

AUTOMOTIVE BATTERY CO. LIMITED

Annual Reports 2003.

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VISION

Automotive Battery Company Limited is committed to provide customer's quality product as per international standard and best suited to local environments at affordable price.

MISSION STATEMENT

1. To make concentrated efforts for improvement in productivity and elimination of wastages by Total Quality Control.
2. To exercise maximum care to manufacture quality product by employing a team of highly skilled technicians and professional managers.
3. To redress customers complaints promptly.
4. To develop new market locally and abroad for optimum utilization of production capacity.
5. To utilize optimum resources through good corporate governance for better servicing the interests of all stakeholders.

CORPORATE PROFILE

BOARD OF DIRECTORS

Arif Hashwani - Chairman
Arshad Shahzada - Chief Executive
S. 1. Ahmed
Altaf Hashwani
Hussain Hashwani
S. Raza Abbas Jaffery (NIT NOMINEE)
S. Yamagami (FB-JAPAN)
S. Haider Mehdi

AUDIT COMMITTEE

Arif Hashwani - Chairman
Altaf Hashwani - Member
S. 1. Ahmed - Member

Abdul Qayum Memon - Secretary

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY
S. Haider Mehdi

AUDITORS & SHARE REGISTRAR

Shakir & Co.
Chartered Accountants
4th Floor, Jubilee Insurance House,
1. 1. Chundrigar Road, Karachi.
SOLICITORS
Farrukh Zia Shaikh & Co.

BANKERS

Habib Bank Ltd.
Muslim Commercial Bank Ltd.
Bank of Tokyo - Mitsubishi, Ltd.
PICIC Commercial Bank Ltd.
Union Bank Ltd.
United Bank Ltd.

REGISTERED OFFICE

40-K, Block-6,P.E.C.H.S.,
Dr. Mahmood Hussain Road
Off. Sharae Faisal,
Karachi - 75400

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of the Shareholders of Automotive Battery Company Limited will be held on Wednesday, 30th July, 2003 at 11:30 hours at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi to transact the following business:

A. ORDINARY BUSINESS :

1. To read and confirm the minutes of the Eighteenth Annual General Meeting of the Shareholders held on June 17, 2002.
2. To receive and adopt the Audited Statements of Accounts for the year ended March 31, 2003 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the Year 2003-2004 and fix their remuneration.
4. To consider any other business with the permission of the Chair.

B. SPECIAL BUSINESS :

5. To consider and approve remunerations of the Chief Executive and other Working Directors of the Company for a period of three-years commencing from April 24, 2003

A statement under Section 160 of the Companies Ordinance, 1984 pertaining to special business is annexed to this notice.

By Order of the Board

S. Haider Mehdi

Karachi : June 23, 2003

Director & Company Secretary

Notes :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend instead of his/her behalf.
2. Proxies must be deposited with the Company not later than 48 hours before

the time of holding the meeting.

3. Share Transfer Books of the Company will remain closed from July 22, 2003 to July 30, 2003 (both days inclusive).

4. Shareholders are requested to notify any change in their address to the Registrar's Office : Shakir & Company, 4th Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

This statement is annexed to the notice of the nineteenth Annual General Meeting of the shareholders of Automotive Battery Company Limited, to be held on July 30, 2003 and sets out the material facts concerning the following special business to be transacted at the meeting for approval of shareholders.

REMUNERATION OF THE CHIEF EXECUTIVE AND A WORKING DIRECTOR OF THE COMPANY

A total amount of Rs. 8.460 million (Rupees Eight Million Four Hundred Sixty Thousand only) will be proposed as the aggregate remuneration of the Chief Executive and a Working Director of the Company for a period of three-year commencing from April 24, 2003 in the form of the following Resolution.

"RESOLVED that an aggregate sum of Rs. 8.460 Million (Rupees Eight Million Four Hundred Sixty Thousand only) be and is hereby approved as remuneration of the Chief Executive and a Working Director of the Company for a three-year term from April 24, 2003 to April 23, 2006 (both days inclusive), covering their managerial remunerations, housing, utilities, bonus, provident fund and gratuity in addition to their entitlement to chauffeur driven company maintained cars, medical and hospitalization expenses, utilities, telephone, security, leave fare assistance and other fringe benefits as per rules of the Company."

Mr. Arshad Shahzada, Chief Executive and Mr. Hussain Hashwani a Director of the Company are interested in this business to the extent of their remuneration.

CHAIRMAN'S REVIEW

IN THE NAME OF ALLAH
THE MOST BENEFICENT
AND MERCIFUL

Dear Shareholders,

It is my privilege to welcome you on behalf of the Board to the 19th Annual General Meeting and presenting the Audited Statements of Accounts and my review on the performance of your company for the year 2002-2003.

THE ECONOMY

Despite global slowdown, Pakistan economy showed sign of improvement during the year under review and recorded a growth of 5.1%. This performance which is the best since 1995-96, signals the termination of low growth phase in which the country was locked for the last many years. The inflation rate was below 4% due to adequate supplies of both agriculture and industrial goods. Foreign exchange reserve of the country crossed unprecedented mark of \$ 10 billion due to combined effect of good exports, increased flow of remittances and supports from creditors.

THE INDUSTRY

The organized battery industry sector capacity utilization improved significantly during the year on account of improved economy, better crops and positive impact of reduction in battery prices since July 2002 consequent to the withdrawal of excise duty in the Federal Budget 2002-2003.

SALES

Sales revenue for the year under review went up by 2.6% to Rs. 243.3 million from Rs. 237.0 million. The volume growth is 13.7% and the same is not reflected in sale revenue due to effect

of Central Excise Duty withdrawal from July 2002. The sale grew in all segments, but original equipment sector growth was unprecedented being more than 40%.

EXPORT

Your Company's efforts for better utilization of capacity by entering into export business have materialized and were able to export two consignments to Afghanistan during the year under review.

MANUFACTURING

Production activities were effectively planned and monitored throughout the year to cater market requirement both in terms of quality and quantity. Production during the year improved by 18% on account of increased demand. Your Management took additional measures to improve product quality substantially, which has resulted drastic reduction in warranty claims.

PROFITABILITY

Gross profit for the year increased from Rs. 26.8 million to Rs. 32.0 million up 19.7%. The same was due to increase in sale volume and reduction in imported raw material cost as a result of strengthening of rupee against US dollar. Operating profit for the year increased 40% from

Rs. 8.4 million to Rs. 11.8 million as compared to last year. Better working capital management and reduction in mark up rates contained financial charges during the year to Rs. 5.7 million as compared to Rs. 8.4 million in the last year.

The net profit before tax for the year was Rs. 5.9 million as compared to Rs. 0.1 million in the preceding year. The after tax profit stood at Rs. 4.6 million as compared to loss of Rs. 0.7 million in the corresponding period.

Earning per share after tax worked out to be Rs. 0.88 as compared to loss of Rs. 0.14 in the last year.

FUTURE PROSPECTS

It is hoped that indigenous organized battery industry will continue to perform satisfactorily in the coming year. Your management is determined to avail full use of the opportunities by continued focus on quality, productivity, cost controls and after sale service.

BOARD ROOM CHANGES

Mr. S. Haroon Rashid (NIT Nominee) resigned from directorship effective from January 21, 2003 and replaced by Syed Raza Abbas Jaffery (NIT Nominee). The Board places on record its appreciation for the services of Mr. S. Haroon Rashid.

AUDITORS

The Auditors Messrs. Shakir & Co. is to retire and offer themselves for reappointment. Audit. Committee recommend their appointment for the year 2003-2004.

ACKNOWLEDGMENT

I thank the Board of Directors, all members of the Company for their sincere efforts and valuable support. My special thanks to our Dealers, Original Equipment Customers, the Bankers, Furukawa Battery Company Ltd., Japan and Management of the Holding Company for the valuable contribution and support.

Karachi June 23, 2003

ARIF HASHWANI

Chairman

REPORT OF THE DIRECTORS

The Directors of your Company have pleasure in submitting their report on audited statements of accounts for the year ended March 31, 2003.

FINANCIAL HIGHLIGHTS

(Rupees'000)

Profit before taxation	5,879
Taxation	-1,244
Profit after taxation	4,635
Accumulated loss brought forward	-19,132
Amount of incremental depreciation (including Depreciation charged in respect of prior years) arising due to surplus on revaluation of fixed assets transferred to un-appropriated profit.	3,697
Loss carried forward	-10,800
Earning per share	Rs. 0.88

We confirm that:

- a) The financial statements have been drawn up in conformity with the requirements of the Companies Ordinance, 1984 and present fairly state of its affairs, operating results, cash flow and changes in equity.
- b) Proper Books of accounts have been maintained in the manner required under Companies Ordinance, 1984.
- c) The internal control system is being effectively implemented and monitored.
- d) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- e) International Accounting Standards as applicable in Pakistan have been followed in preparation of the financial statements.
- f) There are no significant doubts about the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance as detailed by the listing regulations.
- h) The key operating and financial data of the past ten years is annexed to this report.
- i) The Chairman's Review dealing with the performance of the Company during the year ended March 31, 2003, future prospects and other matters of concern to the Company forms part of this report.
- j) Value of investments of provident and gratuity funds were Rs. 5.2 million and Rs. 1.9 million, respectively as on June 30, 2002.
- k) In view of carried forward losses and requirement of funds for payment of principal amount of long-term loan from PICIC, the Board of Directors do not recommend dividend for the year under review.
- l) The number of board meetings held during the year 2002-03 was four. The attendance of the directors is as under:

1 .	Mr. Arif Hashwani	3
2.	Mr. Arshad Shahzada	4
3.	Mr. S. I. Ahmed	4
4.	Mr. Altaf Hashwani	2
5.	Mr. Hussain Hashwani	3
6.	Mr. S. Raza Abbas Jaffery	-
7.	Mr. S. Yamagami	-
8.	Mr. S. Haider Mehdi	4
- m) Pattern of shareholding as at March 31, 2003 is annexed to this report,
- n) Compliance of Corporate Governance is annexed.
- o) During the year 2002-2003 Mr. Arif Hashwani, Chairman of the Company purchased 69,000 shares of the Company.
- p) The present Auditors *M/s. Shakir & Company*, Chartered Accountants, retire and being

eligible, offer themselves for reappointment. The Board Audit Committee recommends their reappointment as the statutory auditors for the year 2003-2004 and the Board endorses this recommendation.

By order of the Board

ARSHAD SHAHZADA

Chief Executive
Karachi June 23, 2003

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of listing regulation of Karachi Stock Exchange (Guarantee) Ltd. for the purpose of establishing a framework of good governance whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive director and directors representing minority interests on its Board of Directors. At present the Board includes at least four independent non-executive directors and one director representing minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DPI or NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board on 23.01.2003 was filled up by the director within 5 days thereof.
5. The Company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement and has decided to formulate significant policies of the company.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board did not arrange orientation course for its directors in view of their other business engagements. We are taking steps for arranging Orientation Course for the directors.
10. The Board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

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

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

15. The Board has formed an audit committee. It comprises 3 members, of whom 2 are non-executive directors including the chairman of the committee.

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

17. The Board has appointed an effective Internal Auditor who is suitably qualified and experienced and is conversant with the policies and procedures of the Company and he is involved in the internal audit function on a full time basis.

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

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

20. We confirm that all other material principles contained in the Code have been complied with.

ARIF HASHWANI

Chairman
Karachi June 23, 2003

DECADE AT A GLANCE

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Sales	176.38	222.4	247.84	263.61	268.79	278.4	249.2	258.38	237.01	243.26
Gross Profit	37.18	38.49	41.59	32.04	34.05	36.1	31.14	32.45	26.81	31.99
Profit before tax	12.34	11.5	11.33	0.02	2.8	5.77	4.36	5.04	0.12	5.88
Profit /(loss) after tax	11.71	10.69	10.43	-0.95	1.75	4.7	3.44	4.1	-0.74	4.64
Paid-up share capital	52.65	52.65	52.65	52.65	52.65	52.65	52.65	52.65	52.65	52.65
Accumulated loss	-52.54	-41.85	-31.42	-32.37	-30.62	-25.92	-22.49	-18.39	-19.13	-10.8
Shareholders' equity	0.11	10.8	21.23	35.28	37.04	41.73	45.17	49.27	48.52	49.54
Long-term debts	89.16	76.03	69.98	65.08	55.13	45.95	35.33	24.12	12.54	0.55

FERN OF SHAREHOLDINGS AS AT MARCH 31, 2003

NO. OF SHARE HOLDERS	FROM	SHAREHOLDING	TO	TOTAL SHARES HELD
574	FROM	1	TO	100 SHARES
159	FROM	101	TO	500 SHARES
73	FROM	501	TO	1000 SHARES
81	FROM	1001	TO	5000 SHARES
10	FROM	5001	TO	10000 SHARES
3	FROM	10001	TO	15000 SHARES
5	FROM	15001	TO	20000 SHARES
1	FROM	20001	TO	25000 SHARES

1	FROM	35001	TO	40000 SHARES	39,100
1	FROM	40001	TO	55000 SHARES	52,500
1	FROM	55001	TO	85000 SHARES	80,500
1	FROM	95001	TO	100000 SHARES	100,000
1	FROM	595001	TO	600000 SHARES	600,000
1	FROM	745001	TO	3065000 SHARES	750,000
1	FROM	3065001	TO	3070000 SHARES	3,067,390
913					5,264,895

CATEGORIES OF SHAREHOLDERS AS OF 31st MARCH 2003

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF SHAREHOLDING
Directors, CEO, their Spouse and Minor Children	115,205	2.19%
Executive	200	-
Associated Company		
Eixide Pakistan Ltd.	3,067,390	58.26%
Financial Institutions		
National Bank of Pakistan - Trustee (NIT)	600,000	11.40%
Investment Corporation of Pakistan	8,100	0.15%
First U.D.L. Mudaraba	52,000	0.99%
Joint Stock Companies	20,400	0.38%
Fereign Company-Furukawa Battery Co. Ltd. Japan	750,000	14.25%
General Public	651,600	12.38%
Total paid up capital in shares	5,264,895	100.00%

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH 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 AUTOMOTIVE BATTERY COMPANY LIMITED to comply with the Listing Regulations of the Karachi 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 of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We 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 except for the aspects of the Statement of Compliance with the best practices of Corporate Governance, which are in the process of implementation, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance to the Code of Corporate Governance to the extent it is presently applicable in all material respects, with the best practices contained in the Code of Corporate Governance.

SHAKIR & COMPANY

CHARTERED ACCOUNTANTS

Karachi June 23, 2003

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Automotive Battery Company Limited as at March 31, 2Q03 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 Company's Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) In our opinion :

i) The balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2003 and of the profit, its cash flows and changes in equity for the year then ended; and

d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVI11 of 1980).

SHAKIR & COMPANY

CHARTERED ACCOUNTANTS

Karachi June 23, 2003

AUTOMOTIVE BATTERY COMPANY LIMITED

BALANCE SHEET AS AT MARCH 31, 2003

	Note	2003 Rupees	2002 Rupees
SHARE CAPITAL			
AUTHORISED CAPITAL			
8,000,000 Ordinary shares of Rs. 10 each		80,000,000	80,000,000
Issued, subscribed and paid-up capital	3	52,648,950	52,648,950
Accumulated loss		-10,800,208	-19,132,249
		41,848,742	33,516,701
SURPLUS ON REVALUATION OF FIXED ASSETS			
	4	7,695,069	15,006,479
LONG-TERM LOAN			
	5	-	11,746,500
OBLIGATION UNDER FINANCE LEASE			
	6	558,128	795,286
DEFERRED LIABILITIES			
	7	6,564,871	2,930,504
CURRENT LIABILITIES			
Short-term financing	8	36,177,353	39,133,079
Current portion of long-term liabilities	9	11,983,658	11,945,029
Creditors, accrued & other liabilities	10	26,856,841	25,013,989
		75,017,852	76,092,097
CONTINGENCIES AND COMMITMENTS			
	11	-	-

131,684,662 140,087,567

The annexed notes form an integral part of these accounts.
The Auditors' Report is annexed hereto.

	Note	2003 Rupees	2002 Rupees
TANGIBLE FIXED ASSETS			
Operating assets	12	55,998,699	59,790,536
LONG-TERM DEPOSITS	13	387,200	423,200
CURRENT ASSETS			
Stores and spares		3,579,225	4,420,823
Stock-in-trade	14	32,760,282	32,111,515
Trade debts (unsecured considered good)	15	26,352,825	28,347,329
Loans, advances, short-term prepayments and other receivables	16	3,840,547	5,349,894
Trade & other deposits	17	1,371,845	1,807,850
Cash and bank balances	18	7,394,039	7,836,420
		75,298,763	79,873,831
		131,684,662	140,087,567

ARIF HASHWANI
Chairman

ARSHAD SHAHZADA
Chief Executive

AUTOMOTIVE BATTERY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003

	Note	2003 Rupees	2002 Rupees
Net Sales	19	243,256,392	237,011,080
Cost of Sales	20	211,261,992	210,202,363
Gross Profit		31,994,400	26,808,717
Administrative and marketing expenses	21	20,216,001	18,368,039
Operating profit		11,778,399	8,440,678
Other income	22	385,996	113,405
		12,164,395	8,554,083
Financial charges	23	5,690,599	8,424,460
Workers' profit participation fund		323,690	6,481
Workers' welfare fund		123,002	2,463
Workers' welfare fund - prior years		147,270	-
		6,284,561	8,433,404
Profit before taxation		5,879,834	120,679
Taxation	24	1,244,769	864,482
Profit / (Loss) after taxation		4,635,065	-743,803
Loss brought forward		-19,132,249	-18,388,446
Amount of incremental depreciation (including depreciation charged in respect of prior years) arising due to surplus on revaluation of fixed assets transferred to unappropriated profit.	4	3,696,976	-
Loss carried forward		-10,800,208	-19,132,249
Earnings / (Loss) per share	31	0.88	-0.14

The annexed notes form an integral part of these accounts

ARIF HASHWANI
Chairman

ARSHAD SHAHZADA
Chief Executive

AUTOMOTIVE BATTERY COMPANY LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2003

	Note	2003 Rupees	2002 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	27	21,866,902	18,036,881
Staff gratuity paid		-52,822	-150,643
Financial charges paid		-6,233,264	-8,975,280
Finance charges on leased asset		-132,388	-312,140
Taxes (paid) / refundable		46,756	-2,278,661

Net cash inflow from operating activities	15,495,184	6,320,157
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-1,891,810	-1,741,617
Proceeds from sale of fixed assets	819,000	1,005,000
Long-term deposits	36,000	520,100
Net cash outflow from investing activities	-1,036,810	-216,517
CASH FLOW FROM FINANCING ACTIVITIES		
Leased assets	-	1,139,000
Repayment of long-term loan	-11,746,500	-10,442,580
Repayment of liability under finance lease	-198,529	-905,000
Net cash outflow from financing activities	-11,945,029	-10,208,580
Net increase /(decrease) in cash and cash equivalents	2,513,345	-4,104,940
Cash and cash equivalents at beginning of the year	-31,296,659	-27,191,719
Cash and cash equivalents at end of the year	28 -28,783,314	-31,296,659

The annexed notes form an integral part of these accounts.

ARIF HASHWANI
Chairman

ARSHAD SHAHZADA
Chief Executive

AUTOMOTIVE BATTERY COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2003

	share capital	unappropriated Profit / (Loss) ----- Rupees -----	Total
Balance at March 31, 2001	52,648,950	-18,388,446	34,260,504
Loss for the year	-	-743,803	-743,803
Balance at March 31, 2002	52,648,950	-19,132,249	33,516,701
Profit for the year	-	4,635,065	4,635,065
Transferred from surplus on revaluation of fixed assets to accumulated losses for :			
-Prior years	-	3,361,349	3,361,349
-Current year	-	335,627	335,627
	-	3,696,976	3,696,976
Balance at March 31, 2003	52,648,950	-10,800,208	41,848,742

The annexed notes form an integral part of these accounts.

ARIF HASHWANI
Chairman

ARSHAD SHAHZADA
Chief Executive

AUTOMOTIVE BATTERY COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2003.

1. THE COMPANY AND ITS OPERATION

The Company has been incorporated in Karachi as a Public Limited Company on October 28, 1984, and its shares are quoted on the Karachi Stock Exchange. The Company has setup an automotive battery manufacturing plant located at Hub Industrial Estate, District Lasbella, in the Province of Balochistan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Accounting Standards (IASs) issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standing Interpretations Committee of the IASC (the interpretations), as adopted in Pakistan and the requirements of the Companies Ordinance, 1984.

2.2 Accounting convention

These accounts have been prepared under historical cost convention.

2.3 Taxation

The charge for current taxation is based on taxable income at the current rate of taxation.

As per requirements of the IAS, the Company now also recognizes deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related surplus.

2.4 Staff retirement benefits

(a) The Company operates a funded gratuity scheme covering all its employees. Provision is made annually to cover the obligations under the scheme. Based on the working of liability as at March 31, 2003 using actuarial assumption of 10% discount rate and 9% expected rate of salary increase in future, the management is of the opinion that the carrying amount of the liability recognized at balance sheet date approximates the amount required to settle the liability.

(b) There is an approved contributory provident fund for all employees.

2.5 Fixed assets

Owned

Operating fixed assets except leasehold land are stated at cost less accumulated depreciation. Buildings are stated at revalued amount less accumulated depreciation. Leasehold land are stated at cost/revalued amount.

Depreciation is charged applying the reducing balance method and rates are stated in Note 12 to the accounts.

Maintenance and normal repairs are charged to income. Major renewals and improvements are capitalized and the assets so replaced, if any are retired.

Gains and losses on disposal of assets are included in the Profit & Loss Account.

Leased

The Company accounts for assets acquired under finance lease by recording the assets and related liabilities. Finance charge is allocated to accounting period in a manner so as to produce a constant periodic rate of charge on the outstanding liabilities.

2.6 Stores, spares and loose tools

These are valued at average cost. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.7 Stock-in-trade

These are valued at lower of the cost or net realizable value. Cost in relation to raw materials is determined on average basis. Cost in relation to work in process and finished goods represents direct cost of materials, wages and an appropriate portion of production overheads and the related excise duty where applicable. Stock-in-transit are valued at cost comprising invoice values plus other charges incurred thereon.

2.8 Trade Debts

Debts considered irrecoverable, if any, are written off and provision is made for debts considered doubtful.

2.9 Revenue recognition

Sales are recorded on despatch of goods to customers.

3. ISSUED, SUBSCRIBED & PAID-UP CAPITAL

	2003	2002
	Rupees	Rupees
4,964,895 Ordinary Shares of Rs. 107- each fully paid in cash	49,648,950	49,648,950
300,000 Ordinary Shares of Rs. 10/- each other than cash	3,000,000	3,000,000
	<u>52,648,950</u>	<u>52,648,950</u>

Holding Company, Messrs Exide Pakistan Limited holds 3,067,390, Ordinary Shares in the Company.

SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book values resulting from the revaluation of fixed assets carried

out in 1996

	2003 Rupees	2002 Rupees
Balance as at April, 1	15,006,479	15,006,479
Less: Transferred to unappropriated profit on account of incremental depreciation charged in prior years - Note 4.1	3,361,349	15,006,479
	11,645,130	
Related deferred taxation-Note 2.3	-3,614,434	-
Less: Transferred to unappropriated profit on account of incremental depreciation for the year net of deferred taxation (Note 4.1)	8,030,696	15,006,479
	335,627	-
Balance as at March, 31	7,695,069	15,006,479

5. LONG-TERM LOAN

	2003 Rupees	2002 Rupees
PICIC	23,493,000	33,935,580
Repaid during the year	-11,746,500	-10,442,580
	11,746,500	23,493,000
Current portion	-11,746,500	-11,746,500
	-	11,746,500

5.1 PICIC Loan (Secured)

5.1.1 The loan is secured by:

- a) A first floating charge on all its movable properties and other assets.
- b) Hypothecation in respect of all the machinery both present and future.
- c) Equitable mortgage on present and future movable and immovable properties wherever situated including all buildings, fixed plants, machinery and fixtures.

5.1.2 Interest free deferred debt Rs. 11,746,500

- a) The debt is repayable in two half yearly installments.
- b) No interest/penal interest will be charged on this debt unless there is default in its repayment.

5.1.3 Any time during the subsistence of its loan, PICIC shall have the right to convert, at par 20% of the loan into shares of the company provided that conversion of loan into Capital will not exceed 25% of the paid-up capital of the company. In the case of interest free deferred debt PICIC shall have the right to convert this amount of deferred debt, in full or in part, into fully paid-up ordinary shares of the company at any time during the outstanding period of deferred debt. These shares will be issued at par, will enjoy voting rights and will be entitled to all benefits.

6. OBLIGATION UNDER FINANCE LEASE

	Note	2003 Rupees	2002 Rupees
Opening balance		993,815	1,393,815
Addition during the year		-	1,139,000
Repaid during the year		-198,529	-1,539,000
		795,286	993,815
Current portion due within the following 12 months (6.1)		-237,158	-198,529
		558,128	795,286

6.1 The future minimum lease payments due under the agreement is as follows:

	Note	2003 Rupees	2002 Rupees
Payable in 2003-2004		795,286	993,815

Finance charges allocated to future periods:	-558,128	-795,286
	237,158	198,529
Classified as under:		
Long-term obligation under finance lease	558,128	795,286
Current obligation under finance lease	237,158	198,529
	795,286	993,815

The total lease rentals due under the various Lease Agreements are payable in equal monthly installments latest by 2005. Overdue rental payments are subject to an additional charge of Rs. 287- per day. Taxes, repairs, replacements and insurance costs are to be borne by the lessee. Finance charge at the rate of approximately 18%p.a. is included in the monthly rent and is charged to income.

7. DEFERRED LIABILITIES	Note	2003	2002
		Rupees	Rupees
Deferred Taxation		3,433,713	—
Premium payable to L.I.E.D.A.		242,000	242,000
Staff gratuity		2,889,158	2,688,504
		6,564,871	2,930,504
8. SHORT-TERM FINANCING			
Running finance from banks		36,177,353	39,133,079

The Company has arranged short-term running finance from Banks on markup basis. Under these arrangements the company can avail finances aggregating upto Rs. 58.00 Million (2002 Rs. 58.00 Million). The finances under these arrangements are secured against pledge of Raw Materials, hypothecation of stock and a charge duly registered with the Securities and Exchange Commission of Pakistan and personal guarantees of Directors. The rate of Markup charged by the Bank ranges from 20 paisas to 41 paisas (2002 38 paisas to 47 paisas) per Rs. 1000 per day calculated on daily product basis.

9. CURRENT PORTION OF LONG-TERM LIABILITIES	Note	2003	2002
		Rupees	Rupees
Pakistan Industrial Credit & Investment Corporation Ltd.		11,746,500	11,746,500
Obligation under finance lease		237,158	198,529
		11,983,658	11,945,029

10. CREDITORS, ACCRUED & OTHER LIABILITIES	Note	2003	2002
		Rupees	Rupees
Creditors		13,988,335	10,226,551
Accrued liabilities		10,261,143	9,869,466
Accrued markup on secured loan - running finance		1,176,363	1,851,496
Sales tax payable		1,107,310	3,059,995
Workers' profit participation fund		323,690	6,481
		26,856,841	25,013,989

10.1 Workers' Profit Participation Fund			
Balance at April 1		6,481	270,923
Allocation for the year - Note 10		323,690	6,481
		330,171	277,404
Interest on funds utilised in the Company's business		347	19,803
		330,518	297,207
Less : Amount paid		6,828	290,726
Balance at March 31		323,690	<u>6,481</u>

11. CONTINGENCIES AND COMMITMENTS			
i) Letters of Credit outstanding		4,486,900	3,208,300
ii) Bank Guarantees given by Bank of Tokyo Mitsubishi Limited, Soneri Bank Limited and Muslim Commercial Bank Limited on behalf of the Company		252,500	996,470
iii) Insurance Guarantees/ Indemnity Bonds		860,583	1,475,989
iv) Income Tax Liability (Refer Note No. 24)		24,000,000	24,000,000

12. OPERATING ASSETS

12.1 The following is a statement of operating assets

PARTICULARS	Cost or revaluation as at April 01, 2002	Additions /(deletions)	Cost or revaluation as at March 31, 2003	Accumulated depreciation as at April 01, 2002	Depreciation for the year/ (Accumulated depreciation on deletions)	Accumulated depreciation as at March 31, 2003	Book value as at March 31, 2003	Rate of Depreciation % per annum
Leasehold land					----- Rupees -----			
-At HITE Hub Chowki	3,500,000	-	3,500,000	-	-	-	3,500,000	-
-At SITE-Nooriabad	1,384,668	-	1,384,668	-	-	-	1,384,668	-
Factory buildings	22,706,661	-	22,706,661	5,568,682	856,899	6,425,581	16,281,080	5
Plant and machinery	124,834,310	71,000	124,905,310	90,282,224	3,462,309	93,744,533	31,160,777	10
Office equipment	815,362	45,410	860,772	526,514	33,426	559,940	300,832	10
Furniture & fixtures	1,265,131	-	1,265,131	932,901	33,223	966,124	299,007	10
Vehicles	3,804,910	1,706,000	4,617,552	2,761,808	443,879	2,842,035	1,775,517	20
		-893,358			-363,652			
Computers	1,106,005	69,400	1,175,405	579,482	119,185	698,667	476,738	20
Assets held under finance lease								
Vehicles	1,139,000	-	1,139,000	113,900	205,020	318,920	820,080	20
March 31, 2003	160,556,047	1,891,810	161,554,499	100,765,511	5,153,941	105,555,800	55,998,699	
		-893,358			-363,652			
March 31, 2002	160,483,430	8,081,617	160,556,047	95,722,654	5,820,262	100,765,511	59,790,536	
		-8,009,000			-777,405			

12.2 Depreciation charged for the year has been allocated as follows:

	Note	2003 Rupees	2002 Rupees
Cost of goods sold (Note 20.1)		4,896,244	5,529,248
Administrative & marketing expenses (Note 21)		257,697	291,014
		5,153,941	5,820,262

12.3 Revaluation of leased hold land & building was carried out on 30th September 1996 which produced revaluation surplus of Rs. 15 million. The surplus of Rs. 15 million has been added to the value of such asset and corresponding amount has been credit to the Surplus on Revaluation of Fixed Assets.

12.4 Original cost 10,848,709

The amount of increased figure 25,855,188

Date of revaluation 30th Sept. 1996

Basis of revaluation Current market value

Name and qualification of the independent valuers IWs. Iqbal A. Nanjee & Co. Valuation consultants and surveyors

12.5 Had there been no revaluation, the figures of leasehold land and building would have been as follows:

	Cost as on March 31, 2003	Accumulated depreciation as on March 31, 2003	Book value as on March 31, 2003
Leasehold land	2,181,825	-	2,181,825
Building	17,075,034	10,604,560	6,470,474

12.6 Moulds for containers, lids and vent plugs amounting to Rs. 9.5 million included in the Plant and Machinery above are held by Mandviwalla Mauser Plastic Industries Ltd. and Simla Plastic Works, who use the moulds for manufacturing plastic containers, lids and vent plugs for the Company.

12.7 The following operating assets were disposed off during the year :

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on sale of fixed assets	Particulars of buyers
Vehicles						
Suzuki Hiroof	362,000	130,320	231,680	365,000	133,320	Babu Saeed Battery
Suzuki Khyber	184,358	167,532	16,826	144,000	127,174	Zaka-ur-Rehman Shah
Suzuki Mehran	347,000	65,800	281,200	310,000	28,800	Insurance Claim
Total	893,358	363,652	529,706	819,000	289,294	

13. LONG-TERM DEPOSITS

	Note	2003 Rupees	2002 Rupees
Utilities & others deposits		387,200	423,200
14. STOCK-IN-TRADE			
Raw & Packing materials and components (Note 14.1)		5,196,853	9,128,725
Work-in-process		6,578,419	6,340,934
Finished goods		12,241,723	14,993,875
Goods-in-transit		8,743,287	1,647,981
		32,760,282	32,111,515

14.1 Raw materials and components amounting to Rs. 0.245 million were held by Mandviwalla Mauser Plastic Industries Ltd. and Simla Plastic Works who under an arrangement with the Company, manufacture Plastic Containers, Lids and Vent Plugs for the Company.

	Note	2003 Rupees	2002 Rupees
15. TRADE DEBTORS (UNSECURED)			
Considered good (Note 15.1)			
Due from associated undertaking			
-Exide Pakistan Limited		-	728,641
-Others		26,352,825	27,618,688
Considered doubtful debts		793,992	-
		27,146,817	28,347,329
Provision of doubtful debts		-793,992	-
		26,352,825	28,347,329

15.1 Due from associated undertakings includes Rs. Nil (2002 Rs. 728,641)

15.2 Maximum amount due from associated undertaking at the end of any month during the year was Rs. 3,949,175 (2002 Rs. 4,465,243)

16. LOANS, ADVANCES, SHORT-TERM PREPAYMENTS & OTHER RECEIVABLES

	Note	2003 Rupees	2002 Rupees
Loans to staff and workers (considered good)		226,124	290,406
Advance to staff for expenses (considered good)		5,580	179,915
Advances to suppliers (considered good)		6,505	36,170
Income tax deducted at source		3,293,887	4,766,133
Octroi refundable		-	77,270
Other receivable - insurance claim		308,451	-
		3,840,547	5,349,894
17. TRADE AND OTHERS DEPOSITS			
Advance for excise duty/sales tax		354,111	164,221
Margin deposits (Bank guarantee)		384,769	571,511
Earnest money/licence fee		632,965	1,072,118
		1,371,845	1,807,850
18. CASH AND BANK BALANCES			
Imprest accounts		86,873	112,902
Balance with banks in current accounts/cheques in-hand under realization		7,307,166	7,723,518
		7,394,039	7,836,420
19. SALES			
Local		263,141,495	271,149,275
Less: Discounts on battery sales		19,885,103	34,138,195
		243,256,392	237,011,080

	Note	2003 Rupees	2002 Rupees
20. COST OF SALES			
Opening stock		14,993,875	20,536,469
Purchases		1,743,486	859,140
		16,737,361	21,395,609
Cost of goods manufactured (Note 20.1)		210,166,880	207,635,739
		226,904,241	229,031,348
Cost of batteries replaced		3,400,526	3,835,110
Closing stock		12,241,723	14,993,875
		15,642,249	18,828,985

211,261,992 210,202,363

20.1 Cost of goods manufactured		
Raw and packing materials and components:		
Opening stock	9,128,725	5,756,495
Purchases (Net)	108,374,522	93,733,169
	117,503,247	99,489,664
Closing stock	5,196,853	9,128,725
Raw and packing materials and components consumed	112,306,394	90,360,939
Work-in-process as on April 01	6,340,934	6,598,375
Stores and spares consumed	4,758,627	4,537,689
Salaries, wages & benefits (Note 20.2)	22,213,695	18,937,846
Fuel, power and water	14,167,358	12,027,402
Insurance	632,776	558,596
Rent, rates and taxes	133,991	135,250
Repairs and maintenance	1,281,773	1,222,409
Royalty	1,543,257	1,543,598
Excise duty	4,715,111	25,829,781
Sales tax	36,748,729	38,284,916
Conveyance and transportation	361,143	242,779
Depreciation	4,896,244	5,529,248
Battery guarantee claims	6,046,458	7,637,045
Miscellaneous	598,809	530,800
	216,745,299	213,976,673
Work-in-process as on March 31	6,578,419	6,340,934
	210,166,880	207,635,739

20.2 Staff retirement benefits

Salaries, wages and benefits include Rs. 719,383 (2002: Rs. 694,632) in respect of staff retirement benefits.

21. ADMINISTRATIVE AND MARKETING EXPENSES	Note	2003	2002
		Rupees	Rupees
Salaries and benefits (Note 21.1)		7,907,286	7,940,641
Electricity and gas		231,928	229,508
Travelling, entertainment & Conveyance		829,620	1,011,418
Vehicle running expenses		879,339	927,146
Carriage and forwarding expenses		4,212,859	3,803,063
Rent, rates and taxes		443,500	441,290
Repairs and maintenance		397,785	56,117
Legal and professional expenses		55,863	377,500
Auditors' remuneration (Note 21.2)		358,410	132,435
Postage, telephone and telex		611,604	680,820
Printing and stationery		500,663	417,707
Depreciation		257,697	291,014
Provision for doubtful debts		793,992	-
Advertisement and publicity		2,311,543	1,793,037
Miscellaneous		423,912	266,343
		20,216,001	18,368,039

21.1 Staff retirement benefits

Salaries, wages and benefits include Rs. 348,569 (2002: Rs. 228,632) in respect of staff retirement benefits.

21.2 Auditors' remuneration	Note	2003	2002
		Rupees	Rupees
Audit fee		75,000	45,000
Taxation services		185,925	-
Audit of provident, gratuity & workers profit participation fund		25,125	15,075
Registrar services		72,360	72,360
		358,410	132,435
22. OTHER INCOME			
Gain on sale of fixed assets		289,294	113,405
Scrap sales		96,702	-
		385,996	113,405

23. FINANCIAL CHARGES

Interest/Markup on :		
P.I.C.I.C.	-	743,321
Running finance	5,266,833	6,977,476
Finance charges on leased assets	132,388	312,410
Workers' profit participation fund	347	19,808
Bank charges	291,031	371,445
	5,690,599	8,424,460

24. TAXATION

	2003	2002
	Rupees	Rupees
Current	1,425,490	864,482
Deferred	-180,721	-
	1,244,769	864,482

24.1 The Company's income tax assessments have been finalized upto assessment year 2001-2002, and the Company's claim for carry over of tax holiday losses beyond the tax holiday period for set off against the profits of taxable period has been adjudicated by the Income Tax Appellate Tribunal in the Company's favour and on a reference application for assessment year 1988-89 by the Income Tax Department, the Tribunal has referred the question of law to the honorable Sindh High Court. Based on the legal advice, the company expects the final outcome to be in its favour. Therefore, tax provision has been calculated on the basis that Tax Holiday losses would be set off against the current year's income. Should however, the Company's stand, not being accepted, the further estimated tax liability upto the tax year 2003 would work out to Rs. 24.0 million approximately. In the opinion of the Directors and in view of the initial success upto the Tribunal stage and supporting legal opinion, further tax provision would not be eventually necessary.

25. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amount charged in the accounts for the year for remuneration, including all benefits, to the chief executive, director and executives of the company were as follows :

	Chief Executive	2003 Director	Executives	Chief Executive	2002 Director	Executives
	(Rupees)					
Managerial remuneration	997,986	248,500	2,295,575	943,860	150,283	2,194,950
Retirement benefits	127,179-		355,045	150,986-		321,823
Housing conveyance & utilities	480,144	136,675	1,308,906	439,232	82,655	1,191,340
Medical reimbursement	66,488-		265,290	59,941-		225,839
Leave fare assistance	37,513-		171,000	37,632		122,500
	1,709,310	385,175	4,395,816	1,631,651	232,938	4,056,452
Number of Persons	1	1	14	1	1	12
Meeting fee to Other Directors	0	0	0	0	0	0
Number of Persons	0	0	0	0	0	0

In addition the Chief Executive, Director and certain executives are provided with free use of the Company maintained cars and residential telephones in accordance with their entitlement.

26. TRANSACTIONS WITH ASSOCIATED UNDERTAKING

	Note	2003	2002
		Rupees	Rupees
Sales to		14,791,363	24,047,549
Purchases from		4,264,250	988,006
Sales tax		-492,029	-128,866
Net purchases		3,772,221	859,140
Expenses charged by		553,191	598,063
Expenses charged to		69,666	76,105

27. CASH GENERATED FROM OPERATIONS

Profit before taxation	5,879,834	120,679
Adjustments for non-cash charges and other items:		
Security deposit	-	-634,000
Depreciation	5,153,941	5,820,261
Profit on sales of fixed assets	-289,294	-113,405

Provision for staff gratuity	253,471	127,000
Financial charges	5,558,131	8,098,015
Financial charges on leased assets	132,388	312,410
Working capital changes (Note 27.1)	5,178,431	4,305,921
	21,866,902	18,036,881
27.1 Working Capital Changes		
(Increase)/decrease in current assets:		
Spares	841,598	1,032,585
Stock-in-trade	-648,767	6,265,415
Trade debts	1,994,504	-217,400
Loans and advances	37,101	153,265
Trade and other deposits	436,005	889,571
	2,660,441	8,123,436
Increase/(decrease) in current liabilities:		
Creditors, accrued and other liabilities (excluding accrued mark-up)	2,517,990	-3,817,515
	5,178,431	4,305,921
28. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprises of the following balance sheet amounts :		
Cash and bank balances	7,394,039	7,836,420
Short-term finance utilized under mark-up arrangements	-36,177,353	-39,133,079
	-28,783,314	-31,296,659

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**29.1 Financial assets and liabilities**

	Interest/markup bearing			Non Interest/markup bearing			Total 2003	Total 2002
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
Financial Assets								
Deposits	-	-	-	-	387	387	387	423
Trade debtors	-	-	-	26,352	-	26,352	26,352	28,347
Loans and advances	-	-	-	238	-	238	238	506
Other receivables	-	-	-	308	-	308	308	77
Cash & bank balances	-	-	-	7,394	-	7,394	7,394	7,836
Financial Liabilities								
Long-term loan	-	-	-	11,746	-	11,746	11,746	23,493
Short-term finances	36,177	-	36,177	-	-	-	36,177	39,133
Creditors and accrued liability	-	-	-	26,857	-	26,857	26,857	25,014

29.2 Risk management**(a) Interest rate risk**

The financial liabilities comprise long term loans. Applicable rates of interest have been indicated in Note 4.

(b) Concentration of credit risk:

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. All the financial assets except cash in hand, are subject to credit risk. 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.

(c) Foreign exchange risk management:

Foreign currency risk arises mainly where receivables and payables exist due to transaction with foreign undertakings.

29.3 Fair value of financial assets and liabilities

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

30. NUMBER OF EMPLOYEES

The total number of employees as at the balance sheet date were 189 (2002 : 191)

31. EARNINGS PER SHARE

	2003	2002
Net profit / (loss) after taxation	Rs. 4,635,065	Rs. (743,803)
Weighted average numbers of ordinary shares	5,264,895	5,264,895
Earnings per share	Rs. 0.88	Rs. (0.14)

32. GENERAL

32.1 The production capacity of the factory cannot be precisely determined as it depends on the proportion of different types of batteries produced which varies in relation to the consumer demand.

32.2 The figures have been rounded off to the nearest rupee.

32.3 Previous year's figures have been rearranged and reclassified wherever necessary for the purpose of comparison.