

Nakshbandi Industries Limited  
Annual Report 1995

BOARD OF DIRECTORS

A. GHAFFAR HAJI SATTAR	Chairman
AMANULLAH HAJI LATIF	
HAMID HAJI LATIF	
SIRAJUDDIN KHAN (NIT)	
JUNAID HAJI LATIF	
MOHAMMED ASIF A. GHAFFAR	
A RAZAK HAJI SATTAR	Chief Executive

CHIEF ACCOUNTANT  
AND COMPANY SECRETARY  
RAUF DAWOOD

BANKERS  
HABIB BANK LIMITED  
BANK AL-HABIB LIMITED

AUDITORS  
HYDER BHIMJI & COMPANY  
Chartered Accountants

REGISTERED OFFICE  
H-23/4-A LANDHI, KARACHI.

MILLS  
H-23/4-A, LANDHI, KARACHI

Notice of Meeting

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Shareholders of Nakshbandi Industries Limited will be held at the Registered Office of the Company at H-23/4A, Landhi Industrial Area, Karachi on Saturday, March 30, 1996 at 11.00 A.M. to transact the following business.

1. To confirm the minutes of the Twenty Second Annual General Meeting held on May 25, 1995.
2. To receive and adopt the Director's Report and Audited Accounts for the year ended September 30, 1995, and Auditor's Report thereon.
3. To approve the payment of dividend @ 7.5% and other appropriation as recommended by the Board
4. To elect Seven Directors in accordance with the provision of Companies Ordinance, 1984, for a period of three years. The retiring Directors, namely Messrs. A. Ghaffar Haji Sattar, Amanullah Haji Latif, Hamid Haji Latif, Sirajuddin Khan, Junaid Haji Latif, Mohammad Asif A. Ghaffar and A. Razak Haji Sattar, being eligible, have notified their intention to offer themselves for re-election as Directors
5. To appoint Auditors and fix their remuneration.
6. To approve the remuneration of Chief Executive and other working Director of the Company.
7. To transact any other ordinary business as may be placed before the meeting with the permission of the Chairman

By order of the Board  
RAUF DAWOOD

Karachi: March 4, 1996 Company Secretary

NOTES:

1. The Shares Transfer Book of the Company will remain closed from March 30,1996 to April 4,1996 (both days inclusive).
2. A member entitled to vote at any meeting may appoint a proxy. Proxies in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.
3. A proxy must be a member of the Company.
4. Shareholders are requested to immediately notify the change in address.

Directors' Report

Your Directors have pleasure in presenting to you the Twenty Third Annual Report alongwith the audited accounts of the Company for the year ended September 30, 1995.

The Financial result of the Company for the year under report are:

	Rupees
	-----
Profit after taxation	3,624,653
Add: Un-appropriated profit brought forward	187,305
	-----
Amount available for appropriation	3,811,958
Appropriation:	
Proposed Dividend	3,404,115
	-----
Un-appropriated profit carried forward	407,843
	=====

By the Grace of Almighty Allah, your Directors are pleased to recommend dividend @ 7.5% that is Rs 0.75% per share inspite of reduction in profit after taxation and decrease in earning per share from Rs. 3.16 to Rs. 0.7985.

During the year under review the sales of the company decreased by 1.44% from Rs. 454 Million to Rs.447 Million. Sales also reduced in terms of quantity. Management efforts were concentrated to achieve minimum economic price level on its orders but eventually it resulted in reduction of volume and increase in cost of production. The year under review has been worst, Company has faced in its past history. There has been continuous liquidity problem and increase in working capital requirement due to increase in all costs of inputs. This was further aggravated by duty drawback being held-up due to various reasons for which Company had to arrange additional borrowings and suffer the cost. This consequently resulted in reduction of net profit from Rs. 13,033,460 to Rs. 3,624,653.

In spite of good cotton crop, prospects for the current year are not encouraging as the raw material prices have not yet dropped to the acceptable level keeping the working capital cost high. Even devaluation of the currency is not helping in increasing the export but having an adverse effect creating more inflation and increase in cost of production.

In spite of all Government efforts and recommendations, general export conditions are not improving for value added products. More primary products such as raw cotton, grey cotton yarn and grey fabric are being exported.

The Company has to diversify its products and market and may also change its ratio of export and domestic sales to achieve better profitability levels. Further to strengthen the Fabric Processing Department, the Company has imported open-width Bleaching Machinery, which has already been installed and commissioned. Presently the Company is planning to import Mercerizing Machine. Also in Towel Division, 5 (Five) more Air Jet Looms with Electronic Dobby / Jacquard are being imported for more diversification of its products.

In accordance with the provisions of the Companies Ordinance 1984, all the existing Directors of the Company retire and being eligible, offer themselves for re-election.

The present auditors Messrs. Hyder Bhinji & Co. Chartered Accountants retire and being eligible for re-appointment.

The pattern of shareholding is annexed.

The Directors wish to express their appreciation for the loyalty and devotion to duty of the workers and Staff members.

Karachi: March 4, 1996

For and on behalf of the Board

A. GHAFFAR HAJI SATTAR  
Chairman

Auditors' Report to the members

We have audited the annexed Balance Sheet of NAKSHBANDI INDUSTRIES LIMITED, as at September 30, 1995 and the related Profit and Loss Account and Statement of Changes in Financial Position, (cash flow statement) together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

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

(b) in our opinion:

1. 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;
2. the expenditure incurred during the year was for the purpose of the Company's business; and
3. the business conducted, investment 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 and Statement of Changes in Financial Position, (cash flow statement) together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 1995 and of the Profit and Changes in Financial Position (cash flow position) for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance

HYDER BHIMJI & CO  
Chartered Accountants

Karachi: March 4, 1996.

Balance Sheet as at SEPTEMBER 30th 1995

Notes	1,995 Rupees	1,994 Rupees
<b>CAPITAL AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Share Capital	3	
Authorised	3 100,000,000	100,000,000
	=====	=====
Issued, subscribed and paid-up	3 45,388,200	41,262,000
<b>REVENUE RESERVES</b>		
Reserve	4 84,951,440	84,951,440
Reserve for Bonus Shares	-	4,126,200

Un-appropriated profit		407,843	187,305
		-----	-----
		130,747,483	130,526,945
Right shares subscription.	4	3,259,000	16,985,050
REDEEMABLE CAPITAL	5	32,500,000	-
LONG TERM LOANS - (Secured)	6	25,407,052	54,803,921
DEFERRED LIABILITIES		-----	-----
Gratuity		100,889,141	9,692,046
Deferred taxation		83,156,141	110,615,614
		-----	-----
		18,404,528	20,307,660
CURRENT LIABILITIES AND PROVISIONS		-----	-----
Short term running finance (secured)	7	192,097,079	136,505,062
Current maturity of long term loans and Redeemable Capital	8	36,896,873	25,372,859
Creditors and accrued liabilities	9	47,032,521	26,191,946
Workers participation fund	10	735,094	1,425,781
Other liabilities	11	615,997	633,041
Provision for taxation		5,000,000	5,100,000
Proposed dividend		34,040,115	2,063,100
		-----	-----
		285,781,679	197,291,789
CONTINGENT LIABILITIES AND COMMITMENTS	12	-	-
		-----	-----
		496,099,742	419,915,365
		-----	-----
PROPERTY AND ASSETS			
TANGIBLE FIXED ASSETS			
At cost less depreciation as Per schedule attached		212,255,140	222,690,285
CAPITAL WORK - IN - PROGRESS	13	42,172,463	-
LONG TERM DEPOSITS	14	112,280	112,280
CURRENT ASSETS		-----	-----
Stores and spares	15	10,894,260	16,540,099
Stock-in-trade	16	150,786,186	95,979,355
Trade Debts	17	30,516,739	49,393,180
Advances, deposits, prepayments and other receivables	18	48,739,760	30,574,995
Cash and bank balances	19	622,914	4,625,171
		-----	-----
		241,559,859	197,112,800
		-----	-----
		496,099,742	419,915,365
Note: The annexed notes form an integral part of these accounts.		=====	=====

A. RAZAK HA. SATTAR Chief Executive  
 MOHAMMED ASIF ABDUL GHAFAR Director

Karachi: March 4, 1995

Profit and Loss Account for the year ended September 30, 1995

	Notes	1,995 Rupees	1,994 Rupees
SALES	20	447,846,516	454,374,759
Cost of Sales	21	381,183,839	373,358,782
		-----	-----
		66,662,677	81,015,977
GROSS PROFIT		-----	-----
Administrative expenses	22	12,632,764	12,060,875
Selling expenses	23	18,257,481	21,654,917
		-----	-----
		30,890,245	33,715,791

OPERATING PROFIT		35,772,432	47,300
other income	24	196,956	193,991
		-----	-----
		35,969,388	47,494,176
		-----	-----
Financial expenses	25	31,772,945	29,274,744
Worker's welfare fund		160,000	400,000
Worker's participation fund		211,790	910,972
		-----	-----
		32,144,735	30,585,716
		-----	-----
PROFIT BEFORE TAXATION	27	3,824,653	16,908,460
Provision for taxation		200,000	3,875,000
		-----	-----
PROFIT AFTER TAXATION		3,624,653	13,033,460
		-----	-----
UNAPPROPRIATED PROFIT BROUGHT FORWARD		187,305	343,145
		-----	-----
Amount available for appropriation		3,811,958	13,376,605
APPROPRIATIONS		-----	-----
Proposed dividend @ 7.5% (1994: @ 5%)		3,404,115	2,063,100
Reserve for bonus shares		-	4,126,200
General reserve		-	7,000,000
		-----	-----
		3,404,115	13,189,300
		-----	-----
		407,843	187,305
		=====	=====

Note: The annexed notes form an integral part of these accounts.

A. RAZAK HAJI SATTAR                      Chief Executive  
 MOHAMMED ASIF AL ,DUL GHAFFAR      Director

Karachi: March 4, 1996

Schedule of tangible fixed assets as at September 30, 1995

Particulars	C O S T			As at September 30, 1,995	Annual rate of Depreciation %	Depreciation for the year	Accumulated Depreciation upto 30-09-1995	Net Book Value as at 30-09-1995
	As on October 1 1994	Additions	Disposal and Adjustment					
Leasehold land	250,000	-	-	250,000	-	-	-	250,000
Leasehold land Office	1,500,000	-	-	1,500,000	-	-	-	1,500,000
Building on leasehold land	65,208,641	957,079	-	66,165,720	0	3,405,143	35,519,438	30,646,283
Building office on leasehold land	3,280,075	2,588,904	-	5,868,979	0	554,097	882,105	4,986,874
Plant & Machinery	306,655,127	19,137,802	11,603,592	314,189,337	0	18,429,560	148,323,296	#####
Electric fittings	2,991,747	-	-	2,991,747	0	158,917	1,561,491	1,430,256
Office equipments	4,691,955	1,300,601	23,500	5,969,056	0	585,974	2,648,538	3,320,518
Furniture & Fixtures	1,698,253	358,044	-	2,056,297	0	150,681	700,168	1,356,129
Vehicle	4,252,344	904,600	114,300	5,042,644	0	724,760	2,143,605	2,899,039
Total Rupees: 1995	390,528,142	25,247,030	11,741,392	404,033,780		24,009,132	191,778,641	#####
Total Rupees: 1994	375,688,756	49,920,386	35,081,000	390,528,142		25,106,325	167,837,857	#####

Depreciation charge for the year has been allocated as under:

	1,995	1,994
	<u>Rupees</u>	<u>Rupees</u>
Cost of goods manufactured	23,272,477	24,517,257
Administrative expenses	736,655	589,068
	-----	-----
	24,009,132	25,106,325
	=====	=====

Statement of Changes in Financial Position (Cash Flow Statement) for the year ended September 30, 1995

	1,995	1,994
	Rupees	Rupees
<b>CASH FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,824,653	16,908,460
Adjustment For:	-----	-----
Depreciation	24,009,132	25,106,325
Financial Charges	31,772,945	29,274,744
Gratuity	396,868	11,518
Loss/(Profit) on sales of fixed assets	(196,956)	(193,991)
	-----	-----
Cash generated from operations before working capital changes	59,806,642	71,107,056
Changes in working Capital		
Increase/(Decrease) in current assets	-----	-----
Stores and spares	(5,645,838)	(2,210,247)
Stock-in-trade	54,806,832	(25,271,645)
Sundry debtors	(18,876,441)	(2,695,351)
Advances, deposits, prepayments and receivables	396,868	2,799,962
	-----	-----
Increased in Creditors, accrued and other liabilities	28,081,562	(4,646,031)
	-----	-----
Cash generated from operating activities	31,438,886	39,083,744
Cash (out flow)/inflow from operations		
Financial charges paid	(31,772,945)	(29,274,744)
Payment of Income tax	(2,600,000)	(3,800,000)
Dividend paid	(2,011,818)	(4,938,088)
Fixed capital expenditure	(67,419,493)	(49,920,386)
Refund of right shares subscription	(13,726,050)	-
Long term loan	(25,372,854)	(26,310,331)
	-----	-----
Net Cash (outflow) from operating activities	(111,464,274)	(75,159,805)
<b>CASH FROM FINANCING ACTIVITIES</b>		
Right shares subscription	-	16,985,050
Redeemable capital	40,000,000	-
Proceed from disposal of fixed assets	11,870,000	34,957,000
	-----	-----
Net Cash (inflow) from financing activities	51,870,000	51,942,050
	=====	=====
Net (Decrease)/Increase in Cash and Cash Equivalent	(59,594,274)	(23,217,755)
Cash and cash equivalent at the beginning	(131,879,891)	(108,662,136)
	-----	-----
Cash and cash equivalent at the end	(191,474,165)	(131,879,891)
	=====	=====
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balance	622,914	4,625,171
Short term Running Finance	(192,097,079)	(136,505,062)
	-----	-----
	(191,474,165)	(131,879,891)
	=====	=====

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 1995

## 1. STATUS AND NATURE OF BUSINESS

The Company was incorporated as a Public Limited Company. The principal activity of the Company is Manufacturing and selling of cotton terry towels and fabrics.

## 2. SIGNIFICANT ACCOUNTING POLICIES

## 2.1 ACCOUNTING CONVENTION

Accounts of the Company have been prepared under historical cost convention.

## 2.2 FOREIGN CURRENCY TRANSLATION

Assets and liabilities in foreign currencies are translated into Pak. rupees at the rates of exchange prevailing at the year end except where exchange risk cover has been obtained for repayment of liabilities in which case the rate contracted for, is used. Exchange difference in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of the relevant assets. Exchange difference capitalized include loss or gain on the repayments and the year end translation of foreign currency loans and translation and utilization of the bank balances held out of the proceeds of these loans. All other exchange difference are taken to profit and loss account.

## 2.3 RETIREMENT GRATUITY

Provision for employees gratuity is made annually for employees eligible for such benefits.

## 2.4 TAXATION

The provision for current taxation is calculated in accordance with the provisions of the Income Tax Ordinance 1979. The Company provides for deferred taxation on all major timing differences by using liability method.

2.5 FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation except free hold land and capital work-in-progress, if any, which are stated at cost. Depreciation is charged on reducing balance method. Full year's depreciation is charged on addition during the year irrespective of the date of purchase whereas no depreciation is charged on assets in the year of its disposal. Maintenance and normal repairs are charged to income as and when incurred. Profit or Loss on disposal of fixed assets is included in the income currently.

2.6 STORES AND SPARES

Stores, chemicals and spares are valued at average cost and goods-in-transit are stated at actuals

2.7 STOCK-IN-TRADE

Raw materials are valued at average cost and finished stock is valued at lower of average cost and net realisable value. Work-in-process is valued at average cost of raw-materials including a proportionate of manufacturing overheads. Waste products are valued at contract rates.

2.8 TRADE DEBTS

Debts considered irrecoverable are written off and provision is made for debts considered doubtful

2.9 REVENUE RECOGNITION

Sales are recorded on despatch of goods to buyers. Income on investment is recorded when received

	1,995	1,994
	Rupees	Rupees
3.0 SHARE CAPITAL		
3.1 Authorised		
10,000,000 Ordinary shares of Rs. 10/- each	100,000,000	100,000,000
	=====	=====
3.2 Issued, subscribed and paid-up		
3,679,800 Ordinary shares of Rs. 10/- each fully paid, issued for cash	36,798,000	36,798,000
859,020 (1994: 446,400) Ordinary shares of Rs. 1 0/- each fully paid issued as bonus shares	8,590,200	4,464,000
	-----	-----
	45,388,200	41,262,000
4.1 REVENUE RESERVE		
General Reserve	80,000,000	73,000,000
Add: Transfer from Profit & Loss Account	-	7,000,000
Capital reserve	80,000,000	80,000,000
Share premium	4,951,440	4,951,440
	-----	-----
	84,951,440	84,951,440
	=====	=====

4.2 Right Share Issue:

The Company has decided to postpone the expansion programme due to slackness in Textile Industry and increase in the cost of raw materials i.e. cotton and cotton yarn and thus decided to refund of right Share subscription money. The Corporate Law Authority, Islamabad have granted permission for cancellation of right issue vice their letter No. CLA/CI/457/90 dated April 3. 1995.

5. REDEEMABLE CAPITAL

Long Term Finance - Secured		
Less: Current maturity	40,000,000	-
	7,500,000	-
	-----	-----
	32,500,000	-
	=====	=====

Long Term Finance from Bank Al-Habib Limited is repayable as under:

Loans are secured by second charge on equitable mortgage of the fixed assets of the company.

Loan is renewable in 16 equal quarterly installments and carry mark-up at the rate of 48 paisas Per 1000 diem.

	1,995	1,994
	Rupees	Rupees
6. LONG TERM LOANS (SECURED)		
6.1 From Nissho Iwai Corporation, Singapore		
	Rate of Interest	No of Installments Remaining
	-	-
Loan No. 1	-	-
Loan No. 2	0	1 SFR
Loan No. 3	0	1 SFR
Loan No. 4	0	6 US\$
Loan No. 5	0	6 US\$
Loan No. 6	0	6 US\$
Loan No. 7	0	7 US\$
Loan No. 8	0	7 US\$
	SPR	-
	201185	2,432,851
	112680	1,434,997
	230049	5,059,053
	165094	3,630,615
	1198040	26,098,011
	79052	1,980,160
	51426	1,137,544
	-----	-----
	41,773,231	67,146,086
6.2 Long Term Loan (Secured) under U.S. Aid Scheme	13,030,694	13,030,694

	-----	-----
	54,803,925	80,176,780
Less: Current maturity	29,396,873	25,372,859
	-----	-----
	25,407,052	54,803,921
	=====	=====

6.1 Foreign currency loans are repayable in half-yearly installments and is secured by Bank Guarantee issued by Habib Bank Limited which interest is secured by equitable mortgage of the fixed assets of the Company.

6.2 U.S. Aid Loan.

The company has imported generators under the US Aid Commodity import programme. This carries interest - 11 % per annum and is repayable on 24th May, 1996. The loan is secured by Bank Guarantee which interest is secured by equitable mortgage of Company's fixed assets in favour of Habib bank Ltd.

7.0 SHORT TERM RUNNING FINANCE

The Company has a Short Term Running Finance facility of Rs. 330.00 million (1994: Rs. 110.00 million) secured against hypothecation of stock of spares, stores, cotton yarn and finished goods and export bills under collection and collaterally secured by equitable mortgage on the fixed assets of the Company. The rate of mark-up rates between paisas 52 per Rs. 1000 per diem and 45 paisa per 1000 diem. Except Refinance Loan which has a mark-up rate of 13% per annum.

8.0 CURRENT MATURITY OF LONG TERM LOANS AND REDEEMABLE CAPITAL

Installment payable within a year	36,896,873	25,372,859
	=====	=====

	1,995	1,994
	Rupees	Rupees
9. CREDITORS AND ACCRUED LIABILITIES		
Creditors	36,031,482	1,157,456
Accrued expenses	9,814,323	12,866,045
Accrued interest on long term loans	1,147,456	1,752,736
Accrued mark-up on running finance	39,260	-
	-----	-----
	47,032,521	26,191,946
	=====	=====

10. WORKER'S PARTICIPATION FUND

Opening balance	1,425,781	1,562,523
	-----	-----
Add: Interest for the year	137,637	129,142
5% contribution on current year's profit	211,790	910,972
	-----	-----
	349,427	1,040,114
	-----	-----
	1,775,208	2,602,637

Less: Payments during the year	1,040,114	1,176,856
	-----	-----
	735,094	1,425,781
	=====	=====

11. OTHER LIABILITIES

Unclaimed dividend	135,130	73,850
Others	480,867	559,191
	-----	-----
	615,997	633,041
	=====	=====

12. CONTINGENT LIABILITIES & COMMITMENTS

1. The Company is contingently liable for Rs. 2,840,000/- (1994: Rs. 2,631,000). against Bank Guarantee on behalf of the company.
2. Aggregate commitment for capital expenditure as at September 30,1995 were Rs. 50.00 million.(1994: Rs. 50.00 million)
3. Commitment for rentals under non cancellable operating lease agreement in respect of machinery are 1996 Rs. 18,810,216; 1997: Rs. 13,909,250; 1998: Rs. 9,560,514.
4. The Company has provided a sum of Rs. - 50 million being the minimum tax levied under section 80D of the Income Tax Ordinance 1979 as a matter of abundant precaution though the out come of various writ petitions filed against this levy before the Hon'ble Court is awaited.

13. CAPITAL WORK IN PROGRESS

Machineries under installation	42,172,463	-
	-----	-----

14. LONG TERM DEPOSITS

Security deposit	112,280	112,280
	=====	=====

	1,995	1,994
	Rupees	Rupees

15. STORES AND SPARES

Stores	1,664,630	1,786,689
Chemicals	1,847,549	5,370,263
Spare parts	7,382,081	8,237,266
Goods-in-bond	-	1,145,881
	-----	-----
	10,894,260	16,540,099

16. STOCK-IN-TRADE

Raw materials	37,517,038	20,983,006
Work-in-process	18,241,218	19,806,833
Finished goods	95,027,930	55,189,516

	150,786,186	95,979,355
17. TRADE DEBTS (Considered good)		
Local - Unsecured	1,955,289	5,372,197
Bills under collection - Secured ( Note 17.1 )	28,561,450	44,020,983
	30,516,379	49,393,180

17.1 These are secured by irrevocable Letter of Credit and Export Documents.

17.2 Trade debts include Rs. Nil due from associated undertaking (1994: Rs. Nil)

18. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances	2,849,807	3,448,926
Loan to employees (interest free)	2,467,616	2,700
Deposits against export quota	1,590,477	1,510,458
Letter of guarantee margin	2,175,360	2,175,380
UC margin	-	253,880
Short term deposits	3,360,000	4,689,600
Income tax refundable	7,630,030	3,645,987
Prepayments	1,982,214	1,735,586
Other Receivable	26,684,256	10,414,896
	-----	-----
	48,739,760	30,574,995
	=====	=====

Loans and advances are unsecured but considered good.

No loans/advances were made to Directors or Chief Executive during the year.

19. CASH AND BANK BALANCES

Cash in hand	86,040	39,954
With banks in current account	536,874	4,585,217
	-----	-----
	622,914	4,625,171
	=====	=====
	1,995	1,994
	Rupees	Rupees

20 SALES

Local	44,512,813	58,411,046
Exports	405,754,389	398,310,724
	-----	-----
	450,267,202	456,721,770
Less: Commission, brokerane and sales tax	2,420,686	2,347,011
	-----	-----
	447,846,516	454,374,759
	=====	=====

21. COST OF SALES

Stock of finished goods at October 1, 1994	55,189,516	47,949,776
Add: Cost of goods manufactured (Note 21.1)	418,966,662	379,988,578
Add: Purchases	2,055,592	609,944
	-----	-----
	476,211,770	428,548,298
Less: Stock of finished goods at September 30, 1995	95,027,930	55,189,516
	-----	-----
	381,183,840	373,358,782
	=====	=====

21.1 COST OF GOODS MANUFACTURED

Raw materials consumed (21.2)	270,905,558	242,052,062
Processing charges	18,497,223	20,347,694
Packing expenses	9,342,375	7,423,251
Stores consumed	2,559,719	2,908,771
Salaries, wages and benefits	25,253,383	27,936,364
Fuel, power and water	17,038,465	12,963,565
Outside manufacturing charges	17,716,756	21,655,043
insurance	1,588,397	2,435,555
Repairs and maintenance	6,185,985	6,558,499
Building repairs	95,000	-
Lease rental	21,721,997	16,113,203
Other manufacturing expenses	3,223,713	3,132,604
Depreciation	23,272,477	24,517,257
Work-in-process Opening	19,806,833	11,751,543
Work-in-process (Closing)	(18,241,218)	(19,806,833)
	-----	-----
	418,966,663	379,988,578
	=====	=====

21.2 RAW MATERIALS CONSUMED

Opening stock	20,983,006	11,006,391
Purchases during the year	287,439,590	252,028,677
	-----	-----
	308,422,596	263,035,068
Less: Closing stock	37,517,038	20,983,006
	-----	-----



	270,905,558	242,052,062
	=====	=====
	1,995	1,994
	Rupees	Rupees
22. ADMINISTRATIVE EXPENSES		
Salaries and benefits	3,939,213	4,250,460
Rent, rates and taxes	194,009	443,922
Vehicle running expenses	1,533,341	1,489,213
Conveyance and travelling	2,212,384	1,956,577
Printing and stationery	693,570	538,439
Postage, telegram and telephone	1,327,333	1,005,890
Miscellaneous	1,830,327	1,523,372
Auditors' remuneration (Note 22.1)	15,000	15,000
Donations (Note 22.2)	150,933	248,934
Depreciation	736,655	589,068

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12,632,765      12,060,875  
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22.1 Auditors' remuneration - audit fee	15,000	15,000
	=====	=====

22.2 None of the Directors and their spouses are interested in donee fund.

23. SELLING EXPENSES		
Freight and insurance	12,709,011	17,501,508
Forwarding charges	3,535,728	2,671,511
Advertisement	401,962	396,908
Sales promotion	1,586,159	700,769
Export development surcharge	24,621	384,221

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18,257,481      21,654,917  
=====

24. OTHER INCOME		
Profit on disposal of fixed assets	196,956	193,991

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196,956      193,991  
=====

25. FINANCIAL EXPENSES		
Mark-up on short term running finance	21,301,372	15,102,320
Interest on workers' participation fund	137,637	129,142
Bank charges	546,119	491,030
Interest on long term loans (secured)	6,770,532	8,408,128
Exchange booking fees on long term loans (secured)	1,635,039	3,139,029
Guarantee Commission	1,382,245	2,005,095

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31,772,944      29,274,744  
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26. DETAILS OF DISPOSAL OF FIXED ASSETS

Particulars	Original Cost	Accumulated Depreciation	W.D.V.	Selling Price	Mode of Disposal	Name of Purchaser
DXC-90 Telex Terminal	23,500	14,637	8,863	5,000	Negotiation	Mr. Ascom Technologies, 321, 3rd Floor, Panorama Centre Build #:2, Saddar, Karachi.
Mitsubishi Lancer B-6753	74,300	38,042	36,258	200,000	Negotiation	Mrs. Allya Begum W/o. Sardar Mohd, U67, Block-A, North Nazimabad, Karachi.
Scooter KAK-7587	40,000	12,616	27,384	40,000	Claim	M/s.Adamjee Insurance Co, Ud., 1.1. Chundrigar Road, Karachi.
Cone Winder	3,592	3,053	539	25,000	Negotiation	M/s. International Fabrics Ltd. 253, Sector 24, Korangi, Karachi.
Generator	11,600,000	-	11,600,000	11,600,000	Negotiation	M/s. Orix Leasing Co Ltd. Overseas Chamber of Commerce Buld, Karachi.
	11,741,392	68,348	11,673,044	11,869,950		-

1,995      1,994  
Rupees      Rupees

27. PROVISION FOR TAXATION		
Deferred	2,300,000	1,225,000
Current	2,500,000	2,500,000
Prior 'year	-	2,500,000

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200,000      3,875,000  
=====

	1,995 Rupees		1,994 Rupees	
	Chief Executive	Directors	Chief Executive	Directors
(a) Meeting fees	-	4,500	-	4,500
(b) Managerial remuneration	234,000	154,800	193,110	128,170
(c) Conveyance allowance	-	-	1,800	1,800
(d) Special dearness allowance	-	-	150	150
(e) House rent allowance	103,200	69,840	85,920	52,518
(f) Utility allowance	22,800	15,360	19,020	12,360
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28. PAYMENTS MADE TO DIRECTORS/EXECUTIVES OF THE COMPANY	360,000	244,500	300,000	199,498
	=====	=====	=====	=====
No. of persons	1	6	1	6

No executive was paid a basic salary exceeding rupees one hundred thousand per annum.

29. ASSOCIATED UNDERTAKINGS

The Company purchased from and sold to associated undertakings goods, materials and services in the aggregate sum of Rs. Nil and Rs. Nil respectively (1994: Rs. Nil and Rs. Nil respectively)

	1,995	1,994
30. PLANT CAPACITY		
1. TOWELS		
Looms- Installed	82	82
Worked	82	82
Production Capacity ('000 Kgs.)	1,923	1,923
Actual ('000 Kgs.)	1,250	1,252
No. of shifts worked	Three	Three
2. CLOTH		
Looms- Installed	48	48
Worked	48	48
Production Capacity ('000 Sq. Meters.)	7,819	7,819
Actual ('000 Sq. Meters.)	6,093	5,628
No. of shifts worked	Three	Three

a. The production capacity of 1,923,000 Kgs. is based on manufacture of Dobby and Jacquard Towels of 400 grams per sq. meter at 40 picks per inch. The Production capacity of Ruti "B" looms of doobby and Jacquard Towels could not be utilised due to less order and higher cost of production.

b. The production capacity of 7,819,000 square meter of fabrics is based on 21/21, 60x60 quality. Production capacity could not be fully achieved due to running qualities above 60 picks and not utilizing full width of machine.

31. GENERAL

(a) Previous year's figures have been reclassified, regrouped and rearranged wherever necessary for comparison.

(b) Figures have been rounded off to the nearest rupees.

FORM "34"

Pattern of holdings of the shares held by the Shareholders as at September 30, 1995

No. of Shareholders	Shareholding		Total Shares held	
239	From	1 to	100 Shares	8,434
141	From	101 to	500 Shares	30,043
28	From	501 to	1,000 Shares	19,658

175	From	1,001 to	5,000 Shares	514,371
86	From	5,001 to	10,000 Shares	566,371
5	From	10,001 to	20,000 Shares	67,502
1	From	20,001 to	30,000 Shares	21,580
5	From	30,001 to	40,000 Shares	179,819
3	From	40,001 to	60,000 Shares	145,052
1	From	60,001 to	70,000 Shares	65,056
1	From	70,001 to	100,000 Shares	72,360
2	From	100,001 to	120,000 Shares	210,598
4	From	120,001 to	160,000 Shares	520,295
2	From	160,001 to	190,000 Shares	333,154
1	From	190,001 to	215,000 Shares	208,907
1	From	215,001 to	235,000 Shares	234,286
4	From	235,001 and above	Shares	1,341,334
699				4,538,820

Categories of Shareholders

Categories of Shareholders	Number	Shares held	Percentage
Individuals	689	4,161,153	92
Investment companies	3	258,726	6
Insurance companies	3	114,002	3
Joint stock companies	2	4,496	0
Financial institutions	-	-	0
Modaraba companies	-	-	0
Others	-	-	0
Charitable institutions	2	443	0
	699	4,538,820	100