	350,000	246,781	103,219	260,000	156,781	Mr. S. Hakeera I 4 8- D / 2 PECHS.. KARACHI, Muslim Insurance Co.
Suzuki Mehran	280,000	--	280,000	280,000	--	Insurance Claim
Toyota Corolla	528,153	333,455	194,698	219,036	24,338	Mr. M. H. Tabassum Employee
Honda Civic	640,800	404,575	236,225	297,943	61,718	Mr. Arshad Gulraiz Employee
	4,008,022	2,094,592	1,913,430	2,682,150	768,720	

1999	1998
Rupees	Rupees

14.2 Depreciation for the year has been

apportioned as follows:

Cost of goods manufactured	9,285,049	7,296,468
Administrative expenses	1,022,718	789,514
Selling & distribution expenses	585,722	552,482
	10, 893,489	8,638,464

14.3 Moulds for containers and lids costing Rs. 9,253,000 (1998 Rs. 9,253,000) included in the moulds, dies & jigs are held by Pak Polymer (Pvt) Limited, Bombal Plastic Industries, Paramount Moulding Service, DICOM Industries Limited and Novaplast Custom Moulders

under agreements executed by the company with them for use of these moulds for manufacturing containers and lids for the company.

15. CAPITAL WORK IN PROGRESS

Plant & machinery	3 76,843	2,434,963
Building	546,808	-
	-----	-----
	923,651	2,434,963
	=====	=====

16. INVESTMENT AT COST

Associated undertaking (Listed)

Atlas Honda Limited	(Note 16.1)	
270,435 (1998-270,435)		
ordinary shares of Rs. 10 each	3,821,850	3,821,850

(Market value Rs. 5,205,874 (1998- Rs 6,146,250)

Unlisted

Arabian Sea Country Club Limited		
100,000 ordinary shares of Rs. 10/- each	1,000,000	1,000,000
(Name of Chief Executive Mr. Javed Burki)		
Break- up value on the basis of audited accounts		
for the year ended June 30, 1998		
Rs. 6.19 (1997 Rs. 10/-) per share,		
Auditors Sidat Hayder Qamar Maqbool & Co.)	-----	-----
	4,821,850	4,821,850
	=====	=====

16.1 Investment in associated companies are stated at cost. Had the equity method been applied, the total profit in the year would have increased by Rs. 1,609,855 (1998 Rs. 1,958,837) while the unappropriated profit brought forward would have been higher by Rs. 5,778,424 (1998 Rs. 3,819,587) and long term Investment would have increased by Rs. 6, 441 75 7 (1998 Rs. 5,102,33 7)

17. LONG TERM DEPOSITS

Utility and other deposits	874,655	874,655
	=====	=====

1999	1998
Rupees	Rupees

18. STORES

General stores	2,708,874	1,658,661
Tools	74,539	71,349
Spare parts	4,732, 111	3,753,101
Spare parts in transit	115,903	382,772
	-----	-----
	7,631,42 7	5,865,883

19. STOCKS

Raw materials, packing materials & com-nents (average cost)	2 7,053,53 7	18,305,250
Work in process (average cost)	15,519,870	18, 221,803
Finished goods (average cost)	38,048.84	24,718, 511
Goods in transit (at accumulated cost)	14,439,430	10, 190,689
	-----	-----
	95,061,677	71,436,253
	=====	=====

20. TRADE DEBTORS - UNSECURED

Considered good	(Note 20.1)	21,987,585	24,160,820
		=====	=====

20.1 Includes Rs. 329,877 (1998 Rs. 529,938) due from associated undertakings. The maximum amount due from associated undertaking at the end of any month was

Rs 3,359,390 (1998 Rs.4,220,707)

**21. ADVANCES, DEPOSITS & PREPAYMENTS
UNSECURED - CONSIDERED GOOD**

Loan to staff& workers		232,927	102,028
Advances to staff for expenses		49,120	62,797
Advances to suppliers		120,585	284,684
Advances to others		130,100	130,100
Tax deducted at source		14,927,752	12,058,295
Income tax refundable		1,296,218	4,630,331
Advance sales tax		-	2,514,524
Prepayments	(Note 21.1)	681,569	747,125
Insurance claims receivable	(Note 21.2)	1,100,922	611,585
Other receivable		52,385	-
		-----	-----
		18,591,578	21,141,469
		=====	=====

21.1 Prepayments include Insurance Premium Rs. 597,569 (1998 Rs. 745,894) paid to associated undertaking (Muslim Insurance Company Ltd.)

21.2 Insurance claims are receivable from Muslim Insurance Company Ltd, an associated undertaking.

22. TRADE & OTHER DEPOSITS

Trade deposits		3,490,008	3,504,896
Guarantee deposits		2,734,340	2,380,250
Excise deposit		875,725	540,660
L/ C margin		1,392,950	339,840
		-----	-----
		8,493,023	6,765,646
		=====	=====

23. CASH & BANK BALANCES

Cash in hand and Imprest accounts		353,374	235,564
With banks:			
PLS term deposit	(Note 23.1)	1,110,000	--
On current accounts		1,218,268	936,801
Undeposited cheques / collection		16,551,777	12,354,223
		-----	-----
		19,233,419	13,526,588
		=====	=====

23.1 PLS term deposit is under lien of bank for Guarantee issued on behalf of the Company.

24. SALES

Sales (at dealers' net price)		579,188,329	522,809,934
Less: Incentive, discount		8,078,393	20,210,008
Excise duty		71,791,065	59,193,132
		-----	-----
		79,869,458	79,403,140
		-----	-----
		499,318,871	443,406,794
		=====	=====

Sales have been recorded after deducting Sales tax Rs. 84.689 million (1998: Rs. 66.742 million)

25. COST OF SALES

Stocks as at July 01		24,718,511	28,189,047
Cost of goods manufactured	(Note 25.1)	404,984,190	346,616,271
		-----	-----
		429,702,701	374,805,318
Stock as at June 30		38,048,840	24,718,511
		-----	-----
		391,653,861	350,086,807
		=====	=====

25.1 Cost of Goods Manufactured

Work in process as at July 01	18,221,803	16,039,035
Raw materials, packing materials & components consumed	(Note 25.2) 265,931,679	232,724,132
Salaries, wages and benefits	42,035,369	36,148,038
Stores consumed	28,144,571	22,481,698
Fuel, power & water	20,741,251	17,244,951
Insurance	1,902,966	1,240,172
Rent rates & taxes	755,036	1,013,546
Repair & maintenance	8,025,694	7,119,173
Royalty	11,412,730	9,956,531
Travelling, conveyance & entertainment	2,907,770	2,569,843
Cartage	2,389,170	2,598,374
Postage & telephone	675,033	785,359
Printing & stationery	742,240	822,251
Vehicle running expenses	35,725,862	263,09
Free replacement	6,352,86	5,467,862
Depreciation	9,285,049	7,296,468
Other manufacturing expenses	623,581	1,067,553
	-----	-----
Work in process as at June 30,	420,504,060	364,838,074
	15,519,870	18,221,803
	-----	-----
	404,984,190	346,616,271
	=====	=====

**25.2 Raw Materials, Packing Materials
& Components Consumed**

Stocks as at July 01	18,305,250	21,878,529
Purchases	274,679,966	229,150,853
	-----	-----
	292,985,216	251,029,382
Less: Stocks as at June 30	27,053,537	18,305,250
	-----	-----
	265,931,679	232,724,132
	=====	=====

26. ADMINISTRATIVE EXPENSES

Directors' meeting fee	5,500	5,000
Salaries & benefits	11,157,146	6,687,775
Travelling, conveyance & entertainment	997,298	1,175,890
Rent, rates & taxes	490,440	490,440
Insurance	448,377	346,364
Repairs & maintenance	80,100	72,408
Advertisement	181,540	99,785
Legal & professional charges	612,343	301,266
Auditors' remuneration		
Audit fee	100,000	60,000
Consultancy	-	5,000
Out of pocket expenses	-	4,230
Other services	-	28,000
Gas & electricity	115,629	162,375
Fees & subscription	149,536	95,780
Postage & telephone	151,514	202,706
Printing & stationery	303,025	333,985
Vehicle running expenses	112,818	202,191
Training expenses	30,200	109,649
Depreciation	1,022,718	789,514
Others	27,263	10,750
Donation	(Note 26.1) 10,000	-
	-----	-----
	15,995,447	11,183,108
	=====	=====

26.1 Donation was paid to Shirazi Foundation, Adamjee House, Karachi in which the directors of the company Mr. Yusuf H. Shirazi, Mr. Iftikhar H. Shirazi and Mr. M. Hdbib-ur-Rahman are interested as trustee.

27. SELLING & DISTRIBUTION EXPENSES

Salaries & benefits	8,542,637	6,951,647
Travelling, conveyance & entertainment	2,673,329	2,505,993
Rent, rates & taxes	1,144,570	1,191,071
Insurance	2,789,639	2,416,427
Repairs & maintenance	222,316	187,343
Gas & electricity	389,712	387,642
Advertisement & publicity	5,172,120	5,166,369
Freight & handling	20,855,288	20,204,280
Printing & stationery	340,437	392,273
Postage & telephone	1,418,044	1,100,941
Vehicle running expenses	20,336	21,071
Service charges	520	2,425
Late delivery charges	4,73,418	3,70,058
Depreciation	585,722	552,482
Others	164,044	132,120
	-----	-----
	44,792,132	41,582,142
	=====	=====

28. MISCELLANEOUS INCOME

Scrap sales	156,601	184,116
Profit on sale of fixed assets	768,720	872,619
Dividend income (Associated undertaking)	676,087	368,775
Service income	253,912	349,997
Profit on PLS term deposits	52,385	-
	-----	-----
	1,907,705	1,775,507
	=====	=====

29. FINANCIAL EXPENSES

Interest / markup on:		
Long term loans	2,330,545	109,509
Bank loans / running finances	3,588,101	4,701,202
Redeemable capital	404,498	676,802
Workers' profit participation fund	301,020	140,749
Finance charges on leased assets	2,271,982	1,966,621
Bank & other financial charges	1,012,679	958,907
	-----	-----
	9,908,825	8,553,790
	=====	=====

30. EARNING PER SHARE

Net profit after taxation for the year attributable to Ordinary Shareholders	24,392,838	21,089,462
	=====	=====

Number of Shares

Weighted average number of ordinary shares outstanding during the period	2,472,500	2,472,500
--	-----------	-----------

Rupees

	9.87	8.53
	-----	-----

31. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sales	18,969,384	20,576,276
Purchases	2,520,385	2,927,610
Expenses charged by	300,036	3,756,185
Expenses charged to	2,187,563	
Rent & insurance premium	7,373,351	9,360,643
Assets acquired on lease	3,289,000	8,577,880
Loan received	20,000,000	--
Rentals paid	4,607,579	3,387,865

Dividend received	676,087	368,775
Interest paid	2, 24 7, 190	--

32. DIRECTORS' REMUNERATION**32.1 Chief Executive Officer**

Managerial remuneration	1,3 74,000	609,000
Rent & utilities	755,700	334,950
Provident fund	13 7,400	60,900
Reimbursement of expenses	--	--
Club membership fees	500,000	--
Medical, & others	1 7,102	62,562
Bonus	343,500	148,500
	-----	-----
	3,127,702	1,215,912
	=====	=====
Number of person	1	1
	=====	=====

32.2 Other Director

Managerial remuneration	2,029,608	304,500
Rent & utilities	1,116,282	167,475
Provident fund	202,961	30,450
Reimbursement of expenses	--	--
Medical, telephone & others	1 74,830	133,120
Bonus	507,402	50,750
	-----	-----
	4,031,083	686,295
	=====	=====
Number of person	1	1
	=====	=====

32.3 Meeting fees - other directors

	5,500	5,000
Number of persons	3	3
	=====	=====

32.4 Executives

Managerial remuneration	5,185, 1 77	3,426,769
Rent & utilities	2,851,844	1,884,180
Provident fund	518,518	342,107
Medical, telephone & others	183,000	642,508
Bonus	1,474,677	904,586
	-----	-----
	10,213,216	7,200,150
	=====	=====
Number of persons	16	15
	=====	=====

The chief executive officer and director are provided free use of company's maintained car. Certain executives are also provided company's vehicles.

33. PLANT CAPACITY

The production Capacity of the plant cannot be determined as this depends on relative proportion .of various types and sizes of batteries produced.

AITZAZ SHAHBAZ	VAZEER ALI	YUSUF H. SHIRAZI
Director	Chief Executive	Chairman

34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**34.1 INTEREST RATE RISK EXPOSURE**

The Company's exposure to interest rate risk on its financial assets and liabilities as of June 30 are summarized as follows:

1999						
Interest bearing			Non-Interest bearing			
Maturity upto one	Maturity after one	Sub-total	Maturity upto one	Maturity after one	Sub-total	Total Rupees

	year	year	year	year			
Financial assets							
Investments	--	--	--	--	4,821,850	4,821,850	4,821,850
Long term deposits	--	--	--	--	874,655	874,655	874,655
Trade Debtors	--	--	--	21,987,585	--	21,987,585	21,987,585
Advances	--	--	--	1,153,307	--	1,153,307	1,153,307
Trade & Other deposits	--	--	--	4,161,832	--	4,161,832	4,161,832
Cash & Bank balances	--	1,110,000	1,110,000	18,123,419	--	18,123,419	19,233,419
	--	1,110,000	1,110,000	45,426,143	5,696,505	51,122,648	52,232.65
Financial liabilities							
Redeemable capital	1,195,414	--	1,195,414	--	--	--	1,195,414
Long term loan	2,406,289	18,375,270	20,781,559	--	--	--	20,781,559
Obligation under finance lease	4,938,714	6,497,650	11,436,364	--	--	--	11,436,364
Short term financing	25,969,118	--	25,969,118	--	--	--	25,969.12
Creditors	--	--	--	60,343,102	--	60,343,102	60,343,102
Proposed dividend	--	--	--	9,890,000	--	9,890,000	9,890,000
	34,509,535	24,872,920	59,382,455	70,233,102	--	70,233,102	129,615,557
On-balance sheet gap							(77,382,909)

	1998						
	Interest bearing			Non-Interest bearing			Total Rupees
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
Financial assets							
Investments	--	--	--	--	4,821,850	4,821,850	4,821,850
Long term deposits	--	--	--	--	874,655	874,655	874,655
Trade Debtors '	--	--	--	24,160,820	--	24,160,820	24,160,820
Advances	--	--	--	611,585	--	611,585	611,585
Trade & Other deposits	--	--	--	4,151,530	--	4,151,530	4,151,530
Cash & Bank balances	--	--	--	13,526,588	--	13,526,588	13,526,588
	--	--	--	42,450,523	5,696,505	48,147,028	48,147,028
Financial liabilities							
Redeemable capital	2,158,302	1,195,414	3,353,716	--	--	--	3,353,716
Long term loan	170,202	958,558	1,128,760	--	--	--	1,128,760
Obligation under finance lease	4,823,379	8,785,513	13,608,892	--	--	--	13,608,892
Short term financing	30,988,935	--	30,988,935	--	--	--	30,988,935
Creditors	--	--	--	44,002,075	--	44,002,075	44,002,075
Proposed dividend	--	--	--	7,417,500	--	7,417,500	7,417,500
	38,140,818	10,939,485	49,080,303	51,419,575	--	51,419,575	100,499,878
On-balance sheet gap							(52,352,850)

34.2 EFFECTIVE INTEREST RATES

Assets

Cash at Bank under PLS Deposit	11%	--
--------------------------------	-----	----

Liabilities

Redeemable Capital	15%	15%
Long term loan	7.98 to 21%	7.98
Obligation under finance lease	16% to 22%	16% to 22%

Short term financing

16% to 18%

18% to 19%

34.3 CONCENTRATION OF CREDIT RISKS

The Credit Risk represents the accounting loss 'that would be recognised at the reporting date if counter parties failed to perform as contracted. Out of the total financial assets of Rs. 51.879 million (1998 Rs. 47.911 million) the financial assets which are subject to credit risks amounted Rs. 40.868 million (1998 Rs. 37.452 million).

The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company applies credit limits to its customers.

34.4 FAIR VALUE OF THE FINANCIAL INSTRUMENTS

The carrying value of all the financial instruments reflected in the financial statements approximates their fair values.

AITZAZ SHAHBAZ
Director

VAZEER ALI
Chief Executive

YUSUF H. SHIRAZI
Chairman

ATLAS GROUP COMPANIES

	Year of Establishment Acquisition *
Shirazi Investments (Pvt) Ltd.	1962
Atlas Honda Ltd.	1963
Atlas Battery Ltd.	1966
Shirazi Trading Co. (Pvt) Ltd.	1973
Atlas Warehousing (Pvt) Ltd.	1979
Atlas Office Equipment (Pvt) Ltd.	1979*
Muslim Insurance Co. Ltd.	1980*
Allwin Engineering Industries Ltd.	1981*
Atlas Lease Ltd.	1989
Atlas Investment Bank Ltd.	1990
Honda Atlas Cars (Pakistan)Ltd.	1993
Honda Atlas Services (Pvt) Ltd.	1994
Atlas Information Technology (Pvt) Ltd.	1996
Total Atlas Lubricants Pakistan (Pvt) Ltd.	1997
Honda Atlas Power Products (Pvt) Ltd.	1997

PATTERN OF SHAREHOLDING**AS AT JUNE 30, 1999**

NO OF SHAREHOLDERS	CATEGORIES	NO. OF SHARES	PERCENTAGE
	485 From 1 To 1	13,915	0.56
	183 From 101 To	43,133	1.74
	32 From 501 To	21,394	0.87
	48 From 1001 To	122,487	4.95
	12 From 5001 To	86,475	3.50
	3 From 10001 To	36,883	1.49
	2 From 15001 To	36,936	1.49
	1 From 20001 To 2	20,485	0.83
	2 From 25001 To	57,216	2.31
	1 From 30001 To	30,061	1.22
	2 From 85001 To 1 72,146		6.96
	4 From 105001 To 11	421,530	17.04
	1 From 150001 To	150,500	6.08
	1 From 190001 To	191,095	7.73
	From 200001	203,436	8.23
	1 From 370001 To 37	370,875	15.00
i	From 490001 To	493,933	20.00..
	780	2,472,500	100.00

CATEGORIES OF SHAREHOLDERS NUMBER

SHARES HELD

PERCENTAGE

Individuals	763	793,400	32.08
Investment Companies	7	1,063,835	43.03
Financial Institutions	2	12,192	0.49
Insurance Companies	3	72,628	2.94
Joint Stock Companies	3 521,3 74		21.09
Corporate Law Authority	1	1 --	
Abandoned Properties	i	9, 0 70	0. 3 7
		780 2.4 72.5, 00	100. 00