

Organisation
development
through
self development



AN ATLAS GROUP
COMPANY

Atlas Battery Limited

Certificate No:125383



CERTIFIED QMS



Atlas Battery Limited

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Atlas Battery Limited

Vision

A reliable manufacturer and supplier of high quality lead acid automotive and motorcycle batteries in Domestic and International market.

Mission

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



Atlas Battery Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Chief Executive	Vazeer Ali
Directors	Aamir H. Shirazi
	Aitzaz Shahbaz
	Iftikhar H. Shirazi
	Muhammad Atta Karim
	Yoshitami Saito
Company Secretary	Muhammad Iqbal

GROUP EXECUTIVE COMMITTEE

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

GROUP PERSONNEL COMMITTEE

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

GROUP SYSTEMS & TECHNOLOGY COMMITTEE

Chairman	Iftikhar H. Shirazi
Members	Qasim Imran Khan
	Zia Ullah Begg
Secretary	Sarfraz Hassan

AUDIT COMMITTEE

Chairman	Aitzaz Shahbaz
Members	Aamir H. Shirazi
	Iftikhar H. Shirazi
Head of Internal Audit	M. Rizwan Jamil
Secretary	Muhammad Saleem

MANAGEMENT COMMITTEE

Chief Executive	Vazeer Ali
Chief Financial Officer	Ahmad Zafaryab Ali
General Manager Marketing	Arshad Gulraiz Butt
General Manager Plant	Shahzad Ahmad Khan
General Manager Human Resources	Zamir Haider

COMPANY INFORMATION

Auditors	Hameed Chaudhri & Co. Chartered Accountants
Legal Advisor	Mohsin Tayebaly & Co.
Tax Advisor	Ford Rhodes Sidat Hyder & Co.
Bankers	Bank Al-falah Limited Habib Bank Limited Habib Bank A.G. Zurich Muslim Commercial Bank Limited National Bank of Pakistan The Bank of Tokyo-Mitsubishi Limited
Registered Office / Factory	D-181 Central Avenue, S.I.T.E. Karachi-75730 Tel: 2567990-94 Fax: 2564703
Zonal Office Karachi	PPI Building, Near Sindh Secretariat Building, Shahra-e-Kamal Ataturk, Karachi-74200 Tel: 2636057 - 2626478
Sukkur Office	F -33/4, Barrage Colony, Workshop Road, Sukkur Tel: 612532 Fax: 612532
Zonal Office Lahore	Salam Chambers, 21 Link Mcleod Road, Lahore-54000 Tel: 7227075 - 7354245 Fax: 7352724
Faisalabad Office	54-Chenab Market, Madina Town, Faisalabad Tel: 713127 Fax: 726628
Multan Office	Azmat Wasti Road, Chowk Dera Adda Multan-60000 Tel: 548017
Peshawar Office	1st Floor, Zeenat Plaza, near General bus stand, G.T. Road, Peshawar Tel: 262485
Rawalpindi Office	312-A, Kashmir Road, R.A. Bazar, Rawalpindi-65847 Tel: 5567423
Sahiwal Office	647-V-7, Al-Hilal Building, Nishter Road, Sahiwal-57000 Tel: 61539



Atlas Battery Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at 3:00 p.m. on Tuesday, October 21, 2003 at Adamjee House, 8th Floor, I.I. Chundrigar Road, Karachi, to transact the following business:

Ordinary Business:

1. To confirm Minutes of Annual General Meeting held on October 21, 2002.
2. To consider and adopt the audited accounts of the Company for the year ended June 30, 2003 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 60% (Rs.6/- per share) for the year ended June 30, 2003.
4. To consider and if thought fit, pass with or without modification the following as Ordinary Resolution.
 - 4.1. "Resolved that a sum of Rs.4,283,600 out of Company's profit be capitalised for issuing 428,360 fully paid ordinary shares of Rs.10/- each as bonus shares to be allotted to those shareholders whose names stand in the register of members at the close of business on October 11, 2003 @ 15% in the proportion of Three Ordinary Shares of Rs.10/- each for every twenty shares held and that these shares shall be treated for all purposes as an increase in the paid-up capital of the Company. The said shares shall rank pari passu with the existing shares of the Company as regards future dividend, and in all other respects".
 - 4.2. "Further Resolved that the bonus shares entitlement in fraction be consolidated and sold by the Directors on the Stock Exchange and proceeds of sale when realised be given to a charitable institution".
 - 4.3. "Further Resolved that the Directors be and are hereby authorised to give effect to the foregoing resolutions and in this regard to do or cause to be done all acts, deeds and things that may be necessary or required".
5. To appoint Auditors for the year 2003-2004 and fix their remuneration.
6. To transact any other business with the permission of the Chair.

Special Business:

7. To consider and if thought fit to amend clause 5 of the Memorandum of Association of the Company for increasing the Authorised Capital from Rs.30,000,000 (Rupees Thirty million) to Rs.100,000,000 (Rupees One hundred million) divided into 10,000,000 (Ten million) Ordinary shares of Rs.10/- each.

8. To consider and if thought fit to make specific amendments in the Articles of Association of the Company for increasing Authorised Capital from Rs.30,000,000/- (Rupees thirty million) to Rs. 100,000,000/- (Rupees One hundred million) and for achieving expedient day to day business transaction and smooth decision making.

A statement under Section 160 of the Companies Ordinance, 1984 alongwith the draft resolutions referred to in items 7 & 8 of the Notice which will be considered for adoption, with or without modification at the Meeting, are annexed to this notice.

BY ORDER OF THE BOARD



SECRETARY

Karachi: September 19, 2003.

BOOK CLOSURE

- i The Share Transfer Books of the Company will remain closed from October 12, 2003 to October 21, 2003 (both days inclusive). Transfers received in order at the registered office of the company by October 11, 2003 will be in time for the purpose of entitlement for payment of the dividend to the transferee.
- ii. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time appointed for meeting.
- iii. The members are requested to please communicate to the Company any change in their mailing address immediately.
- iv. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her National Identity Card with him/her to prove his/her identity and in case of proxy, must enclose an attested copy of his/her National Identity Card. Representative members should bring the usual documents required for such purpose.

Statement under section 160 of the Companies Ordinance, 1984 regarding special business as given in the notice of meeting:

This statement is annexed to the notice of the 37th Annual General Meeting of the Shareholders of Atlas Battery Limited to be held on October 21, 2003 and sets out the material facts concerning the following Special Business to be transacted at the meeting for approval of shareholders.

The shareholders' approval is sought for the following matters:



Atlas Battery Limited

1. ALTERATION IN MEMORANDUM OF ASSOCIATION OF THE COMPANY:

The increase in the Authorised Capital of the Company is required to make provision for future increase in the Paid-up Capital of the Company from time to time. Accordingly, the Memorandum of Association of the Company is sought to be amended to reflect the increase in the amount of the Authorised Capital appearing therein.

DRAFT RESOLUTION FOR AMENDING CLAUSE 5 OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY:

"RESOLVED that the Authorised Capital of the Company be increased from Rs.30,000,000/- (Rupees Thirty million) to Rs.100,000,000 (Rupees One hundred million) by creation of 7,000,000 (Seven million) Ordinary shares of Rs.10/- each".

"FURTHER RESOLVED that capital clause, Clause 5 of the Memorandum of Association of the Company be altered by the substitution of the figures 100,000,000 and 10,000,000 for the figures 30,000,000 and 3,000,000 respectively".

2. ALTERATION IN THE ARTICLES OF ASSOCIATION OF THE COMPANY:

The Board of Directors propose to amend the Articles of Association of the Company in order to achieve expedient day to day business transaction and prompt decision making.

DRAFT RESOLUTION FOR ALTERING THE ARTICLES OF ASSOCIATION OF THE COMPANY:

"RESOLVED that the Authorised Capital of the Company is Rs.100,000,000/- (Rupees One hundred million) divided into 10,000,000 (Ten million) ordinary shares of Rs.10/- each".

Abstract required under Section 218 of the Companies Ordinance, 1984 regarding terms of appointment of Chief Executive.

Remuneration of Chief Executive:

"A total amount not exceeding Rs. 4.3 million will be paid as the aggregate remuneration of Chief Executive of the Company for the year ending June 30, 2004, together with other benefits as per Company policy".

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

TEN YEARS GROWTH AT A GLANCE

(Rupees in million)

Years		2003	2002	2001	2000	1999	1998	1997	1996	1995*	1994
Sales		617.1	495.1	563.0	480.8	499.3	443.4	366.1	339.6	122.0	260.4
Gross Profit		141.2	91.5	109.2	91.1	107.7	93.3	73.9	76.8	29.3	66.8
Operating profit		65.3	24.1	27.5	32.0	46.9	40.6	29.7	35.3	13.4	34.6
Profit before Tax		57.3	7.1	11.6	15.8	36.2	31.5	18.2	27.2	8.6	23.9
Profit after Tax		39.2	5.5	9.5	14.1	24.4	21.1	10.6	18.3	5.2	15.8
Share Capital		28.6	27.2	27.2	24.7	24.7	24.7	23.0	23.0	23.0	23.0
Reserves		101.3	80.6	77.8	74.9	67.0	52.4	40.5	32.7	20.2	18.4
Shareholders' Equity		129.9	107.8	105.0	99.6	91.7	77.2	63.5	55.7	43.2	41.4
Property, Plant & Equipment		84.4	90.2	97.2	103.8	83.6	65.3	56.1	49.9	45.4	43.2
Net Current assets		47.3	34.1	40.1	44.0	37.0	24.8	19.9	21.3	19.3	19.4
Total Assets		303.6	305.4	356.7	278.7	260.3	213.9	199.5	198.3	162.8	134.1
Long term liabilities		-	14.7	29.3	40.3	24.8	10.7	11.0	12.6	14.1	14.3
Deferred Liabilities		6.9	8.2	8.9	12.6	9.7	7.7	7.4	7.1	7.8	7.1
Dividend											
Cash	%	60.0	10.0	15.0	25.0	40.0	30.0	12.5	25.0	15.0	20.0
Stock	%	15.0	5.0	0.0	10.0	0.0	0.0	7.5	0.0	0.0	0.0
Payout ratio	%	43.7	49.7	43.2	43.8	40.6	35.2	27.0	31.4	66.1	29.0
Dividend per share	Rs.	6.0	1.0	1.5	2.5	4.0	3.0	1.3	2.5	1.5	2.0
Ratios											
Profitability											
Gross Profit	%	22.9	18.5	19.4	19.0	21.6	21.0	20.2	22.6	24.0	25.7
Profit before Tax	%	9.3	1.4	2.1	3.3	7.3	7.1	5.0	8.0	7.0	9.2
Profit after Tax	%	6.4	1.1	1.7	2.9	4.9	4.8	2.9	5.4	4.3	6.1
Investment											
R.O.E. before tax	%	44.1	6.6	11.0	15.9	39.5	40.8	28.6	48.8	19.9	57.7
R.O.E. after tax	%	30.2	5.1	9.0	14.2	26.6	27.3	16.8	32.9	12.1	38.3
Return on Capital Employed	%	48.1	19.3	21.1	21.7	36.5	41.8	36.9	45.7	20.1	77.6
Earnings per share	Rs.	13.7	2.0	3.5	5.7	9.9	8.5	4.6	8.0	2.3	6.9
P.E. Ratio	Times	6.3	10.7	7.2	4.6	3.0	4.3	9.4	8.4	32.2	11.3
Activity											
Sales to total assets	Times	2.0	1.6	1.6	1.7	1.9	2.1	1.8	1.7	0.8	1.9
Sales to Fixed assets	Times	7.0	5.5	5.8	4.6	6.0	6.7	6.5	6.8	2.7	6.0
Inventory turnover	Times	3.7	3.3	4.0	3.8	4.4	4.3	3.4	3.4	3.0	3.6
Debtors turnover	Times	16.9	9.4	11.4	20.0	21.6	20.6	20.8	19.2	16.4	27.9
Liquidity / Leverage											
Current ratio	Times	1.3	1.2	1.2	1.4	1.3	1.2	1.2	1.2	1.2	1.3
Interst cover ratio	Times	7.8	1.4	1.6	1.9	4.7	4.7	2.5	4.8	2.9	3.4
Debt Equity ratio	Times	0.0	0.2	0.4	0.5	0.4	0.2	0.3	0.4	0.5	0.5
Total Liability to Equity	Times	1.3	1.8	2.4	1.8	1.8	1.8	2.1	2.6	2.8	2.2
Break-up value per Share	Rs.	45.4	39.6	38.6	40.3	37.1	31.2	27.6	24.2	18.8	18.0
Market value per share (as at June 30)	Rs.	86.0	21.5	25.0	26.5	30.0	37.0	43.5	66.8	73.0	78.0

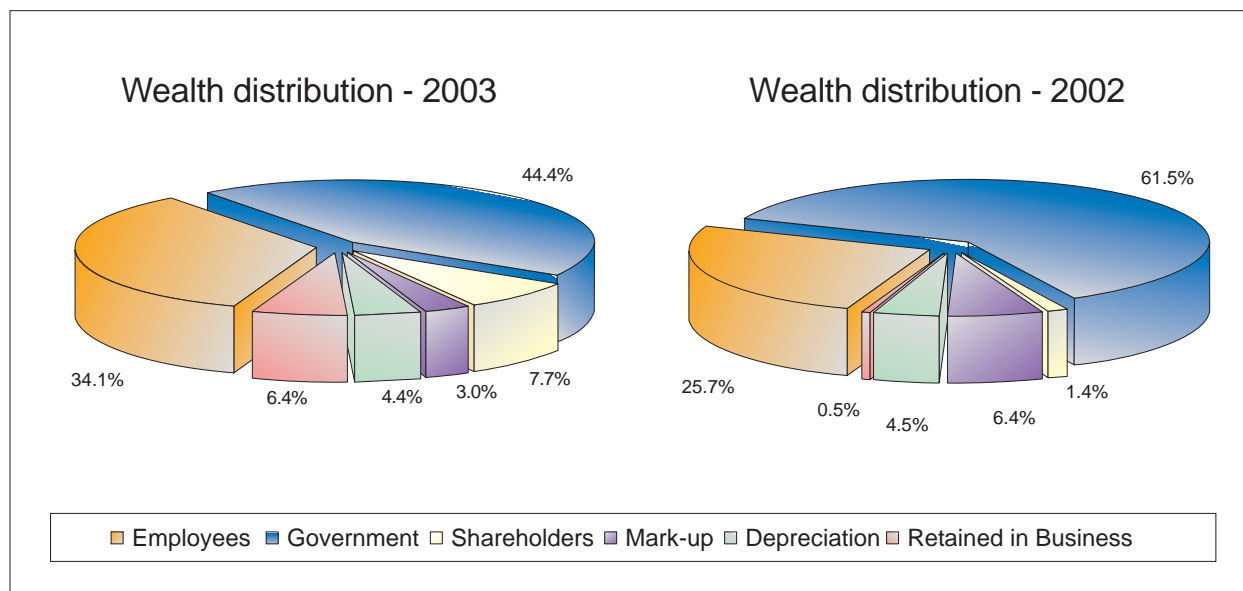
* Six month data due to change of financial year ending.

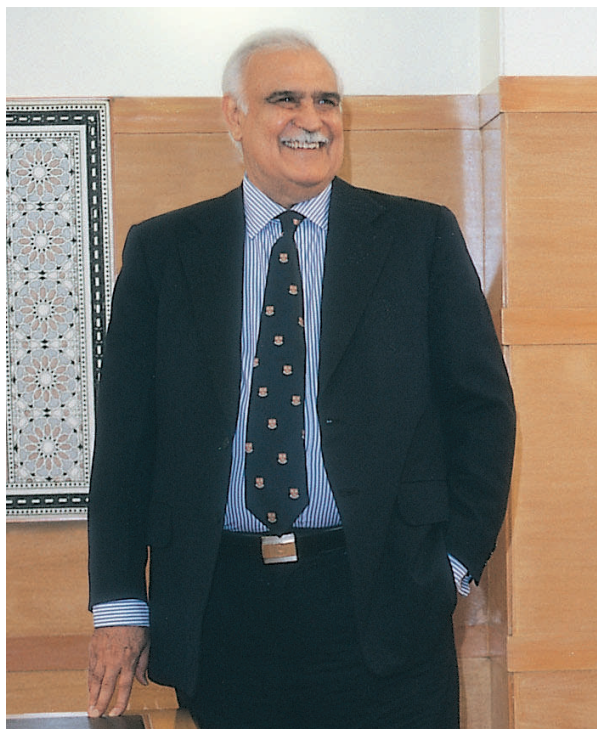


STATEMENT OF VALUE ADDITION
YEAR ENDED JUNE 30, 2003 & 2002

Rupees in '000'

	2003		2002	
	Amount	% age	Amount	% age
Wealth Generated:				
Total Revenue	726,365		667,650	
Bought in Material & Services	(447,486)		(386,624)	
	<u>278,879</u>	<u>100%</u>	<u>281,026</u>	<u>100%</u>
Wealth distributed:				
To Employees				
Salaries, benefits & other related costs	95,081	34.1%	72,131	25.7%
To Government				
Taxes	122,684	44.0%	172,597	61.4%
Workers' Welfare Fund	1,151	0.4%	143	0.1%
	<u>123,835</u>	<u>44.4%</u>	<u>172,740</u>	<u>61.5%</u>
To Providers of Capital				
Dividend to Shareholders	21,418	7.7%	4,080	1.4%
Markup / Interest on borrowed funds	8,403	3.0%	18,022	6.4%
	<u>29,821</u>	<u>10.7%</u>	<u>22,102</u>	<u>7.8%</u>
Retained in the Business				
For replacement of Fixed Assets: Depreciation	12,314	4.4%	12,658	4.5%
To provide for Growth: Retained Profit	17,828	6.4%	1,395	0.5%
	<u>30,142</u>	<u>10.8%</u>	<u>14,053</u>	<u>5.0%</u>
	<u>278,879</u>	<u>100%</u>	<u>281,026</u>	<u>100%</u>





CHAIRMAN'S REVIEW

It is my pleasure to present to you the 37th Annual Report and review of the performance of your Company for the year ended June 30, 2003.

THE ECONOMY

Pakistan's macro economy continued to strengthen in a subdued global scenario during the year. Almost all the economic targets were met. The commitment to continue the economic policies and reforms augurs well for the further improvement in the economy.

All the three major components of the economy, showed recovery: agriculture grew by over 4%; manufacturing at a healthy 7.7% and services by 5.3%. The GDP growth was at 5.1% against the target rate of 4.5%. The growth was not only broad based but has shown signs of robustness under trying circumstances. The export target was a record USD 11.03 billion. Imports increased 17.8% to USD

12.185 billion including major imports of textile and power generation machinery and oil products.

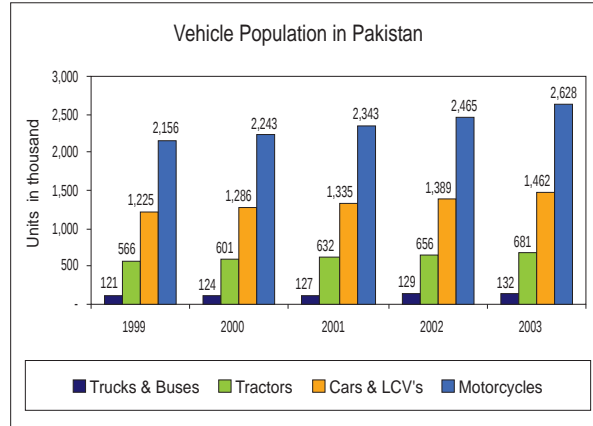
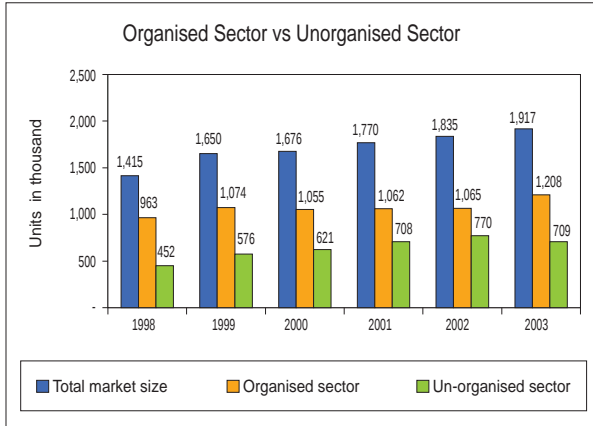
The KSE-100 index crossed the new hallmark of 4500 points. The market capitalization increased from USD 6.63 billion to over USD 17 billion. As a result of the unprecedented boom, the Karachi Stock Exchange emerged as the best performing market in the world.

State Bank of Pakistan continued to maintain the monetary policies: the banks had ample liquidity. The export refinance rate was lowered to 3.5%. Tax revenues remained on track with Rs.460.6 billion being collected. Foreign exchange reserves reached an all time high of USD 10.719 billion with an increasing trend. The rupee has been upvalued by about 4% against the U.S. dollar. Net inflow of foreign private investment increased from USD 474.6 million to USD 820.1 million. Remittance from overseas Pakistanis was an all time record of USD 4.2 billion against USD 2.4 billion of the previous year. Inflation remained under control at 3.5%.

THE INDUSTRY

The Organised sector of the industry grew 19% during the year. This was the result of the positive impact of the withdrawal of central excise duty on batteries through the Federal Budget 2002-03. The Organised sector of the industry passed on the benefit of this central excise duty withdrawal to the end users through a reduction of battery prices by 18%. The share of the Un-organised sector, which had increased during the last three years to 42%, now has gone down to 37%. This helped the Organised sector to utilise its idle capacity. The enhanced revenues of Organised sector added to Government exchequer.

The Un-organized sector of the industry, which is mainly comprised of replators and smugglers, is still causing a significant loss not only to the national exchequer but also to the industry, as it does not come into the tax net.



Your Company, being a part of the automobile industry, depends highly on the growth of this industry. The automobile industry is the forerunner of the growth in the large-scale and vending industry. There are 18 automobile manufacturing units, which are supported by 850 vending units. The automobile industry and the downstream vendor industry employs more than 0.1 million people. During the financial year the automobile industry registered a growth of 40% - with highest growth of trucks 118.1%, followed by LCVs 53.4%, cars 52.4%, buses 42.3%, tractors 16.8% and motorcycles 33.5%. The current upsurge in the demand of automobiles is due to the rise in remittances from overseas Pakistanis in the backdrop of 9/11 event together with availability of cheaper financing facilities offered by various banks and leasing companies at reasonable mark up rates.

Under the WTO regime, the bulk of the Pakistani industry will be affected in one way or other; the most vulnerable will be the hi-tech value-added basic industries; engineering and, more so, the automobile industry. This industry is not yet prepared for a free-for-all market situation that the WTO espouses. The Pakistani industry thus needs some more time to become internationally competitive, particularly the automobile industry, which is also otherwise exempt from such a discipline. It is thus believed that automobile sector will continue to be protected, as is the case in the rest of the world.

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

MARKETING REVIEW

The year under review ended with a growth of 19% in the industry after having had zero growth during the preceding three years. Despite various cost-push factors and inflationary pressure, the Organised sector had reduced the battery prices by 18% after withdrawal of 10% central excise duty. This step helped the Organised sector in narrowing the gap between the prices of batteries produced by the Organised and the Un-organised sectors.

	Units in thousand				
Auto Industry	1999	2000	2001	2002	2003
Trucks & Buses	121	124	127	129	132
Tractors	566	601	632	656	681
Cars & LCVs	1,225	1,286	1,335	1,389	1,462
Motorcycles	2,156	2,243	2,343	2,465	2,628
Total	4,068	4,254	4,437	4,639	4,903

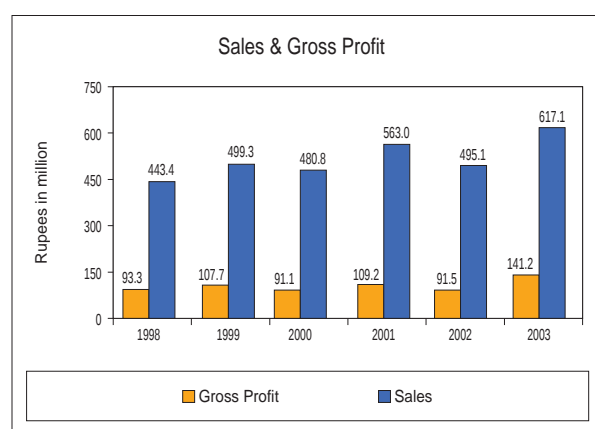
In order to comply with GS Japan standards and to maintain the highest level of quality, the nomenclature of all the batteries have been changed during the year, which received a positive response from the market. Your Company had also arranged dealers

and auto-electricians conventions at strategic locations to improve upon sales & service. We would like to inform you that your Company has started supplying batteries to Indus Motor Company Limited and Master Motor Company Limited from this year, adding them to our list of valued OEM & I customers.

OPERATING RESULTS

Your Company posted a record pre-tax profit of Rs.57.3 million for the year under review as compared to Rs.7.1 million in the previous year. Net sales revenue for the year increased from Rs.495.1 million to Rs.617.1 million, up 24.6%. Gross profit ratio improved from 18.5% of the previous year to 22.9% despite inflationary pressure.

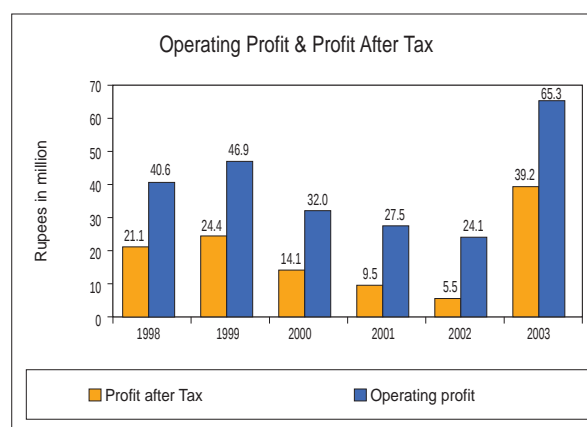
Operating expenses increased due to cost-push factors; however as a percentage of sales revenue, it were reduced from 13.6% to 12.3%. Due to better working capital management coupled with reduced markup rates, financial charges were reduced from Rs.18.0 million in the previous year to Rs.8.4 million.



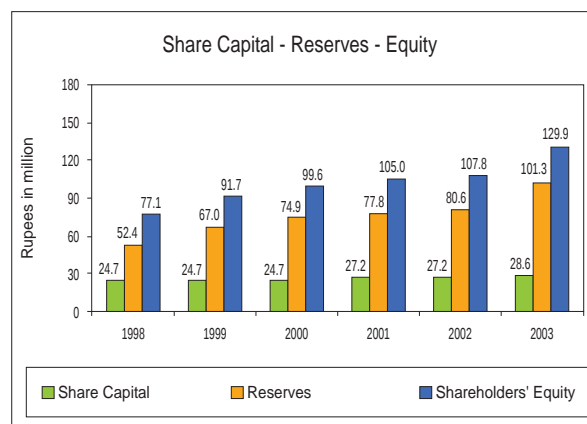
During the year under review, the operations of your Company generated a net cash of Rs.70.1 million compared to Rs.44.2 million in corresponding period of year. Due to the improved liquidity position, your Company paid off its long-term loans of Rs.24.1 million, including finance leases and managed to reduce its overdraft facilities by Rs.47.8 million.

Overall, there was a net decrease of Rs.5.0 million in cash & cash equivalents, due to the reasons stated above, as compared to Rs.0.9 million last year.

After making a provision for current, prior and deferred taxation of Rs.18.1 million, profit after tax of your Company thus stood at Rs.39.2 million as compared to Rs.5.5 million last year.



Your Company's earnings per share rose to Rs.13.74 from Rs.2.01 last year, with a return on equity of 30.2% and break-up value of Rs.45.4 per share. The market value of the share of your Company also touched its peak and was quoted at Rs.86 on KSE 100 index as on June 30, 2003 and traded at Rs.137 on August 07, 2003.

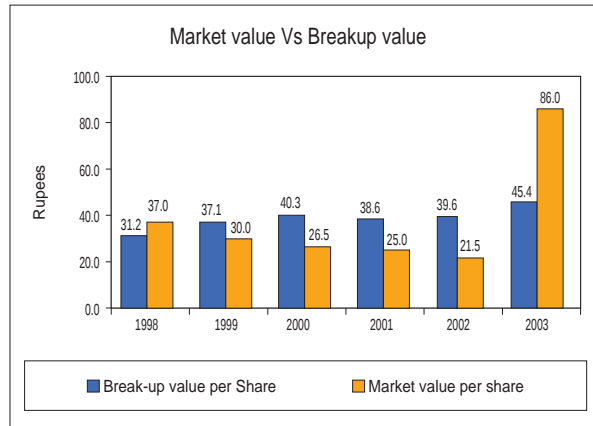


Your Company being a good corporate citizen, kept on contributing towards national exchequer: it has contributed Rs. 1.1 billion to government revenues



Atlas Battery Limited

during last five years, in respect of the income tax, sales tax, excise duty, customs duty and other government levies. The group last year paid Rs.5.0 billion, which is over 1% of the government revenues.



EXPORTS

Following globalization and particularly WTO fast approaching the door step, it is imperative that your Company should find its place in the world market. With this idea, your Company has successfully penetrated in several international markets. We are glad to report that due to consistency in quality and adherence to delivery schedule, your Company has earned reputation in the export markets and is getting repeat orders particularly from Middle East and African countries, among others. Your Company exported about 6% of your total sale volume during the year under review, against last years' exports of 3.5% and has projected to sell over 10% of its total sales volume during the year 2003-04.

HUMAN RESOURCE

Human resource development activities remained at the top of the corporate agenda so as to enhance the operational capabilities of all the employees. We strongly believe that well trained staff is the most precious asset of the Company. During the year, ten outdoor and three in-house training

courses were conducted, benefiting 71 employees. Four managers of your Company attended the "Managerial Grid seminar" in order to get a better understanding of their capabilities and to make full use of them. The management of your Company has successfully signed a two year agreement with CBA ending on December 31, 2004, to attain improved level of productivity. Long service award ceremony was also held during the year to recognize the valuable contribution made by the serving and retired staff members. A gratuity scheme for management staff has been introduced during the year in line with other group companies in addition to the existing provident fund scheme and other benefits including health care and travel accident policies.

SAFETY, HEALTH & ENVIRONMENT

Your Company has made substantial progress in improving its environmental performance in recent years and will continue to do so in the future. In the area of plant safety & environment, your Company has installed a cyclone type dust collection system for glass mat particles and a Basuki dust collector with complete ducts to arrest shop floor dust. In accordance with safety standards of GS Japan, proper clothing is provided to each and every worker. The year under report was an accident free year and we feel pleasure to announce that no major accident occurred during the last five years.

ISO 9001:2000E CERTIFICATION

Quality has been the hallmark for all the operations of your Company. During the year, your Company successfully attained another milestone in ISO 9000 Quality Management system and has been awarded with ISO 9001:2000E Certification in February 2003. This has helped us to gain two major advantages i.e. improved quality and increased customer perception in addition to reduction in customers' complaints,



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reduced reworks, increased quality awareness and improved internal communication.

INFORMATION TECHNOLOGY

In line with Atlas group IT policy, your Company has entered into an agreement with a local software house to develop a state-of-the-art ERP system-Business Plus. After the successful implementation of Business Plus, all of the regional offices of your Company will enjoy seamless integration providing real time exchange of data. This system will not only help to reduce our cost of production but also bring further improvement in operational efficiencies across all functional areas and provision of better services to our valued customers.

FUTURE OUTLOOK

The economy which has been under pressure for sometime seems to be now set on the path of recovery. The recent changes in the political setup have been received well and it is hoped that it will have a positive impact on the economic environment. Availability of lease facilities and reduced markup rates have increased the demand for automobiles. Resultantly, automakers are reporting increased production to match the demand. Growth trends in the automobile industry, coupled with better prospects for agriculture, stable rupee, rising foreign reserves, low interest rates, controlled inflation and higher exports and imports, we anticipate demand of batteries will continue to grow. The management of your Company is fully

aware of the challenges and the opportunities ahead and is well equipped to take advantage of the same.

ع دیتے ہیں بادہ ظرف قدح خوار دیکھ کر
(Performance depends on capacity to perform)

ACKNOWLEDGEMENT

I would like to thank the Group Executive Committee, Group President - Mr. Aamir H. Shirazi, Chief Executive; Mr. Vazeer Ali and his team, staff and associates for their commitment and effort to achieve your Company's growth.

May I also thank Japan Storage Battery Company Ltd., and their representative, Mr. Yoshitada Morita for his valuable contributions during his long stay with us for six years. We welcome Mr. Kanji Kobayashi who has replaced Mr. Yoshitada Morita.

I would like to place on record the valuable contribution made by Mr. Muhammad Abdul Samad, who resigned from the Board during the year and welcome Mr. Muhammad Atta Karim who has replaced the outgoing director.

I would also like to thank our bankers, shareholders, members of the Board of Directors, vendors and customers for their continuous support and guidance.

Karachi: September 19, 2003

Yusuf H. Shirazi



Atlas Battery Limited

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting their 37th Annual Report together with the Audited Accounts and Auditors' Report thereon for the year ended June 30, 2003.

FINANCIAL RESULTS

The financial results of your Company for the year ended June 30, 2003 are summarised as follows:

	2003	2002
	Rupees in '000'	
Profit before tax	57,340	7,135
Provision for taxation		
Current	19,000	2,700
Prior	302	(459)
Deferred	(1,208)	(580)
	18,094	1,661
Profit after tax	39,246	5,474
Un-appropriated profit brought forward	696	802
	39,942	6,276
Appropriations:		
Transferred to General Reserve	18,000	1,500
Reserve for issue of Bonus shares	4,284	1,360
Proposed Dividend @ 60% (2002-10%)	17,134	2,720
	39,418	5,580
Un-appropriated profit Carried to Balance Sheet	524	696

EARNINGS PER SHARE

During the year under review, the Company earned a basic earnings per share of Rs.13.74 (2002-Rs.2.01)

DIVIDEND

The Directors are pleased to recommend a cash dividend at the rate of 60% (Rupees 6/- per share) and Bonus share issue at the rate of 15% (3 bonus shares for every 20 shares held).

CHAIRMAN'S REVIEW

The review included in the Annual Report deals inter alia with the performance of the Company for the year ended June 30, 2003 and future prospects. The Directors endorse the contents of the review.

BOARD OF DIRECTORS

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

During the year five (5) meetings of the Board of Directors were held, the attendance of the directors and number of their directorship in listed companies, including Atlas Battery Limited (ABL), are listed below:

	Name of Directors	Attendance at the Meeting	Number of Directorship in listed companies, including ABL
1.	Mr.Yusuf H. Shirazi	5	6
2.	Mr.Vazeer Ali	5	2
3.	Mr.Aamir H. Shirazi	3	3
4.	Mr.Aitzaz Shahbaz	3	2
5.	Mr.Iftikhar H. Shirazi	4	3
6.	Mr.Mohammad Atta Karim (Appointed effective April 25, 2003)	2	2
7.	Mr.Yoshitami Saito	0	1
8.	Mr.Mohammad Abdul Samad (Resigned effective April 25, 2003)	2	-

During the year Mr. Mohammad Abdul Samad (Nominee NIT) resigned from the Board on April 25, 2003 and Mr. Mohammad Atta Karim joined the Board of Directors on the same date.

Leave of absence was granted to those Directors who could not attend some of the Board Meetings.

Statement of Directors' Responsibilities

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

Followings are the Statements on Corporate and Financial Reporting Framework:

- (a) The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- (b) Proper books of accounts have been maintained by the Company.
- (c) Appropriate Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- (d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no doubts upon the Company's ability to continue as going concern.
- (g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.



STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance as set out by the listing regulations of Karachi and Lahore Stock Exchanges, relevant for the year ended June 30, 2003 have been complied with. The Directors confirm the compliance of Code of Corporate Governance and a statement to this effect is annexed.

AUDIT COMMITTEE

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial reporting and Corporate control. The Committee consists of three members including the Chairman of the committee, who are non-executive directors.

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

The Audit Committee meets at least four times in a year and additional meetings can be conveyed by the Chairman of the Committee whenever necessary.

During the year four Audit Committee meetings were held and attendance at the meetings was as follows:

			Attendance
1. Mr. Aitzaz Shahbaz	Chairman		3
2. Mr. Aamir H. Shirazi	Member		2
3. Mr. Iftikhar H. Shirazi	Member		4

GROUP EXECUTIVE COMMITTEE

The Group Executive Committee is responsible for setting overall corporate objectives and strategies, identifying opportunities, monitoring group business strategies and plans, and developing its group members as leaders of their respective fields.

GROUP PERSONNEL COMMITTEE

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

GROUP SYSTEMS & TECHNOLOGY COMMITTEE

The Group Systems & Technology Committee is responsible to provide an insight towards the various technological aspects of information systems. The objective of the Committee is to introduce leading edge technology and IT initiative to automate information delivery and accessibility of data for enhancement of time and cost efficiency.

MANAGEMENT COMMITTEE

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

EMPLOYEES' PROVIDENT FUND & GRATUITY FUND

The Company operates a contributory provident fund scheme for all employees and non-contributory gratuity fund scheme for its management employees. The value of investment, based on their respective audited accounts / valuation report are as follows:

Provident Fund	Rs.27.107 million (as at June 30, 2002)
Gratuity Fund	Rs.8.069 million (as at June 30, 2003)

OPERATING & FINANCIAL DATA

Operating and financial data and key ratios of the Company for the last ten years is annexed on page 7.

PATTERN OF SHAREHOLDING

The Pattern of Shareholding as at June 30, 2003 is annexed on page 51.

The Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouse and minor children have made no transactions of the Company's shares during the year.

AUDITORS

The present Auditors, M/s Hameed Chaudhri & Co. Chartered Accountants, retire and being eligible offer themselves for reappointment. As required by the Code of Corporate Governance, the Audit Committee has recommended their re-appointment as auditors of the Company for the year ended June 30, 2004.

COMMUNICATION

Communication with the shareholders is given a high priority. Annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company also has a web site (www.atlasgroup.pk.com), which contains upto-date information on group activities.

For and on behalf of the
BOARD OF DIRECTORS


Vazeer Ali

Karachi: September 19, 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 the listing regulations of Karachi Stock Exchange and Chapter XIII of the listing regulations of Lahore Stock Exchange 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 directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
2. The Company encourages representation of non-executive directors on its Board of Directors. At present the Board includes 6 non-executive directors and one executive director.
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 DFI or a NBFIL.
4. A casual vacancy occurred in the Board in April 2003 was filled up by the directors within 30 days thereof.
5. The Company has prepared a 'Code of Business Principles', which has been signed by all the directors and employees of the Company.
6. The Board has developed a Vision and Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman 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 arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their 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; all are non-executive directors including the Chairman of the Committee.
16. The Board has set-up an effective internal audit function.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
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.
20. We confirm that all other material principles contained in the Code have been complied with.

For and On behalf of
BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read "Yusuf H. Shirazi".

Yusuf H. Shirazi

KARACHI: September 19, 2003



Atlas Battery Limited

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Atlas Battery Limited to comply with the Listing regulation No. 37 (Chapter XI) of the Karachi Stock Exchange, and clause 40 (Chapter XIII) of the Lahore Stock Exchange where the company is listed.

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

As part of our audit 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, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2003.

Karachi: September 25, 2003

A handwritten signature in black ink, appearing to read "Hameed Chaudhri & Co.", written in a cursive style.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS


We have audited the annexed Balance Sheet of ATLAS BATTERY LIMITED as at June 30, 2003 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of 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 the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2003 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi: September 25, 2003


HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS



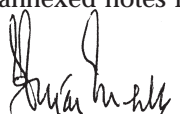
Atlas Battery Limited

BALANCE SHEET


AS AT JUNE 30, 2003

	Note	2003	2002
		Rupees in '000'	
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets-tangible	5	84,375	89,818
Intangible	6	-	652
Capital work in progress	7	-	342
Investments	8	3,822	3,822
Long term deposits	9	1,292	1,871
CURRENT ASSETS			
Stores, spares & tools	10	4,387	6,766
Stock-in-trade	11	130,429	115,439
Trade debtors	12	40,097	32,933
Advances, deposits, prepayments & other receivables	13	19,416	28,983
Trade & other deposits	14	3,227	3,211
Cash & bank balances	15	16,598	21,590
		214,154	208,922
TOTAL ASSETS		303,643	305,427
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 3,000,000 Ordinary Shares of Rs.10/- each.		30,000	30,000
Issued, subscribed and paid up capital	16	28,557	27,197
Reserves & Unappropriated profit			
Reserves	17	100,784	79,860
Unappropriated profit		524	696
		101,308	80,556
Shareholders' Equity		129,865	107,753
NON CURRENT LIABILITIES			
Long Term Loans	18	-	11,700
Obligation under finance lease	19	-	3,010
Deferred Liabilities			
Provision for gratuity	20	2,015	2,117
Deferred taxation	21	4,868	6,076
		6,883	8,193
CURRENT LIABILITIES			
Short term financing	22	41,013	88,796
Current maturity of long term liabilities	23	-	7,251
Creditors, accrued charges, provisions & other liabilities	24	86,629	70,185
Provision for taxation	25	22,119	5,819
Proposed dividend		17,134	2,720
		166,895	174,771
CONTINGENT LIABILITIES & COMMITMENTS	26	-	-
TOTAL EQUITY AND LIABILITIES		303,643	305,427

The annexed notes form an integral part of the financial statements


Aitzaz Shabbaz
Director


Vazeer Ali
Chief Executive



Yusuf H. Shirazi
Chairman


**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2003**

	Note	2003	2002
		Rupees in '000'	
NET SALES	27	617,143	495,082
COST OF SALES	28	475,920	403,549
GROSS PROFIT		141,223	91,533
OPERATING EXPENSES			
Administrative	29	25,102	20,106
Selling & distribution	30	50,780	47,375
		75,882	67,481
OPERATING PROFIT		65,341	24,052
MISCELLANEOUS INCOME	31	4,632	1,631
		69,973	25,683
OTHER CHARGES			
Financial expenses	32	8,403	18,022
Workers' profit participation fund	24.03	3,079	383
Workers' welfare fund	24.04	1,151	143
		12,633	18,548
PROFIT BEFORE TAX		57,340	7,135
PROVISION FOR TAXATION			
Current	25	19,000	2,700
Prior		302	(459)
Deferred	21.02	(1,208)	(580)
		18,094	1,661
PROFIT AFTER TAX		39,246	5,474
UNAPPROPRIATED PROFIT BROUGHT FORWARD		696	802
		39,942	6,276
APPROPRIATIONS:			
Transfer to general reserve		18,000	1,500
Transfer to reserve for issue of bonus shares 15% (2002-5%)		4,284	1,360
Proposed dividend 60% - Rs.6/- per share (2002: 10% - Re. 1/- per share)		17,134	2,720
		39,418	5,580
UNAPPROPRIATED PROFIT CARRIED FORWARD		524	696
BASIC EARNINGS PER SHARE	34	13.74	2.01

The annexed notes form an integral part of the financial statements


 Aitzaz Shabbaz
 Director


 Vazeer Ali
 Chief Executive


 Yusuf H. Shirazi
 Chairman




Atlas Battery Limited


CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2003

	Note	2003	2002
Rupees in '000'			
Cash generated from operations	35	83,047	70,110
Markup/interest paid		(8,326)	(19,199)
Finance charges on leased assets paid		(575)	(892)
Gratuity paid		(8,656)	(245)
Income taxes refund / (paid)		4,008	(5,545)
Long term deposits		579	(74)
Net cash generated from operations		70,077	44,155
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(7,624)	(5,636)
Software license fee paid		-	(1,305)
Sale proceeds of fixed assets		4,865	3,270
Dividend received		2,272	-
Net cash used-in Investing Activities		(487)	(3,671)
Net cash flow before Financing Activities		69,590	40,484
FINANCING ACTIVITIES			
Decrease in short term borrowings		(47,783)	(14,026)
Repayment of long term loans		(16,900)	(18,533)
Repayment of obligations under finance lease		(7,220)	(4,405)
Dividend paid		(2,679)	(4,350)
Net Cash used-in Financing Activities		(74,582)	(41,314)
Decrease in cash & cash equivalents	36	(4,992)	(830)

The annexed notes form an integral part of the financial statements


Aitzaz Shabbaz
Director


Vazeer Ali
Chief Executive


Yusuf H. Shirazi
Chairman


STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2003

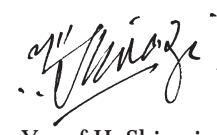
(Rupees in '000')

	Share Capital	General Reserve	Reserve for issue of bonus shares	Unappropriated Profit	Total
YEAR ENDED JUNE 30, 2002:					
Balance as at June 30, 2001	27,197	77,000	-	802	104,999
Profit for the year after taxation	-	-	-	5,474	5,474
Cash dividend	-	-	-	(2,720)	(2,720)
Transferred during the year	-	1,500	1,360	(2,860)	-
Balance as at June 30, 2002	27,197	78,500	1,360	696	107,753
YEAR ENDED JUNE 30, 2003:					
Balance as at June 30, 2002	27,197	78,500	1,360	696	107,753
Profit for the year after taxation	-	-	-	39,246	39,246
Bonus shares issued	1,360	-	(1,360)	-	-
Proposed dividend	-	-	-	(17,134)	(17,134)
Transferred during the year	-	18,000	4,284	(22,284)	-
Balance as at June 30, 2003	28,557	96,500	4,284	524	129,865

The annexed notes form an integral part of the financial statements


 Aitzaz Shabbaz
 Director


 Vazeer Ali
 Chief Executive


 Yusuf H. Shirazi
 Chairman



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

1. CORPORATE INFORMATION

Atlas Battery Limited (the Company) was incorporated as a public limited Company on October 19, 1966 and its shares are quoted on Karachi and Lahore Stock Exchanges in Pakistan. The Company is engaged in manufacture and sales of automotive and motorcycle batteries. The registered office of the Company and the manufacturing facilities are located at Karachi with branches at Lahore, Multan, Rawalpindi, Faisalabad, Sahiwal, Peshawar and Sukkur. The Company employed 195 persons as at year-end (2002: 253).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take the precedence.

3. BASIS OF PREPARATION

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.01 Employees' Benefits

Defined Benefit Plan

The company established unfunded gratuity scheme for its management staff with effect from July 01, 2002 which was approved by the Commissioner of Income Tax in November 2002. The gratuity fund was merged into Atlas Group of Companies Gratuity Fund which was approved by the Commissioner of Income Tax in May 2003. The merger of individual funds was approved for the purposes of investment, administrative convenience, consistency and uniformity of policies only.

The company also operates an unfunded gratuity scheme for its non-management staff.

The last actuarial valuation was conducted as on June 30, 2003 on the basis of Projected Unit Credit Method. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the amended benefits become vested. The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, if any.

Defined Contribution Plan

The Company operates defined contribution plan (i.e. recognised provident fund scheme) for all employees. Equal monthly contributions at the rate of 11 per cent of basic salary, in the case of management staff, and 11 per cent of basic salary and cost of living allowance, in the case of non-management staff, are made to the fund both by the Company and employees. The assets of the fund are held separately under the control of trustees.

Employees' Compensated Absences

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

4.02 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

4.03 Fixed assets and Depreciation

Owned and Leased assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses. Leasehold land and capital work in progress are stated at cost. Fixed assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses.

Depreciation on owned and leased assets.

Depreciation is charged to income on the reducing balance basis except computers & accessories.

Depreciation on computers & accessories is charged to income on a straight line basis. Full year's depreciation is charged on additions during the year while no depreciation is charged in the year of disposal.

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

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

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

4.04 Intangible Assets

Cost associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software



Atlas Battery Limited

products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognized as Intangible Assets. Direct costs include staff cost, costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortized using the straight-line method over a period of two years.

4.05 Investments

Investment in associated companies

Investments in associated companies are stated at cost.

Others

Available-for-sale investments

Investment other than investment in associates held by the company are classified as being available for sale and are stated at fair value.

All purchases and sales are recognised on the trade dates. Realised and unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included in the profit and loss account in the period in which they arise.

4.06 Stores, spares and tools

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

4.07 Stock-in-trade

Stocks of raw materials, packing materials & components, work in process and finished goods are valued at lower of cost and net realisable value. Cost in relation to work in process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads.

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

4.08 Foreign Currency Translation

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the Company enters into forward exchange contracts. Such transactions are translated at contracted rates. Exchange gains or losses on translation of foreign currency loans utilized for the acquisition of plant and machinery are included in the cost of plant and machinery. All other exchange differences are included in the profit and loss account.

4.09 Revenue Recognition

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

4.10 Borrowing Cost

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

4.11 Provisions

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

4.12 Warranty

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

4.13 Financial Instruments

Financial assets

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

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

Financial liabilities

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

4.14 Share Capital

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

4.15 Cash and cash equivalents

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

4.16 Interest / Mark-up bearing loans and borrowings

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

4.17 Impairment

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.



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5. OPERATING FIXED ASSETS - TANGIBLE

Rupess in '000'

Particulars	Cost			Depreciation				Written down value June 30, 2003	Rate %	
	July 01, 2002	Additions	Disposals	June 30, 2003	July 01, 2002	Charge for the year	(Disposal) / Transfers			June 30, 2003
Owned										
Leasehold land	435	-	-	435	-	-	-	-	435	-
Building on leasehold land	28,740	282	-	29,022	14,902	1,412	-	16,314	12,708	10
Plant and Machinery	97,609	2,495	-	100,104	55,282	4,482	-	59,764	40,340	10
Electric installations	1,350	-	-	1,350	855	50	-	905	445	10
Air conditioners	2,469	18	-	2,487	1,201	129	-	1,330	1,157	10
Gas Installations	135	-	-	135	111	2	-	113	22	10
Furniture & fixtures	2,827	-	-	2,827	1,347	148	-	1,495	1,332	10
Office equipments	1,477	36	-	1,513	1,016	50	-	1,066	447	10
Laboratory equipments	4,306	-	-	4,306	2,100	221	-	2,321	1,985	10
Vehicles	12,058	16,237	7,667	20,628	6,108	2,966	4,105	8,766	11,862	20
							(4,413)			
Fork lifters	2,072	-	-	2,072	1,760	62	-	1,822	250	20
Moulds, dies & jigs	33,259	375	-	33,634	20,379	1,326	-	21,705	11,929	10
Factory equipments	2,073	-	-	2,073	1,480	59	-	1,539	534	10
Workshop equipments	150	-	-	150	127	2	-	129	21	10
Computers	5,550	310	-	5,860	3,547	1,406	-	4,953	907	30
	194,510	19,753	7,667	206,596	110,215	12,314	4,105	122,221	84,375	
							(4,413)			
Leased Assets										
Vehicles	9,628	2,159	11,787	-	4,105	-	(4,105)	-	-	20
	9,628	2,159	11,787	-	4,105	-	(4,105)	-	-	
Total - 2003	204,138	21,912	19,454	206,596	114,320	12,314	(4,413)	122,221	84,375	
Total - 2002	200,705	16,735	13,302	204,138	103,544	12,658	(1,881)	114,321	89,817	

5.01 Disposal of fixed assets:

Particulars	Cost	Accumulated Depreciation	W.D.V.	Sales Proceeds	Profit/(Loss)	Particulars of Purchasers
Motor Vehicle						
Cars						
Honda Civic	742	499	243	355	112	Mr. Tariq Bin Souz Company Policy Ex- Executive
Honda Citi	579	389	190	518	328	Mr. Mohammad Iqbal - B-128 Block 2 Metrovill S.I.T.E. Karachi. Negotiation
Honda Civic	752	505	247	264	17	Mr. Asad Ali Qureshi - B 107 Block 10 Gulshan-e- Iqbal Karachi. Negotiation
Suzuki Margalla	522	351	171	157	(14)	Comm. (R) Tariq - D-781 Naval Society Karachi Negotiation
Honda Civic	738	496	242	242	-	Mr. Zakaria Haji Moosa -1/1-511 P. Desouza Road Garden East Karachi. Negotiation
Honda Civic	787	465	322	322	-	Mr. Arshad Gulraiz Butt Company Policy Executive
Suzuki baleno	559	330	229	229	-	Mr. Mohammad Iqbal Company Policy Executive
Sub-total	4,679	3,035	1,644	2,087	443	
Motorcycles						
Motor Cycle CD 70	65	23	42	42	-	Mr. Yaseen Company policy Ex- Executive
Motor Cycle CG 125	74	15	59	59	-	Mr. R.A. Siddiqui Company policy Ex- Executive
Motor Cycle CD 70	65	24	41	41	-	Mr. Suhail Qureshi Company policy Ex- Executive
Motor Cycle CD 70	65	24	41	41	-	Mr. Saleem Ahmad Company policy Ex- Executive
Motor Cycle CD 70	65	13	52	52	-	Mr. Mohammad Ali Company policy Ex- Executive
Motor Cycle CD 70	62	30	32	62	30	Mr. Saleem Raza Company policy Ex- Executive
Motor Cycle CG125	65	24	41	65	24	Mr. Sajid Hussain Company policy Ex- Executive
Motor Cycle CD 70	57	34	23	57	34	Mr. Noorul Islam Company policy Ex- Executive
Motor Cycle CD 70	57	39	18	24	6	Mr. Ali Akhtar Company policy Ex- Executive

Rupees in '000'

Particulars	Cost	Accumulated Depreciation	W.D.V.	Sales Proceeds	Profit/(Loss)	Particulars of Purchasers
Motor Cycle CD 70	65	13	52	65	13	Mr. Mohammad Nadeem
Motor Cycle CD 70	65	13	52	65	13	Mr. Moorad Baluch
Motor Cycle CD 70	57	39	18	57	39	Mr. Riffaqt Hussain
Motor Cycle CD 70	61	30	31	61	30	Mr. Tazaa Gul
Motor Cycle CD 70	65	24	41	65	24	Mr. Najib Khan
Motor Cycle CD 70	57	34	23	57	34	Mr. Amanat Ali
Motor Cycle CD 70	58	34	24	58	34	Mr. Nizamuddin
Motor Cycle CD 70	57	34	23	57	34	Mr. Shabbir
Motor Cycle CD 70	61	36	25	61	36	Mr. Sajjad Hyder
Motor Cycle CD 70	58	34	24	58	34	Mr. Arif Ali
Motor Cycle CD 70	58	34	24	58	34	Mr. Abdul Majeed
Motor Cycle CD 70	58	34	24	58	34	Mr. Ayyub
Motor Cycle CD 70	58	34	24	58	34	Mr. Jamil
Motor Cycle CD 70	61	36	25	61	36	Mr. Gulfiraz
Motor Cycle CD 70	65	13	52	65	13	Mr. Farooq
Motor Cycle CD 70	57	39	18	57	39	Mr. Ibrahim
Motor Cycle CD 70	65	13	52	65	13	Mr. Malik Jamil
Motor Cycle CD 70	65	13	52	65	13	Mr. M. Riaz
Motor Cycle CD 70	60	35	25	60	35	Mr. M. Salahuddin
Motor Cycle CD 70	61	36	25	61	36	Mr. Tahir Ali
Motor Cycle CD 70	62	31	31	62	31	Mr. Saifur Rehman
Motor Cycle CD 70	65	24	41	65	24	Mr. Shahid Khan
Motor Cycle CG125	65	23	42	65	23	Mr. Zamir Ahmad
Motor Cycle CD 70	62	30	32	62	30	Mr. Furrukh Shahzad
Motor Cycle CD 70	62	36	26	62	36	Mr. Izhar
Motor Cycle CD 70	62	36	26	62	-	Mr. Muhammad Saleem
Motor Cycle CG 125	70	41	29	29	-	Mr. Sumandar Khan
Motor Cycle CD 70	62	30	32	62	30	Mr. Rafiq
Motor Cycle CD 70	61	36	25	61	36	Mr. Shahzad Khan
Motor Cycle CD 70	61	36	25	61	36	Mr. Shafiq
Motor Cycle CD 70	61	36	25	61	36	Mr. Bashir
Motor Cycle CD 70	65	23	42	65	23	Mr. Rafiq
Motor Cycle CD 70	65	23	42	65	23	Mr. Taj Mohammad
Motor Cycle CD 70	62	30	32	62	30	Mr. Noor Zally
Motor Cycle CD 70	62	30	32	62	30	Mr. Raqeeb Sher
Motor Cycle CD 70	62	36	26	62	36	Mr. Shakeel
Motor Cycle CD 70	62	36	26	61	35	Mr. Amjad Ali
Motor Cycle CD 70	65	13	52	65	13	Mr. Peer Bukhsh
Motor Cycle CD 70	65	24	41	65	24	Mr. Irshad Ali
Sub-total	2,988	1,378	1,610	2,778	1,168	
Total	7,667	4,413	3,254	4,865	1,611	
Leased assets						
Suzuki Baleno	559	330	229	229	-	} Transferred to own Assets on the expiry / termination of Lease.
Honda Civic	1,067	630	437	437	-	
Honda Citi	675	329	346	346	-	
Honda Civic	1,080	216	864	864	-	
Honda Civic	787	465	322	322	-	
Honda Citi	765	373	392	392	-	
Honda Civic	750	270	480	480	-	
Honda Civic	876	517	359	359	-	
Honda Civic	834	407	427	427	-	
Honda Citi	755	272	483	483	-	
Suzuki Cultus	555	111	444	444	-	
Honda Civic	925	155	770	770	-	
Honda Citi	775	-	775	775	-	
Honda Citi	775	-	775	775	-	
Suzuki Cultus	609	-	609	609	-	
Total	11,787	4,075	7,712	7,712	-	
Grand Total	19,454	8,488	10,966	12,577	1,611	



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	Note	2003	2002
Rupees in '000'			
5.02 Depreciation for the year has been apportioned as follows:			
Cost of Goods Manufactured	28.01	9,947	10,623
Administrative Expenses	29	1,559	1,312
Selling & Distribution Expenses	30	808	724
		12,314	12,659
5.03 Moulds for containers and lids costing Rs. 9,643 thousand (2002: Rs. 9,643 thousand) included in the moulds, dies & jigs are held by Pak Polymer (Private) Limited, Paramount Moulding Service, DICOM Industries Limited and Novaplast Custom Moulders under agreements executed by the Company with them for use of these moulds for manufacturing containers and lids for the Company.			
6. INTANGIBLE ASSETS			
Software License Fee		652	323
Addition		-	1,305
		652	1,628
Amortization		652	976
Balance at end of year		-	652
7. CAPITAL WORK IN PROGRESS			
Plant & Machinery		-	112
Building		-	230
		-	342
8. INVESTMENTS			
Listed			
Associated company - at cost			
Atlas Honda Limited			
378,609 (2002- 378,609) Ordinary Shares of Rs. 10/- each. (Percentage of holding: 1.85%)	8.01	3,822	3,822
Market value Rs. 30,289 thousands (2002 - Rs. 15,163 thousands)			
Other - Unlisted			
Available-for-sale investment			
Arabian Sea Country Club Limited			
100,000 Ordinary Shares of Rs. 10/- each (Name of Chief Executive: Mr. Javed Burki)			
Break-up value on the basis of audited accounts for the year ended June 30, 2002			
Rs. 6.25 (2001: Nil) per share		1,000	1,000
Less: Provision for impairment		(1,000)	(1,000)
		-	-
		3,822	3,822

8.01 Investment in associated company is stated at cost. Had the equity method been applied, the total profit for the year would have increased by Rs. 5.268 million (2002 - Rs. 2.740 million) while the un-appropriated profit brought forward would have been higher by Rs.11.802 million (2002 - Rs. 9.062 million) and long term investment would have increased by Rs. 19.945 million (2002 - Rs. 14.678 million).

	Note	2003	2002
Rupees in '000'			
9. LONG TERM DEPOSITS			
Utility & Other deposits		1,292	1,871
10. STORES, SPARES & TOOLS			
General stores		1,733	1,662
Tools		91	56
Spare parts		2,563	5,048
		4,387	6,766
There is no stores held for capital expenditure at year-end			
11. STOCK-IN-TRADE			
Raw materials, packing materials & components (average cost)			
In-hand		34,077	27,070
With third parties		6,071	5,061
Work in process (average cost)		22,297	18,147
Finished goods (average cost)		55,349	54,081
Goods in transit (at accumulated cost)		12,635	11,080
		130,429	115,439
11.01 Stock-in-trade and trade debtors upto a maximum amount of Rs. 166.154 million (2002: Rs. 152.804 million) are under hypothecation as security for the Company's short term finances.			
12. TRADE DEBTORS			
Considered Good			
Export debtors -Secured		2,256	-
Local debtors - Unsecured	12.01	37,841	32,933
		40,097	32,933

12.01 This includes Rs. 589 thousand (2002 - Rs. 720 thousand) due from associated company (Honda Atlas Cars (Pakistan) Limited). The maximum amount due from associated companies at the end of any month was Rs. 7,033 thousand (2002: Rs. 3,965 thousand).

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



Atlas Battery Limited

	Note	2003	2002
Rupees in '000'			
13. ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES			
Unsecured - Considered Good			
Loan to employees	13.01	391	110
Advances to staff for expenses	13.02	34	746
Advances to suppliers		1,097	449
Advances to others		130	130
Tax deducted at source		4,823	6,316
Income tax refundable		8,616	14,133
Excise duty & sales tax refundable		-	6,152
Prepayments	13.03	533	581
Insurance claims receivable	13.04	-	174
Accrued interest		95	186
Other receivables	13.05	3,697	6
		<u>19,416</u>	<u>28,983</u>
<p>13.01 Loans to employees include loans to executives amounting to Rs. 213 thousand (2002: Rs. Nil). The maximum amount due from executives at the end of any month was Rs. 237 thousand (2002: Rs. 232 thousand). Loan outstanding for more than 3 years is Rs. Nil (2002: Rs. Nil).</p> <p>13.02 Advances to staff for expenses include amount of Rs. 34 thousand (2002: Rs. 738 thousand) given to executives. The maximum amount due from executives at the end of any month was Rs. 34 thousand (2002: 738 thousand).</p> <p>13.03 Prepayments include insurance premium of Rs. 423 thousand (2002: Rs. 502 thousand) paid to Muslim Insurance Company Limited, an associated company.</p> <p>13.04 Insurance claims include receivable from Muslim Insurance Company Limited, an associated company amounting to Rs. Nil (2002: Rs. 174 thousand).</p> <p>13.05 Includes Rs. 3,678 thousand (2002: Rs. Nil) paid to outgoing employees on behalf of staff provident fund.</p>			
14. TRADE & OTHER DEPOSITS			
Trade deposits		2,717	2,580
Guarantee deposits		510	515
Excise deposit		-	116
		<u>3,227</u>	<u>3,211</u>
15. CASH & BANK BALANCES			
Imprest accounts		65	37
With banks:			
PLS term deposits	15.01	2,982	2,583
On current accounts		1,986	2,372
Un-deposited cheques / collection		11,565	16,598
		<u>16,598</u>	<u>21,590</u>
<p>15.01 PLS Term Deposit are under lien of banks for guarantees issued on behalf of the Company.</p>			

	Note	2003	2002
Rupees in '000'			
16. ISSUED, SUBSCRIBED & PAID-UP CAPITAL			
Ordinary shares of Rs. 10 each			
1,300,000	Fully paid up in cash	13,000	13,000
1,555,737	Issued as fully paid bonus shares	15,557	14,197
<u>2,855,737</u>		<u>28,557</u>	<u>27,197</u>

16.01 The holders of Ordinary shares are entitled to receive dividends as declared by the Company from time to time and are also entitled to one vote per share at the meetings of the Company.

16.02 On November 21, 2002, a capitalisation issue of one bonus share for every twenty shares held resulted in an increase in issued capital of Rs. 1,360 thousand and an equivalent reduction in Reserve for issue of Bonus shares.

16.03 1,660,038 (2002: 1,304,420) Ordinary Shares of Rs. 10/- each were held by associated companies at the year end.

17. RESERVES

General reserves	17.01	96,500	78,500
Reserve for issue of bonus shares	17.02	4,284	1,360
		<u>100,784</u>	<u>79,860</u>
17.01 GENERAL RESERVES			
Balance at beginning of year		78,500	77,000
Transferred from Profit and Loss account		18,000	1,500
Balance at end of year		<u>96,500</u>	<u>78,500</u>
17.02 RESERVE FOR ISSUE OF BONUS SHARES			
Balance at beginning of year		1,360	-
Transferred from Profit and Loss account		4,284	1,360
		<u>5,644</u>	<u>1,360</u>
Bonus shares issued		1,360	-
Balance at end of year		<u>4,284</u>	<u>1,360</u>



Atlas Battery Limited

	Note	2003	2002
Rupees in '000'			
18. LONG TERM LOAN			
HABIB BANK LIMITED			
Balance at beginning of year		16,900	22,100
Less: Repaid during the year		16,900	5,200
		-	16,900
Less: Due within the following twelve months		-	5,200
		-	11,700
Balance at end of year			
		-	11,700
The loan has been fully repaid during the year.			
19. OBLIGATIONS UNDER FINANCE LEASE			
Balance at beginning of year		5,061	6,906
Assets acquired under finance lease during the year		2,159	2,560
		7,220	9,466
Less: Repaid during the year		7,220	4,405
		-	5,061
Less: Due within the following twelve months		-	2,051
		-	3,010
Balance at end of year			
		-	3,010
The lease obligation has been fully repaid during the year.			
20. PROVISION FOR GRATUITY			
Balance at beginning of year		2,117	2,222
Add: Provision for the year	20.02	8,554	140
		10,671	2,362
Less : Payments during the year		8,656	245
		2,015	2,117
Balance at end of year			
	20.01	2,015	2,117

20.01 The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit retirement plan is as follows:

	Management		Non-management		TOTAL	
	2003	2002	2003	2002	2003	2002
	Funded		Unfunded			
	Rupees in '000'					
Present value of defined benefit obligation (actuarial liability)	10,636	-	1,496	2,117	12,132	2,117
Fair value of plan assets	(8,069)	-	-	-	(8,069)	-
Unrecognised non-vested liability	(747)	-	-	-	(747)	-
Unrecognised actuarial gain/(loss)	(1,556)	-	255	-	(1,301)	-
Balance at end	264	-	1,751	2,117	2,015	2,117
Net Liability at the beginning of the year	-	-	2,117	2,222	2,117	2,222
Gratuity cost for the year	8,333	-	221	140	8,554	140
Contributions	(8,069)	-	-	-	(8,069)	-
Payment to outgoing employees	-	-	(587)	(245)	(587)	(245)
Net Liability at the end of the year	264	-	1,751	2,117	2,015	2,117

20.02 The expense is recognised in the following items in the income statement

	Note	2003	2002	2003	2002	2003	2002
Cost of goods manufactured	28.04	3,314	-	221	140	3,535	140
Administrative expenses	29.02	2,993	-	-	-	2,993	-
Selling & distribution expenses	30.02	2,026	-	-	-	2,026	-
Total		8,333	-	221	140	8,554	140

Principal actuarial assumptions at the balance sheet date for:

Discount rate	6%	-	6%	11%
Future salary increases	5%	-	5%	11%
Return on investment	6%	-	6%	11%



Atlas Battery Limited

	Note	2003	2002
Rupees in '000'			
21. DEFERRED TAXATION			
21.01 The liability for deferred taxation comprises of timing differences relating to:			
Deferred credit arising in respect of			
Accelerated tax depreciation allowances		9,347	10,395
Finance lease rentals		-	161
		<u>9,347</u>	<u>10,556</u>
Deferred debit arising in respect of			
Provision for gratuity		(613)	(741)
Provision for impairment		(350)	(350)
Other provisions		(3,516)	(3,389)
		<u>(4,479)</u>	<u>(4,480)</u>
		<u>4,868</u>	<u>6,076</u>
21.02 The movement for the year in the Company's deferred tax position was as follows:			
Balance at beginning of year		6,076	6,656
(Decrease) in deferred tax liabilities		(1,209)	(617)
Decrease in deferred tax assets		1	37
Reversal during the year		(1,208)	(580)
Balance at end of year		<u>4,868</u>	<u>6,076</u>
22. SHORT TERM FINANCING - SECURED			
Running finances from Banks	22.01	23,151	88,796
Import Finance (Foreign currency)	22.02	13,962	-
Export re-finance	22.04	3,900	-
		<u>41,013</u>	<u>88,796</u>

22.01 The Company has credit facilities upto an aggregate of Rs. 130 million (2002-Rs. 120 million) which are secured against pledge/hypothecation of stocks and charge on debtors amounting to Rs. 166.154 million (2002: Rs. 152.804 million). The facilities carry mark-up at the rate of Re.0.1781 to Re.0.2329 (2002-Re.0.3014 to Re.0.3562) per thousand per day on daily product basis.

22.02 The Company has entered into Finance agreements (Under SBP Circular F.E. 25) with National Bank of Pakistan and Habib Bank Ltd. for availing a foreign currency financing upto the extent of USD 0.583 million (2002: USD Nil) for import of raw materials. These facilities are available to the Company as a Sub-limit of its running finance facilities of Rs. 130 million, and carry markup @ LIBOR plus 2% per annum.

22.03 The facility for opening letters of credit as at June 30, 2003 amounted to Rs. 100 million (2002: Rs. 80 million) of which the amount remaining unutilised at the year-end was Rs. 70 million (2002: Rs. 57 million).

22.04 The facility for Post shipment export-refinance as at June 30, 2003 amounted to Rs. 3.90 million (2002: Rs. Nil). This facility is secured against lien on export bills.

	Note	2003	2002
Rupees in '000'			
23. CURRENT MATURITY OF LONG TERM LIABILITIES			
Long term loan	18.00	-	5,200
Obligation under finance leases	19.00	-	2,051
		-	7,251
24. CREDITORS, ACCRUED CHARGES, PROVISIONS & OTHER LIABILITIES			
Trade creditors		21,850	20,995
Accrued expenses	24.01	42,286	32,063
Provision for warranty	24.02	1,874	1,512
Customers' credit balances		2,110	395
Interest / Mark-up on bank loans -secured		580	2,387
Lease finance charges payable		-	105
Sales tax		9,058	6,045
Workers' profit participation fund	24.03	3,116	441
Workers' welfare fund	24.04	1,306	302
Tax deductions		2	1
Unclaimed dividend	24.05	700	659
Other liabilities	24.06	3,747	5,280
		86,629	70,185

24.01 Accrued expenses include Rs. 12,185 thousand (2002: Rs. 10,495 thousand) payable to associated company.

24.02 PROVISION FOR WARRANTY

Balance at beginning	1,512
Provided during the year	5,949
	7,461
Paid / charged during the year	5,587
Balance at end	1,874

24.03 WORKERS' PROFIT PARTICIPATION FUND

Balance at beginning of year	441	735
Add: Interest credited on fund utilised in the Company's business	36	57
	477	792
Less: Payment made during the year	440	734
	37	58
Contributions for the year @ 5 %	3,079	383
Balance at end of year	3,116	441

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



Atlas Battery Limited

	Note	2003	2002
Rupees in '000'			
24.04 WORKERS' WELFARE FUND			
Balance at beginning of year		302	366
Less: Payment made during the year		147	207
		155	159
Add: Provision for the year		1,151	143
Balance at end of year		1,306	302
24.05 UNCLAIMED DIVIDEND			
Unclaimed dividend		671	630
Unclaimed bonus fractions		29	29
		700	659
24.06 Other liabilities include vehicle deposits/instalments under company vehicle policy amounting to Rs. 3,348 thousand (2002: Rs. 4,769 thousand).			
25. PROVISION FOR TAXATION			
Balance at beginning of year		5,819	6,204
Add: Provision made during the year			
Current year		19,000	2,700
Prior year		302	(459)
		19,302	2,241
		25,121	8,445
Less : Payments during the year		3,002	2,626
Balance at end of the year		22,119	5,819
25.01 The Inspecting Additional Commissioner of Income Tax has re-opened the assessment of the Company for the assessment years 1997-98 and 1999-2000 (accounting year ended 30 June 1997 and 1999 respectively) and raised an additional tax demand of Rs. 843 thousand under section 50(7D) and 4,925 thousand under section 12(9A) of the Income Tax Ordinance, 1979 respectively, which has been adjusted by the Tax authorities against the refund of assessment year 2001-02. The Company has preferred appeals before the Income Tax Appellate Tribunal which has been decided in Company's favour. The Company has applied to the Commissioner (Enforcement & Collection) for appeal effect which is pending.			

	Note	2003	2002
Rupees in '000'			
26. CONTINGENT LIABILITIES & COMMITMENTS			
Confirmed letters of credit relating to:			
Raw materials		29,091	22,772
Store, spares and tools		311	-
Guarantees issued by banks on behalf of the Company		2,867	2,867
Indemnity Bonds issued by Insurance Company (Associated Undertaking)		-	1,721
Commitment for acquisition of property, plant and equipment		485	-
Commitments for sales contracts to institution		4,392	12,361
27. NET SALES			
Export sales		23,823	13,101
Local sales	27.01	593,320	481,981
		617,143	495,082
27.01 Local sales (at dealers' net prices)	27.02	611,751	590,247
Less: Incentive and discounts		18,431	39,660
Excise duty		-	68,606
		18,431	108,266
		593,320	481,981
27.02 Local Sales have been recorded after deducting sales tax of Rs.104.59 million (2002: Rs. 102.33 million).			
28. COST OF SALES			
Stock at beginning of year		54,081	49,161
Cost of goods manufactured	28.01	477,188	408,469
		531,269	457,630
Stocks at end of year	11	55,349	54,081
		475,920	403,549



Atlas Battery Limited

	Note	2003	2002
Rupees in '000'			
28.01 COST OF GOODS MANUFACTURED			
Work in process at beginning of the year		18,147	18,971
Raw materials, Packing materials & Components consumed	28.02	323,033	270,521
Salaries, wages & benefits	28.03	60,771	49,434
Stores consumed		23,273	22,417
Fuel, power & water		31,628	27,095
Insurance		2,143	2,225
Rent, rates & taxes		834	1,218
Repair & maintenance		5,514	3,585
Royalty		12,341	4,951
Travelling, conveyance and entertainment		1,275	2,081
Cartage		1,621	1,590
Postage & telephone		551	611
Printing & Stationery		881	1,377
Vehicle running		237	184
Free replacement		5,949	8,709
Depreciation	5.02	9,947	10,623
Amortization	6	-	206
Others manufacturing expenses		1,340	818
		<u>499,485</u>	<u>426,616</u>
Work in Process at end of year	11	22,297	18,147
		<u>477,188</u>	<u>408,469</u>
28.02 RAW MATERIALS, PACKING MATERIALS & COMPONENTS CONSUMED			
Stock at beginning of year		32,131	32,460
Purchases		331,050	270,192
		<u>363,181</u>	<u>302,652</u>
Less: Stock at end of year	11	40,148	32,131
		<u>323,033</u>	<u>270,521</u>
28.03 Salaries, wages & benefits include Rs. 10,244 thousand (2002: Rs. 5,514 thousand) in respect of employees' benefits.			
28.04 The following amounts have been charged to manufacturing expenses during the year in respect of gratuity scheme:			
Current service cost		293	140
Interest costs		522	-
Expected return on plan assets		(203)	-
Past service cost		2,849	-
Amortization of non vested liability		74	-
		<u>3,535</u>	<u>140</u>

	Note	2003	2002
Rupees in '000'			
29. ADMINISTRATIVE EXPENSES			
Directors' meeting fee	39.02	3	4
Salaries & benefits	29.01	17,962	12,565
Travelling, conveyance & entertainment		1,104	954
Rent, rates & taxes		744	665
Insurance		529	522
Repairs & maintenance		-	1
Advertisement		15	47
Legal & professional charges		787	1,816
Auditors' remuneration:			
Audit fee		133	120
Provident fund & Workers' profit participation fund audit and certification		177	115
Out of pocket expenses		8	16
		318	251
Gas & electricity		169	216
Fees & subscription		163	172
Postage & telephone		251	202
Printing & stationery		577	457
Vehicle running		103	43
Training expenses		138	36
Depreciation	5.02	1,559	1,312
Amortization	6	652	769
Others		28	74
		25,102	20,106
		25,102	20,106

29.01 Salaries & benefits include Rs. 5,344 thousand (2002: Rs. 665 thousand) in respect of employees' benefits.

29.02 The following amounts have been charged to administrative expenses during the year in respect of gratuity scheme:

Current service cost	187	-
Interest costs	322	-
Expected return on plan assets	(156)	-
Past service cost	2,573	-
Amortization of non vested liability	67	-
	2,993	-
	2,993	-



Atlas Battery Limited

	Note	2003	2002
Rupees in '000'			
30. SELLING & DISTRIBUTION EXPENSES			
Salaries & benefits	30.01	13,269	9,749
Travelling, conveyance & entertainment		4,325	3,616
Rent, rates & taxes		1,389	1,292
Insurance		2,894	2,947
Repairs & maintenance		258	152
Gas & electricity		690	698
Advertisement & publicity		7,436	5,337
Freight & handling		16,301	19,337
Export handling and other charges		560	894
Printing & stationery		340	317
Postage & telephone		1,942	1,897
Vehicle running		39	6
Services charges		275	197
Depreciation	5.02	808	724
Others		254	212
		50,780	47,375

30.01 Salaries & benefits include Rs. 3,490 thousand (2002: Rs. 741 thousand) in respect of employees' benefits.

30.02 The following amounts have been charged to selling & distribution expenses during the year in respect of gratuity scheme:

Current service cost	127	-
Interest costs	218	-
Expected return on plan assets	(106)	-
Past service cost	1,742	-
Amortization of non vested liability	45	-
	2,026	-

31. MISCELLANEOUS INCOME

Scrap Sales		663	659
Profit on sale of fixed assets	5.01	1,611	730
Dividend Income (associated company) (Atlas Honda Limited)		2,272	-
Profit on PLS term deposits		85	203
Other income		1	39
		4,632	1,631

Note	2003	2002
	Rupees in '000'	
32. FINANCIAL EXPENSES		
Interest / markup on:		
Long term loans - secured	892	3,608
Short term finance - secured	5,759	14,319
Workers' profit participation fund	36	57
Finance charges on leased assets	575	892
Bank & other financial charges	1,309	799
Exchange gain	(168)	(1,653)
	<u>8,403</u>	<u>18,022</u>

32.01 Interest / mark-up / finance charges on leased assets charged by associated companies amounted to Rs. 1,019 thousand (2002: Rs. 1,332 thousand).

33. TAXATION

Tax charge for the year		
Current	19,000	2,700
Prior	302	(459)
Deferred	(1,208)	(580)
	<u>18,094</u>	<u>1,661</u>

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

Profit before tax		57,340	7,135
Tax at the applicable income tax rate	35.00%	20,069	2,497
Tax effect of expenses that are not deductible in determining taxable profit as under		(1,008)	(780)
Adjustment in respect of current income tax of previous periods		302	(459)
Effect of difference in tax rates under normal assessment and presumptive tax regime		(587)	403
Effect of difference in tax rates under normal assessment and tax on dividend for companies		(682)	-
Tax expenses and effective tax rate for the current year	31.04%	<u>18,094</u>	<u>1,661</u>

33.02 The income tax assessments of the Company have been finalised upto and including assessment year 2002-2003 (Income year ending June 30, 2002).



Atlas Battery Limited

	Note	2003	2002
Rupees in '000'			
34. BASIC EARNINGS PER SHARE			
Net Profit after taxation for the year attributable to Ordinary Shareholders		39,246	5,474
Weighted average number of ordinary shares outstanding at year-end		2,855,737	2,719,750
Basic earnings per share		13.74	2.01
Basic earnings per share for corresponding year re-instated to reflect the capitalization issue in November 2002.		-	1.92
There is no dilutive effect on basic earnings per share of the Company.			
35. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		57,340	7,135
Adjustments for:			
Depreciation		12,314	12,658
Amortization		652	975
Markup / interest expenses		6,519	17,985
Profit on sale of fixed assets		(1,611)	(730)
Provision for gratuity		8,554	140
Finance charges on leased assets		575	892
Dividend Income		(2,272)	-
Operating profit before working capital changes		82,071	39,055
Working capital changes: (Increase) / Decrease in current assets			
Stores, spares & tools		2,379	1,017
Stock-in-trade		(14,990)	2,831
Trade debtors		(7,164)	39,579
Advances, deposits & prepayments (excluding tax deducted at source)		2,557	2,093
Trade & other deposits		(16)	1,230
		(17,234)	46,750
Increase / (Decrease) in current liabilities			
Creditors, provisions, accrued charges & other liabilities (excluding accrued interest / markup and unclaimed dividend)		18,210	(15,695)
Working Capital changes		976	31,055
Cash generated from operations		83,047	70,110

	Note	2003	2002
Rupees in '000'			
36. ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENTS			
Balance at beginning of year		21,590	22,420
Decrease in cash & cash equivalents		(4,992)	(830)
Balance at end of year	15	16,598	21,590
37. NON-CASH TRANSACTIONS			
Assets acquired under finance leases	19	2,159	2,560
38. RELATED PARTY TRANSACTIONS			

Name of Related Party and Nature of relationship	Nature of Transaction	Transaction Value	Transaction Value
(a) Associated Companies			
Atlas Honda Limited (Common Directorship)	Sale of Batteries	42,433	25,239
	Sale of Fixed assets	-	1,299
	Purchase of motorcycles	1,458	1,775
	Purchase of fixed asset	29	-
	Reimbursement of actual expenses	286	122
	Dividend received	2,272	-
Atlas Investment Bank Limited (Common Directorship)	Loan received	45,000	-
	Lease rental paid	7,796	5,304
	Loan repaid	45,000	25,333
	Interest expense	444	433
	Purchase of fixed assets under finance lease	2,159	2,560
Honda Atlas Cars (Pakistan) Limited (Common Directorship)	Sale of Batteries	6,418	5,956
	Purchase of fixed assets	2,970	-
Japan Storage Battery Co Ltd (Investment in Equity)	Purchase of Raw Material	4,777	5,729
	Royalty	12,341	4,951
Muslim Insurance Company Limited (Common Directorship)	Insurance claim	1,796	-
	Insurance premium	7,816	8,121



Atlas Battery Limited

Name of Related Party and Nature of relationship	Nature of Transaction	2003	2002
		Rupees in '000'	
		Transaction Value	Transaction Value
Shirazi Investments (Private) Limited (Common Directorship)	Rent of premises	744	665
	Reimbursement of actual expenses	645	535
Shirazi Trading Company (Private) Limited (Common Directorship)	Sale of batteries	-	2
	Purchase of fixed assets	166	-
	Purchase of consumable items	196	106
Sui Southern Gas Company Limited (Common Directorship)	Purchase of Natural Gas	8,738	7,433
Associated companies with which no transactions were carried during the year			
Allwin Engineering Industries Limited (Common Directorship)		-	-
(b) Enterprise over which any person described in (a) above is able to exercise significant influence			
Shirazi Foundation	Rent of premises	370	-
	Dividend Paid	50	-
Batool Benefits Trust (Common Directorship)		-	-

All these transactions were carried out on commercial terms and conditions and were valued at arm's length price. Reimbursement of expenses were on actual basis.

39. DIRECTORS' AND EXECUTIVES' REMUNERATION

39.01 Chief Executive

Managerial Remuneration	2,170	2,020
Rent & utilities	976	909
Cost of living allowance	542	505
Provident fund	239	222
Reimbursement of medical expenses & others	77	110
Bonus	542	-
	<u>4,546</u>	<u>3,766</u>

39.02 Meeting fees: other directors

Number of persons	<u>3</u>	<u>3</u>
-------------------	----------	----------

	Note	2003	2002
Rupees in '000'			
39.03 Executives			
Managerial Remuneration		10,949	14,371
Rent & utilities		4,927	6,467
Conveyance and Others		168	323
Cost of living allowance		2,737	3,593
Provident fund		1,213	1,541
Medical		712	1,100
Bonus		2,737	-
		23,443	27,395
Number of persons		40	61

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

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.01 Interest rate risk exposure

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

	2 0 0 3						2 0 0 2
	Interest bearing			Non-Interest bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
Financial assets							
Investments	-	-	-	-	3,822	3,822	3,822
Long term deposits	-	-	-	-	1,292	1,292	1,871
Trade Debtors	-	-	-	40,097	-	40,097	32,933
Advances, deposits & other receivables	-	-	-	5,315	-	5,315	869
Trade & Other deposits	-	-	-	3,227	-	3,227	3,095
Cash & Bank balances	2,982	-	2,982	13,616	-	13,616	21,590
	2,982	-	2,982	62,255	5,114	67,369	70,351
Financial liabilities							
Short term financing	41,013	-	41,013	-	-	-	41,013
Creditors, accrued charges and other liabilities	-	-	-	77,571	-	77,571	77,571
Proposed dividend	-	-	-	17,134	-	17,134	17,134
	41,013	-	41,013	94,705	-	94,705	135,718
On-balance sheet gap	(38,031)	-	(38,031)	(32,450)	5,114	(27,336)	(65,367)



Atlas Battery Limited

	2003	2002
40.02 Effective interest rates		
Assets		
Cash at Bank under PLS. Deposit	4% to 8%	7.5% to 11.0%
Liabilities		
Long term loan	-	17%
Obligation under finance leases	-	14% to 18%
Short term financing	6.5% to 8.50%	11.0% to 13.0%
40.03 Concentration of credit risks		

The Credit Risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The Company's credit risk is primarily attributable to its trade debtors and balances with banks. The financial assets which are subject to credit risks amounted to Rs. 70.35 million (2002: Rs. 64.18 million).

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

40.04 Fair value of the financial instruments

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


41. 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.

42. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on September 19, 2003.


Aitzaz Shabbaz
Director


Vazeer Ali
Chief Executive


Yusuf H. Shirazi
Chairman

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2003





NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
541	1	100	13,276	0.47%
235	101	500	60,735	2.13%
49	501	1000	35,766	1.25%
58	1001	5000	121,440	4.25%
15	5001	10000	104,364	3.65%
3	10001	15000	32,763	1.15%
2	20001	25000	42,832	1.50%
1	25001	30000	25,500	0.89%
2	30001	35000	63,851	2.24%
1	35001	40000	37,996	1.33%
1	45001	50000	49,800	1.74%
1	50001	55000	52,500	1.84%
1	120001	125000	124,162	4.35%
4	130001	135000	539,221	18.88%
1	170001	175000	173,827	6.09%
1	425001	430000	428,359	15.00%
1	945001	950000	949,345	33.24%
<u>917</u>			<u>2,855,737</u>	<u>100.00%</u>

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Associated Undertakings & Related parties			
Atlas Honda Limited	1	173,827	6.09%
Batul Benefit Trust	1	6,207	0.22%
Muslim Insurance Company Limited	1	49,800	1.74%
Shirazi Foundation	1	52,500	1.84%
Shirazi Investments (Private) Limited	1	949,345	33.24%
Japan Storage Battery Co. Limited	1	428,359	15.00%
	<u>6</u>	<u>1,660,038</u>	<u>58.13%</u>
Investment Corporation of Pakistan			
Investment Corporation of Pakistan	1	526	0.02%
24th ICP Mutual Fund	1	124,162	4.35%
	<u>2</u>	<u>124,688</u>	<u>4.37%</u>
Directors / Spouse			
Mr. Yusuf H. Shirazi / Mrs. Khawar Shirazi	1	11,866	0.42%
Mr. Aamir H. Shirazi	1	134,802	4.72%
Mr. Iftikhar H. Shirazi	1	134,804	4.72%
	<u>3</u>	<u>281,472</u>	<u>9.86%</u>
Executives			
	-	-	-
Corporations			
State Life Insurance Corporation of Pakistan	1	37,996	1.33%
Financial Institutions			
Muslim Commercial Bank Limited	1	909	0.03%
E.F.U. General Insurance Company Limited	1	13	0.00%
	<u>2</u>	<u>922</u>	<u>0.03%</u>
Joint Stock Companies			
	15	30,145	1.05%
Individuals			
	886	710,568	24.88%
SECP			
	1	1	0.00%
Abandoned Properties Organisation			
	1	9,907	0.35%
	<u>917</u>	<u>2,855,737</u>	<u>100.00%</u>



Atlas Battery Limited

ATLAS GROUP COMPANIES

		Year of Establishment/ Acquisition*
	Shirazi Investments (Pvt) Ltd.	1962
	Atlas Honda Ltd.	1962
	Atlas Battery Ltd.	1966
	Shirazi Trading Co. (Pvt) Ltd.	1973
	Muslim Insurance Co. Ltd.	1980*
	Allwin Engineering Industries Ltd.	1981*
	Atlas Investment Bank Ltd.	1990
	Honda Atlas Cars (Pakistan) Ltd.	1992
	Honda Atlas Power Product (Pvt) Ltd.	1997
	Total Atlas Lubricants Pakistan (Pvt) Ltd.	1997
	Atlas Asset Management Company Ltd.	2002

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

Affix
Revenue Stamp

Signature

Dear Sir,

SUBJECT: PROXY FORM

(Address)

Date

I/We the undersigned member(s) of Atlas Battery Limited Holding _____ Ordinary

Shares hereby appoint Mr./Mrs./Miss _____ of _____

or failing him/her Mr./Mrs./Miss _____ of _____
being member of the Company as my/our proxy to attend, act and vote for me/us and on my/our
behalf at the Annual General Meeting of the Company to be held at Adamjee House, 8th floor, I.I.
Chundrigar Road, Karachi, on October 21, 2003 at 03:00 p.m. and at every adjournment thereof.

(1) _____ (2) _____

(3) _____ (4) _____

Signature(s)

(1) _____

(2) _____

(3) _____

(4) _____

Names(s)

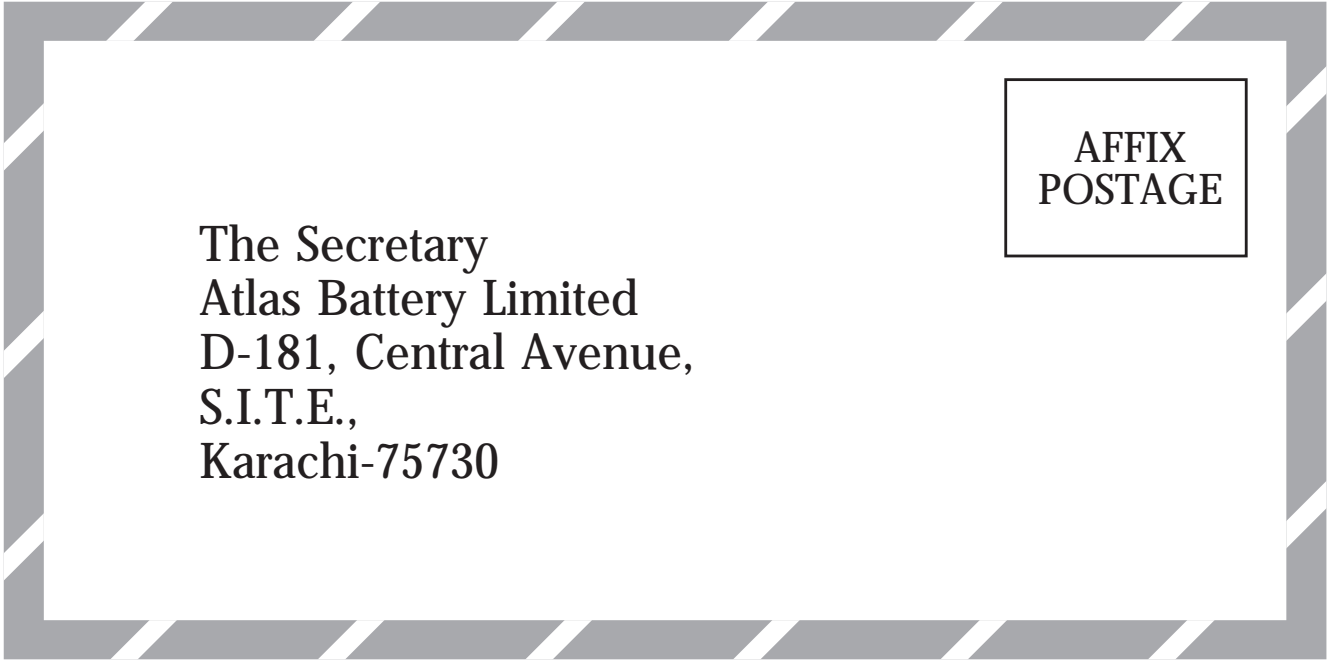
Signed in the presence of

Name of Witness

Address

Signature

Date



**The Secretary
Atlas Battery Limited
D-181, Central Avenue,
S.I.T.E.,
Karachi-75730**

**AFFIX
POSTAGE**

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