

## **Atlas Battery Limited** **Annual Report 2000**

### **MISSION STATEMENT**

*To achieve market leadership through technological edge, distinguished by quality, service and customers' satisfaction, emphasis on employees long term welfare and ensure adequate return to shareholders. Be a good corporate citizen. Contributing to development of the society and the country through harmonised endeavour.*

### **CONTENTS**

Company Information  
Notice of Meeting  
Ten Years Growth at a Glance  
Directors' Report  
Chairman's Review  
Auditors' Report  
Balance Sheet  
Profit and Loss Account  
Cash Flow Statement  
Statement of Changes in Shareholders' Equity  
Notes to the Accounts  
Pattern of Shareholding  
Atlas Group Companies

### **COMPANY INFORMATION**

	<b>BOARD OF DIRECTORS</b>
Chairman	Yusuf H. Shirazi
Chief Executive	Vazeer Ali
Directors	Aitzaz Shahbaz M. Habib-ur-Rahman Iftikhar H. Shirazi M. Iwai Shahid Anwar
Company Secretary	Shahabuddin Ahmad Siddiqui

	<b>GROUP EXECUTIVE COMMITTEE</b>
Chairman	Yusuf H. Shirazi
Members	Jawaid Iqbal Ahmed Frahim Ali Khan Iftikhar H. Shirazi Aamir H. Shirazi Saqib H. Shirazi
Secretary	Amjad Hussain

	<b>GROUP PERSONNEL COMMITTEE</b>
Chairman	Yusuf H. Shirazi

	<b>GROUP AUDIT COMMITTEE</b>
Chairman	Sanaullah Qureshi

#### **MANAGEMENT COMMITTEE**

Chief Executive	Vazeer Ali
General Manager Technical	M. Khalid Jilani
General Manager Administration	M. Hussain Tabassum
General Manager Finance	Shahabuddin Ahmad Siddiqui
General Manager Marketing	Arshad Gulraiz Butt

#### **COMPANY INFORMATION**

Auditors	Hameed Chaudhri & Co. Chartered Accountants
Bankers	Habib Bank Limited Muslim Commercial Bank Limited National Bank of Pakistan The Bank of Tokyo-Mitsubishi Limited
Registered Office/Factory	D/181, Central Avenue, S.I.T.E, Karachi-75730 Tel: 2567990-4 Fax: 2564703
Zonal Office Karachi:	PPI Building, Near Sindh Secretariat Building, Shahrah-e-Kamal Ataturk, Karachi-74200 Tel: 2636057 - 2626478
Lahore Office:	Salam Chambers, 21, Link Mcleod Road, Lahore-54000 Tel: 7227075-7354245 Fax: 7352724
Multan Office:	Azmat Wasti Road, Chowk Dera Adda, Multan-60000. Tel: 548017
Rawalpindi Office:	312-A, Kashmir Road, R.A. Bazar, Rawalpindi-65847 Tel: 567423
Faisalabad Office	54-Chenab Market, Madina Town, Faisalabad, Tel: 713127 Fax: 726628
Sahiwal Office:	647-V-7, Al-Hilal Building, Nishter Road, Sahiwal-57000 Tel: 61539
Sukkur Office:	1738/D, Husaini Road, Sukkur, Tel: 612532

#### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at 08:30 a.m. on Tuesday, December 19, 2000 at Adamjee House, 8th Floor, I.I. Chundrigar Road, Karachi to transact the following business:

##### **ORDINARY BUSINESS**

1. To confirm Minutes of Annual General Meeting held on December 21, 1999.
2. To consider and adopt the audited accounts of the company for the year ended June 30,2000 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 25% (Rs. 2.50 per share) for the year ended June 30, 2000.
4. To consider and if thought fit pass with or without modification the following as Ordinary Resolution.

4.1 "Resolved that a sum of Rs. 2,472,500 out of the free reserves of the company be capitalised for issuing 247,250 fully paid ordinary shares of Rs. 10/- each as bonus shares to be allotted to those shareholders whose names stand in the register of members at the close of business on December 08, 2000 @ 10% in the proportion of One Ordinary Share for every ten shares held. The said shares shall rank pari passu with the existing shares of the company as regards future dividend, and in all other respects."

4.2 "Resolved further that the bonus shares entitlement in fractions be consolidated and sold by the Directors on the Stock Exchange and proceeds thereof, be distributed to the respective shareholders according to their entitlement."

5. To appoint Auditors for the year 2000-2001 and fix their remuneration.

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

#### **SPECIAL BUSINESS**

7. 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.

**By Order of the Board**

Karachi: November 14, 2000

**Company Secretary**

Notes:

i) The Share Transfer Books of the Company will remain closed from December 09, 2000 to December 19, 2000 (both days inclusive). Transfers received in order at the registered office of the company by December 08, 2000 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 34th Annual General Meeting of the Shareholders of Atlas Battery Limited to be held on December 19, 2000 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. 9.0 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 Ali, Chief Executive and Mr. Iftikar H. Shirazi, Working Director, not exceeding in the aggregate Rs. 9.0 million per annum for the year ending June 30,2001 together with other benefits as per Company policy."

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

#### **TEN YEARS GROWTH AT A GLANCE**

Years	(Rs. in Million)									
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991

## 6 Months

Sales	480.81	499.32	443.41	366.10	339.58	121.97	260.41	206.35	175.14	127.99
Gross Profit	91.14	107.67	93.32	73.89	76.79	29.31	66.84	64.75	50.63	21.77
Profit Before Tax	15.82	36.21	31.46	18.18	27.22	8.57	23.89	23.11	18.43	0.03
Profit After Tax	14.13	24.39	21.09	10.64	18.33	5.22	15.84	7.65	16.67	0.03
Share Capital	24.73	24.73	24.73	23.00	23.00	23.00	23.00	20.00	20.00	20.00
Share Holders' Equity	99.63	91.68	77.17	63.50	55.73	43.15	41.38	30.14	25.50	9.82
Fixed Assets - Net	10,379	83.57	65.33	56.12	49.93	45.44	43.19	40.18	39.23	37.80
Total Assets	278.65	260.26	213.92	199.52	198.29	162.79	134.07	119.13	96.77	85.46

**Dividend**

Cash	25%	40%	30%	12.50%	25%	15%	20%	15%	0%	0%
Stock	10%	0%	0%	7.50%	0%	0%	0%	15%	0%	0%

**Ratios:**

Gross Profit	18.96%	21.56%	21.04%	20.18%	22.61%	24.03%	25.67%	31.38%	28.91%	17.01%
Profit Before Tax	3.29%	7.25%	7.17%	4.97%	8.01%	7.03%	9.17%	11.20%	10.52%	0.02%
Profit After Tax	2.94%	4.89%	4.81%	2.91%	5.40%	4.28%	6.08%	3.71%	9.52%	0.02%

**Return To Shareholders**

R.O.E.-Before Tax	15.88%	39.50%	40.76%	28.63%	48.84%	19.88%	57.73%	76.68%	72.27%	0.27%
R.O.E.-After Tax	14.18%	26.61%	27.33%	16.76%	32.89%	12.10%	38.28%	25.37%	65.39%	0.27%
E.P.S.-Before Tax (Rs.)	6.40	14.64	12.72	7.90	11.83	3.73	10.38	11.55	9.21	0.01
E.P.S.-After Tax (Rs.)	5.71	9.87	8.53	4.63	7.97	2.27	6.89	382	8.34	0.01

**Activity**

Sales To Total Assets	1.73	1.92	2.05	1.83	1.71	0.75	1.94	1.73	1.81	1.50
Sales To Fixed Assets	4.63	5.98	6.71	6.52	6.80	2.68	6.03	5.14	4.46	3.39

**Liquidity/Leverage**

Current Ratio	1.35:1	1.28:1	1.21:1	1.17:1	1.17:1	1.24:1	1.27:1	1.16:1	1.08:1	0.87:1
Break up value per share	40.29	37.08	31.21	27.61	24.23	18.76	17.99	15.07	12.75	4.91
Long Term Debts To Equity (Times)	0.53	0.38	0.24	0.29	0.35	0.51	0.52	0.71	0.70	2.17
Total Liabilities To Equity (Times)	1.80	1.84	1.77	2.14	2.56	2.77	2.24	2.95	2.80	7.70

**DIRECTORS' REPORT**

The Directors have pleasure in presenting 34th Annual Report together with the Audited Accounts and Auditors Report thereon for the year ended June 30, 2000.

*(Rupees in 000)*  
2000                      1999

**Financial results are as follows:**

Profit before taxation	15,824	36,208
Provision for taxation		
Current year	2,825	9,500
Prior Years	(3,777)	351
Deferred	2,646	1,964
	-----	-----
Profit after tax	1,694	11,815
	14,130	24,393

Unappropriated profit brought forward	952	449
	-----	-----
	15,082	24,842
Appropriations:		
Transfer to General Reserve	6,000	14,000
Transfer to reserve for issue of bonus shares	2,473	--
Proposed Cash Dividend @25% (1999: 40%)	6,181	9,890
	-----	-----
	14,654	23,890
	-----	-----
Unappropriated profit carried to Balance Sheet	428	952
	=====	=====

**DIVIDEND AND BONUS ISSUE**

The Directors are pleased to recommend a cash dividend of 25% and a bonus issue of 10% in the ratio of one ordinary shares of Rs 10/- each for every ten ordinary shares of Rs. 10/- each on the paid - up capital of Rs. 24,725,000 as on June 30,2000.

**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, 2000 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**  
**DIRECTOR**

**VAZEER ALI**  
**CHIEF EXECUTIVE**

**YUSUF H. SHIRAZI**  
**CHAIRMAN**

Karachi: November 14, 2000

**CHAIRMAN'S REVIEW**

It is my pleasure to present to you the 34th Annual Report and review of performance of your company for the year ended June 30, 2000.

**THE ECONOMY**

The year ending June 30, 2000 remained under the shadow of the international and domestic political and economic situation prevailing in the year 1999. Nuclear detonation, Kargil issue and ultimately army take over have had its impact on the political, economic and social fabric of the country. Good cotton, rice and wheat crops, however did help in raising the GDP growth but inept pricing and other policy measures could not yield the desired socio-economic benefits at the grass roots so as to uplift the economy on the whole. It was against this background that the National Budget for the year 2000-2001 was presented as a part of 3 years Perspective Plan aimed at achieving a 6% GDP growth and budgetary deficit below 5% by the year ending 2003.

The GDP growth for the year 1999-2000 was 4.8%,

agriculture being highest at 7.2%, manufacturing the lowest at 1.1% and service sector at 4:5%. Inflation was claimed to be 3.6% which was the lowest in the past decade. The GDP growth target set for the year 2000-2001 vis-a-vis 1999-2000 is at 5%, up 0.2% from the previous year. Agriculture growth is projected at 3.9%, services at 5.2%, and the manufacturing at 5.9%. The target growth rates are an encouraging sign. The inflation for the year 2000-2001 is estimated at 4.5%, 0.9% higher than last year. Despite government's emphasis on agriculture sector, a projection of lower growth as compared to last year seems reasonably cautious keeping in view the current water shortage and vagaries of the weather. In the present circumstances, the growth in manufacturing at 5.9% seems to be optimistic but achievable! Similar[y, the budgetary deficit target set at 4.6% of (3DP vis-a-vis 6.5% of last year and 6.6% average of the last 4 years seems to be somewhat realistic though with a lot of focus on the rough edges of the economy. The revenue target hinges on collection of an extra Rs.100 bn. It is essential that all these targets are met in the wake of prevailing economic situation particularly the IMF conditionalities and the overall external pressures, which are becoming increasingly arduous for the borrowing nations with Pakistan the most hard hit at the present time.

On the other hand, in July 2000 the State Bank of Pakistan chose to remove the restrictions on the inter bank market and freed the rupee-dollar parity which caused the rupee to fall from Rs.52.36 to Rs.59.30 a dollar in early October 2000, 13.3% devaluation within a period of 10 weeks. In the kerb market, the rupee went as low as Rs.63 to a dollar - resulting in cost-push pressures in the long run. This was stated to meet one of the IMF conditionalities - before any settlement with them in sight. There is thus no alternative but to come out of the vicious circle of ever rising debts, falling rupee, debt servicing and costlier imports, consequently rendering exports uncompetitive due to rising internal costs. This can only be done by a better business environment, which promotes greater investment and savings. The devaluation has indeed made everything costlier without a corresponding increase in investment and production-productivity, value addition and volume growth. Full utilization of capacity needs to be the focus, which alone will bring the cost down and result in export competitiveness.

In order to revive the economy, the world financing agencies prescription may be just marginal. It has hardly helped any developing country so far. A recommendation in this connection to phase out seven main industries in Pakistan - steel, fertiliser, sugar, oil refineries, chemicals, pharmaceuticals and automobile, constituting over 50% of the economy, being not competitive by world standards, will further damage the economy as a whole. What will then

remain for achieving self-reliance, a view the Government does espouse. Unemployment is becoming a bigger concern and challenge day by day. Similarly, a report that localization programmes will be done away will only discourage investment. Equally important is the competitive advantage of the local industry being eroded without which localization is effected. Imagine the rate of custom duty is being reduced from 35% to 25%, without a corresponding reduction in raw material duty which remains at 10%. Since the automobile engineering industry clearly does not come under the world financing institutions and other regulatory agencies - WTO - there is no reason to succumb to any pressure from any other international agency. Otherwise such policies will suspend investment, production and export - and above all, any entrepreneurial initiatives in these industries, to say the least, unless the situation is rectified or clarified in bold letters:

*(The state secrets are the preservatives of the statesmen)*

### **THE INDUSTRY**

The organised sector of the industry showed a negative growth of 3.7% during the year as compared to 12.2% growth in the preceding year. The multiple higher taxes, such as, custom duty at 10% on raw materials, 10% excise duty on retail price of finished product, 15% and 16.5% sales tax on value of supplies for registered and un-registered dealers respectively as well as income tax and other provincial and federal taxes on the organised sector continued to encourage influx of batteries through Afghan transit trade - a trading source of irregular imports, other organized smuggling, under-invoiced imports and replating were the main reasons of negative growth in the organised sector. The un-organised sector does not come under the ambit of tax laws and thus is traditionally competitive in the market. This has been causing a great deal of loss not only to the industry, but also causing loss of revenue to the Government. This is a chronic problem, which if not abated, will continue to have adverse impact on the organised sector and the revenue of the Government.

The vehicle population in Pakistan relevant to the industry is given below:-

### **VEHICLE POPULATION (Nos. in '000)**

<i>YEAR</i>	<i>TOTAL</i>	<i>CARS</i>	<i>JEEPS</i>	<i>STN WAGONS</i>	<i>TRACTORS</i>	<i>BUSES</i>	<i>TAXIS</i>	<i>VANS</i>	<i>TRUCKS</i>	<i>OTHERS</i>
1994	1329	548	44	102	374	61	50	77	8	65
1995	1422	578	47	111	403	66	55	82	14	68
1996	1517	605	50	119	434	70	60	87	21	71
1997	1622	636	54	129	468	78	65	92	28	74
1995	1789	681	57	141	539	80	71	103	34	83

1995	1912	742	61	149	556	85	76	100	36	88
2000	2011	773	65	158	601	87	81	116	37	93

The average life of a battery is estimated to be 18 months. On the basis of the above reported population of vehicle - actual will be much larger - about 50% if not more, the demand of batteries in a year is about 1.34 mn units, to say the least. The organised sector, however, produced 971,861 batteries during the year ended 30 June, 2000. Therefore, the gap of demand and production of 369,139 batteries is 27.5% which is met by the un-organised sector through smuggling, replating and under-invoiced imports, year after year and current year was no exception.

On the other hand, the country has the capacity of producing about 2 mn batteries per annum in the organised sector, which is presently utilising only about 50% of the installed capacity. In order to utilise the capacity, there has been fierce competition in the organised sector because of which the industry has not been able to increase the prices for the last two years, inspite of inflationary pressures, an adverse impact on the very viability of the organised sector. The under utilisation of capacity increases cost of production and results in uncompetitiveness for export. This also discourages investment, transfer of technology and innovation which is the need of the hour, as also export specially in the current wave of globalisation. The Government, industry and the captains of industry must realize this situation and act sooner than latter, for the very survival of the industry, which provides goods and services, earns and saves foreign exchange and provides employment to the unemployed millions.

#### **OPERATIONAL RESULTS**

Your company posted a sale revenue of Rs. 480.8 mn for the year under review as compared to Rs. 499.3 mn in the previous year. The general production and sales trend for the last 10 years including this year of your company is shown below:

The lower volume, depreciation of the rupee, inflationary cost push which could not be passed on to the consumer resulted in the gross profit ratio of 18.95% as against 21.56% in the previous year.

Administration, selling and distribution expenses for the year were controlled and a reduction of Rs.1.7 mn or 2.8% was achieved. Thus the total of expenses for the year were Rs.59.1 mn as compared to Rs.60.8 mn in the preceding year. However, as a result of the erosion in gross profit the operating profit for the year was Rs.32.0 mn as against Rs.46.9 mn in the previous year.

The financial expenses were Rs.17.3 mn against Rs.9.9 mn in the previous year. The major factor for the increase in the financial cost was the mark-up of Rs.8.5 mn on long term loans borrowed for capacity expansion which were essential for the



sustained growth of your company. The net profit before tax for the year was thus Rs.15.8 mn compared to Rs.36.2 mn in the preceding year. After tax profit stood at Rs.14.1 mn against Rs.24.4 mn of the previous year. Your company achieved an ROE of 15.9% and EPS of Rs.6.4 during the year down, from 39.5% and Rs.14.6 of the preceding year respectively, not unsatisfactory in the circumstances stated above as compared with the last year.

Your Directors have recommended payment of cash dividend of 25% amounting to Rs.6.18 mn and stock dividend of 10% amounting to Rs.2.47 mn out of the total available for appropriation together with brought forward profit of Rs.15.08 mn.

May I also add that the equity of your company stands at Rs.99.63 mn, including reserves amounting to Rs.74.90 mn, reflecting a sound financial position. The shareholders value has increased to Rs.40.29 per share in 1999-00 against Rs.4.91 per share in 1991, after paying dividend of Rs. 21.50 per share during this period, a commendable progress in deed as shown below:

The company has paid cash dividends of Rs. 49.8 mn and stock dividends of Rs.14.2 mn (market value Rs.38.0 mn) since incorporation in 1968, which must be regarded as a satisfactory achievement.

#### **CAPACITY EXPANSION**

In order to take our full share of the Battery Industry growth, quality improvement and higher productivity, it was essential to remove the capacity constraints of

automotive and motorcycle batteries and take initiatives to bring in latest battery manufacturing technology by installing latest machinery and equipment. It is with satisfaction that I report that the capacity expansion and the modernisation and balancing of the project which was initiated a couple of years back, has been completed and trial production started in November, 1999. The additional investment in assets did have an initial impact on depreciation and mark-up but the long term benefits will adequately compensate for this. The company, infact, has been following a prudent policy of investment in capacity expansion, technology, balancing, modernisation and replacement with a view to ensure customer satisfaction and provide the market with batteries with the latest technology for which your company has a unique distinction. Following this policy, your company had made an investment of Rs. 90.12 mn since its inception to 1991 while during 1992 to 2000, an additional investment of Rs. 139.21 mn was made, making a total of Rs. 229.33 mn, a no mean achievement in the given circumstances. We continue to do this up-gradation of equipment and technology, year after year, in order to provide the customer the right quality, all the times.

### **ISO9002**

In order to improve the efficiency, productivity and global quality standard your company has received ISO-9002 certification during the year.

### **HUMAN RESOURCE**

The Group Personnel Committee headed by the Chairman is continuously working to shape group personnel policies, so that the employees are motivated and rewarded according to their contribution in meeting the company's objectives. As a result, the total wage bill increased to Rs.60.75 mn during the year from Rs.18.15 mn during 1991, correspondingly increasing salary per person from Rs.70,077 during 1991 to Rs.220,109 during the year and sales per person from Rs.0.494 mn in 1991 to Rs.1.742 mn in the year under review as shown in the following table:

Further, all benchmark job descriptions were written in accordance with the Hay's format and then evaluated. Consequently, your company is being restructured to meet the challenges of the millennium and to be competitive in the face of globalization. It is only through a world class team that the company will be able to compete globally.

The emphasis on human resource development is the hallmark of the Atlas Group of which your company is a constituent member. This is based on strategic vision dovetailed with operational efficiency, team work and individual performance. Individual compensation has been linked with individual performance with executive bonus being on an agreed basis for the team as a whole. This year our emphasis is more on the role of leadership, management practices and integrity in terms of executive profile, with a view to further improve our performance. In order to implement the Hay's system, the company reviewed and restructured the management salaries to make them competitive in the market. This will enable the company to recruit, train and retain the right employees and a motivated team to face the fast approaching globalization.

### **FUTURE OUTLOOK**

The optimum utilisation of the expanded capacity remained sluggish in view of negative growth in Battery Industry as a result of mushroom growth of the unorganised sector and replating and limitations of export opportunities last year. In addition, the industry is incessantly facing the cost push due to rupee depreciation and inflationary pressures.

Apart from the decline in the value of the rupee, the banks further imposed cash margin of 30%, which is now withdrawn. The mark-up rates are likely to increase after recent hike in discount rates of 2% by the State Bank of Pakistan. All these measures will add to the financial costs.

The Government has, however, taken a number of major steps for revival of the economy which are beginning to take effect. The indicators have an upward trend and are expected to continue to improve. The indicators from the agriculture sector- particularly the cotton crop - which constitutes 25% (services 50% and manufacturing 25% being the other constituents) of the country's GDP are again positive and thus generally encouraging for the economy. Agriculture is the backbone of our economy catering to the socio-economic well being of 70% of the population. The timely announcement of support prices for cotton and wheat and the relevant economic policies of the Government in support of the agriculture sector are expected to help the economy to perform better in the ensuing year. The number of tax payers from the current figure of 1.3 mn is targeted to increase to 3 mn and will generate more revenue to bridge the deficit, a welcome trend to lower the debt burden. The Battery Industry is thus expected to grow and we are determined to take full advantage of this opportunity.

Your company is blessed with a dedicated team of staff and workers. We have further linked reward with performance, which is a great motivator. Encouraged by all these factors and augmented by further customer satisfaction, we foresee a better future of your company and, as such, a continued fair return to shareholders and reward to the company employees.

#### **ACKNOWLEDGEMENT**

May I thank your CEO Mr. Vazeer Ali and his team for their performance in one of the worst circumstances faced by your company. I must also thank the contribution made by Mr. Y. Morita of Japan Storage Battery Company Ltd. stationed in Pakistan for his contribution in updating equipment and technology in your company. We are thankful to Japan Storage Battery Company Limited, Japan, our joint venture partner, for their continued technical support and particularly during the last two years, assisting in selection, sourcing, installation and successful operation of plant and machinery for the capacity expansion and transfer of technology. May I also thank the Board of Directors and Group Executive Committee members for their valuable contribution and the customers and suppliers for their encouragement and co-operation.

Mr. Chiaki Tanaka, the new President JSB; Mr. Yoshitami Saitou, Managing Director and Mr. Kishimoto, General Manager Overseas Division, Japan Storage Battery Company Ltd., Japan were kind enough to visit us during the year. They learnt about the market and our operations and made a substantial contribution in discussions. The visits of these senior personnel is the manifestation of the commitment and cordial relations between your company and the Japan Storage Battery Co. Ltd and

also their interest in assisting the management of your company to improve your company's performance. This gracious gesture of good-will by the President is highly appreciated which we will continue to reciprocate through increased investment, production and export to our mutual advantage. I must add that it is a unique relationship between the two-joint venture partners since 1968, which we greatly value.

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

**YUSUF H. SHIRAZI**

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of ATLAS BATTERY LIMITED as at June 30, 2000 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 amount 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 purpose of the 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, Cash Flow Statement and Statement of changes in Equity, 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, 2000 and of the profit, its cash flow 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.

Karachi: November 14, 2000

**Hameed Chaudhri & Go.**  
**Chartered Accountants**

**BALANCE SHEET AS AT JUNE 30, 2000**

	<i>NOTE</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
<b>SHARE CAPITAL</b>			
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
<b>RESERVES &amp; UNAPPROPRIATED PROFIT</b>			
General reserve	4	72,000,000	66,000,000
Reserve for issue of bonus shares		2,472,500	--
Unappropriated profit		428,067	951,880
		-----	-----
		74,900,567	66,951,880
		-----	-----
<b>SHAREHOLDERS' EQUITY</b>		99,625,567	91,676,880
<b>REDEEMABLE CAPITAL</b>	5	--	--
<b>LONG TERM LOANS</b>	6	35,640,346	18,375,270
<b>OBLIGATION UNDER FINANCE LEASE</b>	7	4,704,894	6,497,650
<b>DEFERRED LIABILITIES</b>			
Provision for gratuity	8	18,057,201	14,987,111
Deferred taxation	9	10,810,000	8,164,000
		-----	-----
		12,615,700	9,662,711
<b>CURRENT LIABILITIES</b>			
Short term financing	10	42,068,004	259,691,181
Current maturity of long term liabilities	11	12,547,913	8,540,417
Creditors, provisions, accrued charges &			
Other liabilities	12	62,445,033	78,662,566
Provision for taxation		2,825,000	10,986,975
Proposed dividend		6,181,250	9,890,000
		-----	-----
		126,067,200	134,049,076
<b>CONTINGENT LIABILITIES/COMMITMENTS</b>			
	13	--	--
		-----	-----
		278,653,727	260,261,587
		=====	=====
<b>FIXED CAPITAL EXPENDITURE</b>			
Operating fixed assets	14	103,790,453	82,642,722
Capital work in progress	15	--	923,651
		-----	-----
		103,790,453	83,566,373
<b>LONG TERM INVESTMENT</b>	16	3,821,850	4,821,850
<b>LONG TERM DEPOSITS</b>	17	914,655	874,655
<b>CURRENT ASSETS</b>			
Stores	18	9,547,092	7,631,427

Stocks	19	91,584,255	95,061,677
Trade debtors	20	26,028,684	21,987,585
Advances, deposits & prepayments	21	20,958,480	18,591,578
Trade & other deposits	22	4,209,089	8,493,023
Cash & bank balances	23	17,799,169	19,233,419
		-----	-----
		170,126,769	170,998,709
		-----	-----
		278,653,727	260,261,587
		=====	=====

The annexed notes form an integral part of these accounts.

**AITZAZ SHAHBAZ**  
DIRECTOR

**VAZEER ALI**  
CHIEF EXECUTIVE

**YUSUF H. SHIRAZI**  
CHAIRMAN

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>NOTE</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
<b>SALES</b>	24	480,814,175	499,318,871
LESS: COST OF SALES	25	389,669,725	391,653,861
		-----	-----
GROSS PROFIT		91,144,450	107,665,010
<b>OPERATING EXPENSES</b>			
Administrative	26	16,020,701	159,954,471
Selling and distribution	27	43,126,794	44,792,132
		-----	-----
		59,147,495	60,787,579
		-----	-----
<b>OPERATING PROFIT</b>		31,996,955	45,877,431
<b>MISCELLANEOUS INCOME</b>	28	3,403,968	1,907,705
		-----	-----
		35,400,923	48,785,136
<b>LESS: OTHER CHARGES</b>			
Financial expenses	29	17,337,602	9,908,825
Workers' profit participation fund		903,166	1,943,816
Workers' welfare fund		336,474	724,167
Provision for diminution in the value of investment		1,000,000	--
		-----	-----
		19,577,242	12,576,808
		-----	-----
<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>		15,823,681	36,208,328
<b>PROVISION FOR TAXATION</b>			
Current year		2,825,000	9,500,000
Prior years		(3,777,256)	351,490
Deferred		2,646,000	1,964,000
		-----	-----
		1,693,744	11,815,490
		-----	-----
<b>PROFIT FOR THE YEAR AFTER TAXATION</b>		14,129,937	24,392,838
<b>UNAPPROPRIATED PROFIT BROUGHT FORWARD</b>		951,680	449,042
		-----	-----
		15,081,817	24,841,880
<b>APPROPRIATIONS:</b>			

Transfer to General Reserve	6,000,000	14,000,000
Transfer to reserve for issue of bonus shares	2,472,500	--
Proposed dividend @ 25% (1999 40%)	6,181,250	9,890,000
	-----	-----
	14,653,750	23,890,000
	-----	-----
<b>UNAPPROPRIATED PROFIT RETAINED</b>	428,067	951,880
	=====	=====
<b>BASIC EARNING PER SHARE</b>	30	5.71
	=====	=====

The annexed notes form an integral part of these accounts.

**AITZAZ SHAHBAZ**  
DIRECTOR

**VAZEER ALI**  
CHIEF EXECUTIVE

**YUSUF H. SHIRAZI**  
CHAIRMAN

### CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

	<i>NOTE</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
<b>Net Cash inflow from Operating activities</b>	31	24,975,109	52,991,557
<b>Return on investments and servicing of finance</b>			
Markup / interest paid		(13,679,523)	(6,911,104)
Finance charges on leased assets		(1,806,267)	(2,271,982)
Dividend received		946,523	676,087
Dividend paid		(9,699,922)	(7,262,217)
		-----	-----
Net cash out flow from return on investments and servicing of finance		(24,239,189)	(15,769,216)
<b>Taxation</b>			
Taxes paid (including tax deducted at source)		(5,559,153)	(13,456,947)
<b>Investing activities</b>			
Fixed capital expenditure		(33,064,155)	(27,753,865)
Sale proceeds of fixed assets		3,188,436	2,682,150
		-----	-----
		(29,875,719)	(25,071,715)
		-----	-----
<b>Net cash out flow before financing activities</b>		(34,698,952)	(1,306,321)
<b>Financing activities</b>			
Loan received		26,000,000	20,000,000
(Decrease) in short term borrowings		16,098,886	(5,019,817)
Repayment of redeemable capital / Loans		(3,793,121)	(2,505,503)
Repayment of obligation under finance lease		(5,001,063)	(5,461,528)
Long term deposits		(40,000)	--
		-----	-----
Net cash inflow from financing activities		33,264,702	7,013,152
		-----	-----
<b>(Decrease) / Increase in cash &amp; cash equivalents</b>	32	(1,434,250)	5,706,831
		=====	=====

The annexed notes form an integral part of these accounts.

**AITZAZ SHAHBAZ**

**VAZEER ALI**

**YUSUF H. SHIRAZI**

DIRECTOR

CHIEF EXECUTIVE

CHAIRMAN

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Share Capital Rupees</i>	<i>General Reserve Rupees</i>	<i>Reserve for issue of bonus shares Rupees</i>	<i>Unappropriated Profit Rupees</i>	<i>Total Rupees</i>
Balance as at 1 July, 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 30 June, 1999	24,725,000	66,000,000		951,880	91,676,880
Profit for the year after taxation	--	--		14,129,937	14,129,937
Cash Dividend	--	--		(6,181,250)	(6,181,250)
Transferred during the year	--	6,000,000	2,472,500	(8,472,500)	--
	-----	-----	-----	-----	-----
Balance as at 30 June, 2000	24,725,000	72,000,000	2,472,500	428,067	99,625,567
	=====	=====	=====	=====	=====

The annexed notes form an integral part of these accounts.

**AITZAZ SHAHBAZ**  
DIRECTOR

**VAZEER ALI**  
CHIEF EXECUTIVE

**YUSUF H. SHIRAZI**  
CHAIRMAN

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2000**

**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.

**1.1 Basis of preparation**

These accounts have been prepared in accordance with the requirements of Companies Ordinance, 1984 and international Accounting Standards as applicable in Pakistan.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Accounting Convention**

These accounts have been prepared under the historical cost convention except as modified by foreign exchange difference as stated in Note 2.8.

**2.2 Employees' 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. Equal monthly contributions are made by the company and employees to the fund @ 11% of basic salary.

**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 differences, if any 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. Items in transit are stated at cost accumulated to balance sheet date.

## 2.7 Stocks-in-Trade

Stock of Raw, Packing Materials & Components, Work in process and Finished good are valued at lower of cost or net realisable 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.

<i>2000</i>	<i>1999</i>
<i>Rupees</i>	<i>Rupees</i>

**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
1,172,500 Issued as fully paid bonus shares	11,725,000	11,725,000
	-----	-----
2,472,500	24,725,000	24,725,000
	=====	=====

**4. GENERAL RESERVE**

Balance as at July 1	66,000,000	52,000,000
Transferred from Profit and Loss account	6,000,000	14,000,000
	-----	-----
Balance as at June 30	72,000,000	66,000,000
	=====	=====

**5. REDEEMABLE CAPITAL****Term Finance Certificates (TFCs)**

Balance as at July 1	1,195,414	3,353,716
Less redeemed during the year	1,195,414	2,158,302
	-----	-----
	--	1,195,414
Less redeemable within the following twelve months	--	1,195,414
	-----	-----
Balance as at June 30	--	--
	=====	=====

**6. LONG TERM LOANS**

NDFC-LMM Loan	(Note 6.1)	207,012	597,492
Atlas Investment Bank Limited	(Note 6.2)	13,333,334	17,777,778
Habib Bank Limited	(Note 6.3)	22,100,000	--
		-----	-----
		35,640,346	18,375,270
		=====	=====

**6.1 NDFC LMM Loan**

Balance as at July 1	781,559	1,128,760
Less: Repaid during the year	375,485	347,201
	-----	-----
	406,074	781,559
Less: Due within the following twelve months	199,062	184,067
	-----	-----
Balance as at June 30	207,012	597,492
	=====	=====

(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 installments are paid on due dates.

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

**6.2 Atlas Investment Bank Limited**

Balance as at July, 1	20,000,000	20,000,000
Less: Repaid during the year	2,222,222	--
	-----	-----
	17,777,778	20,000,000
Less: Due within the following twelve months	4,444,444	2,222,222
	-----	-----
Balance as at June 30	13,333,334	17,777,778
	=====	=====

(a) The company has arranged term finance facility of Rs. 20.00 million from Atlas Investment Bank Limited (an associated under taking) on mark-up basis for financing 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. 37.282 million at a mark-up of 21 percent per annum.

(b) The 'repurchase price' is repayable in 9 half yearly installments 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 pari passu with the existing charge by way of mortgage in favour of NDFC and NIT.

(d) A demand promissory note in favour of Atlas Investment Bank Limited.

**6.3 Habib Bank Limited**

Disbursed during the year	26,000,000	--
Less: Due within the following twelve months	3,900,000	--
	-----	-----
	22,100,000	--
	=====	=====

(a) The company has arranged term finance facility of Rs. 26.00 million from Habib Bank Limited on mark-up basis for financing the project for expansion of production facilities. The amount utilized represent the sale price of the agreement with the corresponding 'repurchase price' of Rs. 44.566 million which includes cushion period mark-up of Rs. 2.543 million. The cushion period mark-up will be refunded on prompt payment. The repayment schedule has been calculated on the basis of floor rate i.e., 17 per cent per annum as is subject to revision with the variance of mark-up rate upto cap of 19 per cent per annum.

(b) The 'repurchase price' is repayable in 20 quarterly installments commencing from October 16, 2000 and ending on July 16, 2005.

(c) The finance is secured against first pari passu charge on fixed Assets of the company.

**7. OBLIGATION UNDER FINANCE LEASE**

Balance as at July 1	11,436,364	13,608,892
Assets acquired under lease during the year	2,274,000	3,289,000
	-----	-----
	13,710,364	16,897,892
Less: Repaid during the year	5,001,063	5,461,528
	-----	-----
	8,709,301	11,436,364
Less: Installments due within the following twelve months	4,004,407	4,938,714
	-----	-----
Balance as at June 30	4,704,894	6,497,650
	=====	=====

(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 installments.

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

Payable 2000 - 2001	5,235,197	6,651,248
Payable 2001 - 2004	5,502,355	7,824,670
	-----	-----
	10,737,552	14,475,918
Less: Finance charges allocated to future periods.	2,028,251	3,039,554
	-----	-----
	8,709,301	11,436,364
	=====	=====
<b>Classified as under:</b>		
Long term obligation under finance lease	4,704,894	6,497,650
Current obligation under finance lease	4,004,407	4,938,714
	-----	-----
	8,709,301	11,436,364
	=====	=====

#### 8. PROVISION FOR GRATUITY

Balance as at July 1	1,498,711	1,474,911
Add: Provision for the year	362,253	133,611
	-----	-----
	1,860,964	1,608,522
Less: Payments during the year	55,244	109,811
	-----	-----
Balance as at June 30	1,805,720	1,498,711
	=====	=====

#### 9. DEFERRED TAXATION

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

Accelerated tax depreciation allowance	10,411,000	7,864,600
Finance Lease rentals	1,024,000	793,975
	-----	-----
	11,435,000	8,658,575
Deferred debit arising in respect of Provision for gratuity	(625,000)	(494,575)
	-----	-----
	10,810,000	8,164,000
	=====	=====

#### 10. SHORT TERM FINANCING

##### Secured:

Running/Term financing from Banks (Note 10.1)	42,068,004	25,969,118
	=====	=====

10.1 The company has credit facilities upto an aggregate of Rs. 50.0 million (1999-Rs. 65.0 million) which are secured against pledge/hypothecation of stocks and charge on receivables. The rate of mark-up is 37.8 paisas to 38.5 paisas per thousand per day. (1999-44 paisas to 51 paisas)

#### 11. CURRENT MATURITY OF LONG TERM LIABILITIES

Redeemable Capital	--	1,195,414
N.D.F.C.	199,062	184,067
Atlas Investment Bank Limited	4,444,444	2,222,222
Habib Bank Limited	3,900,000	--
Obligation under finance lease	4,004,407	4,938,714
	-----	-----
	12,547,913	8,640,417

**12. CREDITORS, PROVISIONS, ACCRUED CHARGES AND OTHER LIABILITIES**

Trade Creditors		10,380,946	12,889,894
Accrued expenses	(Note 12.1)	34,296,103	37,983,421
Customers' Credit Balances		622,292	956,944
Interest / Mark-up on Bank Loans		2,193,689	1,289,640
Workers' Welfare Fund		542,139	775,423
Sales tax payable		5,091,590	14,342,261
Other liabilities		7,033,263	7,546,057
Workers' Profit Participation Fund	(Note 12.2)	1,446,136	2,244,836
Tax deductions		15,159	452
Unclaimed dividend	(Note 12.3)	823,716	633,638
		62,445,033	78,662,566

12.1 Accrued expenses include Rs. 37,401 (1999 - Rs.991,559) payable to associated undertaking.

**12.2 Workers' Profit Participation Fund**

Balance as at July 1		2,244,836	1,829,572
Add: Interest credited on fund utilised in the Company's business		542,970	301,020
		2,787,806	2,130,592
Less: Payments made during the year		2,244,836	1,829,572
		542,970	301,020
Contribution for the year		903,166	1,943,816
Balance as at June 30		1,446,136	2,244,836

**12.3 Unclaimed Dividend**

Unclaimed Dividend		798,806	608,728
Unclaimed Bonus Fractions		24,910	24,910
		823,716	633,638

**13. CONTINGENT LIABILITIES / COMMITMENTS**

Confirmed letters of credit		22,600,900	32,504,498
Guarantees issued by bank on behalf of the company		1,898,508	3,974,784
Indemnity Bonds issued by insurance company		5,614,000	6,262,000
Excise duty & sales tax on Lead Oxide demands raised by Central Excise & Land Customs not acknowledged		--	10,775,000

**14. STATEMENT OF OPERATING FIXED ASSETS**

Particulars	Cost as at				Accumulated	Written	Depreciation	Rate
	July 1, 1999	Additions	Disposals	June 30, 2000	Depreciation	down value	charge for	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	%
<b>Owned</b>								
Leasehold land	435,238	--	--	435,238	--	435,238	--	--
Building on leasehold land	21,824,222	6,616,166	--	28,440,388	11,679,834	16,760,554	1,862,285	10
Plant and Machinery	72,634,906	21,336,828	1,843,081	92,128,653	44,636,558	47,492,095	5,276,899	10
Electric installations	789,635	560,000	--	1,349,635	738,262	611,373	67,930	10

Air conditioners	2,419,849	49,000	--	2,468,849	903,791	1,565,058	173,894	10
Gas installations	135,073	--	--	135,073	105,758	29,315	3,257	10
Furniture & fixtures	1,605,263	1,181,600	--	2,786,863	1,036,645	1,750,218	194,469	10
Office equipments	1,448,612	--	--	1,448,612	919,919	528,693	58,744	10
Laboratory equipments	1,208,526	1,511,304	--	2,719,830	1,152,672	1,567,158	174,129	10
Vehicles	9,170,730	4,279,400	4,400,193	9,049,937	3,921,059	5,128,878	1,282,220	20
Fork lifters	1,054,196	1,018,000	--	2,072,196	1,584,785	487,411	121,853	20
Moulds, dies & Jigs	27,578,754	1,358,729	--	28,937,483	16,607,554	12,329,929	1,369,991	10
Factory equipments	1,905,286	--	--	1,905,286	1,360,133	545,153	60,573	10
Workshop equipments	149,749	--	--	149,749	121,913	27,836	3,092	10
Computers	3,459,193	700,529	62,000	4,097,722	1,231,559	2,866,163	318,463	10
	145,819,232	38,611,556	6,305,274	178,125,514	86,000,442	92,125,072	10,967,799	
<b>LEASED ASSETS</b>								
Plant & machinery	2,856,274	--	--	2,856,274	982,273	1,874,001	208,223	10
Vehicles	10,964,862	2,274,000	2,205,750	11,033,112	4,439,148	6,593,964	1,648,490	20
Moulds	2,800,000	--	--	2,800,000	758,800	2,041,200	226,800	10
Fork Lifter	1,018,000	--	1,018,000	--	--	--	--	20
Laboratory equipment	2,986,030	--	1,400,000	1,586,030	429,814	1,156,216	128,468	10
	20,625,166	2,274,000	4,623,750	18,275,416	6,610,035	11,665,381	2,211,981	
Total 2000	166,444,398	40,885,556	10,929,024	196,400,930	92,610,477	103,790,453	13,179,780	
Total 1999	137,898,243	37,248,997	8,702,842	166,444,398	83,801,676	82,642,722	10,893,489	

**14.1 Disposal of fixed assets:**

<i>Particulars</i>	<i>Cost Rupees</i>	<i>Accumulated Depreciation Rupees</i>	<i>Written down Value Rupees</i>	<i>Sale Proceeds Rupees</i>	<i>Profit (Loss) Rupees</i>	<i>Particulars of Purchaser</i>	
<b>Motor Vehicles</b>						<b>Negotiation/Company Policy</b>	
Motor Cycle	CG 125	57,000	35,988	21,012	23,640	2,628 M. Samandar Khan	Employee
Motor Cycle	CD 70	50,300	29,697	20,603	50,300	29,697 Mr. Gohar Rehman	Employee
Motor Cycle	CD 70	54,700	32,295	22,405	54,700	32,295 Mr. Riaz Abbasi	Employee
Motor Cycle	CD 70	56,087	27,370	28,717	56,087	27,370 Mr. M. Rafiq	Employee
Honda Civic		659,550	416,414	243,136	273,529	30,393 Mr. M. Khalid Jillani	Employee
Honda Civic		646,800	456,051	190,749	190,749	--Mr. Vazeer Ali	Chief Executive
Motor Cycle	CD 70	50,300	29,697	20,603	50,300	29,697 Mr. M. Sarwar	Employee
Motor Cycle	CD 70	50,300	29,697	20,603	50,300	29,697 Mr. M. Safdar	Employee
Motor Cycle	CD 70	50,300	29,697	20,603	50,300	29,697 Mr. Saifur Rehman	Employee
Motor Cycle	CD 70	54,700	32,295	22,405	54,700	32,295 Mr. M. Murad	Employee
Motor Cycle	CD 70	55,832	27,246	28,586	55,832	27,246 Mr. Yusuf Ali	Employee
Motor Cycle	CD 70	50,300	29,697	20,603	50,300	29,697 Mr. Noor Zada	Employee
Motor Cycle	CD 70	50,300	29,697	20,603	50,300	29,697 Mr. Mumtaz Khan	Employee
Motor Cycle	CG125	64,082	31,272	32,810	32,810	--Mr. Qasim Imran	Employee
Motor Cycle	CG125	65,935	32,176	33,759	33,759	--Mr. R.A. Siddiqui	Employee
Motor Cycle	CG125	60,900	35,955	24,945	24,945	--Mr. Manzoor Ahmed	Employee
Motor Cycle	CD 70	50,300	29,697	20,603	20,603	--Mr. Shafiq A. Khan	Ex-Employee
Motor Cycle	CD 70	52,931	31,251	21,680	52,931	31,251 Mr. M. Ayaz	Employee
Motor Cycle	CD 70	54,700	32,295	22,405	54,700	32,295 Mr. Imran Hassan	Employee
Motor Cycle	CD 70	50,300	29,697	20,603	50,300	29,697 Mr. Zamir Ahmed	Employee
Motor Cycle	CD 70	50,300	29,697	20,603	50,300	29,697 Mr. S. Ali Abbas	Employee
Motor Cycle	CD 70	50,300	29,697	20,603	50,300	29,697 Mr. M. Jawaid	Employee
Motor Cycle	CD 70	50,300	29,697	20,603	50,300	29,697 Mr. Munir Ahmed	Employee
Motor Cycle	CD 70	55,832	27,246	28,586	55,832	27,246 Mr. Meer Hassan	Employee
Motor Cycle	CD 70	63,330	37,390	25,940	63,330	37,390 Mr. Jawaid Hassan	Employee

Motor Cycle	CD 70	54,700	32,295	22,405	54,700	32,295 Mr. P.I. Naqvi	Employee
Suzuki Khyber		398,000	234,979	163,021	163,021	--Mr. Manzoor Alam	Employee
Suzuki Khyber		399,000	235,570	163,430	163,430	--Mr. P.H. Abdi	Ex-Employee
Motor Cycle	CD 70	54,700	32,295	22,405	54,700	32,295 Mr. Shahid Shakeel	Employee
Motor Cycle	CD 70	53,536	31,608	21,928	53,536	31,608 Mr. Maqbool Ahmed	Employee
Suzuki Margalla		502,500	296,676	205,824	205,824	--Mr. Mirza Bakhtiar Hyder	Employee
Motor Cycle	CD 70	54,700	32,295	22,405	54,700	32,295 Mr. Pashmeen Khan	Employee
Motor Cycle	CD 70	52,931	31,250	21,681	52,931	31,250 Mr. Said Kamal	Employee
Motor Cycle	CD 70	52,931	31,250	21,681	52,931	31,250 Mr. S. M. Akhter	Employee
Motor Cycle	CD 70	55,379	27,025	28,354	55,379	27,025 Mr. Naseem Ahmed	Employee
Motor Cycle	CD 70	55,379	27,025	28,354	55,379	27,025 Mr. Abdur Rehman	Employee
Motor Cycle	CD 70	55,379	27,025	28,354	55,379	27,025 Mr. Mir Ahmed	Employee
Motor Cycle	CD 70	55,379	27,025	28,354	55,379	27,025 Mr. Tahir Mehmood	Employee
Plant & Machinery		1,843,081	1,701,428	141,653	550,000	408,347 Polycraft (Pvt) Ltd Jaffar Manzil Thana Sammaj Road, Karachi.	
Computer		62,000	21,322	40,678	10,000	(30,678) Ambassador Computer System 104-105 Metro Plaza, Qasim Road, Multan	
		-----	-----	-----	-----	-----	
		6,305,274	4,370,979	1,934,295	3,188,436	1,254,141	
		=====	=====	=====	=====	=====	

**Leased Assets**

Suzuki Khyber		399,000	235,570	163,430	163,430	--Purchase/Lease back	
Suzuki Bolan		290,000	171,216	118,784	118,784	--Purchase/Lease back	
Honda Civic		616,250	363,834	252,416	252,416	--Purchase/Lease back	Transferred to
Suzuki Khyber		398,000	234,979	163,021	163,021	--Purchase/Lease back	own Assets on
Suzuki Margalla		502,500	296,676	205,824	205,824	--Purchase/Lease back	expiry of Lease
Fork Lifter		1,018,000	601,027	416,973	416,973	--Purchase/Lease back	period
Laboratory Equipment		1,400,000	481,460	918,540	918,540	--Purchase/Lease back	
		-----	-----	-----	-----	-----	
		4,623,750	2,384,762	2,238,988	2,238,988	--	
		=====	=====	=====	=====	=====	

**14.2 Depreciation for the year has been apportioned as follows:**

Cost of goods manufactured		11,503,274	9,285,049
Administrative expenses		919,562	1,022,718
Selling & distribution expenses		756,944	585,722
		-----	-----
		13,179,780	10,893,489
		=====	=====

14.3 Moulds for containers and lids costing Rs. 9,643,000 (1999 - 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 Novoplast 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	--	376,843
Building	--	546,808
		-----
	--	923,651
		=====

**16. LONG TERM INVESTMENT****Associated undertaking (Listed)**

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

(Market value Rs. 5,205,874 (1999- Rs 5,205,874))

**Unlisted**

Arabian Sea Country Club Limited  
 100,000 ordinary shares of Rs. 10/- each  
 (Name of Chief Executive Mr. Aslam Mohsin Ali)  
 Break- up value on the basis of audited accounts  
 for the year ended June 30, 2000  
 Rs. NIL (1999 Rs. 2.18) per share,  
 Auditors Sidat Hyder Qamar Maqbool & Co.)  
 Less: Provision for diminution in investment

	1,000,000	1,000,000
	(1,000,000)	--
	-----	-----
	--	1,000,000
	-----	-----
	3,821,850	4,821,850
	=====	=====

6.1 Investment in associated undertaking is stated at cost. Had the equity method been applied, the total profit for the year would have increased by Rs. 168,399 (1999 Rs. 1,609,855) while the unappropriated profit brought forward would have been higher by Rs. 7,388,280 (1999 Rs. 5,778,424) and long term Investment would have increased by Rs. 6,610,158 (1999 Rs. 6,441,757).

#### 17. LONG TERM DEPOSITS

Utility and other deposits	914,655	874,655
	=====	=====

#### 18. STORES & SPARES

General stores	3,353,826	2,708,874
Tools	27,139	74,539
Spare parts	6,158,592	4,732,111
Spare parts in transit	7,535	115,903
	-----	-----
	9,547,092	7,631,427
	=====	=====

#### 19. STOCKS

Raw materials, packing materials & components (average cost)	28,379,119	27,053,537
Work in process (average cost)	13,392,028	15,519,870
Finished goods (average cost)	44,580,658	38,048,840
Goods in transit (at accumulated cost)	5,232,450	14,439,430
	-----	-----
	91,584,255	95,061,677
	=====	=====

#### 20. TRADE DEBTORS- UNSECURED

Considered good (Note 20.1)	26,028,684	21,987,585
	=====	=====

20.1 Includes Rs. 441,968 (1999 Rs. 329,877) due from associated undertaking (Honda Atlas Cars Pakistan) Limited). The maximum amount due from associated undertaking (Honda Atlas Cars Pakistan) Limited) at the end of any month was Rs 3,451,789 (1999 Rs.3,359,390).

#### 21. ADVANCES, DEPOSITS & PREPAYMENTS

##### UNSECURED - CONSIDERED GOOD

Loan to staff & workers	111,994	232,927
Advances to staff for expenses	155,125	49,120
Advances to suppliers	427,431	120,585
Advances to others	130,100	130,100
Tax deducted at source	13,277,186	14,927,752
Income tax refundable	--	1,296,218
Excise duty & sales tax refundable (Note 21.1 )	6,152,410	--
Prepayments (Note 21.2)	704,234	681,569
Insurance claims receivable (Note 21.3)	--	1,100,922



Other receivable	--	52,385
	-----	-----
	20,958,480	18,591,578
	=====	=====

21.1 The Central Excise and Land Customs had raised demand for Central Excise Duty and Sales Tax on Lead Oxide in 1988 (Refer note 13). On appeal filed by the Company against the order of the adjudicating officer the Collector Appeals remanded the case for denovo consideration in 1991. The case remained pending since 1991. During the year the Additional Collector issued notice for the recovery of the outstanding amount. The Company paid Rs. 6,152,410 for Central Excise Duty and Sales Tax under protest under amnesty scheme and requested for early hearing of the case. subsequent to the balance sheet date, the Collector Adjudication, Collectorate of Customs, Sales Tax and Central Excise Duty (Adjudication) Karachi III, held the demand raised as illegal.

21.2 Prepayments include insurance premium of Rs. 701,234 (1999 - Rs 597,569) paid to associated undertaking (Muslim Insurance Company Limited).

21.3 Insurance claims are receivable from Muslim Insurance Company Limited, an associated undertaking.

## 22. TRADE & OTHER DEPOSITS

Trade deposits	3,387,324	3,490,008
Guarantee deposits	659,940	2,734,340
Excise deposit	161,825	875,725
L/C margin	--	1,392,950
	-----	-----
	4,209,089	8,493,023
	=====	=====

## 23. CASH & BANK BALANCES

Cash in hand and Imprest accounts	338,639	353,374
<b>With banks:</b>		
PLS term deposit (Note 23.1)	1,110,000	1,110,000
On current accounts	1,563,167	1,218,268
Undeposited cheques/collection	14,787,363	16,551,777
	-----	-----
	17,799,169	19,233,419
	=====	=====

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)	564,985,506	579,188,329
	-----	-----
Less: Incentive, discount	14,301,110	8,078,393
Excise duty	69,828,054	71,791,065
Excise duty and sales tax for prior years	42,167	--
	-----	-----
	84,171,331	79,869,458
	-----	-----
	480,814,175	499,318,871
	=====	=====

Sales have been recorded after deducting Sales tax Rs. 96.92 million (1999 - Rs. 64.689 million)

## 25. COST OF SALES

Stocks as at July 1	38,048,840	24,718,511
Cost of goods manufactured (Note 25.1)	396,201,543	404,984,190
	-----	-----
	434,250,383	429,702,701
	-----	-----
Stock as at June 30	44,580,658	38,048,840

	389,669,725	391,653,861
	=====	=====

**25.1 Cost of Goods Manufactured**

Work in process as at July 1	15,519,870	18,221,803
Raw materials, packing materials & components consumed (Note 25.2)	255,982,548	265,931,679
Salaries, wages and benefits	42,961,140	42,035,369
Stores consumed	26,321,677	28,144,571
Fuel, power & water	23,222,293	20,741,251
Insurance	2,115,636	1,902,966
Rent, rates & taxes	873,592	755,036
Repair & maintenance	5,366,540	8,025,694
Royalty	9,558,949	11,412,730
Travelling, conveyance & entertainment	3,043,768	2,907,770
Cartage	2,675,373	2,389,170
Postage & telephone	1,007,385	675,033
Printing & stationery	1,035,106	742,240
Vehicle running	271,991	357,258
Free replacement	7,036,161	6,352,860
Depreciation (Note 14.2)	11,503,274	9,285,049
Other manufacturing expenses	1,098,268	623,581
	-----	-----
Work in process as at June 30	409,593,571	420,504,060
	13,392,028	15,519,870
	-----	-----
	396,201,543	404,984,190
	=====	=====

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

Stocks as at July 1	27,053,537	18,305,250
Purchases	257,308,130	274,679,966
	-----	-----
	284,361,667	292,985,216
Less: Stocks as at June 30	28,379,119	27,053,537
	-----	-----
	255,982,548	265,931,679
	=====	=====

**26. ADMINISTRATIVE EXPENSES**

Directors' meeting fee	3,500	5,500
Salaries & benefits	10,060,883	11,157,146
Travelling, conveyance & entertainment	722,309	997,298
Rent, rates & taxes	539,484	490,440
Insurance	442,547	448,377
Repairs & maintenance	32,800	80,100
Advertisement	64,775	181,540
Legal & professional charges	1,998,118	612,343
Auditors' remuneration		
Audit fee	100,000	100,000
Provident fund & Workers' Profit Participation Fund Audit	122,500	--
Certification & other consultancy	65,000	--
Out of pocket expenses	11,876	--
	-----	-----
	299,376	100,000
	-----	-----
Gas & electricity	207,887	115,629
Fees & subscription	203,797	149,536
Postage & telephone	111,056	151,514
Printing & stationery	268,466	303,025

Vehicle running	34,346	112,818
Training expenses	65,650	30,200
Depreciation (Note 14.2)	919,562	1,022,718
Donation	--	10,000
Others	26,145	27,263
	-----	-----
	16,020,701	15,995,447
	=====	=====

**27. SELLING & DISTRIBUTION EXPENSES**

Salaries & benefits	7,725,200	8,542,637
Travelling, conveyance & entertainment	3,401,903	2,673,329
Rent, rates & taxes	1,130,483	1,144,570
Insurance	2,818,339	2,789,639
Repairs & maintenance	214,737	222,316
Gas & electricity	475,967	389,712
Advertisement & publicity	4,576,574	5,172,120
Freight & handling	20,169,516	20,855,288
Printing & stationery	301,434	340,437
Postage & telephone	1,277,133	1,418,044
Vehicle running expenses	30,022	20,336
Service charges	480	520
Late delivery charges	--	473,418
Depreciation (Note 14.2)	756,944	585,722
Others	248,062	164,044
	-----	-----
	43,126,794	44,792,132
	=====	=====

**28. MISCELLANEOUS INCOME**

Scrap sales	517,274	156,601
Profit on sale of fixed assets	1,254,141	768,720
Dividend income (Associated undertaking)	946,523	676,087
Service income	541,980	253,912
Profit on PLS term deposits	31,229	52,385
Other income	112,821	--
	-----	-----
	3,403,968	1,907,705
	=====	=====

**29. FINANCIAL EXPENSES****Interest / markup on:**

Long term loans	8,545,469	2,330,545
Bank loans / running finances	5,409,147	3,588,101
Redeemable capital	85,986	404,498
Workers' profit participation fund	542,970	301,020
Finance charges on leased assets	1,806,267	2,271,982
Bank & other financial charges	947,763	1,012,679
	-----	-----
	17,337,602	9,908,825
	=====	=====

**30. EARNING PER SHARE**

Net profit after taxation for the year attributable to Ordinary Shareholders	14,129,937	24,392,838
	=====	=====

**Number of Shares**

Weighted average number of ordinary shares outstanding at the end of the period	2,472,500	2,472,500
	=====	=====

## Rupees

Earning per share	5.71	9.87
	=====	=====
<b>31. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	15,823,681	36,208,328
Depreciation	13,179,780	10,893,489
Markup /interest expenses	14,583,572	6,624,164
Profit on sale of fixed assets	(1,254,141)	(768,720)
Provision for gratuity	362,253	133,611
Finance charges on leased assets	1,806,267	2,271,982
Provision for diminution in the value of investment	1,000,000	--
Dividend income	(946,523)	(676,087)
	-----	-----
<b>Operating profit before working capital changes</b>	<b>44,554,889</b>	<b>54,686,767</b>
<b>(Increase) / Decrease in Current Assets</b>		
Stores & spares	(1,915,665)	(1,765,544)
Stock-in-trade	3,477,422	(23,625,424)
Trade Debtors	(4,041,099)	2,173,235
Advances, Deposits & Prepayments (excluding tax deducted at source)	(4,017,468)	5,419,348
Trade & other deposits	4,283,934	(1,727,377)
	-----	-----
	(2,212,876)	(19,525,762)
<b>Increase in Current Liabilities</b>		
Creditors, provisions, accrued charges & other liabilities (excluding accrued interest / markup and unclaimed dividend)	(17,311,660)	17,940,363
	-----	-----
<b>Working Capital changes</b>	<b>(19,524,536)</b>	<b>(1,585,399)</b>
Gratuity Paid	(55,244)	(109,811)
	-----	-----
<b>Cash flow from operating activities</b>	<b>24,975,109</b>	<b>52,991,557</b>
	=====	=====
<b>32. ANALYSIS OF CHANGES IN CASH &amp; CASH EQUIVALENTS</b>		
Balance as at July 1	19,233,419	13,526,588
Net Cash inflow	(1,434,250)	5,706,831
	-----	-----
Balance as at June 30	17,799,169	19,233,419
	=====	=====
<b>33. NON-CASH TRANSACTIONS</b>		
Assets acquired under finance leases	2,274,000	3,289,000
	=====	=====
<b>34. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS</b>		
Sales	19,200,097	18,969,384
Purchases	2,128,263	2,520,385
Expenses charged by	832,202	300,036
Expenses charged to	48,686	2,187,563
Rent & insurance premium	7,850,201	7,373,351
Assets acquired on lease	2,274,000	3,289,000
Loan received	--	20,000,000
Rentals paid	5,787,810	4,607,579
Dividend received	946,523	676,087
Installment paid	2,222,222	--

Interest paid	4,211,508	2,247,190
Dividend paid	3,069,196	--

**35. DIRECTORS' REMUNERATION****35.1 Chief Executive Officer**

Managerial remuneration	1,684,896	1,374,000
Rent & utilities	758,208	755,700
Cost of living allowance	421,224	--
Provident fund	185,340	137,400
Reimbursement of expenses		
Medical, & others	71,045	517,102
Bonus	--	343,500
	-----	-----
	3,120,713	3,127,702
	=====	=====

**35.2 Other Director**

Managerial remuneration	2,411,868	2,029,608
Rent & utilities	1,085,340	1,116,282
Cost of living allowance	602,964	--
Provident fund	265,308	202,961
Reimbursement of expenses		
medical & others	157,947	174,830
Bonus	--	507,402
	-----	-----
	4,523,427	4,031,083
	=====	=====

**Number of person**

	1	1
	=====	=====

**35.3 Meeting fees - other directors**

	3,500	5,500
<b>Number of persons</b>	3	3
	=====	=====

**35.4 Executives**

Managerial remuneration	10,041,447	8,030,415
Rent & utilities	4,515,244	4,251,962
Conveyance and Others	170,693	133,409
Cost of living allowance	2,521,602	--
Provident fund	1,104,153	803,042
Medical	713,217	525,994
Bonus	--	2,155,632
	-----	-----
	19,066,356	15,900,454
	=====	=====

**Number of persons**

	44	38
	=====	=====

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

**36. AVERAGE NUMBER OF EMPLOYEES**

Average number of employees	276	296
	=====	=====

**37. 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.

**38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**38.1 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:

	2000			1999			Total Rupees	Total Rupees
	Interest bearing		Sub- total Rupees	Non-Interest bearing		Total Rupees		
Maturity upto one	Maturity after one year			Maturity upto one year	Maturity after one year			
<b>Financial assets</b>								
Investments	--	--	--	--	3,821,850	3,821,850	3,821,850	4,821,850
Long term deposits	--	--	--	--	914,655	914,655	914,655	874,655
Trade Debtors	--	--	--	26,028,684	--	26,028,684	26,028,684	21,987,585
Advances	--	--	--	--	--	--	--	1,153,307
Trade & Other deposits	--	--	--	1,984,748	--	1,984,748	1,984,748	4,161,832
Cash & Bank balances	--	1,110,000	1,110,000	16,689,169	--	16,689,169	17,799,169	19,233,419
	-----	-----	-----	-----	-----	-----	-----	-----
	--	1,110,000	1,110,000	44,702,601	4,736,505	49,439,106	50,549,106	52,232,648
	-----	-----	-----	-----	-----	-----	-----	-----
<b>Financial liabilities</b>								
Redeemable capital	--	--	--	--	--	--	--	1,195,414
Long term loan	8,543,506	35,640,346	44,183,852	--	--	--	44,183,852	20,781,559
Obligation under finance lease	4,004,407	4,704,894	8,709,301	--	--	--	8,709,301	11,436,364
Short term financing	42,068,004	--	42,068,004	--	--	--	42,068,004	25,969,118
Creditors	--	--	--	54,742,876	--	54,742,876	54,742,876	60,343,102
Proposed dividend	--	--	--	6,181,250	--	6,181,250	6,181,250	9,890,000
	-----	-----	-----	-----	-----	-----	-----	-----
	54,615,917	40,345,240	94,961,157	60,924,126	--	60,924,126	155,885,283	129,615,557
	-----	-----	-----	-----	-----	-----	-----	-----

**38.2 Effective Interest rates****Assets**

Cash at Bank under PLS. Deposit 11% 11%

**Liabilities**

Redeemable Capital 15% 15%  
 Long term loans 17% to 21% 21%  
 Obligation under finance lease 16% to 22% 16% to 22%  
 Short term financing 13.8% to 16% 16% to 17.5%

**38.3 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. 50,549 million (1999 - Rs. 52,232 million) the financial assets which are subject to credit risks amounted Rs. 50,211 million (1999 Rs.51.879 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.

**38.4 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

**PATTERN OF SHAREHOLDING AS AT JUNE 30, 2000**

<i>No. of Shareholders</i>		<i>Categories</i>		<i>No. of Shares</i>		<i>Percentage</i>	
491	From	1	To	100	14,116	0.57	
177	From	101	To	500	41,824	1.69	
29	From	501	To	1000	18,819	0.76	
37	From	1001	To	5000	82,325	3.32	
11	From	5001	To	10000	77,815	3.15	
1	From	10001	To	15000	13,058	0.53	
1	From	15001	To	20000	18,443	0.75	
1	From	20001	To	25000	20,485	0.83	
2	From	25001	To	30000	57,216	2.31	
1	From	30001	To	35000	30,061	1.22	
1	From	85001	To	90000	86,134	3.48	
4	From	125001	To	130000	512,316	20.72	
1	From	150001	To	155000	150,500	6.09	
1	From	190001	To	195000	191,095	7.73	
1	From	370001	To	375000	370,874	15.00	
1	From	785001	To	790000	787,419	31.85	
-----						2,472,500	100.00
760						-----	-----

**Categories of Shareholders**

<i>Categories of Shareholders</i>	<i>Number</i>	<i>Shares held</i>	<i>Percentage</i>
Individuals	741	799,162	32.32
Investment Companies	9	1,068,423	43.21
Financial Institutions	3	1,842	0.07
Insurance Companies	3	72,628	2.94
Joint Stock Companies	2	521,374	21.09
Corporate Law Authority	1	1	--
Abandoned Properties	1	9,070	0.37
-----			-----
760			2,472,500
-----			-----

**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 Power Product (Pvt) Ltd.	1997
Total Atlas Lubricants Pakistan (Pvt) Ltd.	1997