



ANNUAL REPORT  
2001



Allwin Engineering Industries Limited

Organisation  
development  
through  
*self development*



AN ATLAS GROUP  
COMPANY

Allwin Engineering Industries Limited





## Allwin Engineering Industries Limited

### **MISSION STATEMENT**

To be a dynamic, profitable and growth oriented company with market leadership in auto parts, through excellence in quality, advance technology, innovation and continuous improvement. To create joy of producing and selling, and joy for the customers to buy. To ensure attractive return to business associates, share holders and to reward employees according to their ability & performance. Be a good corporate citizen in order to fulfill social responsibility.



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Chief Executive Officer	S.V.H. Naqvi
Directors	Aamir H. Shirazi
	Farzana Munaf (representing National Investment Trust Ltd.)
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmed
	Mohammad Habib-ur-Rehman
	Shahid Anwar (representing Investment Corporation of Pakistan)
Company Secretary	Mohammad Atta Karim

### GROUP EXECUTIVE COMMITTEE

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

### GROUP PERSONNEL COMMITTEE

Chairman	Yusuf H. Shirazi
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### GROUP AUDIT COMMITTEE

Chairman	Sanaullah Qureshi
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### COMPANY MANAGEMENT

Chief Executive Officer	S.V.H. Naqvi
Director Finance	Mohammad Atta Karim
General Manager Marketing	Shameem Ahmad
General Manager Plant	Col.(R) Mir Moatazid
General Manager Human Resources	M.H. Tabassum



## COMPANY INFORMATION

Auditors	Ford, Rhodes, Robson, Morrow, Chartered Accountants
Legal Advisors	Mohsin Tayebaly & Co. Advocate Incorporation
Tax Advisors	Mahmood Law Associates
Bankers	Al-Baraka Islamic Bank Habib Bank Limited Muslim Commercial Bank Limited National Bank of Pakistan National Development Finance Corporation Standard Chartered Grindlays Bank Limited United Bank Limited
Registered Office (Factory)	15th Mile, National Highway, Landhi, Karachi-75120 Tel: 5016921-24 Fax: 5011709 E-mail: aeil@aeilkhi.atlasgroup.pk.com
Branch Offices	Lahore Office: C/o Atlas Battery Limited, Salam Chamber, 21 Link Mcleod Road., Lahore. Phones: 7227075-7354245 Fax: 7352724 E-mail: aeil@aeillhr.atlasgroup.pk.com
	Multan Office: C/o Atlsa Honda Limited, Azmat Wasti Road, Multan. Phone: 512181 Fax: 586280 E-mail: aeil@mul.atlasgroup.pk.com
	Faisalabad Office: C/o Atlas Battery Limited, No. 54, Chanab Market, Madina Town, Faisalabad. Phone: 713127 Fax: 726628
	Rawalpindi Office: C/o Atlas Battery Limited, 312, R-A-Bazar, Kashmir Road., Rawalpindi Phone: 567423 Fax: 567423 E-mail: aeil@aeilisb.atlasgroup.pk.com



## **NOTICE OF MEETING**

Notice is hereby given that the 39th Annual General Meeting of Allwin Engineering Industries Limited will be held at Corporate Office at 8th floor Adamjee House, I.I. Chundrigar Road, Karachi on 20 December 2001 at 10:30 a.m. to transact the following business:

### **ORDINARY BUSINESS**

1. To confirm the minutes of the thirty-eight Annual General Meeting held on 18 December 2000.
2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and Auditors' Reports thereon for the year ended 30 June 2001.
3. To appoint Auditors for the year 2001-2002 and to fix their remuneration.
4. To transact any other business with the permission of the chair.

### **SPECIAL BUSINESS**

5. To approve the remuneration of the Chief Executive Officer.

A statement under section 160 of the Companies Ordinance, 1984 pertaining to the Special Business referred to above is annexed to this Notice of Meeting.

BY ORDER OF THE BOARD

Karachi: 07 November 2001

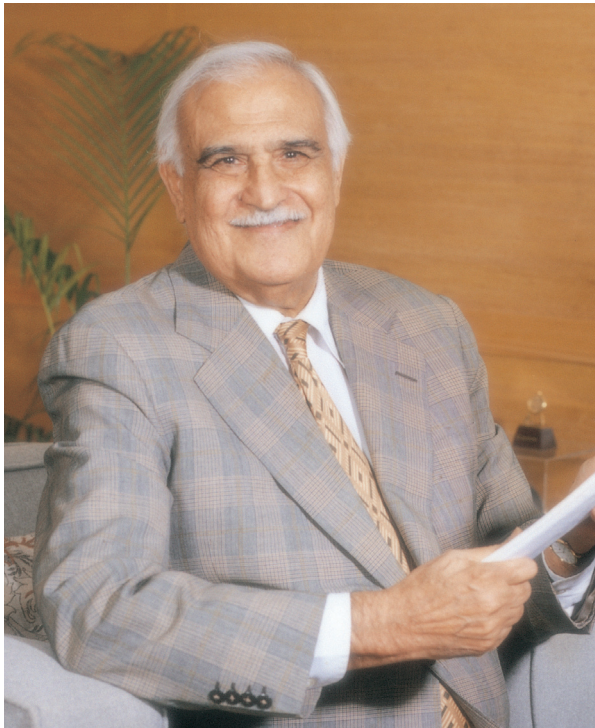
SECRETARY

### **NOTES:**

1. The Share Transfer Books of the Company will remain closed from 13 December 2001 to 20 December 2001 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The instrument appointing a proxy must be received at the Company's Registered Office not less than 48 hours before the time of holding of the meeting.
3. Any individual Beneficial Owner of the Central Depository Company, entitle to vote at this meeting must bring his/her National Identity Card with him/her to prove his/her identity and in case of proxy, must enclose an attested copy of his/her National Identity Card. Representative of corporate members should bring the usual documents required for such purpose.

### **STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984.**

Approval is being sought for fixing the remuneration of the Chief Executive Officer working with the Company. The Chief Executive Officer is interested only in the remuneration payable to him.



## CHAIRMAN'S REVIEW

It is my pleasure to present to you the 39th Annual Report and Review of the performance of your Company for the year ended 30 June 2001.

### THE ECONOMY

Pakistan's growth performance during the fiscal year 2000-01 suffered from an unprecedented drought. The situation not only worsened but engulfed the entire country causing serious damage to agriculture and the overall economic growth.

GDP was targeted to grow by 4.5% with agriculture and manufacturing sharing 2.6% and 5.9% respectively. Real growth was, however, around 3%. Major contribution to GDP growth was by the manufacturing sector particularly the automobile and textile sectors. The greatest set back came from the agriculture sector which

declined to negative 0.7%. Consequently, the value added in agriculture also registered a decline of 2.5% as against growth of 6.1% last year. Major crops like cotton, wheat, sugarcane, and rice also witnessed decline in production by 10.5%. Since agriculture, electricity and gas distribution account for almost 30% of GDP, any significant decline in these sectors heavily affects the overall GDP growth. A positive achievement of the outgoing year, however, has been the lower than targeted inflation rate of 4.7% against the targeted rate of 6%. Another significant achievement of the year was the sharp reduction in the overall fiscal deficit of 5.3% or Rs. 185.7 billion. This is the lowest fiscal deficit over the last decade.

The persistence of large fiscal deficit associated with the build up of public debt has been the major source of macroeconomic imbalance in Pakistan. This legacy is attributed to a host of factors, chiefly leakage in revenue collection and widespread financial indiscipline with ineffective accountability. Frequent changes in the monetary & fiscal policies have created imbalances. Growing debt servicing over the years has also made the fiscal adjustment more difficult. Pakistan's public debt burden of Rs. 3,198 billion is much higher than that of many developed and developing countries. However, with the government's multi-dimensional approach, one can hopefully look forward to better results!

IMF's acceptance of economic measures taken by the Government is no less an achievement, which facilitated another round of external debt rescheduling. The approval of the third tranche of US\$ 133 million by IMF under the standby facility agreement also adds support to the lenders' confidence and growing satisfaction with the country's economic measures and their viability. Also the government's emphasis on the export target of US\$ 10.66 billion, an increase of 3.4% over last year's US\$ 10.31 billion will certainly help reduce the trade deficit of US\$ 1.52 billion.





In order to promote investment and achieve sustainable growth, the dire need however is a stable macroeconomic environment where the key elements include low inflation, sustainable budget deficit, realistic exchange rates, appropriate real interest rates and consistency in economic, fiscal and other related policies.

**THE INDUSTRY**

The automobile industry in general performed well except the tractor segment. The production of tractor decreased to 31,635 units from 34,559 units in previous year, lower 8.5%. Production of the Cars, at 39,573 units registered increase of 21.9% over 32,461 units in previous year. The production of Motor-cycle was recorded at 108,850 units against 86,959 units of the last year, up 25.17%. Your company got its due share from the OEM sector.

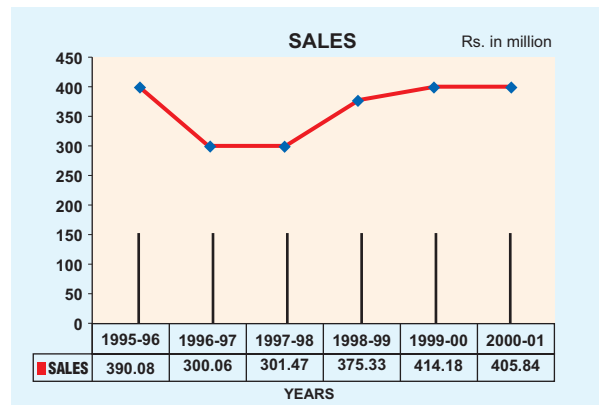
Following are the relevant production figures relating to the automobile industry, as a whole for the year under review.

Particulars	2001	2000	Incr/(Decr)	% age
Cars	39,573	32,461	7,112	21.91
Motorcycle	108,850	86,959	21,891	25.17
Tractors	31,635	34,559	(2,924)	(8.46)
Bus trucks & LCVs	9,662	9,409	253	2.69
Total	189,720	163,388	26,332	16.12

In the spare parts market, your company faced severe competition from the unorganized sector, which is not under the tax net. The Government has not succeeded to impose the GST at retail stage, which is the only remedy of this menace. Spurious manufacturing, gross misdeclaration at Customs stage and smuggling continue to hinder the development of parts industry in the organized sector.

As your company pays all applicable taxes, its prices are higher in the market. However, there is brand loyalty in the market. Allwin parts are known for quality which

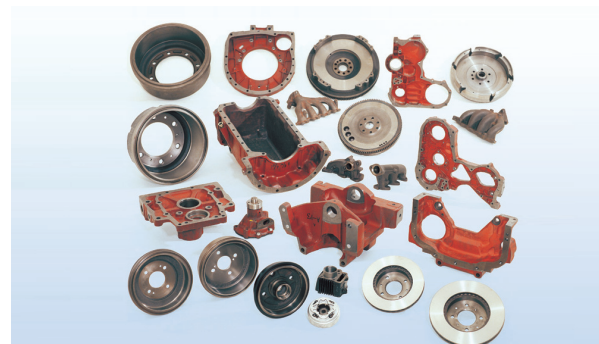
we do not compromise despite extreme cost pressures.



There is a vast market for auto parts. It only needs to be streamlined with good business ethics. The Government efforts of tax survey etc is expected to bear results, perhaps in the next year and the years to come. We wish the Government success in this regard.

**COMPANY PRODUCT AND TECHNOLOGY**

Allwin is a leading company in the engineering industry. It's range of product includes diesel engine pistons and cylinder liners, petrol (gasoline) pistons, automotive radiator assemblies , radiator cores, and scores of fully-machined grey and ductile cast iron parts.



Well-equipped iron and aluminum foundries, in-house tool making and machining facilities, chemical and metallurgical laboratories, standards room, and a good quality assurance system have enabled Allwin to earn the reputation of a reliable manufacturer and supplier of good quality automobile and tractor parts.



# Allwin Engineering Industries Limited

The company was the first to develop its line of diesel engine pistons and cylinder liners in 1967 with the technical assistance of Associated Engineering Limited, U.K., who are one of the largest manufacturers of pistons, liners and other engine components. Associated Engineering Limited is now merged with Federal Mogul Powertrain Systems, U.K.



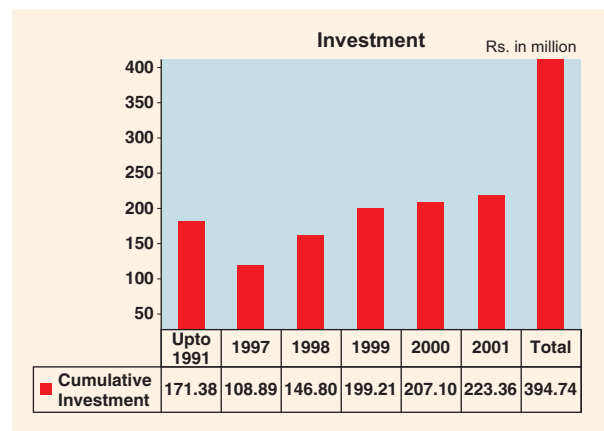
Other technical assistance agreements that Allwin Engineering has entered into during the last ten years are with Honda Foundry Co. Ltd., Japan, for production of petrol pistons, since 1996; U.E. Automotive Manufacturing, Inc., Philippines, for production of automobile radiator assemblies, since 1997; and F.C.C. Co. Ltd., Japan, for production of motorcycle clutch assembly, since 1999.



The Company supplies its products to all OEMs as well as to the commercial market and export. The company has, thus, made a significant contribution to import substitution thereby saving foreign exchange and earning foreign exchange through export.

## INVESTMENTS

The facilities at Allwin have been extended and modernized steadily over the last decade in order to take full share of the industry growth, quality improvement and higher productivity, and are amongst the best in the engineering sector of the country. The company, infact, has been following a prudent policy of investment in technology and balancing and modernisation and replacement with a view to ensure customer satisfaction and provide the market automotive parts with the latest technology for which your company has the unique distinction. Following this policy, your company invested Rs. 23.26 mn in Piston Project, Rs. 35.79 mn in Radiator Plant and Rs. 10.76 mn in C.I. Parts machinery besides Rs. 46.88 mn in power generation project. Your company had made an investment of Rs. 171.38 mn since the control of the company was acquired by the Atlas Group in 1981 to 1991, while during 1992 to 2001, an additional investment of Rs. 223.36 mn was made, making a total investment of Rs. 394.74 mn, a no mean achievement in the given circumstances. We continue to do this upgradation of equipment and technology, year after year, in order to provide the customer the right quality, all the times.



## COMPANY OPERATIONS

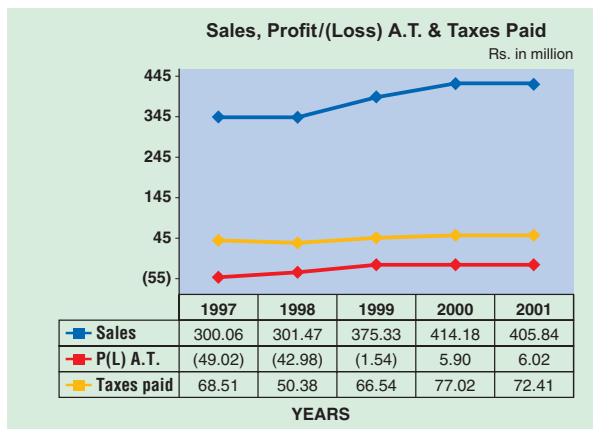
The sales revenue for the year was Rs.405.38 million as compared to Rs.414.18 million in the corresponding year, lower 2.0%. In replacement market, sales was only

81% of the previous year. The gross profit for the period declined to Rs.54.44 million, lower 12.0%, against Rs.61.87 million in the corresponding period. Lower sales and increase in cost due to devaluation of Rupee at about 23%, increase in price of utilities specially gas - by 30%, and higher wages on account of Labour Union agreement are some of the reasons for lower gross profit. Your company due to fierce competition, smuggling and under-invoiced imports was unable to increase prices of its products in proportion to cost increases.

The operating expenses were generally under control and as a ratio to sales worked out to 7.02% against 7.73% in the corresponding period. Due to better working capital management, the financial expenses for the year stood at Rs.18.56 million, down 21.12%, against Rs.23.53 million in the previous year.

The net profit after tax for the year was Rs.6.03 million against Rs.5.90 million of the previous year. Earning per share after tax worked out to Rs. 1.22 as against Rs. 1.20 last year.

Your company contributed Rs. 72.41 million to the Government revenues in the form of Custom duty, Sales tax, Income tax, etc., being 17.84% of the sales value during the year.



## WORLD TRADE ORGANIZATION (WTO)

Agreement on Trade Related Investment Measures – TRIMs – has come into focus for some time now. The

WTO in its recent decision has granted a two year extension after expiry of the transitional period allowed to the developing countries, including Pakistan. For further liberalization, the WTO has asked the government to submit a response to TRIMs, if further extension is desired by any member country.

The Government of Pakistan is working out a strategy to protect the industry interests. Your company's view is that localization measures are in the interest of local industry.

The industry is also of the view that in our situation the automotive sector does not come under the purview of this agreement and, if at all, it is applicable, adequate extension (the industry recommended at least seven years) is necessary to further promote the local industry. The Government of Pakistan may, therefore, proceed and represent their case for seeking at least a 7-year extension since similar exemptions and extensions have been allowed to other countries as well. In the larger interest of the country, it is necessary to protect the huge investment and employment in this sector. As a developing country Pakistan has severe balance of payment problem and thus deserves the support. It will be pertinent to note that contrary to the practices in other countries, the private sector was neither associated with nor taken into confidence before signing the original agreement or its extension of highly significant consequences. In fact, even after signing the agreement, the Government induced and pursued the policies of further investment by the automotive sector through its indigenization programme. If the current indigenization policy is phased out, it will have far reaching repercussions on investment and employment opportunities.

عِ دُنْيَا سِوے سَا مَنے آسْمَاں اُور مَی ہے

(There is a world, beyond this world!)



## **HUMAN RESOURCE**

Col. (Retd.) Mir Moatazid has joined the company as General Manager Plant, in place of Lt. Col. (Retd.) Sultan Ahmed, who resigned. Mr Mir has 30 years on hand experience as an Electrical and Mechanical Engineer in the coveted military service. He has a record of eminent service of great value to the job. Mr. M.H. Tabassum, who was working with Atlas Battery Ltd., an Atlas Group Company, was transferred to Allwin Engineering as General Manager Human Resources, as a group policy of job rotation. I would like to thank the outgoing General Manager for his valuable contribution to the company and welcome the new General Managers and wish them great tenures with your company.

During the year, the charter of demand was settled for the next two years. Increased working hours from 45.0 to 46.15 hours per week have been negotiated, resulting in increased capacity and productivity.

Hay system was introduced in your company, which will be a fair base for future growth of the company and the employees in all respects. A competitive just culture is under focus of your company more than ever before.

## **FUTURE OUTLOOK**

I foresee a challenging time ahead. The changing environment, after the attacks in New York and Washington on September 11, 2001, will have a significant bearing on our economy. Any negative development in the country could result in slow down of the economy. On the other hand, wide scale smuggling of the auto parts, increasing market competition, cost constraints

arising from the inflationary market pressure, and progressive devaluation of rupee aggregating to 23% during the last year alone, will require the management and staff to rise to the occasion.

In March 2001, your company received ISO 9002 Certificate from Lloyd's Register Quality Assurance, for Radiator manufacturing. This will help to improve overall internal efficiency and quality of work leading to tangible savings. This will open prospects to enter new export market for which your company is making serious efforts.

I am confident that the management will face the challenges successfully and ensure profitability through overall improvement, effectiveness and productivity of our men, machines and materials.

## **ACKNOWLEDGEMENT**

On the Board of Directors, in June, 2001 Mr. Mazharuddin resigned. Mr. Iftikhar H. Shirazi was co opted in his place. May I place on record appreciation of the valuable contributions made by Mr. Mazharuddin.

May I also thank your CEO Mr. S.V.H. Naqvi and his team for their dedicated efforts for the company. I must also thank the Board of Directors and Group executive committee Members for their valuable contribution and the customers and suppliers for their co-operation. I also wish to place on record appreciation for the help and support provided by foreign technical collaborators, banks, financial institutions and the shareholders.

Yusuf H. Shirazi



## DIRECTORS' REPORT

Your Directors take pleasure in submitting herewith their report together with the Audited Accounts and Auditors' Report thereon for the year ended 30 June 2001.

	(Rupees in 000's)	
	2001	2000
<b>OPERATING RESULTS</b>		
Net Profit before Tax	8,092	7,949
Provision for Taxation	<u>(2,064)</u>	<u>(2,045)</u>
Net Profit after tax	6,028	5,904
Balance brought forward	<u>(54,949)</u>	<u>(60,853)</u>
Balance carried forward	<u><u>(48,921)</u></u>	<u><u>(54,949)</u></u>

## CHAIRMAN'S REVIEW

The review included in the Annual Report deals inter alia, with the performance of the company for the year ended 30 June 2001 and future prospects. The Directors endorse the contents of the review.

## VARIATION IN REMUNERATION OF CHIEF EXECUTIVE

During the year, remuneration of the Chief Executive was reviewed and increased as per details given in note 28 of the Accounts.

## PATTERN OF SHAREHOLDING

The pattern of shareholding of the company is annexed.

## AUDITORS

The present Auditors M/s. Ford, Rhodes, Robson, Morrow, Chartered Accountants retire and being eligible, offer themselves for reappointment.

For and on behalf of the  
BOARD OF DIRECTORS

**S.V.H. Naqvi**  
Chief Executive Officer

Karachi: 07 November 2001



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of ALLWIN ENGINEERING INDUSTRIES LIMITED as at 30 June 2001 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2001 and of the Profit, its Cash Flows and Changes in Equity for the year then ended;
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi: 07 November 2001

**FORD, RHODES, ROBSON, MORROW**  
CHARTERED ACCOUNTANTS

**BALANCE SHEET**

AS AT 30 JUNE 2001

		(Rupees in 000's)	
	Note	2001	2000
<b>Non-current Assets</b>			
Operating fixed assets	3	280,925	283,753
Long Term Deposits	4	1,432	1,105
Deferred Cost	5	358	717
<b>Current Assets</b>			
Stores, spares and loose tools	6	22,642	20,620
Stock-in-trade	7	76,573	60,493
Trade debts	8	37,114	45,585
Loans, advances, deposits, prepayments and other receivables	9	11,575	16,779
Cash and bank balances	10	3,084	1,375
		150,988	144,852
<b>Total Assets</b>		<u>433,703</u>	<u>430,427</u>
<b>Share Capital and Reserves</b>			
Authorised capital 10,000,000 (2000: 10,000,000) ordinary shares of Rs.10/- each		100,000	100,000
Issued, subscribed and paidup capital	11	49,347	49,347
Deposit for right shares	12	70,000	70,000
Unappropriated loss		(48,921)	(54,949)
		70,426	64,398
Surplus on Revaluation of Leasehold Land	13	118,680	118,680
Long Term Loans	14	32,334	23,533
Loan From Directors and others	15	40,000	40,000
<b>Deferred Liability</b>			
Gratuity		6,139	5,139
<b>Current Liabilities</b>			
Short term finances	16	50,156	30,888
Current portion of long term liabilities	17	28,872	29,154
Creditors, accrued and other liabilities	18	85,067	116,565
Provision for taxation		2,029	2,070
		166,124	178,677
Contingencies And Commitments	19		
<b>Total Shareholders' Equity And Liabilities</b>		<u>433,703</u>	<u>430,427</u>

The annexed notes form an integral part of these accounts.

S.V.H. Naqvi  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Aamir H. Shirazi  
Director



# Allwin Engineering Industries Limited

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2001

		(Rupees in 000's)	
	Note	2001	2000
Sales		405,835	414,180
Less: Cost of sales	20	351,398	352,314
Gross profit		54,437	61,866
Other Income	21	1,095	2,022
		55,532	63,888
Less: Administrative expenses	22	17,189	19,581
Selling and distribution expenses	23	11,263	12,411
		28,452	31,992
Operating profit		27,080	31,896
Less: Financial expenses	25	18,562	23,529
Workers' profit participation fund		426	418
		18,988	23,947
Profit before taxation		8,092	7,949
Taxation - current	26	2,029	2,070
- prior		35	(25)
		2,064	2,045
Profit after taxation		6,028	5,904
Un-appropriated loss brought forward		(54,949)	(60,853)
Accumulated losses carried forward		(48,921)	(54,949)
Basic earnings per share	27.1	1.22	1.20
Diluted earnings per share	27.2	0.51	0.49

The annexed notes form an integral part of these accounts.

S.V.H. Naqvi  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Aamir H. Shirazi  
Director





**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
(CASH FLOW STATEMENT) FOR THE YEAR ENDED 30 JUNE 2001

	(Rupees in 000's)	
	2001	2000
<b>Cash Flow From Operating Activities</b>		
Profit before taxation	8,092	7,949
Adjustment for non cash charges and other items:		
Depreciation	18,842	18,796
Profit on sale of fixed assets	(571)	(1,325)
Deferred cost written off	359	359
Gratuity	1,419	1,378
Financial expenses	18,657	23,529
Liabilities written back	(524)	(622)
	38,182	42,115
Profit before working capital changes	46,274	50,064
Movement in working capital:		
(Increase)/decrease in current assets		
Stock-in-trade	(18,102)	(3,542)
Trade debts	8,471	(6,695)
Loans, advances, deposits, prepayments and other receivables	1,353	
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	(30,489)	5,969
	(34,916)	(2,915)
Cash generated from operations	11,358	47,149
Payments for :		
Financial expenses	(19,142)	(27,299)
Taxes	(2,105)	(1,878)
Gratuity	(419)	(379)
Net cash (outflow)/inflow from operating activities	(10,308)	17,593
<b>Cash Flow from Investing Activities</b>		
Proceeds from sale of fixed assets	812	1,821
Fixed capital expenditures	(16,255)	(7,888)
Decrease in long term deposits	(327)	1,078
Net cash (outflow) from investing activities	(15,770)	(4,989)
<b>Cash Flow from Financing Activities</b>		
Repayments of short term finances	19,268	(17,977)
Repayments of long term loans	8,519	(3,389)
Repayments of finance lease liability	-	(30,147)
Proceeds from Director and others loan	-	40,000
Net cash inflow/(outflow) from financing activities	27,787	(11,513)
Net increase in cash and cash equivalents	1,709	1,091
Cash and cash equivalents at the beginning of the year	1,375	284
Cash and cash equivalents at the end of the year	3,084	1,375

S.V.H. Naqvi  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Aamir H. Shirazi  
Director



**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 JUNE 2001

(Rupees in 000's)

	Issued, subscribed & paid up capital	Deposit for right shares	Unappropriated Profit / (Loss)	Total
Balance as at 30 June 1999	49,347	70,000	(60,853)	58,494
Profit for the year	-	-	5,904	5,904
Balance as at 30 June 2000	49,347	70,000	(54,949)	64,398
Profit for the year	-	-	6,028	6,028
Balance as at 30 June 2001	49,347	70,000	(48,921)	70,426

S.V.H. Naqvi  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Aamir H. Shirazi  
Director



## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2001

### 1. NATURE OF BUSINESS

The company was incorporated in Pakistan as a private limited company in 1963 and was converted into a public limited company on July 15, 1966. Its shares are listed on the Karachi and Lahore stock exchanges. It is engaged in manufacturing of components and parts for automotive vehicles and tractors.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Accounting convention

These accounts have been prepared under the historical cost convention except that leasehold land has been included at revalued amount referred to in note 2.4.

#### 2.2 Staff retirement benefits

The company operates a provident fund scheme for all permanent employees eligible for the benefit and contributions thereto are made in accordance with the terms of the scheme.

The company operated a gratuity scheme before the introduction of the provident fund in 1974. On introduction of the provident fund the employees were given the option to either continue with the gratuity scheme or join the provident fund. Those employees who opted to join the provident fund were entitled to gratuity upto the period of joining the provident fund and provision in this respect was duly made. Liability in respect of remaining employees entitled for gratuity has also been provided upto date. The company entered into an agreement with the collective bargaining agent (CBA), whereby the workers who opted for the provident fund scheme are also entitled to gratuity for four days for each completed year of service. Liability in respect of above has also been provided upto date.

#### 2.3 Taxation

##### Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits and rebates or at the rate of 0.5% of turnover whichever is higher.

##### Deferred

The company accounts for deferred taxation using the liability method on all significant timing differences, excluding tax effect on those timing differences which are not likely to reverse in the foreseeable future. However, as a matter of prudence, the company does not account for deferred tax debit in the accounts.



## **2.4 Operating fixed assets and depreciation**

### **Owned**

Fixed assets except leasehold land are stated at cost less accumulated depreciation. Leasehold land is stated at revalued amount and is not being amortised over its lease period. Cost of certain fixed assets comprises of historical cost and the cost of borrowings during construction period in respect of loans taken for specific projects.

Depreciation is charged to income applying the reducing balance method by using rates stated in note 3 to the accounts. Depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month of disposal.

Dies, jigs etc. manufactured for own use are included in fixed assets and are valued at cost of raw material consumed plus direct and a proportion of indirect manufacturing overheads.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvement are capitalised.

Gains or losses on disposal of fixed assets are included in income currently.

### **Leased**

#### **Assets subject to finance lease**

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The related obligations under the lease are accounted for as liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation on assets subject to finance lease is provided in the same manner as owned fixed assets.

#### **Assets Subject to operating lease**

Rentals for assets held under operating lease are charged to income currently.

## **2.5 Capital work-in-progress**

This includes costs pertaining to the acquisition, construction, erection and installation of plant and machinery.

## **2.6 Capitalisaton of borrowing costs**

The company capitalises borrowing costs relating to capital projects, excluding normal capital expenditure.

## **2.7 Stores, spares and loose tools**

These are valued at the lower of cost and net realisable value determined on a moving average basis.



## 2.8 Stocks

These are valued on the following basis :

a) Raw and ancillary materials

These are valued at the lower of cost, determined on moving average basis and net realisable value. Goods in bonded warehouse are stated at invoice value plus other charges paid thereon excluding customs duty. Goods in transit are valued at cost comprising of cost and freight value plus other charges incurred thereon.

b) Work-in-process

Work-in-process is valued at the lower of average manufacturing cost and net realisable value.

c) Finished goods

Finished goods are being valued at the lower of cost and net realisable value determined on moving average basis.

## 2.9 Foreign currency translation

Assets and liabilities in foreign currencies are translated into Pak rupee at the rates of exchange prevailing at the balance sheet date except the liabilities covered by forward exchange contracts where the respective contract rate is applied.

## 2.10 Revenue recognition

Revenue is recognised when goods are dispatched.



### 3. OPERATING FIXED ASSETS

(Rupees in 000's)

	COST / REVALUATION			DEPRECIATION				Written	Rate of	
	As at 01 July 2000	Adjustments/ (Disposals)	As at 30 June 2001	As at 01 July 2000	On adjustments/ (Disposals)	Charge for the year	As at 30 June 2001	down value As at 30 June 2001	depreciation on written down valu %	
<b>Owned</b>										
Leasehold land (note 3.2 & 3.3)	118,840	-	118,840	-	-	-	-	118,840		
Factory building	36,707	-	36,707	26,831	-	988	27,819	8,888	10	
Generator building	3,741	-	3,741	1,429	-	231	1,660	2,081	10	
Residential building	365	-	365	282	-	4	286	79	5	
Office building	1,745	-	1,745	1,069	-	34	1,103	642	5	
Machinery and plant	216,940	1,340	218,280	109,499	-	10,802	120,301	97,979	10	
Power generator	46,880	9,348	56,228	17,816	-	3,685	21,501	34,727	10	
Electrical fittings	4,760	217	4,977	2,857	-	199	3,056	1,921	10	
Office equipment	2,181	-	2,181	1,662	-	78	1,740	441	15	
Computer	2,712	285	2,997	2,194	-	203	2,397	600	30	
Furniture and fixtures	3,409	11	3,420	2,749	-	69	2,818	602	10	
Vehicles	6,989	3,089	(242)	9,836	2,368	-	1,005	3,373	6,463	20
Waterline and drainage	670	-	670	603	-	7	610	60	10	
Sui gas line	576	-	576	355	-	22	377	199	10	
Measuring instruments, dies, jigs, patterns and other equipments	22,306	1,966	-	24,272	15,354	-	1,515	16,869	7,403	20
Bicycles	2	-	-	2	2	-	-	2	-	20
	468,823	16,256	(242)	484,837	185,070	-	18,842	203,912	280,925	
As at 30 June 2000	461,978	7,888	(1,043)	468,823	166,822	(548)	18,796	185,070	283,753	

3.1 All the buildings are on leasehold land.

3.2 Leasehold land costing Rs. 0.16 million was revalued by Razzaque Umrani & Co., Engineers and Surveyors on 20 June 1998 resulting in surplus amounting to Rs. 118.68 million which has been credited to surplus on revaluation on leasehold land account.

3.3 As stated in note 2.4 leasehold land has not been amortised. Had leasehold land been amortised the charge for the year and to date would have amounted to Rs. 2.33 million and Rs. 9.396 million respectively.

3.4 The depreciation charge for the year has been allocated as follows:

(Rupees in 000's)

	2001	2000
Cost of sales - note 20.1	18,560	18,514
Administrative expenses - note 22	188	188
Selling and distribution expenses - note 23	94	94
	<u>18,842</u>	<u>18,796</u>

## 3.5 The following assets were disposed off during the year:

Assets	Cost/lease residual value Rupees	Accumulated Depreciation Rupees	Written down/ lease residual value Rupees	Sale Proceeds Rupees	Mode of Disposal	Particulars of Buyers
Vehicles - Car	30,800	-	30,800	113,857	Under Co's. Policy	Mr. Muhammad Sultan Mirza
-do-	28,250	-	28,250	97,102	Under Co's. Policy	Mr. Ghulam Ahmed Shakeel
-do-	28,872	-	28,872	89,876	Under Co's. Policy	Mr. Muhammad Fazal-ur-Rahman
-do-	35,800	-	35,800	108,022	Under Co's. Policy	Mr. Zakir Habib
-do-	28,250	-	28,250	92,133	Under Co's. Policy	Mr. M. Yamin Khan
-do-	28,250	-	28,250	86,881	Under Co's. Policy	Mr. M. Noman Khan
-do-	27,077	-	27,077	70,981	Under Co's. Policy	Mr. S.A. Bari
Vehicles - Mortor Cycle	6,600	-	6,600	27,034	Under Co's. Policy	Syed Tariq Arabi
-do-	5,600	-	5,600	17,695	Under Co's. Policy	Mr. Zafar Alam
-do-	5,600	-	5,600	56,000	Under Co's. Policy	Mr. A. Haseeb Khan
-do-	5,600	-	5,600	6,964	Under Co's. Policy	Mr. Masroor Ali Baig
-do-	5,600	-	5,600	22,938	Under Co's. Policy	Mr. Bakhtawar Ali
-do-	5,600	-	5,600	22,938	Under Co's. Policy	Mr. Muhammad Shafique
	<u>241,899</u>	<u>-</u>	<u>241,899</u>	<u>812,421</u>		

(Rupees in 000's)

## 4. LONG TERM DEPOSITS - UNSECURED

	2001	2000
Leasing companies	154	-
Utilities	797	639
Suppliers	246	231
Others	235	235
	<u>1,432</u>	<u>1,105</u>

## 5. DEFERRED COST

	2001	2000
Balance as on 01 July	717	1,076
Amortized during the year	359	359
Balance as at 30 June	<u>358</u>	<u>717</u>

The above cost has been incurred on Radiator Plant and is being amortised over the period of four years commencing from the start of commercial production of Radiator Plant.

## 6. STORES, SPARES AND LOOSE TOOLS

Spare parts and other materials:		
In hand	10,650	9,463
In transit	496	9
	11,146	9,472
Loose tools	10,042	9,561
Packing materials	721	808
Electrical goods	733	779
	<u>22,642</u>	<u>20,620</u>



# Allwin Engineering Industries Limited

	Note	(Rupees in 000's)	
		2001	2000
<b>7. STOCK-IN-TRADE</b>			
Raw and ancillary materials:			
In hand		27,061	23,460
In transit		1,261	536
In bonded warehouse		2,301	1,678
		30,623	25,674
Work-in-process		23,792	19,022
Finished goods		22,158	15,797
		<u>76,573</u>	<u>60,493</u>
<b>8. TRADE DEBTS - UNSECURED - CONSIDERED GOOD</b>			
Due from associated undertakings		3,876	5,308
Others		33,238	40,277
		<u>37,114</u>	<u>45,585</u>
The maximum amount due from associated undertakings at the end of any month during the year was Rs. 13.678 million (2000: Rs. 12.264 million).			
<b>9. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Loans and advances (considered good)			
Loans to employees (interest bearing)		1,023	974
Advances to:			
- employees against salary		283	335
- employees against expenses		177	122
- Suppliers		2,264	5,511
		3,747	6,942
Deposits, prepayments and other receivables			
Security and trade deposits		602	908
L/C and guarantee margin deposits		551	66
Prepayments and other receivables		1,564	2,107
Income-tax deducted at source		5,111	6,756
		7,828	9,837
		<u>11,575</u>	<u>16,779</u>
<b>10. CASH AND BANK BALANCES</b>			
Cash in hand		27	25
Cheques and payorders in hand		827	-
At bank - current accounts		2,165	1,285
- deposit accounts		65	65
		<u>3,084</u>	<u>1,375</u>





	Note	(Rupees in 000's)	
		2001	2000
<b>11. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
1,871,571 (2000: 1,871,571) ordinary shares of Rs. 10/-each issued for cash		18,716	18,716
49,800 (2000: 49,800) ordinary shares of Rs.10/- each issued for consideration other than cash		498	498
3,013,300 (2000:3,013,300) ordinary shares of Rs. 10/- each issued as bonus shares		30,133	30,133
<u>4,934,671</u>		<u>49,347</u>	<u>49,347</u>
<b>12. DEPOSIT FOR RIGHT SHARES</b>			
Director		35,000	17,500
Others		35,000	52,500
		<u>70,000</u>	<u>70,000</u>
This represents amount received in advance from certain individuals for proposed issue of right shares.			
<b>13. SURPLUS ON REVALUATION OF LEASEHOLD LAND</b>			
This represents surplus over book value resulting from the revaluation of leasehold land (note: 3)			
<b>14. LONG TERM LOANS - SECURED</b>			
From financial institutions:			
Foreign currency loans	14.1	2,826	5,248
Local currency loans			
Loan I	14.2	46,773	-
Loan II		-	2,182
Loan III		-	3,591
		46,773	5,773
From Banks:			
Local Currency Loan-I	14.3	6,607	26,666
Local Currency Loan-II	14.4	5,000	15,000
		<u>61,206</u>	<u>52,687</u>
Less: Current maturity shown under current liabilities			
Foreign currency loans		2,826	2,422
Local currency loans		26,046	26,732
		28,872	29,154
		<u>32,334</u>	<u>23,533</u>



**14.1** The salient features in respect of this loan are:

- a) The long term loan is secured by a mortgage on present and future assets of the company ranking pari-passu with charges already created.
- b) The foreign currency loan has been converted into Pakistani rupees at the rate of exchange prevailing on the date of the respective disbursements as under the terms of the agreement the loan is repayable in Pakistani rupees. It carries interest at 16% per annum including exchange risk fee and is repayable in sixteen half yearly installments last being due on 01 January 2002.

**14.2** This loan has been obtained under mark-up arrangements. Pursuant to the agreement, the financial institution has agreed to purchase the company's assets as and when acquired for Rs. 50 million and has agreed to sell the same to the company for Rs. 68.188 million.

The salient features in respect of this loan agreement are:

- a) The purchase price is secured by mortgage and floating charge on present and future assets of the company ranking pari-passu with charges already created.
- b) The purchase price is payable in twelve quarterly equal installments, last being due on 01 February 2004.

**14.3** The salient features in respect of this loan are:

- a) This loan has been obtained from bank and is secured by way of first pari-passu charge over company's assets.
- b) Loan carries mark-up rate at 17% and is repayable in thirty six monthly installments, last being due on 28 June 2002.
- c) Payment is made after the expiry date, liquidated damages of upto 25% of the outstanding balance shall be payable by the company.

**14.4** The salient features in respect of this loan are:

- a) This loan has been obtained from a bank and is secured by way of second pari-passu charge over company's fixed assets and, joint hypothecation charge over stocks & book debts.
- b) Loan carries mark-up at 15% per annum and is repayable in four half yearly installments, last being due on 31 December 2001.
- c) In case of late payment liquidated damages at the rate of 5% shall be payable by the company.



		(Rupees in 000's)	
	Note	2001	2000
<b>15. LOAN FROM DIRECTORS AND OTHERS - UNSECURED</b>			
Directors		20,000	10,000
Others		20,000	30,000
		<u>40,000</u>	<u>40,000</u>

This represents amount received from Directors and their relatives without any mark-up.

#### 16. SHORT TERM FINANCES - SECURED

From Banks:			
Running finances	16.1	36,709	18,476
Murabaha	16.2	13,447	12,412
		<u>50,156</u>	<u>30,888</u>

**16.1** These are under mark-up arrangements and are secured by joint hypothecation of stocks and book debts. The rate of mark-up ranges between 13.8% to 16.0% (2000:15.0% to 17.0%) per annum and is payable currently.

The facility for short-term running finance from banks amounts to Rs. 44 million (2000:Rs. 24 million)

**16.2** The facility is secured by first pari passu charge over stocks and book debts. The murabaha facility from bank amounts to Rs. 15 million (2000:Rs. 15 million)

#### 17. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loans		<u>28,872</u>	<u>29,154</u>
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#### 18. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		21,616	27,217
Bills Payable		7,626	4,369
Accrued liabilities		27,459	45,449
Interest/Mark-up accrued on secured long term loans		2,668	2,913
Mark-up accrued on secured short term finances		1,463	1,249
Interest accrued on advances from customers		5	459
Security deposits		65	65
Advances from customers (interest bearing)		435	1,180
Advances from customers (interest free)	18.1	17,155	27,179
Worker's profit participation fund	18.2	426	418
Unclaimed dividends		112	112
Others		6,037	5,955
		<u>85,067</u>	<u>116,565</u>

**18.1** Amount due to an associated undertaking at the year end aggregated Rs.17.117 million (2000:Rs. 26.777 million)



(Rupees in 000's)  
2001 2000

**18.2 Workers' Profit Participation Fund**

Balance at the beginning of the year	418	-
Interest paid by the company	130	-
	<u>548</u>	<u>-</u>
Allocation for the year	426	418
	<u>974</u>	<u>418</u>
Less: Payments during the year	548	-
Balance at the end of the year	<u>426</u>	<u>418</u>

**19. CONTINGENCIES AND COMMITMENTS**

**19.1 Contingencies**

a) Bank guarantees		
(i) For difference in custom duties on imported material	91	91
(ii) Sui Southern Gas Company against deposit	6,807	5,847
	<u>6,898</u>	<u>5,938</u>
b) Post dated cheques for difference in custom duties	<u>17,761</u>	<u>16,461</u>
c) Insurance company guarantees		
(i) Advances from customers	900	900
(ii) For difference in custom duties	353	353
(iii) Karachi Electric Supply Corporation	4,000	4,000
	<u>5,253</u>	<u>5,253</u>
d) Electricity charges		

Karachi Electric Supply Corporation Limited (KESC) raised a demand of Rs. 12.285 million on the plea that they erred in billing, which the company has contended and the case is before the Honourable High Court of Sindh. The Honourable Court issued stay order on May 26, 1989 for making payments against the remaining disputed demand. The company till the date of stay order had paid under protest Rs. 7.850 million. In addition, an insurance company has issued a guarantee in the sum of Rs. 4 million to the K.E.S.C.

**19.2 Commitments**

a) Bank letters of credit		
For import of materials etc.	<u>26,249</u>	<u>32,915</u>
b) Rentals payable under lease agreements for motor vehicles are:		
Payable within one year	454	370
Payable after one year	1,413	-



		(Rupees in 000's)	
	Note	2001	2000
<b>20. COST OF SALES</b>			
Opening stock of finished goods		15,797	15,628
Cost of goods manufactured	20.1	<u>357,759</u>	<u>352,483</u>
		373,556	368,111
Less: Closing stock of finished goods		<u>22,158</u>	<u>15,797</u>
		<u>351,398</u>	<u>352,314</u>
<b>20.1 Cost of goods manufactured</b>			
Opening work-in-process		19,022	12,504
Raw and ancillary materials consumed	20.2	186,224	179,226
Salaries, wages and benefits		85,482	85,285
Spare parts and other maintenance		20,553	21,539
Packing materials consumed		5,819	6,716
Fuel, water and power		40,650	36,923
Rent, rates and taxes		307	239
Insurance		998	1,439
Training expenses		84	25
Repairs and maintenance of factory building and electrical fittings		1,586	1,516
Depreciation		18,560	18,514
Royalties and technical fee - net	20.3	188	5,381
Printing and stationery		487	578
Postage, telephone and telegrams		627	507
Subscriptions		279	101
General expenses		336	627
Repairs and maintenance of furniture, fittings and office equipment		237	165
Expenses on apprentices training scheme		112	220
		<u>381,551</u>	<u>371,505</u>
Less: Closing work-in-process		<u>(23,792)</u>	<u>(19,022)</u>
		<u>357,759</u>	<u>352,483</u>
<b>20.2 Raw and ancillary materials consumed</b>			
Opening stock		23,460	29,043
Add: Purchases		<u>189,825</u>	<u>173,643</u>
		213,285	202,686
Less: Closing stock		<u>27,061</u>	<u>23,460</u>
		<u>186,224</u>	<u>179,226</u>

**20.3** During the year, the company renegotiated the terms under the agreement signed with the technical collaborators whereby royalty payable was reduced. Further, royalty and other late payment penalties relating to the period 1 July 1996 to 30 June 2000 amounting to Rs. 5.781 million were waived. As a consequence the company netted off Rs. 2.950 million against royalties and technical fees and Rs. 2.831 million against bank, interest on technical fee and others (note 25) relating to royalties and penalties for late payment respectively.



# Allwin Engineering Industries Limited

		(Rupees in 000's)	
	Note	2001	2000
<b>21. OTHER INCOME</b>			
Liabilities considered no more payable written back		-	98
Income on sale and lease back		524	524
Profit on sale of fixed asset		571	1,325
Rental income		-	75
		<u>1,095</u>	<u>2,022</u>

## 22. ADMINISTRATIVE EXPENSES

Salaries and allowances		11,522	11,984
Directors' meeting fee		8	7
Lease rentals		139	1,648
Printing and stationery		341	405
Postage, telephone and telegrams		475	381
Entertainment		151	115
Subscriptions		246	200
Travelling and conveyance		1,764	1,939
Insurance		458	661
General expenses		369	363
Legal and professional expenses		163	280
Donation	22.1	13	
Medical expenses	5	310	308
Training expenses		13	206
Tax on calling and professions		32	24
Advertisement and publicity		227	95
Repairs and maintenance of furniture, fittings and office equipment		299	295
Depreciation		188	188
Auditor's remuneration	22.2	120	110
Deferred cost written off		359	359
		<u>17,189</u>	<u>19,581</u>

**22.1** No donation was made to any person or institution in which a director or his spouse has any interest.

### 22.2 Auditor's remuneration and expenses

Audit fee		120	110
Expenses (included in general expenses)		26	25
Other services (included in general expenses)		3	-
		<u>149</u>	<u>135</u>



		(Rupees in 000's)	
	Note	2001	2000
<b>23. SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries and allowances		3,422	3,441
Rent, rates and taxes		109	91
Lease rental		14	186
Cartage and octroi		3,132	3,109
Printing and stationery		146	173
Postage, telephone and telegrams		188	152
Entertainment		30	78
Subscriptions		37	53
Travelling and conveyance		1,614	1,171
Insurance		180	260
General expenses		52	103
Medical expenses		120	120
Tax on callings and professions		11	8
Advertisement and publicity		2,077	1,365
Sales Promotion		-	1,966
Repairs and maintenance of furniture, fittings and office equipment		37	41
Depreciation		94	94
		<u>11,263</u>	<u>12,411</u>

#### 24. RETIREMENT BENEFITS

Salaries, wages and allowances charged in the accounts include retirement benefits of Rs. 5,808,759 (2000: Rs. 5,843,963)

#### 25. FINANCIAL EXPENSES

Interest on workers' profit participation fund		130	-
Interest/mark-up on long term loans		8,863	10,347
Mark-up on short term finances		8,686	5,920
Interest on advances from customers		131	673
Bank, interest on technical fee and others - net	20.3	867	2,650
Interest from loan to employees		(115)	(117)
Markup on lease finance		-	4,056
		<u>18,562</u>	<u>23,529</u>

#### 26. TAXATION

##### Current

The company's income tax assessments have been finalized upto and including assessment year 2000-2001.

The tax liability based on taxable income works out to be lower than the minimum tax based on turnover. The provision for taxation is, therefore, based on turnover @ 0.5% as provided under section 80D of the Income Tax Ordinance, 1979.



**Deferred**

Cumulative deferred taxation upto 30 June 2001 on major timing differences relating to accelerated tax depreciation allowances and carry forward of losses amounts to Rs.2.203 million debit (2000:Rs.4.058 million debit), of which Rs.1.855 million credit relates to the current year (2000:Rs.2.058 million debit). As a matter of prudence, the company has not accounted for this favourable deferred tax debit.

**27.EARNINGS PER SHARE**

**27.1 Basic earnings per share**

Basic earnings per share has been computed by dividing net profit for the year after taxation with the number of ordinary shares issued by the company.

**27.2 Diluted earnings per share**

Diluted earnings per share has been computed by dividing net profit for the year after taxation with the number of ordinary shares issued by the company adjusted for the effects of deposit for shares which are to be issued as right shares.

**28.REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES**

(included in administrative expenses)

	(Rupees in 000's)			
	Chief Executive		E x e c u t i v e s	
	2001	2000	2001	2000
Managerial remuneration	1,091	1,019	5,761	5,827
Rent	491	458	2,553	2,622
Medical expenses	12	12	286	312
Provident fund	120	112	580	583
Reimbursable expenses	109	109	576	1,039
	<u>1,823</u>	<u>1,710</u>	<u>9,756</u>	<u>10,383</u>
Number of persons	<u>1</u>	<u>1</u>	<u>26</u>	<u>26</u>

**28.1** The Chief Executive is provided with free use of a company car.

	(Rupees in 000's)	
	2001	2000
Sales	120,407	93,303
Purchases	4,763	6,749
Expenses charged by	322	427
Insurance and services	4,662	4,967

**29.TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS**

Sales	120,407	93,303
Purchases	4,763	6,749
Expenses charged by	322	427
Insurance and services	4,662	4,967

**30.UNUTILISED CREDIT FACILITY**

The unutilised credit facility for short term running finance amounts to Rs.7.291 million (2000: Rs.5.524 million) and murabaha facility amounts to Rs.1.553 million (2000: Rs.2.588 million).





### 31. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 31.1 Financial assets and liabilities

(Rupees in 000's)

	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			Total	
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	30 June 2001	30 June 2000
<b>Financial Assets</b>								
Long term deposits	-	-	-	-	1,432	1,432	1,432	1,105
Loans, advances, deposits, prepayments and other receivable	1,023	-	1,023	10,552	-	10,552	11,575	16,779
Trade debts	-	-	-	37,114	-	37,114	37,114	45,585
Cash and bank balances	-	-	-	3,084	-	3,084	3,084	1,375
30 June 2001	1,023	-	1,023	50,750	1,432	52,182	53,205	64,844
30 June 2000	974	-	974	62,765	1,105	63,870	64,844	

#### Financial Liabilities

Long term loans	28,872	32,334	61,206	-	-	-	61,206	52,687
Loan from Directors and Others	-	-	-	-	40,000	40,000	40,000	40,000
Short term running finances	50,156	-	50,156	-	-	-	50,156	30,888
Creditors, accrued and other liabilities	435	-	435	84,632	-	84,632	85,067	116,565
30 June 2001	79,463	32,334	111,797	84,632	40,000	124,632	236,429	240,140
30 June 2000	60,042	23,533	83,575	116,565	40,000	156,565	240,140	

#### 31.2 Credit Risk Exposure

The Company manages credit risk relating to trade receivables by limiting significant exposure to any individual customer, obtaining advances, deposits against sales and coverage under the agreements.

#### 31.3 Interest / mark-up rate exposure

The company is exposed to interest/ mark-up rate risk on some of the financial obligations. significant financial assets/ liabilities which are exposed to various rates of interest are mentioned in the respective notes to the accounts.



#### **31.4 Foreign exchange risk management**

Liabilities exposed to foreign currency risk amount to Rs. 8.220 million (2000: Rs. 27.988 million).

#### **31.5 Fair value of financial instruments**

The carrying value of all the financial instruments reported in the financial statements approximate their fair value.

### **32. PLANT CAPACITY AND PRODUCTION**

The production capacity of the plant cannot be determined as this depends on the relative proportions of various type of components and parts of vehicles and tractors produced.

### **33. NUMBER OF EMPLOYEES**

The company employed 611 (2000:644) employees at the end of the year.

### **34. GENERAL**

**34.1** All figures are in thousands of rupees unless otherwise stated.

**34.2** Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purposes of comparison.

S.V.H. Naqvi  
Chief Executive Officer














Yusuf H. Shirazi  
Chairman

Aamir H. Shirazi  
Director





**ATLAS GROUP COMPANIES**

		<i>Year of Establishment Acquisition*</i>
	Shirazi Investments (Pvt) Ltd.	1962
	Atlas Honda Ltd.	1963
	Atlas Battery Ltd.	1966
	Shirazi Trading Co. (Pvt) Ltd.	1973
	Atlas Warehousing (Pvt) Ltd.	1979
	Atlas Office Equipment (Pvt) Ltd.	1979*
	Muslim Insurance Co. Ltd.	1980*
	Allwin Engineering Industries Ltd.	1981*
	Atlas Lease Ltd.	1989
	Atlas Investment Bank Ltd.	1990
	Honda Atlas Cars (Pakistan) Ltd.	1993
	Honda Atlas Power Product (Pvt) Ltd.	1997
	Total Atlas Lubricants Pakistan (Pvt) Ltd.	1997

The Secretary  
Allwin Engineering Industries Limited  
15th Mile, National Highway,  
Landhi, Karachi-75120

Registered Folio/ Participant's ID No. & A/c. No.
No. of Shares held

## FORM OF PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
being member(s) of Allwin Engineering Industries Limited, and a holder of \_\_\_\_\_

Shares Nos. \_\_\_\_\_ hereby appoint

Mr./Mrs./Miss \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_

who is also a member of the Company, as proxy in my absence to attend and to vote for me, and on my behalf at the Annual General Meeting of the Company to be held on 20 December 2001 at 10:30 a.m. at Corporate Office, 8th Floor, Adamjee House, I.I. Chundrigar Road, Karachi and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2001.

Signed by the said in the presence of

Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Affix Revenue Stamp Signature
--

(Signature should agree with the  
specimen signature registered  
with the Company)

### Notes:

1. The Proxy Form should be deposited in the Registered Office of the Company as soon as possible but not less than 48 hours before the time of holding the meeting, and in default Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he/she is a member of the Company.

AFFIX  
POSTAGE

The Secretary  
Allwin Engineering Industries Limited  
15th Mile, National Highway,  
Landhi, Karachi-75120

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