



ANNUAL REPORT
2002



Atlas Battery Limited

Organisation
development
through
self development



AN ATLAS GROUP
COMPANY

Atlas Battery Limited

Certificate No:69019



CERTIFIED QMS



Atlas Battery Limited

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Atlas Battery Limited

Vision

To earn the reputation of a reliable manufacturer and supplier of high quality battery, both in Pakistan and abroad.

Mission

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.



Atlas Battery Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Chief Executive Officer	Vazeer Ali
Directors	Aamir H. Shirazi
	Aitzaz Shahbaz
	Iftikhar H. Shirazi
	Muhammad Abdul Samad (National Investment Trust Ltd.)
	Yoshitami Saito (Japan Storage Battery Co. Ltd.)
Company Secretary	Muhammad Iqbal

GROUP EXECUTIVE COMMITTEE

Chairman	Aamir H. Shirazi
Members	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmed
	Saleem Ahmed
	Saqib H. Shirazi
Secretary	Theresa Dias

GROUP PERSONNEL COMMITTEE

Chairman	Yusuf H. Shirazi
Members	Aamir H. Shirazi
	Jawaid Haider Malik

BOARD AUDIT COMMITTEE

Chairman	Aitzaz Shahbaz
Members	Aamir H. Shirazi
	Iftikhar H. Shirazi
Secretary	M. Rizwan Jamil - Chief Internal Auditor

COMPANY MANAGEMENT

Chief Executive Officer	Vazeer Ali
General Manager Technical	M. Khalid Jilani
General Manager Plant	Col. (R) Shahzad Ahmed Khan
General Manager Human Resources	Zameer Haider
Chief Financial Officer	Muhammad Iqbal
General Manager Marketing	Arshad Gulraiz Butt



COMPANY INFORMATION

Auditors	Hameed Chaudhri & Co. Chartered Accountants
Legal Advisors	Mohsin Tayebaly & Co.
Tax Advisors	Mahmood Law Associates
Bankers	National Bank of Pakistan Habib Bank Limited Muslim Commercial Bank Limited Habib Bank A.G. Zurich 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
Peshawar Office	1st Floor, Zeenat Plaza, near General Bus Stand, G.T. Road, Peshawar



Atlas Battery Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at 02:30 p.m. on Monday, 21 October 2002 at Adamjee House, 8th Floor, I.I. Chundrigar Road, Karachi to transact the following business:

Ordinary Business

1. To confirm Minutes of Extra-ordinary General Meeting held on 20 May 2002.
2. To consider and adopt the audited accounts of the Company for the year ended 30 June 2002 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 10% (Re. 1 per share) for the year ended 30 June 2002.
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. 1,359,875 out of company's profit be capitalised for issuing 135,987 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 11 October 2002 @ 5% in the proportion of One Ordinary Share of Rs. 10/- each for every twenty 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 fraction 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 2002-2003 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.

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: 17 September 2002

SECRETARY

BOOK CLOSURE

- i. The Share Transfer Books of the Company will remain closed from 12 October 2002 to 21 October 2002 (both days inclusive). Transfers received in order at the registered office of the company by 11 October 2002 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.
- iv. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her National Identity Card with him/her to prove his/her identity and in case of proxy, must enclose an attested copy of his/her National Identity Card. Representative of corporate members should bring the usual documents required for such purpose.

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 36th Annual General Meeting of the Shareholders of Atlas Battery Limited to be held on 21 October 2002 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:

A total amount of Rs. 3.9 million will be proposed as the aggregate remuneration of the Chief Executive 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, not exceeding in the aggregate Rs. 3.9 million per annum for the year ending 30 June 2003 together with other benefits as per Company policy.”

The Chief Executive is interested in the remuneration payable to him.

**PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2002**

NO. OF SHAREHOLDERS	HAVING SHARES FROM	TO	SHARES HELD	PERCENTAGE
503	1	100	12,280	0.45
222	101	500	55,016	2.02
52	501	1000	37,360	1.37
56	1001	5000	119,794	4.40
16	5001	10000	111,810	4.11
3	10001	15000	36,655	1.35
2	20001	25000	40,794	1.50
2	30001	35000	60,811	2.24
1	35001	40000	36,187	1.33
2	45001	50000	97,429	3.58
1	90001	95000	94,747	3.48
1	120000	125000	123,211	4.53
4	125001	130000	513,545	18.88
1	165000	170000	165,550	6.09
1	220001	225000	223,779	8.23
1	405001	410000	407,961	15.00
1	580001	585000	582,821	21.43
<u>869</u>			<u>2,719,750</u>	<u>100.00</u>

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Associated Undertakings & Related parties			
Shirazi Investments (Private) Limited	1	582,821	21.43
Muslim Insurance Company Limited	1	47,429	1.74
Atlas Investment Bank Limited	1	94,747	3.48
Atlas Honda Limited	1	165,550	6.09
Japan Storage Battery Co. Limited	1	407,961	15.00
	<u>5</u>	<u>1,298,508</u>	<u>47.74</u>
NIT and ICP			
National Bank of Pakistan Trustee Deptt.	1	223,779	8.23
Investment Corporation of Pakistan	1	123,211	4.53
	<u>2</u>	<u>346,990</u>	<u>12.76</u>
Directors / Spouse			
Mr. Yusuf H. Shirazi / Mrs. Khawar Shirazi	1	11,301	0.42
Mr. Iftikhar H. Shirazi	1	128,385	4.72
Mr. Aamir H. Shirazi	1	128,383	4.72
	<u>3</u>	<u>268,069</u>	<u>9.86</u>
Corporations			
State Life Insurance Corporation of Pakistan	1	36,187	1.33
Financial Institutions/Insurance Companies			
Muslim Commercial Bank Limited	1	356	0.01
E.F.U. General Insurance Company Limited	1	13	0.00
	<u>2</u>	<u>369</u>	<u>0.01</u>
Joint Stock Companies	18	35,043	1.29
Individuals	836	724,676	26.65
Securities & Exchange Commission of Pakistan	1	1	0.00
Abandoned Properties Organisation	1	9,907	0.36
	<u>869</u>	<u>2,719,750</u>	<u>100.00</u>

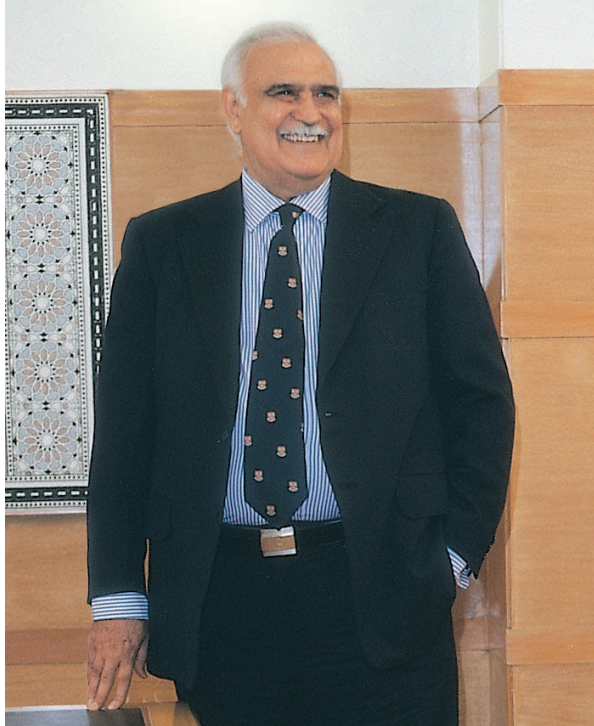


Atlas Battery Limited

TEN YEARS GROWTH AT A GLANCE

(Rupees in million)

Years		2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Sales		495.1	562.0	480.8	499.3	443.4	366.1	339.6	121.0	260.4	206.4
Gross Profit		91.5	109.2	91.1	107.7	93.3	73.9	76.8	29.3	66.8	64.8
Profit Before Tax		7.1	11.6	15.8	36.2	31.5	18.2	27.2	8.6	23.9	23.1
Profit After Tax		5.5	9.5	14.1	24.4	21.1	10.6	18.3	5.2	15.8	7.7
Share Capital		27.2	27.2	24.7	24.7	24.7	23.0	23.0	23.0	23.0	20.0
Shareholders' Equity		107.8	105.0	99.6	91.7	77.2	63.5	55.7	43.2	41.4	30.1
Fixed Assets - Net		90.2	97.2	103.8	83.6	65.3	56.1	49.9	45.4	43.2	40.2
Total Assets		305.4	356.7	278.7	260.3	213.9	199.5	198.3	162.8	134.1	119.1
Dividend											
Cash	%	10.0	15.0	25.0	40.0	30.0	12.5	25.0	15.0	20.0	15.0
Stock	%	5.0	-	10.0	-	-	7.5	-	-	-	15.0
Ratios:											
Profitability											
Gross Profit	%	18.5	19.4	18.1	21.6	21.0	20.2	22.6	24.0	25.7	31.4
Profit Before Tax	%	1.4	2.1	3.3	7.3	7.1	5.0	8.0	7.0	9.2	11.2
Profit After Tax	%	1.1	1.7	2.9	4.9	4.8	2.9	5.4	4.3	6.0	3.7
Return To Shareholders											
R.O.E.-Before Tax	%	6.6	11.0	15.9	39.5	40.8	28.6	48.8	19.9	57.7	76.7
R.O.E.-After Tax	%	5.1	9.0	14.2	26.6	27.3	16.8	32.9	12.1	38.3	25.4
Basic E.P.S.-After Tax	Rs.	2.0	3.5	5.2	9.9	8.5	4.6	8.0	2.3	6.9	3.8
Activity											
Sales To Total Assets	Times	1.6	1.6	1.7	1.9	2.1	1.8	1.7	0.8	1.9	1.7
Sales To Fixed Assets	Times	5.5	5.8	4.6	6.0	6.7	6.5	6.8	2.7	6.0	5.1
Liquidity/ Leverage											
Current Ratio		1.20:1	1.19:1	1.35:1	1.28:1	1.21:1	1.17:1	1.17:1	1.24:1	1.27:1	1.16:1
Debt Equity ratio	Times	0.2	0.4	0.5	0.4	0.2	0.3	0.4	0.5	0.5	0.7
Total Liabilities to Equity	Times	1.83	2.4	1.8	1.8	1.8	2.1	2.6	2.8	2.2	2.9
Break up value per Share	Rs.	39.6	38.6	36.6	37.1	31.2	27.6	24.2	18.8	18.0	15.1



CHAIRMAN'S REVIEW

It is my pleasure to present to you the 36th Annual Report and review of the performance of your Company for the year ended 30 June 2002.

THE ECONOMY

The fiscal year 2001-02 has been a challenging one for the world economy in general and Pakistan economy in particular. The events of September 11 and December 13 and the continuation of severe drought condition adversely affected the pace of economic recovery in Pakistan. The country had to deploy troops in self-defence on both borders, resulting in an over-run in defence spending. This has seriously undermined Pakistan's efforts towards further fiscal consolidation.

Pakistan's economy showed a mixed trend achieving

a 3.6% GDP growth, while witnessing a decline in revenues, exports, and production of wheat, rice and cotton crops. The 3.6% growth was possible due to 1.4% growth in agriculture, 4.4% in the manufacturing and 5.1% in the service sector. Major crops registered a negative growth of 0.5%, while minor crops grew slightly by 1.0%. Major crops witnessed decline – Wheat 2.9%, Rice 19.2% and Cotton 1.1%. The sugarcane production, however, increased by 10.2%. The manufacturing sector registered a growth of 4% in large-scale manufacturing. Exports, on the other hand, received a setback causing a decline of 2.7% in the first nine months. As a result, the textile sector declined by 0.9% over the last year.

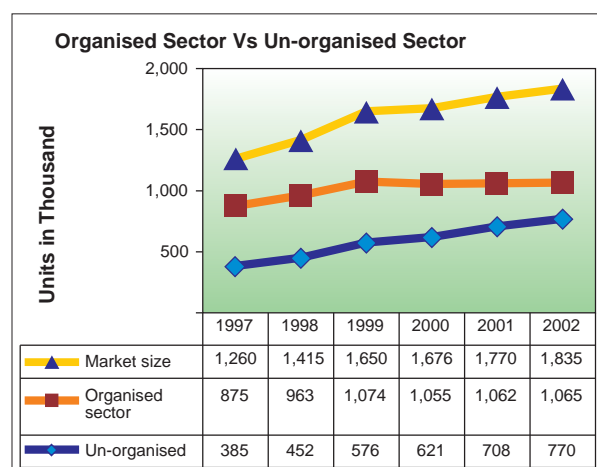
The inflation was 2.6%, lowest in three decades. The decline in interest rates, removal of economic sanctions, trade concessions, and Paris Club debt re-scheduling enabled the stock market to post the highest year on year growth in the world.

The current account balance at the end of outgoing year was surplus to the extent of \$2.7 billion as against \$0.331 billion of the previous year. Foreign exchange reserves crossed the unprecedented level of \$7.0 billion. With the help of external debt re-profiling, foreign debt has declined from \$38 billion to \$36 billion. As a result, there has been a reduction in the foreign debt to GDP ratio from 62% to 50%.

THE INDUSTRY

The organised sector of the industry remained under pressure for the third consecutive year. As such, there was no growth during the year under report. The continuation of multiple taxes i.e. 10% Excise Duty, 15% Sales Tax, 3% further tax on un-registered retailers,

Custom Duty on imported raw materials and other Federal and Provincial taxes put the organised sector of the battery industry at a disadvantageous position vis-à-vis the un-organised sector, mainly comprising replaters and battery components producers.



High incidence of taxes on organised sector resulted in mushroom growth of unorganised sector. The market share of unorganised sector has increased from 35% to 42% in preceding three years. This indicates that all the demand growth of batteries is being catered for by the un-organised sector and the Government is being deprived of tax revenue, when there is a burning issue of shortfall in overall revenue receipt, on the one hand, and Government's emphasis on growth of hi-tech value added industry, on the other.

It is also my pleasure to say that the Government has at last withdrawn the Central Excise Duty on batteries in the Federal Budget 2002-03, after several years follow-up by the manufacturers in the organised sector. We appreciate this positive step by the Government, which will enable the industry to grow and resist the unfair competition now onwards. This will also improve capacity utilisation and consequently the Government revenues.

MARKETING REVIEW

In spite of the availability of cheap products of unorganised sector, the loyal customer base preferred AGS brand because of quality and service. Thirty four years of sustained efforts in manufacturing and providing quality products and services has withstood the test of times. Through its product and network, the company is striving to deliver value as desired by the customer. There were no price increases in the last 3 years despite the volatility of exchange rates, inflation and other cost push factors.

The year saw the traditional markets – the agriculture based sector – facing a liquidity crunch. Both the major crops, cotton and wheat, had a good harvest but unfortunately due to number of factors the grower did not reap the benefits. The company faced a slow down in sales in the agri-based areas. We continued to improve battery quality similar to standard of GS Japan, which received overwhelming positive response from the customers and the trade. Upgrading dealers' shops was also undertaken which will continue as sales promotion measure in addition to quality of service and customers satisfaction.

The Company also endeavoured to reach battery end users i.e. by launching FREE BATTERY CHECKUP campaign throughout Sindh. Dealers and Auto Electricians conventions & get-togethers were held all over the country at several locations, as such, to reach the customer at his doorstep, in order to improve upon sales and services.

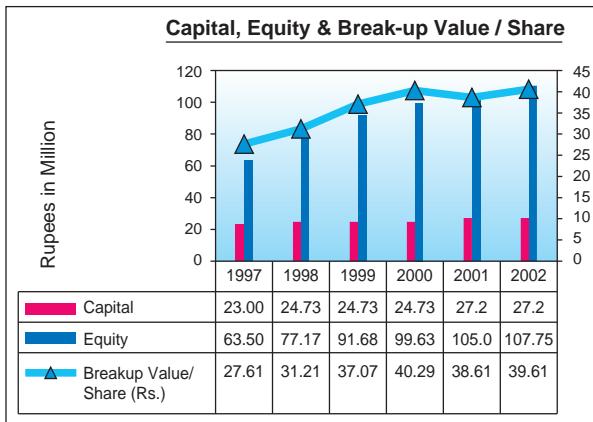
OPERATING RESULTS

The sales revenue for the year declined to Rs.495.1 million as compared to Rs.563.0 million in the



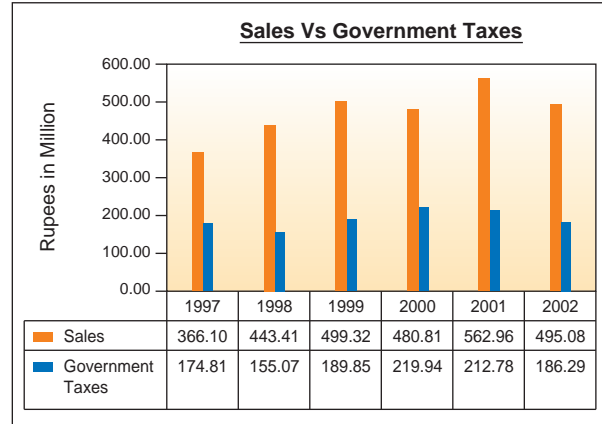
Atlas Battery Limited

preceding year. Due to stagnation in battery industry and unfavourable market forces, your company resorted to heavy discounts of Rs.39.66 million that resulted in shortfall of Rs.25.4 million in domestic sales as compared to previous year. Export sales reduced by Rs.42.4 million compared to corresponding year as last year we had a large order from Iraq. Gross profit reduced to Rs.91.5 million as compared to Rs.109.2 million of preceding year. The main reason for this decline is lower sales volume coupled with higher cost of production due to under-absorption of fixed costs. The operating expenses were Rs.67.5 million compared to Rs.81.7 million in the previous year and as a ratio to sales worked out to 13.6% against 14.5% in the corresponding period. Better working capital management enabled the company to contain the financial expenses at Rs.18.0 million compared to Rs.18.6 million in previous year.



The net profit before tax for the year was Rs.7.1 million as compared to Rs.11.6 million in the preceding year. The after tax profit stood at Rs.5.5 million as against Rs.9.5 million in the corresponding period.

Earning per share after tax worked out to Rs.2.01 as against Rs.3.48 in the previous year. The break-up value per share increased from Rs.38.61 in last year to Rs.39.61 in current year.



Your Company, being a good corporate citizen, kept on contributing towards national exchequer. During the year under review, your Company contributed Rs.186.3 million to Government revenues in respect of Income tax, Sales tax, Excise Duty, Custom Duty and other Government levies.

EXPORT

Your Company is continuously trying to make inroads in international market. The company is also exploring export opportunities in African and Middle Eastern countries. Export sales during the year were Rs.13.1 million. Our product has attained the acceptability in international market due to its quality & high standard.

HUMAN RESOURCES

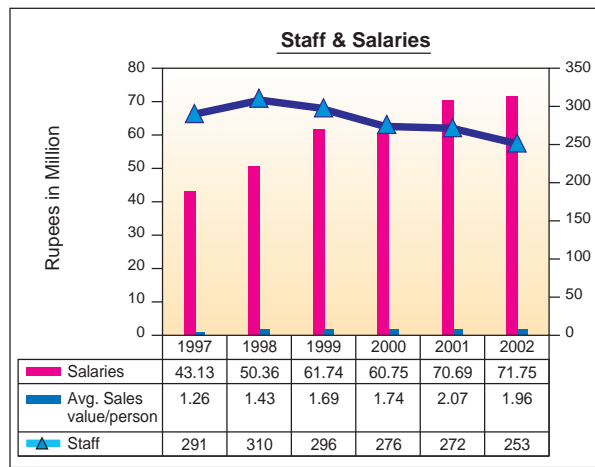
Reliance on human resource has been the hallmark of the Atlas Group of Companies of which your Company is a constituent member. It has successfully implemented Hay's Job Evaluation System in which Job Grades were assigned to positions instead of persons behind the job and each position is analyzed individually and is compensated accordingly.



Annual Report 2002

Company policy is based on reward, respect and recognition by having implemented MBO in its true sense.

We strongly believe that well trained staff is the most precious asset and most valuable capital of the company. During the year, in-house and outside training was provided to 60 employees. General Manager Plant was sent abroad for practical training.



ACKNOWLEDGEMENT

I thank the Group President, Mr. Aamir H. Shirazi, Group Executive Committee, Chief Executive Officer, Mr. Vazeer Ali, Company management and all members of staff and workers for their sincerity of purpose, hard work and commitment to your Company. I would like to place on record valuable contribution made by Mr. Shahid Anwar who retired from the Board during the year and welcome Mr. Muhammad Abdul Samad who has replaced the outgoing director. Thanks are also due to Japan Storage Battery Company Limited, Japan for their continued technical support and product quality improvement from time to time.

I must also thank our bankers, shareholders, members of Board of Directors, vendors & customers for their support and guidance at all times.

Yusuf H. Shirazi

FUTURE OUTLOOK

After withdrawal of the Central Excise Duty in Federal Budget 2002-03, the battery manufacturers have reduced the prices of the battery by 18% in order to pass-on the combined benefit of Central Excise Duty withdrawal and reduction in trade discount to consumers. This has resulted in narrowing the gap between the prices of batteries produced by organised and unorganised sectors. Further, we will continue to focus on further improvement in quality, productivity and cost control and look forward to the future with greater determination. Your Company can thus look forward to better sales and profit.

عِترے سامنے آسماں اور بھی ہیں

(Vision knoweth no horizons)





DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting their 36th Annual Report together with the Audited Accounts and Auditors' Report thereon for the year ended 30 June 2002.

Financial Results

The financial results are as follows:

	(Rupees in 000's)	
	2002	2001
Profit before taxation	7,135	11,550
Provision for Taxation:		
Current year	2,700	6,204
Prior year	(459)	47
Deferred	(580)	(4,154)
	1,661	2,097
Profit after tax	5,474	9,453
Un-appropriated profit brought forward	801	428
	6,275	9,881
Appropriations:		
Transferred to General Reserve	1,500	5,000
Reserve for issue of Bonus shares	1,360	-
Proposed Cash Dividend @10% (2001-15%)	2,720	4,080
	5,580	9,080
Un-appropriated profit carried to Balance Sheet	695	801

Earnings Per Share

During the year under review, the Company earned a basic earnings per share of Rs.2.01 (2001-Rs.3.48).

Dividend And Bonus Issue

The Directors are pleased to recommend a cash dividend of 10% (Re. 1/- per share) and bonus issue of 5% in the ratio of one ordinary share of Rs. 10/- each for every twenty ordinary shares of Rs. 10/- on the paid-up capital of Rs. 27,197,500 as on 30 June 2002.

Operating and Financial Data

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

Employees' Provident Fund

The Company has maintained recognised Provident Fund for their employees. The value of investment, based on Audited accounts as at 30 June 2002 was Rs.27.107 million (2001-Rs.31.208 million).

Chairman's Review

The review included in the Annual Report deals inter alia with the performance of the Company for the year ended 30 June 2002 and future prospects. The Directors endorse the contents of the review.

Board Of Directors

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

Directors, CEO, CFO, Company Secretary and their spouse and minor children have made no transactions of Company's shares during the year.

During the year four (4) meetings of the Board of Directors were held and attendance at meetings were as follow:

1. Mr. Yusuf H. Shirazi	2
2. Mr. Vazeer Ali	4
3. Mr. Aamir H. Shirazi	3
4. Mr. Aitzaz Shahbaz	3
5. Mr. Iftikhar H. Shirazi	3
6. Mr. Muhammad Abdul Samad	1
7. Mr. Shahid Anwar	3
8. Mr. Yoshitami Saito	-

During the year Mr. Shahid Anwar (Nominee ICP) retired from the Board on 20 May 2002 and Mr. Muhammad Abdul Samad (Nominee NIT) joined the Board of Directors on the same date.

Corporate Governance

Compliance of Corporate Governance is annexed.

Pattern of Shareholding

The Pattern of Shareholding as at 30 June 2002 is annexed.

Auditors

The present Auditors M/s Hameed Chaudhri & Co., Chartered Accountants, retired and being eligible offer themselves for reappointment.

For and on behalf of the
BOARD OF DIRECTORS

Karachi: 17 September 2002

Yusuf H. Shirazi
Chairman



CORPORATE GOVERNANCE

Statement of Directors Responsibilities

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

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Presentation of financial statements

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

Books of accounts

Proper books of accounts have been maintained by the Company.

Accounting Policies

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

Application of International Accounting Standards (IAS)

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal control system

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

Going concern

There are no doubts about the Company's ability to continue as going concern.

Audit Committee

Audit Committee was established by the Board in its meeting held on 27 June 2002 to assist the Board in discharging its responsibilities for Corporate Governance, Financial reporting and Corporate control. The Committee consists of three members including the Chairman of the committee, who are non-executive directors.

The Board Audit Committee is responsible for reviewing reports of the Company's financial results, audit and adherence to standard of the system of internal controls. The Committee reviews the procedure for ensuring their independence with respect to the services performed for the Company and make recommendations to the Board of Directors.

Group Personnel Committee

The Group Personnel Committee determines the remuneration for the management staff. The Committee is also responsible to create and maintain congenial work environment that instills trust and ensures respect, fair treatment and development opportunities, grooming and make succession plan for all employees.

Management Committee

The Management Committee acts in an advisory capacity to the Chief Executive Officer of the Company, providing recommendations relating to the business and employees' matters. The Committee is also responsible for strategic business plans, policies, capital and revenue budget development and maintaining a healthy and congenial working environment.

Code of Business Principles

Code of Business Principles has been developed and is being circulated and duly acknowledged by each Director and Employee of the Company.

Communication

Communication with the shareholders is given a high priority. Annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company also has a web site (www.atlasgrouppk.com), which contains up to date information on group activities. There is also an opportunity for individual shareholders to attend and ask questions at the General Meeting of shareholders.

Safety & Environment

The Company complies with the standard and follows the safety rules & regulations. The Company has held various sessions on safety awareness and no accident occurred.



Atlas Battery Limited

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

The Company is in process of implementing all facets of the Code of Corporate Governance as set out in the listing regulation of the Stock Exchanges and the Board feel pleasure in stating that provisions of the code, relevant for the year ended 30 June 2002, have been duly complied with.

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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

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

As part of our audit financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable for the period from 02 May 2002 to 30 June 2002.

Karachi: 27 September 2002

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of ATLAS BATTERY LIMITED as at 30 June 2002 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
 - (i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and expenditures incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Cash Flow Statement and Statement of changes in Equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2002 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi: 17 September 2002

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS



Atlas Battery Limited

BALANCE SHEET

	Note	2002 Rupees	2001 Rupees
Share Capital			
Authorised capital 3,000,000 Ordinary Shares of Rs. 10/- each		30,000,000	30,000,000
Issued, subscribed & paidup capital	5	27,197,500	27,197,500
Reserves & Unappropriated Profit			
General Reserves	6	78,500,000	77,000,000
Reserve for issue of Bonus shares		1,359,875	-
Unappropriated profit		695,875	801,372
		80,555,750	77,801,372
Shareholders' equity		107,753,250	104,998,872
Long Term Loans	7	11,700,000	25,788,890
Obligation Under Finance Lease	8	3,009,918	3,532,668
Deferred Liabilities			
Provision for gratuity	9	2,117,496	2,221,836
Deferred taxation	10	6,076,000	6,656,000
		8,193,496	8,877,836
Current Liabilities			
Short term financing	11	88,796,359	102,822,433
Current maturity of long term loans	12	5,200,000	9,644,444
Current maturity of obligations under finance lease	8	2,051,297	3,373,623
Creditors, accrued charges, provisions & other liabilities	13	70,184,021	87,362,896
Provision for taxation	14	5,818,439	6,204,000
Proposed dividend		2,719,750	4,079,625
		174,769,866	213,487,021
Contingent Liabilities / Commitments	15		
		305,426,530	356,685,287

The annexed notes form an integral part of the accounts.

AS AT 30 JUNE 2002

	Note	2002 Rupees	2001 Rupees
Fixed Capital Expenditure			
Operating fixed assets	16	89,817,667	97,161,380
Capital work in progress	17	342,500	-
		90,160,167	97,161,380
Investments	18	3,821,850	3,821,850
Long Term Deposits	19	1,870,555	1,796,855
Deferred Cost	20	652,373	322,514
Current Assets			
Stores, spares & tools	21	6,766,140	7,783,117
Stock-in-trade	22	115,437,957	118,269,149
Trade debtors	23	32,932,858	72,511,779
Advances, deposits, prepayments & other receivables	24	28,983,383	28,157,567
Trade & other deposits	25	3,211,242	4,440,774
Cash & bank balances	26	21,590,005	22,420,302
		208,921,585	253,582,688
		<u>305,426,530</u>	<u>356,685,287</u>

Muhammad Abdul Samad
Director

Vazeer Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman



Atlas Battery Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 Rupees	2001 Rupees
Net Sales	27	495,082,078	562,961,713
Less: Cost of sales	28	403,549,206	453,765,667
Gross profit		91,532,872	109,196,046
Operating Expenses			
Administrative	29	20,106,078	17,773,006
Selling & distribution	30	47,374,923	63,945,250
		67,481,001	81,718,256
Operating profit		24,051,871	27,477,790
Miscellaneous income	31	1,631,570	3,303,399
		25,683,441	30,781,189
Other Charges			
Financial expenses	32	18,022,901	18,627,282
Workers' profit participation fund	13.03	383,027	607,695
Workers' welfare fund	13.04	142,696	(3,978)
		18,548,624	19,230,999
Profit for the year before taxation		7,134,817	11,550,190
Provision for taxation			
Current	14	2,700,000	6,204,000
Prior year		(459,311)	47,260
Deferred	10.02	(580,000)	(4,154,000)
		1,660,689	2,097,260
Profit for the year after taxation		5,474,128	9,452,930
Unappropriated profit brought forward		801,372	428,067
		6,275,500	9,880,997
Appropriations:			
Transfer to general reserve		1,500,000	5,000,000
Transfer to reserve for issue of bonus shares		1,359,875	-
Proposed dividend 10% (Re. 1/- per share) (2001: 15% - Rs. 1.50 per share)		2,719,750	4,079,625
		5,579,625	9,079,625
Unappropriated profit carried forward to balance sheet		695,875	801,372
Basic Earnings Per Share	33	2.01	3.48

The annexed notes form an integral part of the accounts.

Muhammad Abdul Samad
Director

Vazeer Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 Rupees	2001 Rupees
Net Cash from / (used in) operating activities	34	69,865,603	(10,563,063)
Return on investments and servicing of finance			
Mark-up/interest paid		(19,199,418)	(14,627,057)
Financial charges on leased assets paid		(892,486)	(1,482,431)
Dividend received		-	1,622,610
Dividend paid		(4,349,131)	(6,076,326)
Net cash (used in) return on investments and servicing of finance		(24,441,035)	(20,563,204)
Taxation			
Taxes paid (including tax deducted at source)		(5,545,015)	(7,125,184)
Investing activities			
Fixed capital expenditure		(5,637,048)	(6,183,818)
Software license fee paid		(1,304,746)	(645,028)
		3,270,128	3,049,729
Net cash (used in) investing activities		(3,671,666)	(3,779,117)
Net cash (used in) before financing activities		36,207,887	(42,030,568)
Financing activities			
(Decrease) / increase in short term borrowings		(14,026,074)	60,754,429
Repayment of long term loans		(18,533,334)	(8,750,518)
Repayment of obligations under finance lease		(4,405,076)	(4,470,010)
(Increase) in long term deposits		(73,700)	(882,200)
Net Cash (used-in) from financing activities		(37,038,184)	46,651,701
(Decrease) / increase in cash & cash equivalents	35	(830,297)	4,621,133

The annexed notes form an integral part of the accounts.

Muhammad Abdul Samad
Director

Vazeer Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman



Atlas Battery Limited

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2002

(Rupees)

	Share Capital	General Reserve	Reserve for issue of bonus shares	Unappropriated Profit	Total
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Year ended 30 June 2001

Balance as at 30 June 2000	24,725,000	72,000,000	2,472,500	428,067	99,625,567
Profit for the year after taxation	-	-	-	9,452,930	9,452,930
Cash dividend	-	-	-	(4,079,625)	(4,079,625)
Transferred during the year	2,472,500	5,000,000	(2,472,500)	(5,000,000)	-
Balance as at 30 June 2001	27,197,500	77,000,000	-	801,372	104,998,872

Year ended 30 June 2002

Balance as at 30 June 2001	27,197,500	77,000,000	-	801,372	104,998,872
Profit for the year after taxation	-	-	-	5,474,128	5,474,128
Proposed dividend	-	-	-	(2,719,750)	(2,719,750)
Transferred during the year	-	1,500,000	1,359,875	(2,859,875)	-
Balance as at 30 June 2002	27,197,500	78,500,000	1,359,875	695,875	107,753,250

The annexed notes form an integral part of the accounts.

Muhammad Abdul Samad
Director

Vazeer Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2002

1. THE COMPANY AND ITS OPERATIONS

Atlas Battery Limited was incorporated as a public limited Company on 19 October 1966 and its shares are quoted on Karachi and Lahore Stock Exchanges in Pakistan. The Company is engaged in manufacture and sales of automotive and motorcycle batteries. Its registered office is located at Karachi with branches at Lahore, Multan, Rawalpindi, Faisalabad, Sahiwal, Peshawer and Sukkur. The manufacturing facilities of the Company are located at Karachi. The Company employed 253 persons as at year-end (2001: 272).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with provisions of the Companies Ordinance, 1984, International Accounting Standards (IAS) issued by International Accounting Standard Committee (IASC) and Interpretations of Standing Interpretation Committee (SIC) of IASC as applicable in Pakistan.

3. ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

In the current year, the Company has adopted the following International Accounting Standards for the first time.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

IAS 39 Financial Instruments: Recognition and Measurement

IAS 39 has introduced a comprehensive framework for accounting for all financial instruments. The principal effect of the adoption of IAS 39 has been that all of the Company's investments in securities, other than associates, are carried at fair value. There is no effect for re-measurement on the profit and loss account for current or corresponding period.

4. SIGNIFICANT ACCOUNTING POLICIES

4.01 Accounting Convention

These financial statements have been prepared under the historical cost convention except for capitalisation of exchange gain or loss on foreign currency loans utilised for acquisition of plant and machinery and available-for-sale investments which are stated at fair value. The principal accounting policies adopted are set out below:

4.02 Employees Benefits

Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its non-management staff and permanent workers under the Union Agreement. Provision is made annually to cover the obligation under the scheme at the rate of eight (8) days wages for each completed year of service.

Defined Contribution Plan

The Company operates defined contribution plan (i.e. recognised provident fund scheme) for all employees. Equal monthly contributions at the rate of 11 per cent of basic salary, in the case of management staff, and 11 per cent of basic salary and cost of living allowance, in the case of workers,



Atlas Battery Limited

are made to the fund both by the Company and employees. The assets of the fund are held separately under the control of trustees.

Employee Compensated Absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees upto the balance sheet date.

4.03 Taxation

Current

The charge of current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using applicable tax rates after taking into account available tax credits, if any, or one half per cent of turnover, whichever is higher.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated at applicable tax rates.

4.04 Operating fixed assets and depreciation

Owned

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 loan utilised for acquisition thereof.

Fixed assets (including leased assets) other than leasehold land and Computer & accessories are depreciated on a reducing balance basis, without considering extra shift workings, at the annual rates of 10 percent to 20 percent of written down values depending upon the class of assets. Depreciation on computer and accessories is calculated on straight line method at the rate of 30 percent. 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 amortised at the normal rates of depreciation.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Normal repairs and maintenance are charged to expenses as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sales proceeds and the carrying amount of asset and are included in the profit and loss account.

Leased

Assets held under finance leases are recognized as assets of the Company at the lower of present value of minimum lease payments and fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a obligation under finance lease. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the profit and loss account over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

4.05 Investments

Investment in associated companies

For the purpose of these financial statements, an associated company means:

- (a) an enterprise over which the investor has significant influence, but not control, over the financial and operating policies and decisions of the investee.
- (b) an undertaking who have a common director.

Investment in associated companies are stated at cost.

Others

Available-for-sale investments

Prior to the adoption of IAS 39, the Company had recorded its investments at lower of cost or market value in accordance with IAS 25 and Technical Release (TR) 23 issued by the Institute of Chartered Accountants of Pakistan (ICAP). The Company adopted during the year IAS 39 and classified its investments into 'available-for-sale' category. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, or changes in interest rates are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on a regular basis.

All purchases and sales are recognised on the trade dates. Realised and unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included in the profit and loss account in the period in which they arise. There was no effect on the profit and loss account for the current or corresponding year on adoption of IAS 39.

4.06 Stores, spares and tools

Stores, spares and tools are stated at the lower of cost and net realisable value. The cost of inventory is based on average cost. Items in transit are stated at cost accumulated to balance sheet date.

4.07 Stock-in-trade

Stocks of raw materials, packing materials & components, work in process and finished goods are valued at lower of cost and 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 office cost also includes related excise duty.



Atlas Battery Limited

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. Goods in transit are valued at cost accumulated to the balance sheet date.

4.08 Foreign Currency Translation

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the Company enters into forward exchange contracts. Such transactions are translated at contracted rates. 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 profit and loss account.

4.09 Revenue Recognition

- Sales of goods are recorded when goods are delivered and title has passed on to the customers.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.
- Dividend income from investments is recognized when the Company's rights to receive payment have been established.

4.10 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are dealt with profit and loss account in the period in which they are incurred.

4.11 Deferred Cost

These are stated at cost less accumulated amortisation. Software development / acquisition cost and license fee is amortized over a period of two years.

4.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

4.13 Warranty

The Company recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on past history of the level of repairs and replacements.

4.14 Financial Instruments

Financial assets

The Company's principal financial assets are cash & bank balances, trade debtors, deposits, advances, other receivables and investments.

Trade debtors

Trade debtors are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, if any.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include long term loans, finance lease obligations, short term financing, creditors & other liabilities and proposed dividend.

4.15 Share Capital

Ordinary Shares are classified as equity. Stock dividend on ordinary shares is recognised in equity in the period to which it relates and Cash dividend on ordinary shares is recorded as liability in the period to which it relates.

4.16 Cash and Cash Equivalents

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

4.17 Bank Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, if any. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the periods in which they arise.

4.18 Presentation

Figures in the financial statements have been rounded off to the nearest rupee.

	Note	2002 Rupees	2001 Rupees
5. 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
1,419,750	Issued as fully paid bonus shares	14,197,500	14,197,500
<u>2,719,750</u>		<u>27,197,500</u>	<u>27,197,500</u>

5.01 The Company has one class of ordinary shares which carry no right to fixed income.

5.02 There was no movement in the share capital of the Company during the year.

5.03 1,298,508 (2001: 1,298,508) Ordinary Shares of Rs. 10/- each were held by associated companies at the year end.



Atlas Battery Limited

	Note	2002 Rupees	2001 Rupees
6. GENERAL RESERVES			
Balance at beginning of year		77,000,000	72,000,000
Transferred from Profit and Loss account		1,500,000	5,000,000
Balance at end of year		<u>78,500,000</u>	<u>77,000,000</u>
7. LONG TERM LOANS			
Atlas Investment Bank Limited	7.01	-	8,888,890
Habib Bank Limited	7.02	11,700,000	16,900,000
		<u>11,700,000</u>	<u>25,788,890</u>
7.01 Atlas Investment Bank Limited (Associated Company)			
Balance at beginning of year		13,333,334	17,777,778
Less: Repaid during the year		13,333,334	4,444,444
		-	13,333,334
Less: Due within the following twelve months		-	4,444,444
Balance at end of the year		<u>-</u>	<u>8,888,890</u>
(a) The loan has been fully repaid during the year.			
7.02 Habib Bank Limited			
Balance at beginning of year		22,100,000	26,000,000
Less: Repaid during the year		5,200,000	3,900,000
		16,900,000	22,100,000
Less: Due within the following twelve months		5,200,000	5,200,000
Balance at end of the year		<u>11,700,000</u>	<u>16,900,000</u>
(a) The Company has arranged demand finance facility of Rs. 26.0 million from Habib Bank Limited on mark-up basis for financing the project for expansion of production facilities. The amount utilized represents 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 and 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 16 October 2000 and ending on 16 July 2005.			
(c) The finance is secured against first pari passu charge on fixed assets of the Company.			

	Note	2002 Rupees	2001 Rupees
8. OBLIGATION UNDER FINANCE LEASE			
Balance at beginning of year		6,906,291	8,709,301
Assets acquired under finance lease during the year		2,560,000	2,667,000
		<u>9,466,291</u>	<u>11,376,301</u>
Less: Repaid during the year		4,405,076	4,470,010
		<u>5,061,215</u>	<u>6,906,291</u>
Less: Due within the following 12 months		2,051,297	3,373,623
Balance at end of year		<u>3,009,918</u>	<u>3,532,668</u>

- (a) The Company has entered into lease agreements with Atlas Investment Bank Limited (associated company) for motor vehicles, moulds and laboratory equipment.
- (b) The lease rentals which include finance charges at the rate of 14 % to 18 % per annum are payable in equal quarterly installments. The Company intends to exercise its option to purchase the leased asset at the termination of the lease period at 10% of the leased amount.
- (c) The future minimum lease payments to which the Company is committed under the agreements are due as follows:-

	2002	2001	2002	2001	2002	2001
	Minimum lease payments		Financial charges		Present value of minimum lease payments	
	Rupees					
Within 1 year	2,667,540	4,229,994	616,243	856,371	2,051,297	3,373,623
1 to 5 year	3,556,830	4,146,690	546,912	614,022	3,009,918	3,532,668
	<u>6,224,370</u>	<u>8,376,684</u>	<u>1,163,155</u>	<u>1,470,393</u>	<u>5,061,215</u>	<u>6,906,291</u>

Classified as under:

Long Term Obligation under finance lease	3,009,918	3,532,668
Current obligation under finance lease	2,051,297	3,373,623
	<u>5,061,215</u>	<u>6,906,291</u>

9. PROVISION FOR GRATUITY

Balance at beginning of year	2,221,836	1,805,720
Add: Provision for the year	140,389	483,213
	<u>2,362,225</u>	<u>2,288,933</u>
Less: Payments during the year	244,729	67,097
Balance at end of year	<u>2,117,496</u>	<u>2,221,836</u>



	Note	2002 Rupees	2001 Rupees
10. DEFERRED TAXATION			
10.01 The liability for deferred taxation comprises of timing differences relating to:			
Deferred credit arising in respect of			
Accelerated tax depreciation allowances		10,394,617	10,260,000
Finance lease rentals		161,507	913,000
		<u>10,556,124</u>	<u>11,173,000</u>
Deferred debit arising in respect of			
Provision for gratuity		(741,124)	(778,000)
Provision for impairment		(350,000)	(350,000)
Other provisions		(3,389,000)	(3,389,000)
		<u>(4,480,124)</u>	<u>(4,517,000)</u>
		<u>6,076,000</u>	<u>6,656,000</u>
10.02 The movement for the year in the Company's deferred tax position was as follows:			
Balance at beginning of year		6,656,000	10,810,000
(Decrease) in deferred tax liabilities		(616,876)	(262,000)
Decrease/(Increase) in deferred tax assets		36,876	(3,892,000)
(Reversal) during the year		(580,000)	(4,154,000)
		<u>6,076,000</u>	<u>6,656,000</u>
11. SHORT TERM FINANCING - SECURED			
Running finances from Banks	11.01	88,796,359	42,322,433
Export re-finance		-	48,500,000
Short term finance		-	12,000,000
		<u>88,796,359</u>	<u>102,822,433</u>

11.01 The Company has credit facilities upto an aggregate of Rs. 120 million (2001-Rs. 80 million) which are secured against pledge/hypothecation of stocks and charge on debtors amounting to Rs. 152.804 million (2001: Rs. 102.115 million). The rate of mark-up is 11% to 13%. (2001-13.5% to 14.25%).

11.02 The facility for opening letters of credit as at 30 June 2002 amounted to Rs. 80 million (2001: Rs. 65 million) of which the amount remaining unutilised at the year-end was Rs. 57 million (2001: Rs. 41 million)

	Note	2002 Rupees	2001 Rupees
12. CURRENT MATURITY OF LONG TERM LOANS			
Atlas Investment Bank Limited	7.01	-	4,444,444
Habib Bank Limited	7.02	5,200,000	5,200,000
		5,200,000	9,644,444
13. CREDITORS, ACCRUED CHARGES, PROVISIONS & OTHER LIABILITIES			
Trade creditors		20,995,082	24,679,973
Accrued expenses	13.01	32,063,380	41,608,363
Provision for warranty	13.02	1,511,844	1,511,844
Customers' credit balances		394,794	1,036,885
Interest/markup on bank loans - secured		2,387,056	3,601,637
Lease finance charges payable		104,596	110,812
Sales tax		6,044,913	7,532,716
Workers' profit participation fund	13.03	439,998	734,703
Workers' welfare fund	11.04	301,874	366,287
Tax deductions		1,481	19,167
Unclaimed dividend	13.05	659,134	928,640
Other liabilities	13.06	5,279,869	5,231,869
		70,184,021	87,362,896

13.01 Accrued expenses include Rs. 10,495 thousand (2001 - Rs. 17,919 thousand) payable to associated undertaking.

13.02 Provision For Warranty

Balance at beginning	1,511,844
Provided during the year	8,708,982
	10,220,826
Paid/charged during the year	8,708,982
	1,511,844

13.03 Workers' Profit Participation Fund

Balance at beginning of year	734,703	1,446,136
Add: Interest credited on fund utilised in the Company's business	56,971	127,008
	791,674	1,573,144
Less: Payment made during the year	734,703	1,446,136
	56,971	127,008
Contributions for the year @ 5 %	383,027	607,695
	439,998	734,703

The Company retains the allocation to this fund for its business operations till the amount is paid to the fund together with interest at the prescribed rates under the Act.



Atlas Battery Limited

	2002 Rupees	2001 Rupees
13.04 Workers' Welfare Fund		
Balance at beginning of year	366,287	542,139
Less : Payment made during the year	207,109	171,874
	<u>159,178</u>	<u>370,265</u>
Add: Provision for the year	142,696	366,287
Adjusted during the year	-	(370,265)
	<u>142,696</u>	<u>(3,978)</u>
Balance at end of year	<u><u>301,874</u></u>	<u><u>366,287</u></u>
13.05 Unclaimed Dividend		
Unclaimed dividend	630,566	900,028
Unclaimed bonus fractions	28,568	28,612
	<u>659,134</u>	<u>928,640</u>

13.06 Other liabilities include vehicle deposits/instalments under Company vehicle policy amounting to Rs. 4,769 thousand (2001: Rs. 4,767 thousand).

14. PROVISION FOR TAXATION

Balance at beginning of year	6,204,000	2,825,000
Add: Provision made during the year		
Current year	2,700,000	6,204,000
Prior year	(459,311)	47,260
	<u>2,240,689</u>	<u>6,251,260</u>
	8,444,689	9,076,260
Less: Payments during the year	2,626,250	2,872,260
Balance at end of the year	<u><u>5,818,439</u></u>	<u><u>6,204,000</u></u>

14.01 The income tax assessments of the Company have been finalised upto and including assessment year 2001-2002 (Income year ending 30 June 2001).

14.02 The charge for the year can be reconciled to the profit as per the profit and loss account as follows:

	2002 Rupees	2001 Rupees
Profit before tax	7,134,817	11,550,190
Tax at the income tax rate of 35% (2001: 33%)	2,497,186	3,811,563
Surcharge on income tax Nil (2001: 5%)	-	190,578
Tax at the applicable rate on accounting profit	2,497,186	4,002,141
Tax effect of expenses that are not deductible in determining taxable profit	(779,716)	(1,439,501)
Effect of difference in tax rates under normal assessment and presumptive tax regime	402,530	(102,153)
Effect of difference at the rate of 29.4 % in tax rates for dividend income	-	(477,047)
Effect of difference at the rate of 0.35 % in tax rates considered for deferred and current taxation purposes	-	66,560
	<u>2,120,000</u>	<u>2,050,000</u>
Tax charge for the year		
Current	2,700,000	6,204,000
Deferred	(580,000)	(4,154,000)
	<u>2,120,000</u>	<u>2,050,000</u>

14.03 The Inspecting Additional Commissioner of Income Tax has re-opened the assessment of the Company for the assessment years 1997-98 and 1999-2000 (accounting year ended 30 June 1997 and 1999 respectively) and raised an additional tax demand of Rs. 843 thousand under section 50(7D) and 4,925 thousand under section 12(9A) of the Income Tax Ordinance, 1979 respectively. The Company has preferred appeals before the Income Tax Appellate Tribunal which is pending for adjudication. As the management is confident that the matter would be settled in its favour, therefore, no provision has been made in these accounts in respect of the above mentioned tax liabilities.

15. CONTINGENT LIABILITIES & COMMITMENTS

Confirmed letters of credit		
Relate to Raw materials	22,771,814	22,654,149
Relate to Store, spares and tools	-	1,703,626
Guarantees issued by banks on behalf of the Company	2,867,289	3,900,120
Indemnity Bonds issued by Insurance Company (Associated Undertaking)	1,721,000	7,995,000
Commitment for acquisition of property, plant and equipment	-	582,700
Commitments for sales contracts to institutions	12,361,000	48,459,544



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16. OPERATING FIXED ASSETS

(Amount in Rupees)

Particulars	Cost				Depreciation				Written down value 30 June 2002	Rate %
	1 July 2001	Additions	Disposals	30 June 2002	1 July 2001	Charge for the year	(Disposal) / Transfers	30 June 2002		
Owned										
Leasehold land	435,238	-	-	435,238	-	-	-	-	435,238	-
Building on leasehold land	28,525,388	215,000	-	28,740,388	13,364,389	1,537,600	-	14,901,989	13,838,399	10
Plant and Machinery	95,594,579	2,213,956	200,000	97,608,535	50,616,406	4,703,013	(38,000)	55,281,419	42,327,116	10
Electric installations	1,349,635	-	-	1,349,635	799,399	55,024	-	854,423	495,212	10
Air conditioners	2,468,849	-	-	2,468,849	1,060,297	140,855	-	1,201,152	1,267,697	10
Gas Installations	135,073	-	-	135,073	108,690	2,638	-	111,328	23,745	10
Furniture & fixtures	2,868,863	-	41,426	2,827,437	1,219,867	164,458	(37,012)	1,347,313	1,480,124	10
Office equipments	1,489,482	-	12,314	1,477,168	976,875	51,213	(11,841)	1,016,247	460,921	10
Laboratory equipments	2,719,830	1,586,030	-	4,305,860	1,309,388	245,104	545,436	2,099,928	2,205,932	10
Vehicles	9,914,535	6,269,680	4,126,434	12,057,781	4,192,065	1,487,408	2,200,115	6,108,150	5,949,631	20
							(1,771,438)			
Fork lifters	2,072,196	-	-	2,072,196	1,682,267	77,986	-	1,760,253	311,943	20
Moulds, dies & jigs	30,379,001	2,880,000	-	33,259,001	17,984,699	1,431,138	962,920	20,378,757	12,880,244	10
Factory equipments	1,905,286	168,362	243	2,073,405	1,414,648	65,900	(238)	1,480,310	593,095	10
Workshop equipments	149,749	-	-	149,749	124,697	2,505	-	127,202	22,547	10
Computers	4,748,566	842,400	40,950	5,550,016	2,256,941	1,312,831	(22,915)	3,546,857	2,003,159	30
	184,756,270	14,175,428	4,421,367	194,510,331	97,110,628	11,277,672	(1,881,444)	110,215,327	84,295,004	
							3,708,471			
Leased Assets										
Vehicles	11,562,850	2,560,000	4,494,850	9,628,000	4,924,786	1,380,666	(2,200,115)	4,105,337	5,522,663	20
Moulds	2,800,000	-	2,800,000	-	962,920	-	(962,920)	-	-	10
Laboratory Equipment	1,586,030	-	1,586,030	-	545,436	-	(545,436)	-	-	10
	15,948,880	2,560,000	8,880,880	9,628,000	6,433,142	1,380,666	(3,708,471)	4,105,337	5,522,663	
Total - 2002	200,705,150	16,735,428	13,302,247	204,138,331	103,543,770	12,658,338	(5,589,915)	114,320,664	89,817,667	
							3,708,471			
Total - 2001	196,400,930	13,844,354	9,540,134	200,705,150	92,610,477	13,309,240	(2,375,947)	103,543,770	97,161,380	

16.01 Disposal of fixed assets:

(Amount in Rupees)

Particulars	Cost	Accumulated Depreciation	W.D.V.	Sales Proceeds	Profit/(Loss)	Particulars of Purchasers
Plant & Machinery						
3M-Matic Case	200,000	38,000	162,000	80,000	(82,000)	M/s. Interlink Engg E/33/1, Block 7, Gulshan-e-Iqbal, Karachi.
Furniture & Fixtures	3,000	2,572	428	850	422	Mr. Anjum, H/No. 14, Negotiation Gali No.19, Dehalan Wall Multan Rd, Lahore
-do-	38,426	34,440	3,986	-	(3,986)	Written-off
	41,426	37,012	4,414	850	(3,564)	
Office Equipment	12,314	11,841	473	-	(473)	Written-off
Motor Vehicle						
Motor Cycle CD 70	55,832	32,963	22,869	55,832	32,963	Mr. Abdul Razzaque Negotiation Ex Employee
Motor Cycle CD 70	55,832	37,537	18,295	55,832	37,537	Mr. Bazme Alam Company policy Employee
Motor Cycle CD 70	57,272	33,814	23,458	57,272	33,814	Mr. A. Rashid Abbasi Company policy Employee
Motor Cycle CD 70	56,315	33,249	23,066	56,315	33,249	Mr. M. Shahid Company policy Employee
Motor Cycle CD 70	55,832	32,963	22,869	55,832	32,963	Mr. M. Rahim Company policy Employee
Motor Cycle CD 70	57,272	33,814	23,458	57,272	33,814	Mr. Abdul Sattar Company policy Employee
Motor Cycle CG125	65,949	38,936	27,013	65,949	38,936	Mr. Mumtaz Ahmed Company policy Executive
Motor Cycle CD 70	56,315	33,249	23,066	56,315	33,249	Mr. M. Miskeen Company policy Employee
Motor Cycle CD 70	57,272	33,814	23,458	57,272	33,814	Mr. Alamzeb Company policy Employee
Motor Cycle CD 70	54,700	40,359	14,341	30,362	16,021	Mr.Zafar Iqbal Negotiation Ex Employee
Motor Cycle CD 70	38,300	31,069	7,231	9,370	2,139	Mr.Shahid Mahmood Negotiation Ex Employee
Motor Cycle CD 70	56,315	33,249	23,066	56,315	33,249	Mr. Irshad Negotiation Executive
Motor Cycle CD 70	57,272	33,814	23,458	57,272	33,814	Mr. Abdur Rasheed Company policy Employee
Motor Cycle CD 70	57,272	33,814	23,458	57,272	33,814	Mr. Ghazi Khan Company policy Employee
Motor Cycle CD 70	57,272	33,814	23,458	57,272	33,814	Mr. M. Hafeez Company policy Employee
Motor Cycle CD 70	63,250	12,650	50,600	63,250	12,650	Mr. Meer Hassan Khan Company policy Employee
Motor Cycle CD 70	46,500	37,722	8,778	19,285	10,507	Mr. Saleem Memon Company policy Executive
Motor Cycle CD 70	69,750	25,110	44,640	44,640	-	Mr. Manzoor Ahmed Negotiation Ex - Executive
Motor Cycle CD 70	56,315	33,249	23,066	56,315	33,249	Mr. Peer Bux Company policy Employee
Motor Cycle CD 70	57,272	33,814	23,458	57,272	33,814	Mr. Sher Rehman Company policy Employee
Motor Cycle CD 70	61,400	22,104	39,296	61,400	22,104	Mr. Latifur Rehman Negotiation Ex Employee
Motor Cycle CD 70	64,170	12,834	51,336	64,170	12,834	Mr. Jahanzeb Negotiation Ex Employee
Motor Cycle CD 70	65,090	13,018	52,072	65,090	13,018	Mr. Mumtaz Khan Negotiation Ex Employee
Motor Cycle CD 70	57,272	33,814	23,458	57,272	33,814	Mr. M. Irfan Company policy Employee
Motor Cycle CD 70	55,379	37,232	18,147	22,683	4,536	Mr. Mazhar H. Naqvi Company policy Executive
Motor Cycle CD 70	61,300	22,068	39,232	61,300	22,068	Mr. Hamza Negotiation Ex Employee
Motor Cycle CD 70	61,300	29,914	31,386	61,300	29,914	Mr. Zubair Negotiation Ex Employee
Motor Cycle CD 70	57,272	33,814	23,458	57,272	33,814	Mr. Azad Company policy Employee
Motor Cycle CD 70	57,272	33,814	23,458	57,272	33,814	Mr. M. Aziz Company policy Employee
Motor Cycle CD 70	61,300	29,914	31,386	61,300	29,914	Mr. M. Riaz Company policy Employee
Motor Cycle CD 70	61,300	29,914	31,386	61,300	29,914	Mr. Malik M. Jamal Company policy Employee
Motor Cycle CD 70	65,090	13,018	52,072	65,090	13,018	Mr. Fahim Akhtar Negotiation Ex Employee
Motor Cycle CG125	73,790	-	73,790	73,790	-	Insurance Claim from Muslim Insurance Company (MIC) associated company
Motor Cycle CD 70	65,090	13,018	52,072	52,072	-	Insurance Claim from MIC Associated company
Motor Cycle CD 70	62,300	22,428	39,872	41,982	2,110	Insurance Claim from MIC Associated company
Honda Civic	1,162,000	232,400	929,600	929,600	-	Atlas Honda Ltd Associated company
Honda Civic	903,000	533,131	369,869	369,869	-	Atlas Honda Ltd Associated company
	4,126,434	1,771,438	2,354,996	3,189,278	834,282	
Factory Equipment	243	238	5	-	(5)	Written-off
Computers	40,950	22,915	18,035	-	(18,035)	Written-off
	4,421,367	1,881,444	2,539,923	3,270,128	730,205	
Leased assets						
Laboratory Equipment	1,586,030	545,436	1,040,594	1,040,594	-	} Transferred to 'Owned Assets' on the expiry of Lease period
Moulds	2,800,000	962,920	1,837,080	1,837,080	-	
Honda Civic	1,162,000	232,400	929,600	929,600	-	
Honda Civic	752,000	443,981	308,019	308,019	-	
Honda Civic	738,000	435,715	302,285	302,285	-	
Honda Citi	579,000	341,842	237,158	237,158	-	
Suzuki Margala	521,850	308,100	213,750	213,750	-	
Honda Civic	742,000	438,077	303,923	303,923	-	
	8,880,880	3,708,471	5,172,409	5,172,409	-	



Atlas Battery Limited

	Note	2002 Rupees	2001 Rupees
16.02 Depreciation for the year has been apportioned as follows:			
Cost of Goods Manufactured	28.01	10,622,879	11,555,167
Administrative Expenses	29	1,311,793	1,031,818
Selling & Distribution Expenses	30	723,666	722,255
		<u>12,658,338</u>	<u>13,309,240</u>

16.03 Moulds for containers and lids costing Rs. 9,643 thousand (2001: Rs. 9,643 thousand) included in the moulds, dies & jigs are held by Pak Polymer (Private) Limited, 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.

17. CAPITAL WORK IN PROGRESS

Plant & Machinery	112,500	-
Building	230,000	-
	<u>342,500</u>	<u>-</u>

18. INVESTMENTS

Listed

Associated company - at cost

Atlas Honda Limited

378,609 (2001- 270,435) Ordinary Shares of Rs. 10/- each	18.01	3,821,850	3,821,850
Market value Rs. 15,163,290 (2001 - Rs. 6,760,875)			

Other - Unlisted

Available-for-sale investment

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 30 June 2001
Nil (2001: Nil) per share

Less: Provision for impairment

1,000,000	1,000,000
(1,000,000)	(1,000,000)
-	-
<u>3,821,850</u>	<u>3,821,850</u>

18.01 Investment in associated company is stated at cost. Had the equity method been applied, the total profit for the year would have increased by Rs. 2.740 million (2001 - Rs. 1.100 million) while the un-appropriated profit brought forward would have been higher by Rs. 9.062 million (2001 - Rs. 7.962 million) and long term investment would have increased by Rs. 14.678 million (2001 - Rs. 8.116 million)

	2002 Rupees	2001 Rupees
19. LONG TERM DEPOSITS		
Utility & Other deposits	<u>1,870,555</u>	<u>1,796,855</u>
20. DEFERRED COST		
Balance at beginning of year	322,514	-
Software License Fee/development charges	<u>1,304,746</u>	<u>645,028</u>
	1,627,260	645,028
Amortization	<u>974,887</u>	<u>322,514</u>
Balance at end of year	<u>652,373</u>	<u>322,514</u>
21. STORES, SPARES & TOOLS		
General stores (average cost)	1,662,496	2,762,852
Tools (average cost)	55,506	88,127
Spare parts (average cost)	5,048,138	4,918,616
Spare parts in transit (at accumulated cost)	-	13,522
	<u>6,766,140</u>	<u>7,783,117</u>
There is no stores held for capital expenditure at year-end		
22. STOCK-IN-TRADE		
Raw materials, packing materials & components (average cost)		
In-hand	27,070,191	28,187,163
With third parties	5,060,625	4,273,241
Work in process (average cost)	18,146,601	18,970,903
Finished goods (average cost)	54,080,893	49,160,976
Goods in transit (at accumulated cost)	11,079,647	17,676,866
	<u>115,437,957</u>	<u>118,269,149</u>

22.01 Stock-in-trade and trade debtors upto a maximum amount of Rs. 152.804 million (2001: Rs. 102.115 million) are under hypothecation as security for the Company's short term finances.



Atlas Battery Limited

	Note	2002 Rupees	2001 Rupees
23. TRADE DEBTORS			
Unsecured - Considered Good			
Export debtors		-	49,243,576
Local debtors	23.01	32,932,858	23,268,203
		<u>32,932,858</u>	<u>72,511,779</u>

23.01 This includes Rs. 720 thousand (2001 - Rs. 634 thousand) due from associated company (Honda Atlas Cars (Pakistan) Limited (HACPL)). The maximum amount due from associated companies at the end of any month was Rs. 3,965 thousand (2001: Rs. 2,878 thousand).

23.02 Trade debtors comprise amounts receivable from the sale of goods. The directors consider that the carrying amount of trade debts approximates their fair value.

24. ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES

Unsecured - Considered Good

Loan to employees	24.01	109,801	359,156
Advances to staff for expenses	24.02	746,088	5,525
Advances to suppliers		448,814	285,091
Advances to others		130,100	269,086
Tax deducted at source		6,316,253	17,530,110
Income tax refundable		14,132,622	96,416
Excise duty & sales tax refundable		6,152,410	6,152,410
Prepayments	24.03	581,346	455,354
Insurance claims receivable	24.04	174,351	1,820,916
Dividend receivable (associated Company)		-	1,081,740
Other receivables		191,598	101,763
		<u>28,983,383</u>	<u>28,157,567</u>

24.01 Loans to employees include loans to executives amounting to Nil (2001: Rs. 273 thousand). The maximum amount due from executives at the end of any month was Rs. 232 thousand (2001: Rs. 807 thousand). Loans outstanding for more than 3 years are Nil (2001: Nil).

24.02 Advances to staff for expenses include amount of Rs. 738 thousand (2001: Nil) given to executives. The maximum amount due from executives at the end of any month was Rs. 738 thousand (2001: Nil).

24.03 Prepayments include insurance premium of Rs. 502 thousand (2001 - Rs. 377 thousand) paid to Muslim Insurance Company Limited, associated company.

24.04 Insurance claims include receivable from Muslim Insurance Company Limited, an associated company amounting to Rs. 174 thousand (2001: Rs. 1,632 thousand).

	Note	2002 Rupees	2001 Rupees
25. TRADE & OTHER DEPOSITS			
Trade deposits		2,579,741	3,213,231
Guarantee deposits		515,400	764,340
Excise deposits		116,101	463,203
		<u>3,211,242</u>	<u>4,440,774</u>
26. CASH & BANK BALANCES			
Cash in hand and Imprest accounts		37,289	109,745
With banks:			
PLS term deposits	26.01	2,582,500	3,107,500
On current accounts		2,371,947	3,397,470
Un-deposited cheques / collection		16,598,269	15,805,587
		<u>21,590,005</u>	<u>22,420,302</u>

26.01 PLS Term Deposits are under lien of bank for guarantees issued on behalf of the Company.

27. NET SALES

Export sales		13,101,279	55,537,436
Local sales	27.01	481,980,799	507,424,277
		<u>495,082,078</u>	<u>562,961,713</u>
27.01 Local sales (at dealers' net prices)	27.02	590,246,464	615,873,944
Less: Incentive, discounts		39,660,063	34,166,202
Excise duty		68,605,602	74,283,465
		<u>108,265,665</u>	<u>108,449,667</u>
		<u>481,980,799</u>	<u>507,424,277</u>

27.02 Local Sales have been recorded after deducting sales tax of Rs.102.33 million (2001: Rs. 103.43 million).

28. COST OF SALES

Stock at beginning of year		49,160,976	44,580,658
Cost of goods manufactured	28.01	408,469,123	458,345,985
		<u>457,630,099</u>	<u>502,926,643</u>
Stocks at end of year	22	54,080,893	49,160,976
		<u>403,549,206</u>	<u>453,765,667</u>



Atlas Battery Limited

	Note	2002 Rupees	2001 Rupees
28.01 Cost Of Goods Manufactured			
Work in process at beginning of the year		18,970,903	13,392,028
Raw materials, Packing materials & Components consumed	28.02	270,521,565	304,026,193
Salaries, wages & benefits	28.03	49,434,390	49,460,443
Stores consumed		22,417,297	26,425,998
Fuel, power & water		27,095,016	35,539,032
Insurance		2,224,789	3,038,049
Rent, rates & taxes		1,217,831	1,145,749
Repair & maintenance		3,584,580	4,570,175
Research and development		-	75,000
Royalty		4,950,821	5,537,056
Travelling, conveyance and entertainment		2,080,533	4,143,292
Cartage		1,590,473	3,075,137
Postage & telephone		610,952	1,153,039
Printing & Stationery		1,377,217	1,567,392
Vehicle running		183,789	302,042
Free replacement		8,708,982	11,382,945
Depreciation	16.02	10,622,879	11,555,167
Amortization	20	206,012	206,012
Other manufacturing expenses		817,695	722,139
		<u>426,615,724</u>	<u>477,316,888</u>
Work in Process at end of year	22	18,146,601	18,970,903
		<u>408,469,123</u>	<u>458,345,985</u>
28.02 Raw Material, Packing Material & Components Consumed			
Stock at beginning of year		32,460,404	28,379,119
Purchases		270,191,977	308,107,478
		<u>302,652,381</u>	<u>336,486,597</u>
Less: Stock at end of year	22	32,130,816	32,460,404
		<u>270,521,565</u>	<u>304,026,193</u>

28.03 Salaries, wages & benefits include Rs. 5,514 thousand (2001: Rs. 6,466 thousand) in respect of employees benefits.

	Note	2002 Rupees	2001 Rupees
29. ADMINISTRATIVE EXPENSES			
Directors' meeting fee	38.03	3,500	3,000
Salaries & benefits	29.01	12,565,459	12,057,159
Travelling, conveyance & entertainment		954,255	1,295,902
Rent, rates & taxes		664,644	593,436
Insurance		522,228	444,338
Repairs & maintenance		1,220	60,143
Advertisement		47,100	47,230
Legal & professional charges		1,816,138	893,971
Auditors' remuneration:			
Audit fee		120,000	110,000
Provident fund & Workers' profit participation fund audit		33,000	40,000
Certification & other consultancy		82,000	37,500
Out of pocket expenses		16,393	9,876
		251,393	197,376
Gas & Electricity		215,835	154,258
Fees & Subscription		171,616	220,745
Postage & telephone		201,433	176,343
Printing & Stationery		457,315	366,377
Vehicle running		43,375	17,481
Training expenses		35,600	34,950
Depreciation	16.02	1,311,793	1,031,818
Amortization	20	768,875	116,502
Others		74,299	61,977
		<u>20,106,078</u>	<u>17,773,006</u>

29.01 Salaries & benefits include Rs. 665 thousand (2001: Rs. 649 thousand) in respect of employee benefits.



Atlas Battery Limited

	Note	2002 Rupees	2001 Rupees
30. SELLING & DISTRIBUTION EXPENSES			
Salaries & benefits	30.01	9,748,683	9,171,571
Travelling, conveyance & entertainment		3,615,423	4,625,943
Rent, rates & taxes		1,291,538	1,180,272
Insurance		2,947,220	2,789,495
Repairs & maintenance		152,098	436,100
Gas & electricity		697,760	686,536
Advertisement & publicity		5,337,213	6,262,637
Freight & handling		19,337,085	21,639,600
Export handling and other charges		894,374	13,998,074
Printing & stationery		317,107	348,020
Postage & telephone		1,897,437	1,667,245
Vehicle running		5,850	22,954
Services charges		197,365	167,283
Depreciation	16.02	723,666	722,255
Others		212,104	227,265
		<u>47,374,923</u>	<u>63,945,250</u>

30.01 Salaries & benefits include Rs. 741 thousand (2001: Rs. 611 thousand) in respect of employees benefits.

31. MISCELLANEOUS INCOME

Scrap Sales		659,495	641,552
Profit on sale of fixed assets	16.01	730,205	879,078
Dividend Income (associated company) (Atlas Honda Limited)	31.01	-	1,622,610
Profit on PLS term deposits		202,508	147,289
Other income		39,362	12,870
		<u>1,631,570</u>	<u>3,303,399</u>

31.01 The Company has not accounted for the dividend income declared by the investee company for the year ended 30 June 2002 as it was declared subsequent to the Company's balance sheet date.

32. FINANCIAL EXPENSES

Interest / markup on:	32.01		
Long term loans - secured		3,608,485	7,144,597
Short term finance - secured		14,319,381	8,763,400
Workers' profit participation fund		56,971	127,008
Finance charges on leased assets		892,486	1,482,431
Bank & other financial charges		798,587	977,767
Exchange (gain) / loss		(1,653,009)	132,079
		<u>18,022,901</u>	<u>18,627,282</u>

32.01 Interest/mark-up/finance charges on leased assets charged by associated companies amounted to Rs. 1,332 thousand (2001: Rs. 4,784 thousand).

Note	2002 Rupees	2001 Rupees
33. EARNINGS PER SHARE		
Net Profit after taxation for the year attributable to Ordinary Shareholders	5,474,128	9,452,930
Weighted average number of ordinary shares outstanding at year-end	2,719,750	2,719,750
Earnings per share	2.01	3.48
34. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH FROM OPERATING ACTIVITIES		
Net profit before taxation	7,134,817	11,550,190
Adjustments		
Depreciation	12,658,338	13,309,240
Deferred cost amortized	974,887	322,514
Markup/interest expenses	17,984,837	16,035,005
Profit on sale of fixed assets	(730,205)	(879,078)
Provision for gratuity	140,389	483,213
Finance charges on leased assets	892,486	1,482,431
Dividend Income	-	(1,622,610)
Operating profit before working capital changes	39,055,549	40,680,905
(Increase)/Decrease in Current Assets		
Stores, spares & tools	1,016,977	1,763,975
Stock-in-trade	2,831,192	(26,684,894)
Trade debtors	39,578,921	(46,483,095)
Advances, deposits & prepayments (excluding tax deducted at source)	2,092,949	(2,946,163)
Trade & other deposits	1,229,532	(231,685)
	46,749,571	(74,581,862)
Increase /(Decrease) in Current Liabilities		
Creditors, provisions, accrued charges & other liabilities (excluding accrued interest/markup and unclaimed dividend)	(15,694,788)	23,404,991
Working Capital changes	31,054,783	(51,176,871)
Gratuity Paid	(244,729)	(67,097)
Cash flow from/(used in) operating activities	69,865,603	(10,563,063)



	Note	2002 Rupees	2001 Rupees
35. ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENTS			
Balance at beginning of year		22,420,302	17,799,169
Net Cash (outflow) / inflow		(830,297)	4,621,133
Balance at end of year	26	21,590,005	22,420,302
36. NON-CASH TRANSACTIONS			
Assets acquired under finance leases	8	2,560,000	2,667,000
37. TRANSACTIONS WITH RELATED PARTIES			
Sales		32,496,610	26,591,721
Purchases		7,599,289	8,290,906
Expenses charged by		667,170	690,641
Rent & Insurance premium		8,785,409	8,923,428
Assets acquired under finance lease		2,560,000	2,667,000
Loan received		-	12,000,000
Lease rentals paid		5,303,778	5,835,383
Dividend Income		-	1,622,610
Loan repaid		25,333,334	4,444,444
Royalty		4,950,821	5,537,056
Interest paid		433,316	2,001,644
Dividend paid		1,855,971	2,706,355
38. DIRECTORS' AND EXECUTIVES' REMUNERATION			
38.01 Chief Executive Officer			
Managerial Remuneration		2,019,792	1,797,592
Rent & utilities		908,914	808,912
Cost of living allowance		504,948	449,404
Provident fund		222,177	197,735
Reimbursement of medical expenses & others		110,187	63,285
		3,766,018	3,316,928
38.02 Director			
Managerial Remuneration		-	2,596,888
Rent & utilities		-	1,168,598
Cost of living allowance		-	649,228
Provident fund		-	285,659
Reimbursement of expenses: Medical & others		-	125,725
Bonus		-	100,647
		-	4,926,745
Number of person		-	1

Note	2002 Rupees	2001 Rupees
38.03 Meeting fees - other directors	3,500	3,000
Number of persons	3	3
38.04 Executives		
Managerial Remuneration	14,371,368	10,352,991
Rent & utilities	6,467,146	4,658,872
Conveyance and Others	323,061	172,428
Cost of living allowance	3,592,891	2,588,316
Provident fund	1,540,712	1,096,821
Medical	1,099,780	746,241
	<u>27,394,958</u>	<u>19,615,669</u>
Number of persons	61	45

The Chief Executive Officer is provided with free use of Company maintained car. Certain executives are also provided with Company vehicles.

39. 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.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 17 September 2002.

41. CORRESPONDING FIGURES

Corresponding figures have been restated for the purposes of comparison. Significant re-arrangements made are as follows:

41.01 Trade deposits classified under 'Trade & other deposits' Re-classified as 'Long term deposits'	672,200
41.02 Other liabilities classified under 'Creditors, accrued charges, provisions & other liabilities' Re-classified as 'Sales tax' under 'Creditors, accrued charges, provisions & other liabilities'	940,738

The above figures have been re-arranged as the re-classification made is considered more appropriate for purposes of disclosure.



42. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

42.01 Interest rate risk exposure

The Company's exposure to interest rate risk on its financial assets and liabilities as of 30 June 2002 are summarized as follows:

	2 0 0 2						2 0 0 1	
	Interest bearing			Non-Interest bearing				
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	Total	Total
Financial assets								
Investments	-	-	-	-	3,821,850	3,821,850	3,821,850	3,821,850
Long term deposits	-	-	-	-	1,870,555	1,870,555	1,870,555	1,124,655
Trade Debtors	-	-	-	32,932,858	-	32,932,858	32,932,858	72,511,779
Advances, deposits,	-	-	-	1,054,664	-	1,054,664	1,054,664	3,917,752
Trade & Other deposits	-	-	-	515,400	-	515,400	515,400	764,340
Cash & Bank balances	2,582,500	-	2,582,500	19,007,505	-	19,007,505	21,590,005	22,420,302
	2,582,500	-	2,582,500	53,510,427	5,692,405	59,202,832	61,785,332	104,560,678
Financial liabilities								
Long term loan	5,200,000	11,700,000	16,900,000	-	-	-	16,900,000	35,433,334
Obligation under finance lease	2,051,297	3,009,918	5,061,215	-	-	-	5,061,215	6,906,291
Short term financing	88,796,359	-	88,796,359	-	-	-	88,796,359	102,822,433
Creditors, accrued charges and other liabilities	-	-	-	64,139,108	-	64,139,108	64,139,108	77,574,424
Proposed dividend	-	-	-	2,719,750	-	2,719,750	2,719,750	4,079,625
	96,047,656	14,709,918	110,757,574	66,858,858	-	66,858,858	177,616,432	226,816,107
On-balance sheet gap	(93,465,156)	(14,709,918)	(108,175,074)	(13,348,431)	5,692,405	(7,656,026)	(115,831,100)	(122,255,429)

	2002	2001
42.02 Effective interest rates		
Assets		
Cash at Bank under PLS. Deposit	7.5% to 11.0%	8.5% to 9%
Liabilities		
Long term loan	17%	17% to 18%
Obligation under finance leases	14% to 18%	14% to 18%
Short term financing	11.0% to 13.0%	13.5% to 14.25%

42.03 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. The Company's credit risk is primarily attributable to its trade debtors and balances with banks. The financial assets which are subject to credit risks amounted to Rs. 61.014 million (2001 Rs. 104.450 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.

42.04 Fair value of the financial instruments

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

Muhammad Abdul Samad
Director











Vazeer Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman



Atlas Battery Limited

ATLAS GROUP COMPANIES

		<i>Year of Establishment Acquisition*</i>
	Shirazi Investments (Pvt) Ltd.	1962
	Atlas Honda Ltd.	1962
	Atlas Battery Ltd.	1966
	Shirazi Trading Co. (Pvt) Ltd.	1973
	Muslim Insurance Co. Ltd.	1980*
	Allwin Engineering Industries Ltd.	1981*
	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

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

Affix Revenue Stamp
Signature

Dear Sir,

SUBJECT: PROXY FORM

(Address)

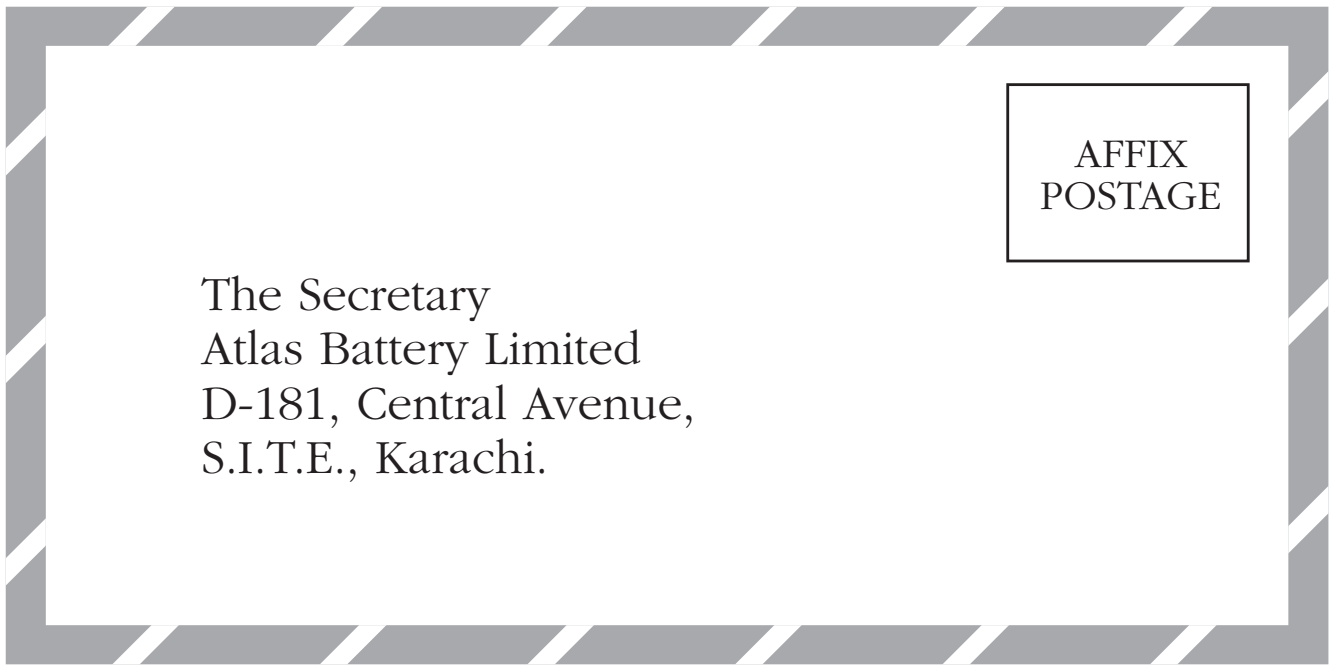
Date

I/We the undersigned member(s) of Atlas Battery Limited Holding _____ Ordinary Shares hereby appoint Mr./Mrs./Miss _____ of _____ or failing him/her Mr./Mrs./Miss _____ of _____ being member of the Company as my/our proxy to attend, act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Adamjee House, 8th floor, I.I. Chundrigar Road, Karachi, on 21 October 2002 at 02:30 p.m. and at every adjournment thereof.

(1) _____ (2) _____
(3) _____ (4) _____
Signature(s)

(1) _____
(2) _____
(3) _____
(4) _____
Names(s)

Signed in the presence of
_____ Name of Witness
_____ _____ Address
_____ Signature
_____ Date



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