

Indus Jute Mills limited

Annual report 1999

BOARD OF DIRECTORS

| | |
|---------------------------|--|
| Chief Executive: | MOHAMMED A. JAMAL |
| Directors: | SAFDARALI VIRJI WALJI ALI RAZA GHULAM ALI RAZA HUSSAIN VIRJI WALJI MOHAMMED ALI VIRJI WALJI FARZANA MUNAF - Representing NIT SARA JAWAID - Representing NIT |
| Auditors: | HYDER BHIMJI & CO. Chartered Accountants |
| Bankers: | UNITED BANK LIMITED NATIONAL BANK OF PAKISTAN LTD. BANK AL-HABIB LIMITED |
| Registered Office: | 2nd Floor, Noor Chambers, M.A. Jinnah Road, Karachi. |
| Mills: | Dhabeji Industrial Area, District Thatta, Sindh. |

NOTICE OF MEETING

NOTICE is hereby given that 33rd Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at 2nd Floor, 53-Noor Chambers, M.A. Jinnah Road, Karachi on Wednesday, the 29th December, 1999 at 3.00 P.M. to transact the following business:-

1. To confirm minutes of the Extra Ordinary General Meeting held on 26th April, 1999.
2. To receive and adopt the Directors' Report and Audited Accounts for the year ended 30th June, 1999.
3. To approve Dividend as recommended by the Board of Directors.
4. To appoint Auditors for the year 1999-2000.
4. To transact such other business as may be placed before the meeting with permission of the Chair.

KARACHI: the 29th November, 1999

By Order of the Board
ARIF AHMED
Company Secretary

NOTE:

1. The Share Transfer Book of the Company will remain closed from 23rd December, 1999

to 29th December, 1999 (both days inclusive).

2. A member entitled to attend and vote at this Meeting may appoint another member as his proxy to attend the Meeting. Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting. A Proxy must be a member.

3. The Shareholders are advised to notify the Company immediately of any change in their addresses to ensure prompt delivery of mail.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors are pleased to place before you their 33rd annual report together with audited accounts of your company for the year ended 30th June, 1999.

The financial results for the year under report are as under:-

| | | |
|---|--|------------------|
| NET PROFIT BEFORE THE FOLLOWING: | | Rs. 48,182,090 |
| Deduct: | Depreciation | Rs. 12,550,106 |
| | Workers' participation fund | Rs. 1,728,804 |
| | Worker's welfare fund | Rs. 490,765 |
| | Provision for taxation | Rs. 24,000,000 |
| | Prior period items | Rs. 140,613 |
| | | Rs. (38,910,288) |
| | NET PROFIT FOR THE YEAR | Rs. 8,271,802 |
| Add: | Unappropriated profit brought forward | Rs. 1,255,014 |
| | BALANCE AVAILABLE FOR APPROPRIATION | Rs. 10,526,816 |

Your directors propose to appropriate above balance as under:-

| | |
|---|----------------|
| Transfer to general reserve | Rs. 2,000,000 |
| Proposed dividend @ 271/2% | Rs. 7,728,058 |
| Unappropriated profit to be carried forward | Rs. 798,758 |
| | ----- |
| Total:- | Rs. 10,526,816 |
| | ===== |

The earning per share after tax works out to Rs.3.30 as against Rs.6.99 for the last year.

WORKING RESULTS

Working results of your company for the financial year under review suffered major set-back on account of lower demand for the Jute bags as wheat imports were slashed down by approximately one million tons and although the procurement agencies were able to fulfill their respective targets but this was done by them at the cost of new jute bags as more recycled bags were used by these agencies in view of the financial crunch faced by them. As a result of this, sales of your company declined by over 20% and resultant higher inventory level escalated financial cost by well over 100%.

Due to combined effect of the above factors and marginal increase in the manufacturing cost, pre-tax profit plunged to Rs. 33.013 million from Rs. 61.376 million for the preceding year.

SALES TURNOVER

Sales turnover for the year under review stood at Rs. 414.324 million as against Rs.5 21.721 million for the last year. Shrinkage of over 20% in sales revenue was attributable to lower demand of jute bags by all major procurement agencies. The gap in sales revenue would have been wider, had adverse impact of fall in demand from the government sector was not partially offset through (a) sales to the wheat importers in the private sector and (b) enhancing company's share in the local hessian market by boosting hessian production by over 50%.

FUTURE PROSPECTS

On account of lack of orders for jute bags during the period July-October 1999, liquidity position of the company has deteriorated. The lack of demand is attributable to (a) delay in finalizing wheat import contracts by the Ministry of Food and (b) continued ban on import of wheat by the private sector imposed by the Government. However, since end of October, 1999 Director General Food have commenced taking deliveries of the bags which has brought some relief.

It may, however, be noted that the country needs to import around 3 million tons of wheat which would generate demand for 90,000 bales of jute bags but due to delayed wheat imports, procurements are likely to be staggered until March/April, 2000. The slow pace of off-take will unnecessarily lock-up funds in stocks and increase financial cost.

In view of the above scenario and expected lower demand for remaining period of the year, prospects for the current financial year do not seem promising and further set back of the operational and financial results can not be ruled out.

DIRECTORS

On 26-04-1999 Ms. Farzana Munaf and Ms. Sara Jawaid were elected on the Company's Board as nominee Directors of NIT in place of outgoing nominee Directors M/s. Mohammed Afzal-Ullah Siddiqui (NIT) and Mirza Khurshid Baig (ICP). The Board, while placing on record it's appreciation for the valuable contributions made by M/s. Mohammed Afzal-Ullah Siddiqui and Mirza Khurshid Baig during their tenure on the Board, welcomes Ms. Farzana Munaf and Ms. Sara Jawaid on the Board.

Y2K COMPLIANCE

Financial accounts and other computerised control systems of the company are Y2K Compliant.

PATTERN OF SHAREHOLDINGS

The pattern of shareholdings as at June, 1999 is attached to this report.

AUDITORS

The present auditors of the Company M/s. Hyder Bhimji & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the financial year 1999-2000.

The Directors wish to place on record their appreciation for the enthusiasm, loyalty and devotion to duty displayed by the workers, staff and executives of the company.

On behalf of the Board

MOHAMMED A. JAMAL
Chief Executive

KARACHI: the 29th November, 1999

**PATTERN OF HOLDING OF SHARES HELD BY SHAREHOLDERS
AS AT 30TH JUNE, 1999**

FORM- A

| <i>No. of Shareholders</i> | <i>Shareholdings</i> | | <i>Total Shares Held</i> | |
|----------------------------|----------------------|----|--------------------------|---------|
| 35 | 1 | TO | 100 | 1,281 |
| 76 | 101 | TO | 500 | 15,762 |
| 24 | 501 | TO | 1,000 | 17,048 |
| 76 | 1,001 | TO | 5,000 | 218,229 |
| 69 | 5,001 | TO | 10,000 | 531,750 |
| 24 | 10,001 | TO | 15,000 | 283,018 |
| 14 | 15,001 | TO | 20,000 | 245,922 |
| 6 | 20,001 | TO | 25,000 | 129,427 |
| 3 | 25,001 | TO | 30,000 | 83,774 |
| 1 | 30,001 | TO | 35,000 | 30,743 |
| 1 | 35,001 | TO | 40,000 | 39,193 |
| 2 | 50,001 | TO | 55,000 | 106,276 |
| 1 | 54,001 | TO | 545,000 | 541,466 |
| 1 | 565,001 | TO | 570,000 | 566,314 |
| ----- | | | ----- | |
| 333 | | | 2,810,203 | |
| ===== | | | ===== | |

| <i>Categories of Shareholders</i> | <i>Number</i> | <i>Shares Held</i> | <i>Percentage</i> |
|-----------------------------------|---------------|--------------------|-------------------|
| Individuals | 327 | 2,174,263 | 77.37 |
| Investment Companies | 2 | 567,436 | 20.19 |
| Insurance Companies | 3 | 52,334 | 1.86 |
| Financial Institution | 1 | 16,170 | 0.58 |
| ----- | | | ----- |
| TOTAL | 333 | 2,810,203 | 100.00 |
| ===== | | | ===== |

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of INDUS JUTE MILLS LIMITED, as at June 30, 1999 and the related Profit and Loss Account and Statement of Changes in Financial Position (Cash Flow Statement) together with the notes forming part thereof, 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 purpose of our audit and, after due verification thereof, we report that:

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

(b) in our opinion;

i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year were 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 and the 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 June 30, 1999 and of the profit for the year then ended; and

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

KARACHI: the 29th November, 1999

HYDER BHIMJI AND CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1999

| | <i>Note No.</i> | <i>1999 Rupees</i> | <i>1998 Rupees</i> |
|---|---------------------|------------------------|------------------------|
| CAPITAL & RESERVES: | | | |
| Authorised Capital: 5,000,000 Ordinary Shares of Rs. 10/- each. | | 50,000,000 | 50,000,000 |
| Issued, Subscribed & Paid-up Capital | 3 | 28,102,030 | 25,547,300 |
| RESERVES: | | | |
| Capital | 4 | 19,500,000 | 19,500,000 |
| Revenue | 4 | 38,000,000 | 36,000,000 |
| Reserve for Issue of Bonus Shares | | -- | 2,554,730 |
| Unappropriated Profit | | 798,758 | 1,255,014 |
| | | ----- | ----- |
| | | 58,298,758 | 59,309,744 |
| | | ----- | ----- |
| | | 86,400,788 | 84,857,044 |
| SURPLUS ON REVALUATION OF FIXED ASSETS | 5 | 67,763,005 | 67,763,005 |
| LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE | 6 | 1,482,507 | 2,197,842 |
| DEFERRED LIABILITIES | 7 | 75,893,683 | 63,083,889 |
| CURRENT LIABILITIES: | | | |
| Short Term Loans -- unsecured | 8 | 24,296,484 | 17,308,962 |
| Short Term Running Finance utilized under mark-up arrangements (Secured) | 9 | 69,316,559 | 53,295,427 |
| Current Portion of Liabilities against Assets Subject to Finance Lease | | 1,234,666 | 1,242,961 |
| Creditors, Accrued and Other Liabilities | 10 | 30,133,188 | 87,246,151 |
| Proposed Dividend | | 7,728,058 | -- |
| | | ----- | ----- |
| | | 132,708,955 | 159,093,501 |
| Contingencies and Commitments | 11 | -- | -- |

| | | | |
|---|--------------|-------------|-------------|
| | | ----- | ----- |
| | Total Rupees | 364,248,938 | 376,995,281 |
| | | ===== | ===== |
| TANGIBLE FIXED ASSETS | | | |
| Operating Fixed Assets | 12 | 149,530,783 | 157,770,318 |
| Stores and Spares held for Capital Expenditure | | 5,151,659 | 5,577,187 |
| | | ----- | ----- |
| | | 154,682,442 | 163,347,505 |
| LONG TERM LOANS AND ADVANCES | 13 | 3,227,864 | 3,838,623 |
| LONG TERM DEPOSITS | 14 | 1,538,864 | 1,120,220 |
| CURRENT ASSETS: | | | |
| Stores, Spares & Loose Tools | 15 | 21,606,661 | 21,405,932 |
| Stock-in-Trade | 16 | 123,494,042 | 114,589,603 |
| Trade Debts (Unsecured) Considered Good | 17 | 12,995,404 | 26,875,125 |
| Loan and Advances | 18 | 6,068,046 | 6,405,115 |
| Trade Deposits & Prepayments | 19 | 3,344,070 | 8,250,999 |
| Other Receivables | 20 | 6,273,596 | 9,067,179 |
| Income Tax Refundable | | 15,894,252 | 20,843,804 |
| Cash & Bank Balances | 21 | 15,123,697 | 1,251,176 |
| | | ----- | ----- |
| | | 204,799,768 | 208,688,933 |
| | | ----- | ----- |
| | Total Rupees | 364,248,938 | 376,995,281 |
| | | ===== | ===== |

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

KARACHI: the 29th November, 1999

MOHAMMED A. JAMAL

Chief Executive

ALI RAZA GHULAMALI
RAZA HUSSAIN VIRJI WALJI

Directors

KARACHI: the 29th November, 1999

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1999

| | <i>Note</i> | <i>1999</i> | <i>1998</i> |
|----------------------------|-------------|---------------|---------------|
| | <i>No.</i> | <i>Rupees</i> | <i>Rupees</i> |
| Sales | 22 | 414,324,385 | 521,721,302 |
| Cost of Goods Sold | 23 | (342,267,574) | (417,675,347) |
| | | ----- | ----- |
| Gross Profit | | 72,056,811 | 104,045,955 |
| Trading Loss | | (59,218) | (1,754,623) |
| | | ----- | ----- |
| | | 102,291,332 | 71,997,593 |
| OPERATING EXPENSES: | | | |
| Administrative | 25 | (16,547,881) | (15,878,984) |
| Selling and Distribution | 26 | (12,965,225) | (14,314,739) |
| | | ----- | ----- |

| | | | |
|---|----|--------------|--------------|
| | | (29,513,106) | (30,193,723) |
| Operating Profit: | | 42,484,487 | 72,097,609 |
| Net Income from Rice Division | 27 | 11,748,221 | 6,363,522 |
| Other Income | 28 | 1,394,958 | 1,662,751 |
| Financial Charges | 29 | (19,855,710) | (11,067,472) |
| Other Charges | 30 | (2,640,767) | (7,680,223) |
| | | (22,496,477) | (18,747,695) |
| Profit for the year before taxation | | 33,131,189 | 61,376,187 |
| Provision for Taxation | 31 | (24,000,000) | (15,600,000) |
| Profit after taxation | | 9,131,189 | 45,776,187 |
| Prior period Items | 32 | 140,613 | (27,927,211) |
| Profit for the year | | 9,271,802 | 17,848,976 |
| Profit brought forward | | 1,255,014 | 960,768 |
| Balance available for appropriation | | 10,526,816 | 18,809,744 |
| Appropriations: | | | |
| Transfer to General Reserve | | (2,000,000) | (15,000,000) |
| Proposed Dividend @ 27 (1/2) % | | (7,728,058) | -- |
| Transfer to Reserve for Issue of Bonus Shares (10%) | | -- | (2,554,730) |
| Unappropriated Profit Carried Forward | | 798,758 | 1,255,014 |

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

MOHAMMED A. JAMAL
Chief Executive

ALI RAZA GHULAMALI
RAZA HUSSAIN VIRJI WALJI

Directors

KARACHI: the 29th November, 1999

STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT) FOR THE YEAR ENDED JUNE 30, 1999

| | 1999 | 1998 |
|--|-------------------|--------------------|
| | Rupees | Rupees |
| A. CASH FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 33,131,189 | 61,376,187 |
| Adjustment for non cash charges & other items: | | |
| Profit on sale of fixed assets | (171,688) | (331,785) |
| Depreciation | 12,550,106 | 13,440,463 |
| Provision for gratuity | 6,257,715 | 33,888,624 |
| Financial charges | 19,855,710 | 11,067,472 |
| Payment of gratuity | (3,447,921) | (1,522,198) |
| Provision for Doubtful Debts | -- | 3,925,610 |
| OPERATING PROFIT BEFORE PRIOR PERIOD ITEMS AND CHANGES IN | 68,175,111 | 121,844,373 |

WORKING CAPITAL

| | | |
|--|--------------|--------------|
| Prior period items | 140,613 | (27,927,211) |
| | ----- | ----- |
| | 68,315,724 | 93,917,162 |
| CHANGES IN WORKING CAPITAL | | |
| (Increase) / decrease in current assets | | |
| Stores, Spares & Loose Tools | (200,729) | (1,483,321) |
| Stock-in-Trade | (8,904,439) | (21,565,863) |
| Trade Debts | 13,879,721 | (14,160,233) |
| Loan & Advances | 2,444,966 | (1,227,552) |
| Deposits and Prepayments | 4,906,929 | 8,435,992 |
| Other Receivables | 2,793,583 | (2,739,579) |
| Increase / (decrease) in current liabilities | | |
| Short Term Loan | 6,987,522 | (7,234,601) |
| Creditors, accrued and other liabilities | (60,552,757) | (33,935,373) |
| | ----- | ----- |
| | (38,645,204) | (73,910,530) |
| Cash generated from operations | 29,670,520 | 20,006,632 |
| Financial charges paid | (17,322,607) | (17,005,487) |
| Income Tax paid | (14,050,116) | (28,092,203) |
| Income Tax Refund received | 4,999,668 | -- |
| | ----- | ----- |
| NET CASH FROM OPERATING ACTIVITIES | 3,297,465 | (25,091,058) |
| | ===== | ===== |

1999 **1998**
Rupees **Rupees**

B. CASH FROM INVESTING ACTIVITIES

| | | |
|--|-------------|--------------|
| Proceeds from disposal of fixed assets | 428,500 | 453,500 |
| Fixed capital expenditure | (4,141,855) | (23,984,055) |
| Long term loans and advances | (441,033) | (2,777,810) |
| Long term deposit | (418,644) | (354,400) |
| | ----- | ----- |
| NET CASH USED IN INVESTING ACTIVITIES | (4,573,032) | (26,662,765) |
| | ----- | ----- |

C. CASH FROM FINANCING ACTIVITIES

| | | |
|-------------------------------|-------------|-------------|
| Proceeds from Lease | 689,000 | 3,319,000 |
| Dividend Paid | (149,414) | (1,050,347) |
| Repayments of lease liability | (1,412,630) | (722,157) |
| | ----- | ----- |
| | (873,044) | 1,546,496 |
| | ----- | ----- |

| | | |
|--|--------------|---------------|
| Net Increase in cash and cash equivalents | (2,148,611) | (50,207,327) |
| Cash and cash equivalents at the beginning | (52,044,251) | (1,836,924) |
| | ----- | ----- |
| | (54,192,862) | (52,044,251) |
| | ===== | ===== |

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

| | | |
|--|--------------|--------------|
| Short term running finance utilised under mark-up arrangements | (69,316,559) | (53,295,427) |
| Cash and bank balances | 15,123,697 | 1,251,176 |
| | ----- | ----- |
| | (54,192,862) | (52,044,251) |
| | ===== | ===== |

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1999**

1. STATUS AND NATURE OF BUSINESS :

The Company was incorporated in Pakistan on March 21, 1966 and is listed on the Karachi Stock Exchange. The Company is principally engaged in the manufacture and sale of Jute Products and trading/export of Rice.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

2.1 Accounting Convention:

These accounts have been prepared under historical cost convention. Modification, if any, are stated.

2.2 Foreign Currency Balances:

Bills payable and receivable in foreign currencies are translated at the exchange rate prevailing at the Balance Sheet date. However, if these are paid or realised subsequently but before the date of issue of financial statement, the same are converted at the actual exchange rate of conversion.

2.3 Staff retirement benefits:

The Company operates an unfunded gratuity scheme covering all employees eligible to the benefit. Provision is made annually to cover obligation under the scheme.

2.4 Taxation:

a) Current:

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

b) Deferred:

The Company accounts for deferred taxation on all significant timing differences using liability method.

2.5 Fixed Assets:

a) Company Owned Assets:

These are stated at cost less accumulated depreciation except freehold land and capital work in progress, if any, which is stated at cost. Depreciation is computed by applying reducing balance method at the rate specified in the related note to write off the cost of assets over its estimated useful life. Depreciation on additions to fixed assets during the year is charged for the whole year, while no depreciation is charged on fixed assets disposed off during

the year. Profit or Loss on disposal of fixed assets are taken to profit and loss accouter.

b) Leased Assets (Under Finance Lease):

The company accounts for plant and machinery obtained under finance lease by recording the assets and related liability. The amounts are determined on the basis of discounted value of total minimum lease payments and residual value of the assets at the end of lease period to be paid by the company. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liabilities. Depreciation is computed by applying reducing balance method at the rate specified in the related note to write off the cost of assets over its estimated useful life in view of the certainty of the ownership of the assets at the end of the lease.

2.6 Stores, Spares and Loose Tools:

These are valued as follows:

- In Stock At average cost
- In Transit At actual cost

2.7 Stock in Trade:

These are valued as follows:

Jute:

Raw Materials:

- In Stock At average cost
- In Transit At actual cost.

Finished Goods At lower of average manufacturing cost and net realisable value.

Work in Process At average cost of Raw Material plus appropriate portion of manufacturing overheads.

Rice:

Rice stock: At average purchase price or market price whichever is lower.

2.8 Trade Debts:

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

2.9 Revenue Recognition:

Sales are recorded on despatch of goods to customers. Income on investment, if any, is recorded when received.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| <i>No. of Shares</i> | | <i>1999</i> | <i>1998</i> |
|----------------------|--|---------------|---------------|
| <i>1999</i> | <i>1998</i> | <i>Rupees</i> | <i>Rupees</i> |
| 1,584,553 | 1,584,553 Ordinary Shares of Rs. 10/- each fully paid in cash. | 15,845,530 | 15,845,530 |
| 200,000 | 200,000 Ordinary Shares of Rs. 10/- each issued for consideration other than cash. | 2,000,000 | 2,000,000 |

| | | | |
|-----------|--|------------|------------|
| 1,025,650 | 770,177 Ordinary Shares of Rs. 10/- each issued as fully paid Bonus shares. | 10,256,500 | 7,701,770 |
| ----- | ----- | ----- | ----- |
| 2,810,203 | 2,554,730 | 28,102,030 | 25,547,300 |
| ===== | ===== | ===== | ===== |

4. RESERVES

Movement in and composition of reserves are as follows:

| | <i>CAPITAL Plant Modernization Reserve</i> | <i>REVENUE General Reserve</i> | <i>TOTAL</i> | |
|---|---|---|---------------------|--------------------|
| | | | <i>1999</i> | <i>1998</i> |
| -- At July 1, 1998 | 19,500,000 | 36,000,000 | 55,500,000 | 40,500,000 |
| -- Transfer from Profit & Loss Account | -- | 2,000,000 | 2,000,000 | 15,000,000 |
| At June 30, 1999 | 19,500,000 | 38,000,000 | 57,500,000 | 55,500,000 |
| | ===== | ===== | ===== | ===== |

1999
Rupees

1998
Rupees

5. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book value resulting from the revaluation of the following assets as at June 30, 1996.

| | | |
|---------------------|------------|------------|
| on freehold land | 14,877,177 | 14,877,177 |
| on factory building | 52,885,828 | 52,885,828 |
| | ----- | ----- |
| | 67,763,005 | 67,763,005 |
| | ===== | ===== |

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE:

| | | |
|---|-------------|-------------|
| Opening Balance | 3,440,803 | 843,960 |
| Add: Obtained during the year | 689,000 | 3,319,000 |
| | ----- | ----- |
| | 4,129,803 | 4,162,960 |
| Less: Repayment during the year | (1,412,630) | (722,157) |
| | ----- | ----- |
| | 2,717,173 | 3,440,803 |
| Less: Current Maturity Shown under Current Liabilities | (1,234,666) | (1,242,961) |
| | ----- | ----- |
| | 1,482,507 | 2,197,842 |
| | ===== | ===== |

-- These assets have been leased by Orix Leasing Pakistan Ltd. under the agreements of finance lease.

-- The above liability represents total of minimum lease payments discounted @ 23%

approximately per annum being the rate implicit in the lease.

-- The liability in respect of leases is repayable in 48 & 36 equal monthly installments.

-- The amount payable in the future years is as under:

| | |
|--|-----------|
| 1999-00 | 1,637,460 |
| 2000-01 | 1,186,460 |
| | ----- |
| | 2,823,920 |
| Adjustment towards security deposit | 400,800 |
| | ----- |
| | 3,224,720 |
| Less: Financial charges allocated to future period | (507,547) |
| | ----- |
| | 2,717,173 |
| | ===== |

7. DEFERRED LIABILITIES:

| | | |
|----------|------------|------------|
| Gratuity | 57,893,683 | 55,083,889 |
| Taxation | 18,000,000 | 8,000,000 |
| | ----- | ----- |
| | 75,893,683 | 63,083,889 |
| | ===== | ===== |

| | |
|----------------------|----------------------|
| <i>1999</i> | <i>1998</i> |
| <i>Rupees</i> | <i>Rupees</i> |

8. SHORT TERM LOANS - UNSECURED

| | | |
|----------------|------------|------------|
| From Directors | 564,360 | 564,360 |
| From Sponsors | 23,732,124 | 16,744,602 |
| | ----- | ----- |
| | 24,296,484 | 17,308,962 |
| | ===== | ===== |

All above loans carries mark-up @ 14% p.a. (1998 14% p.a.).

9. SHORT TERM RUNNING FINANCE UTILISED UNDER MARK-UP ARRANGEMENTS - SECURED:

| | | | |
|--|-----|------------|------------|
| RUNNING FINANCE: | | | |
| From Commercial Banks - United Bank Ltd. | 9.1 | 60,816,559 | 33,295,427 |
| DEMAND/TERM FINANCE: | | | |
| From Commercial Banks-United Bank Ltd. | 9.2 | -- | 20,000,000 |
| From Financial Institution- | 9.3 | 8,500,000 | -- |
| | | ----- | ----- |
| | | 69,316,559 | 53,295,427 |
| | | ===== | ===== |

9.1 RUNNING FINANCE FROM UNITED BANK LIMITED :

Mark-up: The mark-up is charged @ 18.25% per annum calculated on daily product basis (1998: 21% per annum).

Aggregate facility: The aggregate facility available to the Company from bank is Rs. 115 Million (1998: Rs. 30 Million).

Security: The above bank financing is secured by

a) hypothecation of raw jute and finished/semi-finished products.

b) Pledge of finished goods stocks

c) Equitable mortgage of land, factory building, plant & machinery and stocks

d) Personal guarantees of the Directors

DEMAND / TERM FINANCE FROM:

9.2 UNITED BANK LIMITED

Mark-up: The mark-up is charged @ 22% per annum payable half yearly.

Security: This facility is secured against hypothecation of stocks of Raw Jute and Semi & Finished Jute Goods.

9.3 CRESCENT INVESTMENT BANK LIMITED

Mark-up: The mark-up is charged @ 17.5% per annum payable quarterly.

Security: This facility is secured against lien on the sponsor's bank deposits with the bank.

| | 1999 | 1998 |
|--|---------------|---------------|
| | Rupees | Rupees |
| 10. CREDITORS, ACCRUED AND OTHER LIABILITIES: | | |
| Creditors | 5,783,290 | 9,640,368 |
| Accrued Expenses | 14,473,643 | 15,578,931 |
| Foreign Bills Payable | -- | 53,878,975 |
| Mark-up accrued on short term finances (secured) | 492,218 | -- |
| Mark-up accrued on short term loan (unsecured) · | | |
| from directors | 291,029 | 212,019 |
| from sponsors | 3,425,043 | 1,544,227 |
| Advances from customers | 387,439 | 1,283,599 |
| Workers' profit participation fund (Note 10.1) | 1,728,804 | 1,838,004 |
| Workers' welfare fund | 935,195 | 1,359,728 |
| Unclaimed Dividend | 1,451,235 | 1,600,649 |
| Other Liabilities (Note 10.2) | 1,165,292 | 309,651 |
| | ----- | ----- |
| | 30,133,188 | 87,246,151 |
| | ===== | ===== |

10.1 Workers' Profit Participation Fund

| | | |
|--------------------------------------|-----------|-----------|
| Balance at the beginning of the year | 1,838,004 | 600,316 |
| Allocation for the year | 1,728,804 | 1,838,004 |
| | ----- | ----- |
| | 3,566,808 | 2,438,320 |

| | | |
|--|-------------|-----------|
| Interest on funds utilised in company's business | 125,261 | 44,202 |
| | ----- | ----- |
| | 3,692,069 | 2,482,522 |
| Less - Amount paid to the trustees | (1,963,265) | (644,518) |
| | ----- | ----- |
| | 1,728,804 | 1,838,004 |
| | ===== | ===== |
| 10.2 Other Liabilities: | | |
| Sales Tax Payable | 1,056,105 | -- |
| Income Tax withheld | -- | 259,329 |
| Workers' death claim | 50,000 | -- |
| Share Fraction Account | 4,739 | 3,390 |
| Others | 54,448 | 46,932 |
| | ----- | ----- |
| | 1,165,292 | 309,651 |
| | ===== | ===== |

11. CONTINGENCIES AND COMMITMENTS:

11.1 Demand of Rs.1.752 million raised by the Sales Tax Department in respect of sales tax on finished goods stocks burnt by fire not acknowledged as debt by the Company. The Company has made an appeal in the Sales Tax Appellate Tribunal and paid Rs.1.752 million under protest.

11.2 The Sales Tax Department has disallowed sales tax input of Rs.3.384 million claimed by the Company against which the Company has made an appeal in the Sales Tax Appellate Tribunal claiming the refund of the disputed amount.

11.3 Commitments in respect of letters of credit issued by the bankers in favour of the Company Rs.30.221 million (1998: Rs.2.323 million).

12. OPERATING FIXED ASSETS

| <i>PARTICULARS</i> | <i>COST</i> | | | <i>Rate %</i> | <i>Accumulated Upto 01/07/98</i> | <i>DEPRECIATION</i> | | | <i>Book Value as at 30/06/99</i> |
|--|---------------------------------------|--|---------------------------------------|---------------|----------------------------------|---------------------|-------------------------------|----------------------------------|----------------------------------|
| | <i>Opening Balance as on 01/07/98</i> | <i>Addition/ Transfer (Deletion) during the year</i> | <i>Closing Balance as on 30/06/99</i> | | | <i>For the year</i> | <i>on Disposal/ Transfers</i> | <i>Accumulated Upto 30/06/99</i> | |
| OWNED ASSETS | | | | | | | | | |
| Free Hold Land | 15,000,000 | -- | 15,000,000 | -- | -- | -- | -- | -- | 15,000,000 |
| Factory Building on Free Hold Land | 76,252,586 | 728,139 | 76,980,725 | 5% | 20,018,600 | 2,848,106 | -- | 22,866,706 | 54,114,019 |
| Plant & Machinery | 227,070,980 | 2,758,369 | 231,429,349 | 10% | 152,530,510 | 7,834,860 | 550,240 | 160,915,610 | 70,513,739 |
| | | 1,600,000 | | | | | | | |
| Electric Installation & Factory equipments | | | | | | | | | |
| Office Equipments | 3,333,974 | -- | 3,333,974 | 10% | 2,306,499 | 102,748 | -- | 2,409,247 | 924,727 |
| Furniture & Fixtures | 3,899,327 | 146,425 | 4,045,752 | 10% | 2,083,077 | 196,268 | -- | 2,279,345 | 1,766,407 |
| Vehicles | 1,165,063 | 8,950 | 1,174,013 | 10% | 802,728 | 37,128 | -- | 839,856 | 334,157 |
| | 11,103,586 | 236,500 | 10,299,086 | 20% | 6,186,244 | 979,406 | (784,188) | 6,381,462 | 3,917,624 |
| | | (1,041,000) | | | | | | | |
| Sub-Total | 337,825,516 | 5,478,383 | 342,262,899 | | 183,927,658 | 11,998,516 | 550,240 | 195,692,226 | 146,570,673 |
| | | (1,041,000) | | | | | (784,188) | | |

UNDER FINANCE LEASE:

| | | | | | | | | | |
|-------------------|-------------|--------------------------|-------------|-----|-------------|------------|------------------------|-------------|-------------|
| Plant & Machinery | 3,275,000 | (1,600,000) | 1,675,000 | 10% | 717,740 | 150,750 | (550,240) | 318,250 | 1,356,750 |
| Vehicles | 1,644,000 | 689,000 | 2,333,000 | 20% | 328,800 | 400,840 | -- | 729,640 | 1,603,360 |
| Total (1998-1999) | 342,744,516 | 6,167,383 (2,641,000) | 346,270,899 | | 184,974,198 | 12,550,106 | 550,240 (1,334,428) | 196,740,116 | 149,530,783 |
| Total 1997-1998) | 321,176,492 | 22,409,574 (841,550) | 342,744,516 | | 172,253,570 | 13,440,463 | (719,835) | 184,974,198 | 157,770,318 |

Revaluation of freehold land and building on freehold land has been carried out by M/s. Munif Ziauddin & Co., Chartered Accountants as at June 30, 1996. The Revaluation of above mentioned assets produced a revaluation surplus of Rs. 67,763,005 which has been added to the book value of fixed assets as of date and corresponding amount has been credited to surplus on revaluation of fixed assets account.

NOTE: Depreciation charge for the year has been allocated as under:

| | <i>1999 Rupees</i> | <i>1998 Rupees</i> |
|-------------------------|------------------------|------------------------|
| Manufacturing Expenses | 10,936,464 | 11,640,263 |
| Administrative Expenses | 1,613,642 | 1,800,200 |
| | ----- | ----- |
| | 12,550,106 | 13,440,463 |
| | ===== | ===== |

12.1 Disposals of Fixed Assets

| <i>PARTICULARS</i> | <i>Cost</i> | <i>Accumulated Depreciation</i> | <i>Book Value</i> | <i>Sale Proceeds</i> | <i>Profit</i> | <i>Mode of Disposal</i> | <i>Sold to</i> |
|---|-------------|-------------------------------------|-----------------------|--------------------------|---------------|-----------------------------|---|
| MOTOR VEHICLE | | | | | | | |
| Suzuki Margalla Model 1995 Reg No. AB-1542 | 464,000 | 265,638 | 198,362 | 198,500 | 138 | Negotiation | Shah Mohammed (Chowdhry) H. No. 100/4, Saint John Park, Lahore Cantt., Lahore. |
| Bed Ford Truck Model 1969 Reg No. 823-513 | 377,000 | 325,586 | 51,414 | 160,000 | 108,586 | Negotiation | Mohammed Asghar S/o. Mohammed Akber Mirpur Sakro, Dhabeji, Thatta. |
| Toyota Hiace Van Model 1984 Reg No. CE-6684 | 200,000 | 192,964 | 7,036 | 70,000 | 62,964 | Negotiation | Bashiruddin S/o. Aleemuddin 90/11 Orangabad, Chota Maidan, Nazimabad, Karachi. |
| Total (1998-99) | 1,041,000 | 784,188 | 256,812 | 428,500 | 171,688 | | |
| Total (1997-98) | 841,550 | 719,835 | 121,715 | 453,500 | 331,785 | | |

| | <i>1999 Rupees</i> | <i>1998 Rupees</i> |
|--|------------------------|------------------------|
| 13. LONG TERM LOANS AND ADVANCES | | |
| - Unsecured (interest free) | | |
| Considered Good: | | |
| Due from employees other than Chief Executive & Directors | 5,482,570 | 5,041,537 |

| | | |
|---|-------------|-------------|
| Less: Receivable within one year (Note 18) | (3,794,706) | (2,742,914) |
| Receivable within a period of three years | 1,687,864 | 2,298,623 |
| Advance for Office Premises | 1,540,000 | 1,540,000 |
| | 3,227,864 | 3,838,623 |
| | ===== | ===== |
| 14. LONG TERM DEPOSITS: | | |
| Security Deposits | 1,366,831 | 948,187 |
| Margin on Letter of Guarantee | 172,033 | 172,033 |
| | 1,538,864 | 1,120,220 |
| | ===== | ===== |
| 15. STORES, SPARES & LOOSE TOOLS: | | |
| Stores | 4,457,227 | 4,380,250 |
| Spares | 16,555,414 | 16,269,498 |
| Loose Tools | 212,249 | 208,583 |
| Packing Material - Rice | 381,771 | 547,601 |
| | 21,606,661 | 21,405,932 |
| | ===== | ===== |
| 16. STOCK-IN-TRADE: | | |
| Raw Materials - In Stock | 3,962,157 | 61,765,711 |
| - In Transit | 7,362,112 | -- |
| Goods-in-Process | 8,423,976 | 9,110,568 |
| Finished Goods | 97,948,162 | 38,738,798 |
| Rice | 5,797,635 | 4,974,526 |
| | 123,494,042 | 114,589,603 |
| | ===== | ===== |
| 17. TRADE DEBTS (UNSECURED) - Considered Good | | |
| Trade Debts | 14,139,017 | 28,018,738 |
| Less: Provision for Doubtful Debts | (1,143,613) | (1,143,613) |
| | 12,995,404 | 26,875,125 |
| | ===== | ===== |
| 18. LOANS AND ADVANCES - Considered Good: | | |
| Current Portion of Loans/Advances due from Employees (see Note 13) | 3,794,706 | 2,742,914 |
| To Suppliers | 714,067 | 865,424 |
| Advance against expenses | 179,135 | 139,432 |
| Advance against letters of credit | 568,500 | 185,135 |
| Advances against purchase of vehicles | 180,000 | 180,000 |
| Advance sales tax | -- | 2,139,211 |
| Advances to others | 797,185 | 318,546 |
| Less: Provision for Doubtful Debts | (165,547) | (165,547) |
| | 631,638 | 152,999 |
| | 6,068,046 | 6,405,115 |
| | ===== | ===== |

19. TRADE DEPOSITS & PREPAYMENTS:

| | | |
|-------------|-----------|-----------|
| Deposits | 1,351,198 | 8,002,200 |
| Prepayments | 1,992,872 | 248,799 |
| | ----- | ----- |
| | 3,344,070 | 8,250,999 |
| | ===== | ===== |

20. OTHER RECEIVABLES ·

| | | |
|---|-------------|-------------|
| Sales tax refundable (see Note 11.1 & 11.2) | 5,135,657 | 5,135,657 |
| Octroi refundable | 722,507 | 3,186,394 |
| Others | 3,619,117 | 3,948,813 |
| Less: Provision for doubtful debts | (3,203,685) | (3,203,685) |
| | ----- | ----- |
| | 415,432 | 745,128 |
| | ----- | ----- |
| | 6,273,596 | 9,067,179 |
| | ===== | ===== |

21. CASH AND BANK BALANCES:

| | | |
|---------------------|------------|-----------|
| Cash in hand | 535,821 | 867,771 |
| Balance with Banks: | | |
| -- Deposit accounts | 7,000,000 | -- |
| -- Current accounts | 7,587,876 | 383,405 |
| | ----- | ----- |
| | 15,123,697 | 1,251,176 |
| | ===== | ===== |

22. SALES:

| | | |
|------------------------|-------------|-------------|
| Local | 415,393,767 | 522,034,723 |
| Brokerage & Commission | (1,069,382) | (313,421) |
| | ----- | ----- |
| | 414,324,385 | 521,721,302 |
| | ===== | ===== |

23. COST OF GOODS SOLD:

| | | | |
|------------------------|------|-------------|-------------|
| Raw Materials Consumed | 23.1 | 207,019,370 | 247,465,297 |
| Manufacturing Expenses | 23.2 | 193,770,976 | 203,054,637 |
| | | ----- | ----- |
| | | 400,790,346 | 450,519,934 |
| | | ----- | ----- |

| | | | |
|---------------------------|--|-------------|-------------|
| Work in Process - Opening | | 9,110,568 | 5,851,645 |
| - Closing | | (8,423,976) | (9,110,568) |
| | | ----- | ----- |
| | | 686,592 | (3,258,923) |
| | | ----- | ----- |

COST OF GOODS MANUFACTURED

| | | | |
|--------------------------|--|---------------|--------------|
| Finished Goods - Opening | | 38,738,798 | 9,153,134 |
| - Closing | | (97,948),162) | (38,738,798) |
| | | ----- | ----- |
| | | (59,209,364) | (29,585,664) |
| | | ----- | ----- |
| | | 342,267,574 | 417,675,347 |
| | | ===== | ===== |

23.1 RAW MATERIALS CONSUMED

| | | | |
|---------------|--|------------|------------|
| Opening Stock | | 61,765,711 | 77,147,253 |
|---------------|--|------------|------------|

| | | |
|---------------|-------------|--------------|
| Purchases | 149,215,816 | 232,083,755 |
| | ----- | ----- |
| | 210,981,527 | 309,231,008 |
| Closing Stock | (3,962,157) | (61,765,711) |
| | ----- | ----- |
| | 207,019,370 | 247,465,297 |
| | ===== | ===== |

23.2 MANUFACTURING EXPENSES

| | | |
|----------------------------------|-------------|-------------|
| Stores and Spares Consumed | 31,482,598 | 33,293,961 |
| Salaries, Wages & Other Benefits | 114,358,789 | 118,968,804 |
| Fuel, Power and Water | 30,016,372 | 29,789,251 |
| Repairs and Maintenance | 1,916,230 | 4,368,273 |
| Insurance | 3,399,964 | 3,138,976 |
| Rent, Rates and Taxes | 203,224 | 203,224 |
| Vehicle Expenses | 1,380,935 | 1,651,885 |
| Depreciation | 10,936,464 | 11,640,263 |
| Mills Security Expenses | 76,400 | -- |
| | ----- | ----- |
| | 193,770,976 | 203,054,637 |
| | ===== | ===== |

24. TRADING LOSS

| | | |
|------------------------|-------------|--------------|
| Sales | 7,511,244 | 12,942,110 |
| Brokerage & Commission | (75,446) | (61,224) |
| | ----- | ----- |
| | 7,435,798 | 12,880,886 |
| Purchases | (7,495,016) | (14,635,509) |
| | ----- | ----- |
| Loss on Trading | (59,218) | (1,754,623) |
| | ===== | ===== |

25. ADMINISTRATIVE EXPENSES

| | | |
|---------------------------------------|------------|------------|
| Salaries, Allowances & Other Benefits | 6,723,736 | 5,476,554 |
| Electricity | 510,986 | 340,076 |
| Printing and Stationery | 777,053 | 847,743 |
| Postage, Telegram & Telephone | 1,948,621 | 1,825,024 |
| Rent, Rates and Taxes | 86,960 | 115,100 |
| Repair and Maintenance | 320,827 | 358,873 |
| Insurance | 284,518 | 319,744 |
| Fees and Subscription | 364,356 | 345,665 |
| Vehicle Expenses | 1,852,076 | 1,914,841 |
| Conveyance | 76,443 | 77,638 |
| Entertainment | 374,919 | 358,895 |
| Legal and Professional Charges | 193,000 | 315,979 |
| Travelling Expenses | 1,023,576 | 1,467,941 |
| Depreciation | 1,613,642 | 1,800,200 |
| Miscellaneous Expenses | 158,649 | 117,439 |
| Cash Handling Charges | 238,519 | 197,272 |
| | ----- | ----- |
| | 16,547,881 | 15,878,984 |
| | ===== | ===== |

26. SELLING & DISTRIBUTION EXPENSES:

| | | |
|---|------------|------------|
| Salaries, Allowances and Other Benefits | 1,264,308 | 1,229,700 |
| Advertisement Expenses | 90,697 | 54,038 |
| Freight & Forwarding Expenses | 11,561,754 | 12,820,981 |

| | | | |
|---|------|--------------|--------------|
| Development of New Products | | 48,466 | 210,020 |
| | | ----- | ----- |
| | | 12,965,225 | 14,314,739 |
| | | ===== | ===== |
| 27. NET INCOME FROM RICE DIVISION | | | |
| Sale | | | |
| -- Export | | 175,179,863 | 136,789,141 |
| -- Local | | 7,787,874 | 2,578,536 |
| | | ----- | ----- |
| | | 182,967,737 | 139,367,677 |
| Cost of Goods Sold | | | |
| Opening Stock | | 4,974,526 | -- |
| Purchases | | 137,830,020 | 109,116,350 |
| Direct & Incidental Expenses | 27.1 | 8,996,504 | 6,667,616 |
| Closing Stock | | (5,797,635) | (4,974,526) |
| | | ----- | ----- |
| | | 146,003,415 | 110,809,440 |
| | | ----- | ----- |
| Gross Income | | 36,964,322 | 28,558,237 |
| | | ----- | ----- |
| Administrative Expenses | 27.2 | (419,437) | (388,138) |
| Selling & Distribution Expenses | 27.3 | (24,796,664) | (21,806,577) |
| | | ----- | ----- |
| | | (25,216,101) | (22,194,715) |
| | | ----- | ----- |
| Net Income | | 11,748,221 | 6,363,522 |
| | | ===== | ===== |
| 27.1 Direct & Incidental Expenses | | | |
| Packing Material Consumed | | 5,288,609 | 4,765,862 |
| Salaries and Wages | | 3,475,983 | 1,813,482 |
| Repairs and Maintenance | | 14,655 | 21,000 |
| Rent | | 326,871 | 139,500 |
| Others | | 124,935 | 171,224 |
| Export Rebate | | (329,043) | (243,452) |
| Vehicle Expenses | | 94,494 | -- |
| | | ----- | ----- |
| | | 8,996,504 | 6,667,616 |
| | | ===== | ===== |
| 27.2 Administrative Expenses | | | |
| Salaries and Allowances | | 145,918 | 125,863 |
| Printing and Stationery | | 22,044 | 17,597 |
| Postage, Telegrams & Telephone | | 94,112 | 59,764 |
| Vehicle Expenses | | 81,045 | 85,508 |
| Entertainment | | 13,449 | -- |
| Travelling Expenses | | 53,057 | 13,645 |
| Miscellaneous Expenses | | 9,812 | 68,320 |
| | | ----- | ----- |
| | | 419,437 | 388,138 |
| | | ===== | ===== |
| 27.3 Selling & Distribution Expenses | | | |
| Salaries and Allowances | | 275,448 | 90,000 |
| Freight & Forwarding Expenses | | 24,521,216 | 21,716,577 |
| | | ----- | ----- |

| | | |
|--|------------|------------|
| | 24,796,664 | 21,806,577 |
| | ===== | ===== |

28. OTHER INCOME:

Profit on Disposal of Fixed Assets

| | | |
|-----------------------|---------|---------|
| -- By Negotiation | 171,688 | 309,979 |
| -- By Insurance Claim | -- | 21,806 |

| | | |
|--|---------|---------|
| | ----- | ----- |
| | 171,688 | 331,785 |

| | | |
|-------------------------|---------|---------|
| Profit on Bank Deposits | 261,673 | 571,356 |
|-------------------------|---------|---------|

| | | |
|-------------------------|---------|---------|
| Sale of Scrap and Waste | 916,148 | 193,284 |
|-------------------------|---------|---------|

| | | |
|--------------------------|----|---------|
| Doubtful Debts Recovered | -- | 566,326 |
|--------------------------|----|---------|

| | | |
|-------------------|--------|----|
| Sale of Rice Bags | 45,449 | -- |
|-------------------|--------|----|

| | | |
|--|-----------|-----------|
| | ----- | ----- |
| | 1,394,958 | 1,662,751 |
| | ===== | ===== |

29. FINANCIAL EXPENSES:

Mark-up on

| | | |
|-------------------------------|------------|-----------|
| - Short Term Running Finances | 14,187,679 | 6,892,248 |
|-------------------------------|------------|-----------|

| | | |
|-----------------|---------|---------|
| - Leased Assets | 656,570 | 272,323 |
|-----------------|---------|---------|

| | | |
|-----------------------|--------|--------|
| - Loan from Directors | 79,010 | 79,012 |
|-----------------------|--------|--------|

| | | |
|----------------------|-----------|-----------|
| - Loan from Sponsors | 3,637,457 | 2,741,644 |
|----------------------|-----------|-----------|

| | | |
|--|---------|--------|
| Interest on Workers' Profit Participation Fund | 125,261 | 44,202 |
|--|---------|--------|

| | | |
|---------------------------------------|---------|---------|
| Bank Charges and Guarantee Commission | 576,380 | 838,043 |
|---------------------------------------|---------|---------|

| | | |
|--------------------------------|----|---------|
| Short Term Loan Processing Fee | -- | 200,000 |
|--------------------------------|----|---------|

| | | |
|------------------------------|---------|----|
| Legal Charges on UBL Advance | 593,353 | -- |
|------------------------------|---------|----|

| | | |
|--|------------|------------|
| | ----- | ----- |
| | 19,855,710 | 11,067,472 |
| | ===== | ===== |

30. OTHER CHARGES

| | | | |
|-----------------------|------|--------|--------|
| Auditors Remuneration | 30.1 | 83,300 | 80,910 |
|-----------------------|------|--------|--------|

| | | | |
|-----------|------|---------|---------|
| Donations | 30.2 | 334,048 | 354,897 |
|-----------|------|---------|---------|

| | | | |
|-------|--|-------|-------|
| Zakat | | 3,850 | 7,700 |
|-------|--|-------|-------|

| | | | |
|------------------------------------|--|-----------|-----------|
| Workers' Profit Participation Fund | | 1,728,804 | 1,838,004 |
|------------------------------------|--|-----------|-----------|

| | | | |
|-----------------------|--|---------|-----------|
| Workers' Welfare Fund | | 490,765 | 1,473,102 |
|-----------------------|--|---------|-----------|

| | | | |
|------------------------------|--|----|-----------|
| Provision for Doubtful Debts | | -- | 3,925,610 |
|------------------------------|--|----|-----------|

| | | |
|--|-----------|-----------|
| | ----- | ----- |
| | 2,640,767 | 7,680,223 |
| | ===== | ===== |

30.1 Auditors Remuneration

| | | | |
|-----------|--|--------|--------|
| Audit Fee | | 70,000 | 70,000 |
|-----------|--|--------|--------|

| | | | |
|------------------------|--|--------|--------|
| Out of Pocket Expenses | | 13,300 | 10,910 |
|------------------------|--|--------|--------|

| | | |
|--|--------|--------|
| | ----- | ----- |
| | 83,300 | 80,910 |
| | ===== | ===== |

30.2 Donations:

Recipients of donations do not include any institution in which a Director or his spouse had any interest.

31. TAXATION

| | | | |
|---------|--|------------|------------|
| Current | | 14,000,000 | 23,000,000 |
|---------|--|------------|------------|

| | | | |
|-------------|--|----|-----------|
| Prior Years | | -- | 1,100,000 |
|-------------|--|----|-----------|

| | | | |
|----------|--|------------|-------------|
| Deferred | | 10,000,000 | (8,500,000) |
|----------|--|------------|-------------|

| | |
|------------|------------|
| 24,000,000 | 15,600,000 |
| ===== | ===== |

32. PRIOR PERIOD ITEMS

| | | |
|-----------------------|-----------|--------------|
| Workers' Welfare Fund | 915,298 | -- |
| Ex-gratia | (774,685) | -- |
| Gratuity | -- | (27,927,211) |
| | ----- | ----- |
| | 140,613 | (27,927,211) |
| | ===== | ===== |

| <i>PARTICULARS</i> | <i>1999</i> | | | | <i>1998</i> | | | |
|--------------------------------|------------------------|------------------|-------------------|--------------|------------------------|------------------|-------------------|--------------|
| | <i>Chief Executive</i> | <i>Directors</i> | <i>Executives</i> | <i>Total</i> | <i>Chief Executive</i> | <i>Directors</i> | <i>Executives</i> | <i>Total</i> |
| Fees | -- | 2,500 | -- | 2,500 | -- | 2,000 | -- | 2,000 |
| Managerial Remuneration | 540,000 | 540,000 | 863,160 | 1,943,160 | 330,000 | 345,000 | 712,000 | 1,387,000 |
| PERQUISITES: | | | | | | | | |
| Re-imbursable Medical Expenses | 430,785 | 63,797 | 176,870 | 671,452 | 285,398 | 48,634 | 100,929 | 434,961 |
| House Allowance & Utilities | 374,196 | 328,276 | 377,016 | 1,079,488 | 230,468 | 246,894 | 314,000 | 791,362 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | 1,344,981 | 934,573 | 1,417,046 | 3,696,600 | 845,866 | 642,528 | 1,126,929 | 2,615,323 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |
| Number of Persons: | | | | | | | | |
| For Remuneration | 1 | 1 | 4 | 6 | 1 | 1 | 4 | 6 |
| For Fees | -- | 2 | -- | 2 | -- | 2 | -- | 2 |

In addition to the above the Chief Executive and a working Director have been provided free transport and telephone facility for business and personal use. The monetary value of these facilities are Rs.976,102/- (1998: Rs. 1,052,189).

34. PRODUCTION CAPACITY (In Metric Tons)

| <i>Installed Capacity</i> | | <i>Actual Production</i> | | <i>Utilization Percentage</i> | |
|---------------------------|-------------|--------------------------|-------------|-------------------------------|-------------|
| <i>1999</i> | <i>1998</i> | <i>1999</i> | <i>1998</i> | <i>1999</i> | <i>1998</i> |
| ----- | ----- | ----- | ----- | ----- | ----- |
| 15,090 | 15,090 | 11,742 | 13,296 | 77.81% | 88.11% |
| ===== | ===== | ===== | ===== | ===== | ===== |

The under utilization of the installed production capacity was attributable to changes in the product mix and continued absenteeism and turnover amongst workers.

35. GENERAL

i) Previous year's figures have been re-arranged and re-grouped, wherever necessary, to facilitate comparison.

ii) Figures have been rounded off to the nearest rupee.