

Atlas Battery Limited

(Annual Report 1996)

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Company Information

Chairman

Yusuf H. Shirazi

Directors

Aitzaz Shahbaz

M. Habib-ur-Rahman

Iftikhar H. Shirazi

M. Iwai

Shahid Anwar

Vazeer Ali

Chief Executive

Vazeer Ali

Secretary

M. Atta Karim

General Manager (Tech)

M. Khalid Jilani

Chairman Group Personnel Committee

Nasim S. Mirza

Chairman Group Audit Committee

Sanaullah Qureshi

Auditors

Hameed Chaudhri & Co.

(Chartered Accountants)

Bankers

National Bank of Pakistan
Muslim Commercial Bank Limited
Bank of Tokyo-Mitsubishi Limited

Registered Office (Factory)

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

Group Executive Committee

Chairman

Yusuf H. Shirazi

Members

Jawaid Iqbal Ahmed
Frahim Ali Khan
Iftikhar H. Shirazi
Aamir H. Shirazi

Secretary

Amjad Hussain

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at 09.00 a.m. on Monday December 23, 1996 at 8th Floor, Adamjee House, I.I. Chundrigar Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm Minutes of the Extraordinary General Meeting held on April 23, 1996.
2. To consider and adopt the audited accounts of the company for the year ended June 30, 1996 together with the Directors' and Auditors' Report thereon.
3. To consider and approve the recommendation of Directors for payment of dividend at the rate of 25% (Rs. 2.50 per Share) for the year ended June 30, 1996.
4. To appoint Auditors for the year 1996-97 and fix their remuneration.
5. To transact any other business with the permission of the Chair.

Notes:

1. The Share Transfer Books of the Company will remain closed from December 15, 1996 to December 23, 1996 (both days inclusive). Transfers received in order at the registered office of the company by December 14, 1996 will be in time for the purpose of entitlement for payment of the dividend to the transferee.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf Proxies in order to be effective must be received at the Registered Office of the Company not less than 48

hours before the time appointed for meeting.

3. The members are requested to please communicate to the company any change in their mailing address immediately.

Chairman's Review

It is my great pleasure to present the 30th Annual Report of your Company for the year ended June 30, 1996 and review its performance.

THE BATTERY INDUSTRY

The organized sector of the battery industry in the country showed a negligible growth of 1.1% (~ as compared to 11.5% in the preceding year. The imposition of higher taxes on locally produced batteries, lowering of taxes on import of batteries, influx through Afghan transit trade, smuggling and replating were the main reasons for the low growth.

The total estimated demand of automotive batteries in Pakistan for 1995-96 was about 1.15 million units against which the organized sector supplied 0.87 million units - about 76%. The rest of the demand - about 24% was met by smuggling and replating which does not come under the ambit of the tax net and thus becomes competitive in the market. This is causing a great deal of loss not only to the battery industry, but also to the Government; loss of revenue on account of excise duty, custom duty, sales tax and income tax. This is a chronic situation which if continued will have an adverse impact on the organized sector and loss of revenue to the Government unless appropriate measures are taken at the Government level.

OPERATIONAL RESULTS

The Company was able to face the unfavourable operating environment as stated above and succeeded, however, in showing an overall improved and satisfactory performance during the year under report. Sales revenue increased to Rs 339.6 million, up by 31.6% over the corresponding year, on account of volume growth, price increase and better sales mix. Against the battery industry growth of 1.1% the company achieved a volume growth of 11.7% which is creditable.

The gross profit for the year was Rs 76.8 million, up by 23.7%, over 1994-95. However, the overall cost push due to general inflation, unprecedented

increase in the prices of major imported raw materials, continuous depreciation in the value of Pak Rupee and increase in import levies reduced the gross profit margin for the year under review to 22.6% of sales as compared to 24.1% in the preceding year. However it was 24.0% for the six months ended June 30, 1995. The fierce market competition, under-invoiced imports, replating and smuggling did not allow us to fully pass on the total cost increases to the customers and the Company had to absorb a part of it. Thus the volume increase could not contribute fully to the bottom line and some incremental advantage was lost.

Administration, selling and distribution expenses for the period were Rs 41.5 million compared to Rs. 32.1 million for the year ended June 30, 1995 up by 29.2%, as against a revenue increase of 31.6%. It was Rs. 15.9 million for the six months ended June 30, 1995. The expense as a ratio to sales was contained at 12.2% as against 12.5% in the preceding year. A prudent financial management policy resulted in lower financial cost which was recorded at Rs 7.2 million for the year as compared to Rs. 8.4 million for the preceding period. It was Rs 4.5 million for the six months ended June 30, 1995.

The net result of the operation yielded an increase of 29.5% in profit before tax to Rs 27.2 million compared to Rs 21.0 million in the previous year. It was Rs 8.6 million in the six months ended June 30, 1995. The company achieved a ROE of 32.9% and EPS of Rs 8.0 after tax against 31.1% and Rs 5.8 of the previous year.

Your Company was set up in 1968 with an equity of Rs 3.0 million which has grown to Rs 55.7 million including the reserves and the un-appropriated profits of Rs 32.7 million. During this period the Company has issued bonus shares of Rs. 10.0 million and right shares of Rs 10.0 million. The equity of Rs. 55.7 million is after cash dividend of Rs. 23.5 million upto June, 1996. The current value of the share is quoted at Rs. 60.0 in spite of the depressed stock market.

The Atlas Group's equity, of which your Company is a constituent member, stands at Rs. 1,751.625m on June 30, 1996, the bonus issues are at Rs. 170.317m and right issues at Rs. 126.895m. The cash dividends paid are at Rs. 177.835m. The

Group believes in optimizing profits and ensuring a fair return to the share holders. In 1995 the number of dividend paying companies reduced to 216 out of 764 companies quoted on the Stock Exchanges or 28% against 50% - 270 companies out of 542 quoted in 1991, vide table in the Annual Report on Page 7. Last year in the Atlas Group five out of seven Group companies quoted on the stock exchanges were among the dividend paying companies. Your company was one of them. Your company paid a dividend of 30% (15 % cash and 15 % bonus) in 1993, 20% cash in 1994 and 15%, cash in 1995 for a six months period.

DEVALUATION AND HIGH TAX INCIDENCE

Our economic planners continue to rely upon devaluation as the only measure to boost exports, reduce trade imbalance and minimize inflation. Devaluation or adjustments in the value of the Rupee have become a regular feature. Immediately after setting-up of the Company, it saw cessation of East Pakistan (now Bangladesh) followed by a massive devaluation of 151%. From July 1995, till this date, the value of the Rupee with respect to the Dollar has decreased by 29%. Such formulae have failed in 35 countries out of the 46 countries according to a world bank report. The little success achieved has only been in smaller economies. Invariably among others inflation increased, interest rates soared and industrial growth declined. Whether, this policy has borne the desired results in Pakistan is obvious. Devaluation has generally followed, whereas investment, production and export have not kept pace. Ours is basically an import based economy. Devaluation has always led to increasing existing foreign debt burden, increasing consequently debt servicing, leading to increasing balance of payments problems. In our import based economy the solution lies in hi-tech value-added industrial development, leading to increased investment broadening of technological base, increased productivity, employment and savings. A stable Government policy especially for investment, industry and taxation is fundamental to sustained growth of the economy ensuring productivity of men, machines and materials: Nothing else!

The imposition of regulatory duty of 10% on all imports, increase in the tariff of utilities and other inflationary measures have pushed up our production cost. Further, the Federal Budget, 1996-97, enhanced the rate of Sales Tax from

15% to 18% making the product more expensive, further squeezing the organized market, industry margins, not to speak of the Government's revenues:

(The wrong does wrong; the right, right)

ATLAS PHILOSOPHY AND FUTURE OUTLOOK

Be it as it may, Atlas believes in steady consistent growth. We have traveled a long way to achieve what we are today. Steady growth based on sound management practices has been the hallmark of the Atlas Group. It firmly believes in that ***"everything that is greater in life is the product of slow growth; the greater and higher, the nobler the work; the slower the growth, the surer is its lasting success. Mushrooms attain their full power in a night; Oaks require decades"*** Unless something radical is done, recession is expected to persist in the organized sector of battery market. Fierce competition will continue in a stunted market where growth is adversely affected as a result of smuggling, replating and imports. The rupee depreciation, increase in imported raw material prices and high inflation will create greater pressure on profit margins and working capital. However, your Company is fully geared to meet the future business challenges and endeavour to improve its market share through dedicated and strategic marketing. Our emphasis on quality management, technical pro-efficiency, quality of product and services is expected to produce better results.

Your management is also faced with a capacity constraint. Steps have been undertaken for expansion and modernization of the existing production facilities.

ACKNOWLEDGMENT

On behalf of the Board, I wish to place on record the appreciation for the CEO and his team for their hard work and commitment to high performance. I thank Japan Storage Battery Company Ltd., our joint venture partners, for their continued help and support. May I also thank members of the Board of Directors and the Group Executive Committee for providing the necessary guidance and the banks, financial institutions, dealers, customers and shareholders for the trust and confidence reposed in us.

**Listed Companies Distribution
Dividend, Bonus & Issue of Right Shares**

PARTICULARS	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,
	1991	1992	1993	1994	1995
	Rs in Million	Rs in Million	Rs in Million	Rs in Million	Rs in Million
Paid Up Capital	37,024,343	58,198,532	69,476,146	104,137,242	134,372,315
No. of Listed Companies	542	628	653	724	764
Announcements					
Cash Dividend					
No. of Companies	139	157	138	156	139
% of Total Listed Companies	26.00%	25.00%	21.00%	22.00%	18.00%
Bonus Shares Issued					
No of Companies	36	55	70	57	37
% of Total Listed Companies	7.00%	9.00%	11.00%	8.00%	5.00%
Cash + Bonus Issued					
No. of Companies	42	42	58	42	23
% of Total Listed Companies	8.00%	7.00%	9.00%	6.00%	3.00%
Cash + Right Issued					
No. of Total Companies	26	10	10	15	6
% of Total Listed Companies	5.00%	2.00%	2.00%	2.00%	1.00%
Bonus + Right Issued					
No. of Companies	18	10	14	18	9
% of Total Listed Companies	3.00%	2.00%	2.00%	2.00%	1.00%
Cash + Bonus + Right Issued					
No. of Companies	9	4	3	4	2
% of Total Listed Companies	2.00%	1.00%	0.00%	1.00%	0.00%
Right Shares Offered					
No. of Companies	36	15	16	45	17
% of Total Listed Companies	7.00%	2.00%	2.00%	6.00%	2.00%
Total Companies Announced					
Cash and Bonus	270	278	293	292	216
% of Total Listed Companies	50.00%	44.00%	45.00%	40.00%	28.00%
Total Companies Offered Right					
Issue of Right Shares	89	39	43	82	34
% of Total Listed Companies	16.00%	6.00%	7.00%	11.00%	4.00%

Directors' Report

Your Directors have pleasure to present their report together with the Audited Accounts and Auditors Report thereon for the year ended June 30, 1996.

Financial results are as follows:

Rs. in 000

	1996 12 Months	1995 6 Months
Profit before taxation	27,223	8,569
Provision for taxation		
Current	9,726	3,000
Deferred	(833)	350
	-----	-----
	8,893	3,350
	-----	-----
Profit after tax	18,330	5,219
Unappropriated profit brought forward	154	385
	-----	-----
	18,484	5,604
Appropriations:		
Cash Dividend	5,750	3,450
General Reserve	12,000	2,000
	-----	-----
	17,750	5,450
	-----	-----
Unappropriated profit carried to Balance Sheet	734	154
	=====	=====

DIVIDEND

The Directors are pleased to recommend a Dividend of 25 % (Rs. 2.50 per Share) on the paid up capital of Rs. 23,000,000/- as on June 30, 1996.

CHAIRMAN'S REVIEW

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

DIRECTORS

In accordance with the Companies Ordinance, 1984 the following Directors were unanimously elected at an Extra Ordinary General Meeting held on April 23, 1996 for a period of 3 years;

Mr. Yusuf H. Shirazi
 Mr. Aitzaz Shahbaz
 Mr. Mitsuo Iwai
 Mr. M. Habib-ur-Rahman
 Mr. Shahid Anwar
 Mr. Iftikhar H. Shirazi
 Mr. Vazeer Ali

The Board wishes to place on record its deep appreciation of the services rendered and guidance given by retiring Directors, Mr. Taufiq Ahmed Khan of ICP and Mr. H.U Butt. The Board extends a warm welcome to Mr. Shahid Anwar of ICP and Mr. M. Habib-ur-Rahman.

CHIEF EXECUTIVE OFFICER

Mr. Vazeer Ali has been reappointed with effect from May 21, 1996 as Chief Executive Officer of the Company under Section 199 of the Companies Ordinance, 1984.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 1996 is annexed to this report.

AUDITORS

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

Five Years at a Glance

STATISTICS	(Rs. in million)				
	1992	1993	1994	1995 6 Months	1995-96
Sales	175.14	206.35	260.41	121.97	339.58
Gross Profit	50.63	64.75	66.84	29.31	76.79
Profit before tax	18.43	23.11	23.89	8.57	27.22
Profit after tax	16.67	7.65	15.84	5.22	18.33
Paid up share capital	20.00	20.00	23.00	23.00	23.00
Reserves and unappropriated profit	5.50	10.14	18.38	20.15	32.73
Shareholders' equity	25.50	30.14	4,138	43.15	55.73
Long term debt	17.83	14.51	14.33	14.05	12.58

RATIOS

G.P. to Sales %	28.91	31.38	25.67	24.03	22.61
N.P. before tax to Sales %	1,052	11.20	917	7.03	801
Return on equity before tax %	72.27	7,668	57.73	1,988	48.84
Current ratio	1.08:1	1.16:1	1.27:1	1.24:1	1.17:1
Breakup value per share Rs.	12.75	1,507	17.99	18.76	2,423
Earning per share before tax Rs.	9.21	1,155	10.38	373	11.83

Atlas Group Companies

*Year of Establishment
Acquisition **

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

Auditors' Report to the Members

We have audited the annexed balance sheet of ATLAS BATTERY LIMITED as at June 30,1996 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

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

(b) In our opinion:-

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

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

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

(c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of changes in the financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30,1996 and the profit and the changes in financial position for the year then ended; and

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

BALANCE SHEET

	NOTE	Rupees 1996	1995 Rupees
SHARE CAPITAL			
Authorised Capital			
3,000,000 ordinary shares of Rs. 10 each		30,000,000	30,000,000
		=====	=====
Issued, subscribed & paid up capital	3.1	23,000,000	23,000,000

RESERVES

General reserve	3.2	32,000,000	20,000,000
Unappropriated profit		734,426	154,012
		32,734,426	20,154,012
		-----	-----
		55,734,426	43,154,012
REDEEMABLE CAPITAL	4	5,273,110	7,072,070
LONG TERM LOANS	5	1,601,145	3,061,753
OBLIGATION UNDER FINANCE LEASE	6	5,702,680	3,917,042
DEFERRED LIABILITIES			
Provision for gratuity		1,067,594	927,887
Deferred taxation		6,067,000	6,900,000
		-----	-----
		7,134,594	7,827,887
CURRENT LIABILITIES			
Short term financing	7	42,634,701	32,488,886
Current maturity of long term liabilities	8	4,602,934	4,185,944
Creditors, provisions, accrued charges & other liabilities	9	59,777,536	42,001,825
Provision for taxation		10,075,576	11,034,426
Dividend payable		-	4,600,000
Proposed Dividend		5,750,000	3,450,000
		-----	-----
		122,840,747	97,761,081
CONTINGENT LIABILITIES/ COMMITMENTS	10	-	-
		-----	-----
		198,286,702	162,793,845
		=====	=====

The annexed notes form an integral part of these accounts.

As at June 30, 1996

	NOTE	1996 Rupees	1995 Rupees
FIXED CAPITAL EXPENDITURE			
Operating fixed assets	11	45,863,755	45,402,817
Capital work in progress	12	4,064,499	39,397
		-----	-----
		49,928,254	45,442,214
LONG TERM INVESTMENT	13	3,821,850	-
LONG TERM DEPOSITS	14	410,880	205,880
CURRENT ASSETS			
Stores	15	6,679,126	8,648,524
Stocks	16	80,297,655	57,584,645

Trade debtors	17	16,230,162	19,109,654
Loans, Advances & Prepayments	18	18,207,553	13,651,356
Trade & other deposits	19	4,828,060	4,340,123
Cash & bank balances	20	17,883,162	13,811,449
		-----	-----
		144,125,718	117,145,751
		-----	-----
		198,286,702	162,793,845
		=====	=====

Profit and Loss Account
FOR THE YEAR ENDED JUNE 30, 1996

	NOTE	1996 12 Months Rupees	1995 6 Months Rupees
SALES	21	339,584,543	121,973,501
LESS: COST OF SALES	22	262,788,788	92,657,658
		-----	-----
GROSS PROFIT		76,795,755	29,315,843
OPERATING EXPENSES			
Administrative	23	8,751,375	3,381,291
Selling and distribution	24	32,757,462	12,492,484
		41,508,837	15,873,775
		-----	-----
OPERATING PROFIT		35,286,918	13,442,068
LESS: OTHER CHARGES			
Financial expenses	25	7,231,645	4,520,061
Workers' profit participation fund		1,461,783	460,023
Workers' welfare fund		544,468	171,381
		-----	-----
		9,237,896	5,151,465
		-----	-----
		26,049,022	8,290,603
MISCELLANEOUS INCOME	26	1,174,392	278,461
		-----	-----
PROFIT FOR THE YEAR/PERIOD BEFORE TAXATION		27,223,414	8,569,064
PROVISION FOR TAXATION			
Current		9,726,000	3,000,000
Deferred		(833,000)	350,000
		-----	-----
		8,893,000	3,350,000
		-----	-----
PROFIT FOR THE YEAR/PERIOD AFTER TAXATION		18,330,414	5,219,064
UNAPPROPRIATED PROFIT			
BROUGHT FORWARD		154,012	384,948

	-----	-----
	18,484,426	5,604,012
APPROPRIATIONS:		
Transfer to General reserve	12,000,000	2,000,000
Proposed dividend @ 25 %(1995: 15%)	5,750,000	3,450,000
	-----	-----
	17,750,000	5,450,000
UNAPPROPRIATED PROFIT CARRIED	-----	-----
TO BALANCE SHEET	734,426	154,012
	=====	=====

The annexed notes form an integral part of these accounts.

Statement of Changes in Financial Position
(CASH FLOW STATEMENT)
FOR THE YEAR ENDED JUNE 30, 1996

Net cash (out flow)/inflow from operating activities	41,131,566	(3,914,503)
Return on investments and servicing of finance		
Markup/interest paid	(6,466,561)	(1,514,221)
Finance charges on leased assets	(1,049,999)	(403,859)
Dividend paid	(7,796,041)	(4,185)
	-----	-----
Net cash outflow from return on investments and servicing of finance	(15,312,601)	(1,922,265)
Taxation		
Taxes paid (including tax deducted at source)	(16,418,360)	(2,170,131)
Investing activities		
Purchase of fixed assets	(8,158,613)	(2,309,713)
Sale of fixed assets	2,613,821	289,317
Investments	(3,821,850)	-
Long term deposits	(205,000)	-
	-----	-----
	(9,571,642)	(2,020,396)
	-----	-----
	(171,037)	(10,027,482)
Net cash flow before financing activities		
Financing activities		
Increase/decrease in short term borrowing	10,145,815	13,457,071
Repayment of redeemable capital/loans and debentures	(3,046,498)	(1,393,056)
Repayment of obligation under finance leases	(2,394,192)	(1,370,706)
Deposits paid on assets acquired on lease	(462,375)	(290,640)
	-----	-----
Net cash flow from financing activities	4,242,750	10,402,669
	-----	-----
Increase in cash & cash equivalents	4,071,713	375,187

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Statement of Changes in Financial Position

	1996 12 Months Rupees	1995 6 Months Rupees
1. Reconciliation of operating profit to net cash flow from operating activities		
Net profit before taxation	27,223,414	8,569,064
Depreciation	6,243,497	2,740,891
Mark up/interest expenses	5,216,177	3,601,628
Profit on sale of fixed assets	(560,996)	(69,713)
Provision for gratuity	143,245	393,081
Finance charges on leased assets	1,049,999	403,859
	-----	-----
Operating profit before working capital changes	39,315,336	15,638,810
Increase/decrease in trade, other receivables and deposits	3,791,244	(14,250,830)
Increase in stores & stocks	(20,743,612)	(10,037,632)
Increase in creditors, provisions, accrued charges & other liabilities	18,772,136	4,735,149
Gratuity paid	(3,538)	--
	-----	-----
	41,131,566	(3,914,503)
	=====	=====

2. Analysis of changes in cash & cash equivalents during the year

Balance as at June 30, 1995	13,811,449	13,436,262
Net cash inflow	4,071,713	375,187
	-----	-----
Balance as at June 30, 1996	17,883,162	13,811,449
	=====	=====

3. Non cash transaction

Assets acquired under finance leases	4,623,750	2,906,400
	=====	=====

Notes to the Accounts**FOR THE YEAR ENDED JUNE 30, 1996****1. THE COMPANY AND ITS OPERATIONS**

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

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting Convention**

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement benefits

The company operates unfunded gratuity scheme for workers. In terms of agreement with workers union the rate of gratuity was increased from 5 days to 8 days of wages for each completed year of service. Provision has been made at the rate of eight days wages for each completed year of service.

2.3 Taxation

Provision for taxation is based on the taxable income if any, at the current rate of taxation after taking into account tax credits available, if any.

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

2.4 Fixed assets and depreciation

Fixed assets other than leasehold land are stated at cost less depreciation. Leasehold land and capital work in progress are stated at cost. Cost in relation to plant and machinery signifies historical cost and exchange differences in respect of foreign currency loans utilised for acquisition thereof.

Fixed assets (including leased assets) other than leasehold land are depreciated on a reducing balance basis, without considering extra shift workings, at the annual rates of 10% to 20% of written down values depending upon the class of assets. The exchange difference relating to plant and machinery at the end of each year is amortised at the normal rates of depreciation.

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

2.5 Accounting for leased assets

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

2.6 Investment

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

2.7 Stores, spares and loose tools

These are valued at average cost.

2.8 Stocks

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

2.9 Foreign currency translation

Liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the

balance sheet date. Exchange gains or losses on translation of foreign currency loans utilised for the acquisition of plant and machinery are included in the cost of plant and machinery. All other exchange differences are included in the income.

2.10 Revenue recognition

Sales are recorded on despatch of goods to the customers.

2.11 Presentation

Figures in these accounts have been rounded off to the nearest rupee.

Figures of the previous period are for the 6 months ended June 30, 1995 and have been rearranged, wherever necessary, for the purpose of comparison

3. SHARE CAPITAL & GENERAL RESERVE

	1996 Rupees	1995 Rupees
3.1 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
1,000,000 Issued as fully paid Bonus Shares	10,000,000	10,000,000
-----	-----	-----
2,300,000	23,000,000	23,000,000
=====	=====	=====

3.2 General Reserve

Balance as at JUNE 30, 1995	20,000,000	18,000,000
Transfer from Profit & Loss account	12,000,000	2,000,000
	-----	-----
Balance as at June 30, 1996	32,000,000	20,000,000
	=====	=====

4. REDEEMABLE CAPITAL

Term Finance Certificates (TFCs) (note 4.1)	5,239,714	6,892,911
Citibank Morabaha Financing (note 4.2)	33,396	179,159
	-----	-----
	5,273,110	7,072,070
	=====	=====

4.1 Term Finance Certificates (TFCs)

Balance as at June 30, 1995	8,347,079	9,008,721
Less redeemed during the year/period.	1,454,168	661,642
	-----	-----
	6,892,911	8,347,079
Less redeemable within the following 12 months	1,653,197	1,454,168
	-----	-----
	5,239,714	6,892,911
	=====	=====

(a) The company has issued Term Finance Certificates (TFCs) to National Investment Trust Limited (NIT) amounting to Rs. 10 million with a corresponding rescheduled

repurchase price of Rs. 20.5 million. While calculating the rescheduled repurchase price mark up at the rate of 15% per annum has been charged.

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

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

4.2 Citibank Morabaha Financing

Balance as at June 30, 1995	323,491	411,508
Repayment during the year/period	(203,827)	(88,017)
	-----	-----
	119,664	323,491
Less instalments due within the following twelve months	86,268	144,332
	-----	-----
	33,396	179,159
	=====	=====

(a) In order to finance motor vehicles for some of the employees under Company car policy, the company and the employees have entered into Morabaha agreements with Citibank N.A.

(b) The Morabaha Finance is repayable in 60/36 equal monthly instalments commencing from November/December, 1992. Markup at the rate of 25.50% to 26.15% per annum has been charged.

(c) The Morabaha Finance is secured against hypothecation of vehicles and demand promissory notes.

5. LONG TERM LOANS

PICIC Loan	(Note 5.1)	--	1,175,143
NDFC Loan	(Note 5.2)	1,601,145	1,886,610
		-----	-----
		1,601,145	3,061,753
		=====	=====

5.1 PICIC -- Foreign Currency Loan

Balance as at June 30, 1995	1,717,143	2,231,143
Less repaid during the year/period	1,114,000	514,000
	-----	-----
	603,143	1,717,143
Less instalments due within the following twelve months	603,143	542,000
	-----	-----
	--	1,175,143
	=====	=====

A. The loan is secured against:

- (a) A first legal mortgage on company's present and future immovable properties wherever situated including all buildings fixed plants, machinery and fixtures (including trade fixtures) thereon.
- (b) A first charge by way of hypothecation in respect of all machinery of the company both present and future.
- (c) A first floating charge on all other assets of the company both present and future.
- (d) A demand promissory note for the amount of the loan executed by the company, renewable every three years.

B. Pending completion and execution and registration of the mortgage deed referred to above, the loan is secured against:

- (a) A first charge by way of an equitable mortgage on company's properties both present and future, as and when acquired by deposit of title deeds.
- (b) An irrevocable general power of attorney in favour of PICIC, giving PICIC full powers amongst others to take over, manage and sell all the assets of the company and further to execute, record, register and file as attorney for the company the deed of legal mortgage.

C. The charges created infavour of PICIC rank pari passu with charges created in favour of National Development Finance Corporation, (NDFC) and National Investment Trust Limited. (NIT)

D. The foreign currency loan has been converted into rupees at the exchange rates prevailing on the disbursement dates and is repayable in Pak rupees.

E. The loan carries interest at the rate of 14% per annum including exchange risk fee of 3% per annum payable half yearly.

F. The loan and deferred interest is repayable in eleven half yearly instalments commencing from January 1, 1992.

	1996	1995
	Rupees	Rupees
5.2 NDFC -- LMM Loan		
Balance as at June 30, 1995	2,021,175	2,150,572
Less repaid during the year/period.	274,503	129,397
	-----	-----
	1,746,672	2,021,175
Less instalments due within the following twelve months	145,527	134,565
	-----	-----
	1,601,145	1,886,610
	=====	=====

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

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

C. The loan is secured by:-

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

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

(iii) Hypothecation of all plant, equipment, motor vehicles and movable properties.

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

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

6. OBLIGATION UNDER FINANCE LEASE

	1996 Rupees	1995 Rupees
Balance as at June 30, 1995	5,827,921	4,517,227
Assets leased during the year/period	4,623,750	2,906,400
	-----	-----
Repaid during the year / period	10,451,671 (2,634,192)	7,423,627 (1,595,706)
	-----	-----
Less payable within the following 12 months	7,817,479 2,114,799	5,827,921 1,910,879
	5,702,680 =====	3,917,042 =====

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

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

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

Payable 1996 - 1997	3,670,469	3,206,510
Payable 1997- 2000	6,672,316	4,412,030
	-----	-----
	10,342,785	7,618,540
Less finance charges allocated to future periods.	2,525,306	1,790,619
	-----	-----
	7,817,479	5,827,921
	=====	=====

Classified as under:

Long term obligation under finance lease	5,702,680	3,917,042
Current obligation under finance lease	2,114,799	1,910,879
	-----	-----
	7,817,479	5,827,921
	=====	=====

7. SHORT TERM FINANCING

Running/term finances from banks	42,634,701	32,488,886
	=====	=====

7.1 The company has credit facilities upto an aggregate Rs. 46.0 million (1995. Rs. 46.0 million) which are secured against pledge/hypothecation of stocks and charge on receivables. The rate of mark-up is 49 paisas to 54 paisas per thousand per day.

8. CURRENT MATURITY OF LONG TERM LIABILITIES

Redeemable capital	1,653,197	1,454,168
Citibank Morabaha Financing	86,268	144,332
NDFC/PICIC loans	748,670	676,565
Obligation under finance lease	2,114,799	1,910,879
	-----	-----
	4,602,934	4,185,944
	=====	=====

9. CREDITORS, PROVISIONS, ACCRUED CHARGES & OTHER LIABILITIES

Trade creditors (note 9.1)	11,287,495	5,826,859
Accrued expenses (note 9.1)	22,822,360	18,245,568
Advances from customers	1,861,307	2,486,166
Interest/markup on redeemable capital, loans and debentures	2,332,116	3,582,500
Workers' Welfare fund	585,739	646,078
Sales tax payable (note 9.2)	14,076,153	4,319,864
Other liabilities	4,840,702	4,799,855
Workers' profit participation fund (note 9.3)	1,561,427	1,967,146
Tax deductions	28,489	--

Unclaimed dividend (note 9.4)	381,748	127,789
	-----	-----
	59,777,536	42,001,825
	=====	=====

9.1 Trade creditors and accrued expenses include Rs. 16,220 (1995 Rs. Nil) and Rs. 1,197,711 (1995-Rs.1,048,253) respectively due to associated undertaking.

9.2 Includes penalty of Rs.100,000 (1995 Rs. Nil). An appeal has been filed with Collector of Customs, Central Excise and Sales Tax which is pending.

9.3 Workers Profit participation fund

Balance as at June 30, 1995	1,967,146	1,401,975
Interest credited	99,644	105,148
	-----	-----
	2,066,790	1,507,123
Less Payments during the year/period	1,967,146	--
	-----	-----
	99,644	1,507,123
Contributions for the year/period	1,461,783	460,023
	-----	-----
Balance as at June 30, 1996	1,561,427	1,967,146
	=====	=====

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

9.4 Unclaimed Dividend

Unclaimed dividend	364,292	110,333
Unclaimed bonus fractions	17,456	17,456
	-----	-----
	381,748	127,789
	=====	=====

10. CONTINGENT LIABILITIES/COMMITMENTS

Confirmed letters of credit	20,130,000	6,825,953
Letters of credit due	--	875,699
Guarantees issued by bank on behalf of the company	2,888,900	1,793,399
Indemnity Bonds issued by the company	15,849,000	14,678,000
Excise duty & sales tax on lead oxide demands raised by Central Excise & Land Customs not acknowledged	18,175,000	18,175,000

10.1 No provision has been made in these accounts for Turnover Tax under Section 80 (D) of the Income Tax Ordinance amounting to Rs. 637,593 for the year December 31,1990 and Rs. 642,458 for the year December 31, 1991. Turnover Tax for the years 1990 & 1991 was paid under protest and is included in Income Tax deducted at source. The management has filed writ petition in the Sindh High Court against the levy of Turnover Tax.

11. STATEMENT OF OPERATING FIXED ASSETS

Particulars	Cost as at			Cost as at June 30, 1996 Rupees	Accumulated	Written	Depreciation charge for the Year Rupees	Rate %
	June 30, 1995 Rupees	Additions Rupees	Disposals Rupees		depreciation June 30, 1996 Rupees	down value June 30, 1996 Rupees		
	Leasehold land	435,238	--		--	435,238		
Building on leasehold land	10,434,423	--	--	10,434,423	5,951,896	4,482,527	498,059	10
Plant & Machinery	48,660,669	1,400,000	--	50,060,669	34,161,464	15,899,205	1,766,578	10
Electric installations	789,635	--	--	789,635	625,982	163,653	18,184	10
Air conditioners	905,860	96,150	--	1,002,010	345,343	656,667	72,963	10
Gas installations	135,073	--	--	135,073	90,393	44,680	4,964	10
Furniture & fixtures	977,033	--	--	977,033	705,866	271,167	30,130	10
Office equipment	1,070,259	255,000	--	1,325,259	654,232	671,027	74,559	10
Laboratory equipment	1,208,526	--	--	1,208,526	232,612	975,914	108,435	10
Vehicles	4,840,841	1,803,959	1,511,979	5,132,821	2,106,314	3,026,507	759,851	20
Fork lifter	264,196	--	--	264,196	252,659	11,537	2,884	20
Moulds, dies & Jigs	18,911,197	2,612,822	1,363,842	20,160,177	11,356,351	8,803,826	978,203	10
Factory equipment	1,699,286	--	--	1,699,286	1,122,708	576,578	64,064	10
Workshop equipment	149,749	--	--	149,749	107,324	42,425	4,714	10
Computer	968,763	365,580	--	1,334,343	338,644	995,699	110,633	10
	-----	-----	-----	-----	-----	-----	-----	
	91,450,748	6,533,511	2,875,821	95,108,438	58,051,788	37,056,650	4,494,221	
	-----	-----	-----	-----	-----	-----	-----	
LEASED ASSETS								
Plant & machinery	1,400,000	--	1,400,000	--	--	--	--	10
Vehicles	4,677,593	2,205,750	--	6,883,343	2,512,676	4,370,667	1,092,667	20
Moulds	3,246,850	--	1,000,000	2,246,850	248,844	1,998,006	222,001	10
Laboratory equipment	--	1,400,000	--	1,400,000	140,000	1,260,000	140,000	10
Fork lifter	790,000	1,018,000	--	1,808,000	629,568	1,178,432	294,608	20
	-----	-----	-----	-----	-----	-----	-----	
Total 1996	10,114,443	4,623,750	2,400,000	12,338,193	3,531,088	8,807,105	1,749,276	
	=====	=====	=====	=====	=====	=====	=====	
	101,565,191	11,157,261	5,275,821	107,446,631	61,582,876	45,863,755	6,243,497	
	=====	=====	=====	=====	=====	=====	=====	
Total 1995	95,135,296	9,367,655	2,937,760	101,565,191	56,162,374	45,402,817	2,740,891	
	=====	=====	=====	=====	=====	=====	=====	

11.1 Disposal of fixed assets

Particulars	Cost Rupees	Accumulated Depreciation Rupees	Written down value Rupees	Sale proceed Rupees	Profit (loss) Rupees	Particulars of purchaser
Motor vehicles						
						Negotiation/company policy
Motor Cycle CD 70	26,700	16,857	9,843	26,700	16,857	Mr. Mir Abdul Employee
Motor Cycle CD 70	38,900	10,892	28,008	38,900	10,892	Mr. Sadiq A Khan Employee
Motor Cycle CD 70	27,810	17,558	10,252	27,810	17,558	Mr. Mahboob Ahmed Employee

Motor Cycle CD 70	38,300	16,236	22,064	38,300	16,236	Mr. Mohammad All	Employee
Motor Cycle CD 70	27,360	17,274	10,086	27,360	17,274	Mr. Raqeeb Sher	Employee
Motor Cycle CD 70	29,550	15,933	13,617	29,550	15,933	Mr. Ghulam Hussain	Employee
Motor Cycle CD 70	28,350	17,899	10,451	28,350	17,899	Mr. Mohammad Saleera	Employee
Motor Cycle CD 70	29,550	15,934	13,616	29,550	15,934	Syed Hamid Raza	Employee
Motor Cycle CD 70	29,160	15,723	13,437	29,160	15,723	Mr. Mian Saeed Kamal	Employee
Motor Cycle CD 70	30,050	16,203	13,847	30,050	16,203	Mr. Mohammad Maskeen	Employee
Motor Cycle CD 70	31,450	13,335	18,115	31,450	13,335	Mr. Itshad All	Employee
Motor Cycle CD 70	30,050	16,203	13,847	30,050	16,203	Mr. Mohammad Sadiq	Employee
Motor Cycle CD 70	29,160	15,723	13,437	29,160	15,723	Mr. Rifaqat Hussain	Employee
Motor Cycle CD 70	29,250	15,772	13,478	29,250	15,772	Mr. Mohammad Yaseen	Employee
Motor Cycle CD 70	29,800	16,068	13,732	29,800	16,068	Mr Nisar Ahmad	Employee
Motor Cycle CD 70	29,325	15,812	13,513	29,325	15,812	Mr. Abdur Rehman	Employee
Motor Cycle CG 125	57,000	5,700	51,300	57,000	5,700	Mr. Fasaha! Hussain	Ex-Employee
motor Cycle CD 70	32,300	13,695	18,605	32,300	13,695	Mr. Peshmeen Khan	Employee
Motor Cycle CD 70	29,550	15,934	13,616	29,550	15,934	Mr. Feroz ud din	Employee
Motor Cycle CD 70	46,500	13,020	33,480	46,500	13,020	Mr. Farhat Ullah	Ex-Employee
Motor Cycle CD 70	30,950	16,688	14,262	30,950	16,688	Mr. Mohammad Ibrahim	Employee
Motor Cycle CD 70	30,950	13,123	17,827	30,950	13,123	Mr. Shabbir Ahmad	Employee
Motor Cycle CD 70	36,250	19,546	16,704	36,250	19,546	Mr. Arif All	Employee
Motor Cycle CD 70	32,800	13,907	18,893	32,800	13,907	Mr. Maqbool Khan	Employee
Motor Cycle CD 70	35,800	15,180	20,620	35,800	15,180	Mr. Amanat All	Employee
Suzuki Mehran	175,000	94,360	80,640	157,100	76,460	Mr. Jawaid Hussain	912 D Block A, Sindhi Muslim Society, Karachi.
Suzuki Van	71,000	64,139	6,861	82,500	75,639	Mr. Mohammad Khan	A-43, Block 2, Gulshan-e-Iqbal, Karachi.
Suzuki Mehran	132,308	83,534	48,774	54,193	5,419	Mr. P.H. Abdi	Executive
Suzuki FX	110,000	89,238	20,762	18,455	(2,307)	Mr, Manzoor Alam	Executive
Suzuki Khyber	206,806	111,510	95,296	84,708	(10,588)	Mr Mohammad Ahsan	Executive
Laboratory equipment	1,363,842	--	1,363,842	1,400,000	36,158	Sale/leaseback	
	-----	-----	-----	-----	-----		
	2,875,821	822,996	2,052,825	2,613,821	560,996		
	-----	-----	-----	-----	-----		
Leased assets							
Plant & Machinery	1,400,000	527,387	872,613				
Mould	1,000,000	307,450	692,550				Transferred to own assets on expiry of lease
	-----	-----	-----				
	2,400,000	834,837	1,565,163				
	=====	=====	=====				

1996
Rupees

1995
Rupees

11.2 Depreciation for the year/period has been apportioned as follows:

Cost of goods manufactured	5,267,287	2,389,060
Administrative expenses	475,743	220,773
Selling & distribution expenses	500,467	131,058

-----	-----
6,243,497	2,740,891
=====	=====

11.3 Moulds for containers and lids costing Rs. 9,253,000 included in the moulds, dies & jigs are held by Pak Polymer (Pvt) Limited, Mandviwala Mauser Plastic Industries Limited, Paramount Moulding Service, Omar Jibrán and Ideal Plastic View under agreements executed by the company with them for use of these moulds for manufacturing containers and lids for the company.

11.4 Motor vehicles include Rs. 668,000 financed by Citibank on Morabaha basis. The vehicles are registered in the name of the company and the employees.

12. CAPITAL WORK IN PROGRESS

Plant & machinery	647,965	39,397
Building	3,416,534	--
	-----	-----
	4,064,499	39,397

13. INVESTMENT AT COST

Associated undertaking (Listed)		
Atlas Honda Limited		
223,500 ordinary shares of Rs. 10 each	3,821,850	--
	-----	-----
Market value	6,258,000	--
	=====	=====

14. LONG TERM DEPOSITS

Utility and other deposits	410,880	205,880
	-----	-----

15. STORES

General stores	1,615,919	2,784,430
Tools	95,551	188,274
Spare parts	4,967,656	5,675,820
	-----	-----
	6,679,126	8,648,524
	=====	=====

16. STOCKS

Raw materials (average cost)	23,951,661	12,629,308
Work in process (average cost)	12,916,837	7,886,629
Finished goods (average cost)	24,700,011	18,620,094
Goods in transit	18,729,146	18,448,614
	-----	-----
	80,297,655	57,584,645
	=====	=====

17. TRADE DEBTORS UNSECURED

Considered good (note 17.1)	16,230,162	19,109,654
-----------------------------	------------	------------

=====

17.1 Includes Rs. 1,613,667 (1995- Rs. 2,041,031) due from associated undertakings. The maximum amount due from associated undertaking at the end of any month was Rs. 4,430,022, (1995 Rs. 2,703,018)

18. LOANS, ADVANCES & PREPAYMENTS

UNSECURED - CONSIDERED GOOD

Loan to staff & workers	142,682	122,415
Advances to staff for expenses	24,863	249,631
Advances to suppliers	1,426,684	3,397,390
Advances to others	363,739	130,100
Tax deducted at source	10,721,976	4,988,465
Advance Sales tax	4,834,157	3,118,899
Prepayments	693,452	1,112,371
Insurance claims receivables	--	532,085
	-----	-----
	18,207,553	13,651,356
	=====	=====

19. TRADE & OTHER DEPOSITS

Trade deposits	1,847,660	1,935,802
Guarantee deposits	2,629,450	1,534,050
Excise deposit	148,932	716,844
L/C margin	202,018	153,427
	-----	-----
	4,828,060	4,340,123
	=====	=====

20. CASH & BANK BALANCES

Cash in hand and Imprest accounts	101,527	259,410
With banks:		
On current accounts	771,169	921,774
Un-deposited cheques/collection	17,010,466	12,630,265
	-----	-----
	17,883,162	13,811,449
	=====	=====

21. SALES

Sales have been recorded at dealers' net prices and are after deducting excise duty Rs. 50,353,374 (1995- Rs. 17,275,923)

	1996	1995
	12 Months	6 Months
	Rupees	Rupees

22. COST OF SALES

Stocks as at June 30,1995	18,620,094	14,640,391
Cost of goods manufactured (note 22.1)	275,259,537	99,705,888
	-----	-----
	293,879,631	114,346,279

Less cost of batteries replaced	6,390,832	3,068,527
Stocks as at June 30, 1996	24,700,011	18,620,094
	-----	-----
	31,090,843	21,688,621
	-----	-----
	262,788,788	92,657,658
	=====	=====

22.1 Cost of Goods Manufactured

Work in process as at June 30, 1995	7,886,629	7,139,927
Raw material & components consumed (note 22.2)	187,526,516	67,000,296
Salaries, wages and benefits	31,101,087	12,724,845
Stores consumed	19,132,624	4,563,125
Fuel, power & water	11,574,152	4,068,430
Insurance	727,739	404,299
Rent, rates & taxes	744,843	294,316
Repairs & maintenance	6,596,575	1,903,919
Royalty	7,798,758	2,784,989
Travelling, conveyance & entertainment	1,583,075	943,060
Cartage	1,915,729	704,123
Postage & telephone	204,756	191,710
Printing & stationery	817,076	220,090
Vehicle running	247,010	112,118
Free replacement	4,256,297	1,921,773
Technical team expenses	340,013	-
Depreciation	5,267,287	2,389,060
Other manufacturing expenses	456,208	226,437
	-----	-----
	288,176,374	107,592,517
Work in process as at June 30, 1996	12,916,837	7,886,629
	-----	-----
	275,259,537	99,705,888
	=====	=====

22.2 Raw Material & Components Consumed

Stocks as at June 30, 1995	12,629,308	20,253,752
Purchases	198,848,869	59,375,852
	-----	-----
	211,478,177	79,629,604
Less stocks as at June 30, 1996	23,951,661	12,629,308
	-----	-----
	187,526,516	67,000,296
	=====	=====

23. ADMINISTRATIVE EXPENSES

Directors' meeting fee	1,000	-
Salaries & benefits	5,495,081	2,021,506
Travelling, conveyance & entertainment	887,101	332,576
Rent, rates & taxes	377,257	188,629

Insurance	213,173	96,764
Repairs & maintenance	61,630	42,207
Advertisement	127,415	36,135
Legal & professional charges	289,900	103,000

Auditors' remuneration

Audit fee	60,000	35,000
Consultancy	5,000	2,000
Out of pocket expenses	21,932	2,000
Excise duty	13,900	-
Gas & electricity	194,578	34,034
Fees & subscription	92,495	18,335
Postage, telephone & telegraph	109,133	76,499
Printing & stationery	268,713	107,685
Vehicle running expenses	30,609	24,122
Depreciation	475,743	220,773
Others	26,715	40,026
	-----	-----
	8,751,375	3,381,291
	=====	=====

24. SELLING & DISTRIBUTION EXPENSES

Salaries & benefits	5,416,991	2,325 187
Travelling, conveyance & entertainment	2,557,219	938 608
Rent, rates & taxes	793,874	363 576
Insurance	1,464,037	405 287
Repairs & maintenance	190,446	33 948
Gas & electricity	181,167	55 116
Advertisement & publicity	4,848,910	2,301,830
Freight & handling	15,139,458	5,123,954
Printing & stationery	268,847	117,107
Postage, telephone & telegrams	1,155,050	661,503
Vehicle running expenses	23,761	5,120
Service charges	7,145	3,211
Depreciation	500,467	131,058
Others	210,090	26,979
	-----	-----
	32,757,462	12,492,484
	=====	=====

25. FINANCIAL EXPENSES

Interest/markup on:

Long term loans	358,513	242,061
Bank loans / running finances	3,607,717	2,591,410
Redeemable capital	1,108,632	619,758
Morabaha financing	41,671	43,251
Workers' profit participation fund	99,644	105,148
Finance charges on leased assets	1,049,999	403,859
Bank & other financial charges	965,469	514,574

 7,231,645 4,520,061
 =====

26. MISCELLANEOUS INCOME

Scrap sales	329,142	65,670
Profit on sale of fixed assets	560,996	69,713
Capital gains tax refund	-	118,259
Service & others	284,254	24,819
	-----	-----
	1,174,392	278,461
	=====	=====

27. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sales	21,875,864	6,718,294
Purchases	2,142,679	462,220
Expenses charged by	2,772,089	39,606
Rent and insurance premium	3,330,154	2,248,553

28. DIRECTOR'S REMUNERATION

28.1 Chief Executive Officer

Managerial remuneration	409,000	165,000
Rent & utilities	224,950	90,750
Provident fund	40,900	16,500
Reimbursement of expenses		
Medical, telephone & others	47,508	15,753
Bonus	42,000	32,500
	764,358	320,503
	-----	-----

Number of person 1 1

28.3 Meeting fees other directors 1,000 -

Number of persons ----- -----
 2 -
 =====

28.3 Executives

Managerial remuneration	2,536,355	1,101,105
Rent & utilities	1,394,994	605,611
Provident fund	253,637	110,111
Reimbursement of expenses		
Medical, telephone & others	341,347	158,064
Bonus	478,700	198,355
	-----	-----
	5,005,033	2,173,246
	=====	=====

Number of persons 14 14
 =====

28.4 The chief executive officer was also provided with free use of company car.

29. 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.

**Pattern of Shareholding
AS AT JUNE 30, 1996**

NO OF SHAREHOLDERS	CATEGORIES				NO. OF SHARES	PERCENTAGE
476	From	1	To	100	11,229	0.49
181	From	101	To	500	42,358	1.84
35	From	501	To	1000	24,644	1.07
43	From	1001	To	5000	117,662	5.12
10	From	5001	To	10000	72,507	3.15
1	From	10001	To	15000	11,040	0.48
4	From	15001	To	20000	72,798	3.17
2	From	20001	To	25000	44,496	1.93
2	From	25001	To	30000	53,225	2.31
1	From	40001	To	45000	40,110	1.74
6	From	80001	To	85000	499,537	21.72
1	From	135001	To	140000	140,000	6.09
1	From	165001	To	170000	166,243	7.23
1	From	175001	To	180000	175,754	7.64
1	From	205001	To	210000	207,628	9.03
1	From	275001	To	280000	275,770	11.99
1	From	340001	To	345000	344,999	15.00
-----					-----	-----
767					2,300,000	100.00
=====					=====	=====

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Individuals	750	719,048	31.26
Investment Companies	7	732,839	31.86
Financial Institutions	2	11,342	0.49
Insurance Companies	3	67,562	2.94
Joint Stock Companies	3	760,770	33.08
Corporate Law Authority	1	1	-
Abandoned Properties	1	8,438	0.37
	-----	-----	-----
	767	2,300,000	100.00
	=====	=====	=====