

## **Bannu Woollen Mills Limited**

### **Annual Report 1999**

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#### **COMPANY'S PROFILE**

**BOARD OF DIRECTORS**      RAZA KULI KHAN KHATTAK  
Chairman

MUHAMMAD AZHAR KHAN  
Chief Executive

LT. GEN. (RETD.) ALI KULI KHAN KHATTAK  
AHMED KULI KHAN KHATTAK  
MUSHTAQ AHMAD KHAN FCA  
MRS. ZEB GOHAR AYUB KHAN  
MRS. SHAHNAZ SAJJAD AHMAD  
MRS. SHAHEEN TARIQ KHALIL  
MANZOOR AHMED SHEIKH (NIT)  
MS. FARZANA MUNAF (NIT)

**SECRETARY**                AMIN-UR-RASHEED  
(Manager, Corporate Affairs)

**AUDITORS**                 HAMEED CHAUDHRI & CO.,  
Chartered Accountants

**BANKERS**                    National Bank of Pakistan  
Pakistan Industrial Credit & Investment  
Corporation.  
Bank of Khyber

**MILLS**                        D.I. KHAN ROAD, BANNU  
Phone: (0928) 613151-613250  
Fax: (0928) 611450

**REGISTERED OFFICE  
and Share Office**        Bannu Woollen Mills Limited  
Habibabad,  
Kohat  
Phone: (0922) 510063-512930,  
Fax: (0922) 510474

#### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 39th Annual General Meeting of the shareholders of BANNU WOOLLEN MILLS LIMITED will be held at Registered Office, Habibabad - Kohat on Thursday the 30th March, 2000 at 11:30 A.M. to transact the following business:-

1. To approve minutes of the last Annual General Meeting held on March 31, 1999.
2. To review, consider and adopt the Annual Audited Accounts of the company for the year ended 30 September, 1999 together with the Directors' and Auditors' Reports thereon.
3. To consider and approve the payment of cash dividend @ 40% i.e. Rupee 4/- per Share for the year ended 30 September, 1999, as recommended by the Board of Directors of the company.
4. To appoint Auditors for the year ending 30 September, 2000 and fix their remuneration.
5. To consider any other business which may be placed before the Shareholders with the permission of the chair.

**By order of the Board**

**AMIN-UR-RASHEED**  
**Company Secretary**  
**&**  
**Manager Corporate Affairs**

KOHAT  
Dated: 8th March, 2000

**NOTES:**

1. The register of members and share transfer books of the company shall remain closed from 19th March, 2000 to 25th March 2000, (both days inclusive) and no transfers shall be accepted for registration during this period.
2. Any member entitled to attend and vote at this meeting shall be entitled to appoint any other person as his/her proxy to attend and vote in respect of him/her and proxy instrument shall be received by the company not less than 48 hours before the meeting.
3. The transfer of shares received in the Registered Office of the company at the close of business hours on 18th March, 2000 will be considered in time for payment of dividend.
4. Shareholders are requested to notify the change of address, if any, immediately.

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Dear Shareholders,

The Directors of your-Company are pleased to present to you, the 39th Annual Report with the Annual Audited Accounts. These include Balance Sheet as on 30 September, 1999, Profit and Loss Account for the year ended 30 September, 1999 and the Auditors' Report to Shareholders on these Accounts. We are pleased to inform you that the operating performance of your Company has much improved as compared to the previous year 1998, as it has earned a Net Profit before Taxation Rs. 42.299 million (before charging prior year's expenses - gratuity Rs. 4. 645 million) (Net Profit 1998 - Rs. 31.537 million). The net Profit for the year has considerably increased by 34.03% over the last year. This has been achieved due to increase in gross sales, decrease in raw materials costs and financial cost of the Company, despite the Sales Tax was increased by the Govt. from 12.50% to 15% to 18% on Gross Sales and your Company had to pay Rs. 5.00 million (Rs. 50 Lac) additional amount of Sales Tax during the year under Report. However these excellent results were achieved in whole of woollen industry due to increased demand of Mills quality products, reasonable sales Prices and sound Planning of your hardworking professional management team.

**FINANCIAL RESULTS**

Gross Sales for year 1999- amounted to Rs. 219.645 million (1998 Rs. 207.853 million). The Net Sales revenue (after payment of Sales Tax, Commission and Trade discounts Rs. 34.696 million) amounted to Rs. 184.949 million (1998 - Rs. 178.399 after Sales Tax etc. Rs. 29.454 million). The cost of Sales increased to Rs. 128.012 million (1998 - Rs. 127.099). an-increase of only Rs. 0.913 million (even Less than one million) against this sales increased by Rs. 11.792 million. The gross Profit for the year amounted to Rs. 56.936 million as compared to Rs. 51.300 million of the last year 1998. The gross profit percentage works out to 30.78% of the sales against 28.76% of the previous year.

The Company during the year earned an operating Profit (with other income) of Rs. 43.147 million (1998 Rs. 39.667 million) and after adjustment/deduction of Rs. 5.493 million on account of other charges (1998 - Rs. 8.130 million) and provision of Tax Rs. 9.063 million (1998-Rs. 8.341 million) the current year net profit available for appropriation amounted to Rs. 28.591 million (1998 Rs. 23.196 million)

**OPERATING PERFORMANCE**

The Company's Plant Capacity is 2338 Woollen Spindles and 48 Shuttle-less Looms. The production of Woollen yarn for Fabrics and Blankets was 1150707 Kgs (1998 - 1133304 Kgs) and production of Woollen greasy cloth was 1,224,019 meters (of 30 picks) (1998 - 1194755 meters). This increase in production was due to improved attendance of workers and lower stoppage of the machines during the year under review.

**DIVIDEND**

Your directors are again pleased to recommend to you to approve payment of cash dividend @ 40% out of the current year's Profits of the Company. The total provision for Cash dividend shall amount to Rs. 15.600 million i.e. about 55% of the year's current Net Profit after Tax. The directors have also recommended to approve the transfer of Rs. 14.000 million to general Reserve of the Company. This will improve the Shareholders Equity to Rs. 113.823 million against paid up Capital of Rs. 39.00 million only.

**AUDITORS**

The auditors of your company M/s Hameed Chaudhri & Co., Chartered Accountants, H.M. House, 7-Bank Square, Lahore retire and offer their services for re-appointment for the next financial year.

**AUDITORS OBSERVATIONS.**

Note 13.2 We have not made provision in the diminution in the value-of long term investments of the company in its associated undertakings as in our-opinion these investments are not meant for trading purposes at the Stock Exchange.

**ACKNOWLEDGMENT**

Your Directors with great pleasure wish to convey immense appreciation of the hard work, dedication of the working Directors, Officers and all employees of the company for achieving the high production level with higher profit for the year under review. It is hoped that with hard work and good planning, it will lead to higher profit again for the next year.

I, on behalf of the Directors also acknowledge the co-operation and in-time financial help always extended to the company for meeting its requirements, by the National Bank of Pakistan, The Bank of Khyber and PICIC.

**For & on behalf of the Board of Directors**

**RAZA KULI KHAN KHATTAK**  
Chairman

Dated: February 29, 2000

**DECADE PERFORMANCE AT A GLANCE**

	<i>1990 to 1999</i>									
	<i>(Rs. in million)</i>									
	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>	<i>1994</i>	<i>1993</i>	<i>1992</i>	<i>1991</i>	<i>1990</i>
Sales - net	185	178	164	143	135	118	121	113	84	79
Profit before tax	38	31	25	26	21	22	24	22	15	11
Wages to employees	38	27	25	23	23	20	17	15	14	10
Taxes & duties to Govt.	42	37	40	37	30	27	29	25	22	17
Dividend to Shareholders	16	12	12	12	12	12	10	10	5	1
Rate-%	(40%)	(30%)	(30%)	(30%)	(30%)	(30%)	(30%)	10% & 30% Bonus)	(30%)	(15% & 25% Bonus)
Continuous since 1981										
<b>SHARE HOLDERS' EQUITY:-</b>										
Share Capital	39	39	39	39	39	39	33	25	16	13
Reserves & Unappropriated	75	62	50	46	38	36	20	23	6	4
Fixed Assets-cost	352	158	139	137	121	88	82	74	71	66
	<b>Rupees</b>									
Break-up value-per share of Rs. 10 each	30.18	25.85	22.91	21.74	19.76	19.37	16.28	19.23	13.66	15.83
Earning before tax-per share of Rs. 10 each	9.65	8.08	6.49	6.76	5.35	5.74	7.35	8.81	9.23	8.91
	<b>PERCENTAGE</b>									
Profit before tax % to sales	20.36	17.68	15.36	18.32	15.45	19.02	19.68	18.57	17.97	14.63
Return on equity-%	24.29	23.00	18.17	22.92	17.17	19.65	27.54	27.29	29.29	29.93

**PATTERN OF SHAREHOLDING AS ON 30th SEPTEMBER 1999**

**Form- 34**  
**The Companies Ordinance, 1984**  
**(Section 236)**

<i>NUMBER OF SHARE HOLDERS</i>	<i>SHAREHOLDING FROM TO</i>		<i>TOTAL SHARES HELD</i>
206	1	100	10,099
213	101	500	60,998
226	501	1,000	176,425
127	1,001	5,000	309,129
32	5,001	10,000	237,322

9	10,001	15,000	116,407
6	15,001	20,000	106,253
6	20,001	25,000	132,801
5	25,001	30,000	144,562
5	30,001	35,000	163,432
4	35,001	40,000	152,464
1	40,001	45,000	41,534
1	45,001	50,000	45,717
3	50,001	55,000	158,326
1	55,001	60,000	59,955
1	240,001	245,000	240,200
1	315,001	320,000	319,465
1	405,001	410,000	406,078
1	1,015,001	1,020,000	1,018,833
-----			
849	TOTAL:		3,900,000
=====			

**Categories of Shareholders**

	<i>Number</i>	<i>Shares held</i>	<i>Percentage</i>
Individuals	833	1,808,130	46.36
Investment Companies	1	20,120	0.52
Insurance Companies	2	323,133	8.28
Joint Stock Companies	8	1,099,238	28.18
Financial Institutions	4	648,287	16.63
Trust	1	1,092	0.03
-----			
TOTAL	849	3,900,000	100.00
=====			

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of BANNU WOOLLEN MILLS LIMITED as at 30 September, 1999 and the related Profit and Loss Account and 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;

(a) 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 and the 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 the except for the fact that provision for diminution in value of long term investments aggregating Rs. 3.667 has not been made in these accounts (note 13.2) and the extent to which this may affect the annexed accounts, respectively give a true and fair view of the state of the Company's affairs as at 30 September, 1999 and of the profit and cash flows 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.

LAHORE  
March 7, 2000

**HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS.**

**BALANCE SHEET AS AT 30 SEPTEMBER**

1999

1998

	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>CAPITAL AND RESERVES</b>			
Authorised capital 5,000,000,ordinary shares of Rs. 10 each		50,000,000	50,000,000
Issued, subscribed and paid-up capital	3	39,000,000	39,000,000
Reserves	4	74,000,000	60,000,000
Unappropriated profit		823,230	1,832,196
		113,823,230	100,832,196
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
	5	201,021,420	5,327,467
<b>LONG TERM LOANS AND DEFERRED LIABILITIES</b>			
Long term loan	6	0	2,423,443
Deferred taxation	7	3,800,000	5,600,000
Provision for gratuity		12,851,361	7,049,583
		16,651,361	15,073,026
<b>CURRENT LIABILITIES</b>			
Current portion of long term loan	6	1,252,443	2,118,000
Short term finances	8	24,254,247	44,251,437
Creditors, accrued and other liabilities	9	23,125,940	42,160,663
Workers' Welfare Fund		1,605,244	1,416,631
Provision for taxation	10	29,468,298	25,013,678
Unclaimed dividend		533,539	517,858
Proposed dividend		15,600,000	11,700,000
		95,839,711	127,178,267
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11	427,335,722	248,410,956
<b>TANGIBLE FIXED ASSETS</b>			
Operating fixed assets	12	268,369,173	81,562,720
<b>LONG TERM INVESTMENTS</b>			
	13	6,577,402	6,577,402
<b>LONG TERM LOAN S</b>			
	14	104,200	460,200
<b>LONG TERM DEPOSITS</b>			
		205,205	205,205
<b>CURRENT ASSETS</b>			
Stores, and spares	15	15,943,073	14,837,401
Stock-in-trade	16	37,474,807	51,372,746
Trade debtors	17	57,992,417	59,230,443
Advances, deposits, prepayments and other receivables	18	39,745,586	33,264,762
Cash and bank balances	19	923,859	900,077
		152,079,742	159,605,429
		427,335,722	248,410,956

The annexed notes form an integral part of these accounts.

**MUSHTAQ AHMAD KHAN, FCA.**  
Director

**MUHAMMAD AZHAR KHAN**  
Chief Executive

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER, 1999**

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
<b>SALES - Net</b>	20	184,948,955	178,399,308
<b>COST OF SALES</b>	21	128,012,411	127,098,904
<b>GROSS PROFIT</b>		56,936,544	51,300,404
<b>ADMINISTRATIVE AND SELLING EXPENSES</b>	22	14,209,555	12,282,154

<b>OPERATING PROFIT</b>		42,726,989	39,018,250
<b>OTHER INCOME</b>	23	419,677	648,656
		43,146,666	39,666,906
<b>OTHER CHARGES</b>			
Financial - Net	24	1,444,528	4,896,753
Miscellaneous	25	359,721	165,960
Donation to Waqf-e-Kuli Khan Trust		1,033,561	865,105
Workers' (Profit) Participation Fund	9.2	2,067,121	1,730,210
Workers' Welfare Fund		588,003	471,807
		-----	-----
		5,492,934	8,129,835
		-----	-----
<b>PROFIT BEFORE TAXATION</b>		37,653,732	31,537,071
<b>PROVISION FOR TAXATION</b>			
Current and prior years	10	11,500,000	8,700,000
Refund s		(637,302)	(2,459,189)
Deferred		(1,800,000)	2,100,000
		-----	-----
		9,062,698	8,340,811
		-----	-----
<b>PROFIT AFTER TAXATION</b>		28,591,034	23,196,260
<b>UNAPPROPRIATED PROFIT - Brought forward</b>		1,832,196	335,936
		-----	-----
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		30,423,230	23,532,196
<b>APPROPRIATIONS</b>			
Proposed dividend @ 40% (1998: @ 30 %)		15,600,000	11,700,000
Transfer to general reserve		14,000,000	10,000,000
		-----	-----
		29,600,000	21,700,000
<b>UNAPPROPRIATED PROFIT</b>			
- Carried to Balance Sheet		823,230	1,832,196
		=====	=====
<b>EPS</b>	29	7.33	5.95
		=====	=====

The annexed notes form an integral part of these accounts.

**MUSHTAQ AHMAD KHAN, FCA.**  
Director

**MUHAMMAD AZHAR KHAN**  
Chief Executive

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER, 1999

		<b>1999</b>	<b>1998</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>	(note 'A')	35,735,583	43,637,559
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(163,886)	(18,396,237)
Exchange gain on retirement of foreign bills payable - note 12.3		1,051,406	0
Dividend received		0	475,375
Sale proceeds of fixed assets		125,879	4,625
Interest received on bank deposits/ Associated Undertakings' balances		2,999,159	1,053,475
<b>NET CASH INFLOW/OUTFLOW FROM INVESTING ACTIVITIES</b>		-----	-----
		4,012,558	(16,862,762)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term loan installments repaid		(3,289,000)	(956,000)
Short term finances - net		(19,997,190)	(8,513,961)
Dividend paid		(11,684,319)	(11,569,222)
Financial charges paid		(4,753,850)	(5,674,846)
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		-----	-----
		(39,724,359)	(26,714,029)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		-----	-----
		23,782	60,768
<b>CASH AND CASH EQUIVALENTS</b>			
- At the beginning of the year		900,077	839,309
<b>CASH AND CASH EQUIVALENTS</b>		-----	-----
- At the end of the year		923,859	900,077

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The annexed note 'A' forms an integral part of this Statement.

**MUSHTAQ AHMAD KHAN, FCA.**  
Director

**MUHAMMAD AZHAR KHAN**  
Chief Executive

**NOTE 'A'**

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year-Before taxation	37,653,732	31,537,071
Adjustments for:		
Depreciation	7,916,581	9,083,601
Dividend income	0	(475,375)
Gain on disposals of fixed assets	(36,433)	(3,218)
Revaluation surplus credited	(6,047)	0
Financial charges	4,677,330	6,262,044
Provision for gratuity - net	5,801,778	2,816,415
Deferred cost amortised	0	28,316
Provision for slow moving stores	147,000	0
Interest on bank deposits/ Associated Undertakings balances	(2,999,159)	(1,053,475)
Workers' Welfare Fund	588,003	471,807
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	-----	-----
- Before working capital changes	53,742,785	48,667,186
(Increase)/decrease in current assets		
Stores and spares	(1,252,672)	(766,890)
Stock-in-trade	13,897,939	1,804,487
Trade debtors	1,238,026	(3,161,108)
Advances, deposits, prepayments and other receivables (excluding income tax and current portion of long term loans)	(3,735,972)	(5,449,257)
Increase in creditors, accrued and other liabilities (excluding accrued financial charges)	(18,958,203)	9,378,066
	-----	-----
	(8,810,882)	1,805,298
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
- Before taxation	44,931.90	50,472,484
Taxes paid	(9,562,320)	(7,108,725)
	-----	-----
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
- After taxation	35,369,583	43,363,759
Long term loans-net	366,000	273,800
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	-----	-----
	35,735,583	43,637,559
	=====	=====

**MUSHTAQ AHMAD KHAN, FCA.**  
Director

**MUHAMMAD AZHAR KHAN**  
Chief Executive

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

**1. THE COMPANY AND ITS OPERATIONS**

The Company was incorporated in Pakistan as a Public Company in 1960 and its shares are quoted on Stock Exchanges in Pakistan. It is principally engaged in manufacture and sale of woollen yarn, cloth and blankets.

**1.2 Compliance with International Accounting Standards (IASs)**

These accounts, except for the contents of note 13.2 comply with IASs, where applicable, in all material respects.

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

These accounts have been prepared under the historical cost convention modified by adjustments of exchange rate fluctuations and revaluation of some of the fixed assets as detailed in note 2.2 and 2.5 respectively.

## 2.2 Foreign currency translations

Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates ruling on the balance sheet date except where forward exchange rates have been booked which are translated at the contracted rates.

Exchange gains/losses on principal loans are capitalised as part of the cost of plant and machinery acquired out of the proceeds of such loans. Other exchange gains/losses are included in income currently.

## 2.3 Staff retirement benefits

The Company operates a Provident Fund Scheme for its officers and supervisory staff. Contribution to the Fund is made monthly to cover the obligation. The Company also operates an un-funded Gratuity Scheme for employees not covered by the Provident Fund Scheme. Provision is made annually to cover the obligation.

## 2.4 Taxation

Provision for current taxation is made at the prevailing rates. Tax credits, rebates and brought forward losses are recognised for arriving-at taxable income for the year.

The Company accounts for deferred taxation, arising due to major timing differences, using the Liability Method.

## 2.5 Fixed assets and depreciation

Buildings and plant & machinery are stated at reassessed replacement value less accumulated depreciation. Freehold land is stated at reassessed replacement value. All other fixed assets are stated at cost less accumulated depreciation.

All additions, subsequent to the revaluation date, are stated at cost less accumulated depreciation. Exchange rate fluctuations on foreign currency loans are incorporated in the cost of plant and machinery. Borrowing costs pertaining to construction/erection period are also capitalised as part of the historical cost.

Capital work-in progress is stated at cost.

Depreciation is charged to income applying Reducing Balance Method, to write-off the cost and revaluation adjustments over estimated remaining useful life of assets at the rates stated in note 12.

No depreciation is charged on assets till the year of disposal whereas full year's depreciation is charged in the year of acquisition.

Gains/losses on disposal of fixed assets are included in current income.

Minor repairs and replacements are charged to income, whereas major improvements and modifications are capitalised and assets replaced, other than those kept as stand-by are retired.

## 2.6 Long term investments

These are stated at cost.

## 2.7 Deferred costs

Expenses, the benefit of which is expected to spread over several years, are deferred and amortised over their useful life not exceeding five years.

## 2.8 Stores and spares

These are valued at moving average cost except items-in-transit which are valued at cost accumulated to the balance sheet date.

## 2.9 Stock-in-trade

Basis of valuation are as follows:

<i>Particulars</i>	<i>Mode of valuation</i>
Raw materials	
At warehouses	- At lower of annual average cost and net realisable value.
In transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At cost.
Finished goods	- At lower of cost and net realisable value.
Usable waste	- At estimated realisable value.

- Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

- Net realisable value signifies the selling price in the ordinary course of



business less cost necessary to be incurred to bring the goods in saleable form.

## 2.10 Revenue recognition

- Revenue in respect of sales is recognised on despatch of goods.
- Processing charges are accounted for on completion of jobs.
- Return on deposits is accounted for on 'Receipt Basis'.

## 3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
2,259,375 ordinary shares of Rs. 10. each issued for cash		22,593,750	22,593,750
1,640,625 ordinary shares of Rs. 10 each issued as bonus shares		16,406,250	16,406,250
		-----	-----
		39,000,000	39,000,000
		=====	=====

## 4. RESERVES

	<i>CAPITAL Shares premium</i>	<i>REVENUE General reserve</i>	<i>1999 TOTAL</i>	<i>1998</i>
Opening balance	19,445,313	30,554,687	60,000,000	50,000,000
Transfer during the year	0	0	14,000,000	10,000,000
Balance as at 30 September,	-----	-----	-----	-----
	19,445,313	30,554,687	74,000,000	60,000,000
	=====	=====	=====	=====

4.1 Shares premium account represents premium received on:

- a) 859,375 shares @ Rs. 7.50 per share issued during the Financial Year 1991-92.
- b) 650,000 right shares @ Rs. 20.00 per share issued during the Financial Year 1993-94

## 5. SURPLUS ON REVALUATION OF FIXED ASSETS

Opening balance		5,327,467	5,327,467
Add: Surplus on revaluation of freehold land on 15 May, 1999	12.2	195,700,000	0
		-----	-----
		201,027,467	5,327,467
Less: Credited to profit and loss account on disposal of revalued asset	23	6,047	0
		-----	-----
		201,021,420	5,327,467
		=====	=====

5.1 Revaluation of freehold land, buildings, and plant & machinery on 1 October, 1978 resulted in a surplus of Rs. 6,680,309 over the book value which was credited to this Account.

## 6. LONG TERM LOAN - Secured

Balance as at 30 September,		1,252,443	4,541,443
Less - Current portion grouped under current liabilities	6.4	1,252,443	2,118,000
		-----	-----
		0	2,423,443
		=====	=====

6.1 This loan has been obtained from Pakistan Industrial Credit and Investment Corporation Limited: (PICIC) in terms of Pak Rupees equivalent to US\$ 692,792 converted into Pak Rupees at the exchange rates prevailing on the disbursements' dates. It is payable-in 20 half-yearly un-equal installments commencing 01 January, 1991.

6.2 It is Secured by an equitable mortgage of all the immovable properties, hypothecation of plant and machinery, first floating charge on all other assets and demand promissory note.

6.3 It carries interest @ 14 % per annum calculated on daily products and is payable on half-yearly basis. Penal interest @ 5 % is payable in case of default in payments.

6.4 At the balance sheet date, advance payments against the installments due within the following twelve months amounted Rs. 1,171,000 (1998: Nil).

## 7. DEFERRED TAXATION

Credit on account of accelerated tax depreciation allowances		7,800,000	8,000,000
Debits in respect of provisions for gratuity, obsolete stores etc		(4,000,000)	(2,400,000)
		-----	-----
		3,800,000	5,600,000
		=====	=====

## 8. SHORT TERM FINANCES - Secured

National Bank of Pakistan (NBP)	8.1	11,154,494	29,498,425
The Bank of Khyber (BOK)	8.2	13,099,753	14,753,012
		-----	-----
		24,254,247	44,251,437
		=====	=====

8.1 Cash finance facilities available from NBP under mark-up arrangements aggregate Rs. 55.0 million (1998: Rs. 55.0 million). These are secured by pledge/hypothecation of stock-in-trade, 2nd registered collateral mortgage of fixed assets of the Company, demand bills, registered charge on stock-in-trade, book debts and other assets of the Company and personal guarantees of the Company's Directors. These carry mark-up @ Re. 0.54 per thousand rupees calculated on daily products. Facilities for opening letters of credit aggregate Rs. 25.0 million (1998:25.0 million) and are secured against documents of title to goods imported under the letters of credit. These facilities are available till 30 September, 2000.

8.2 The running finance facility available from BOK under mark-up arrangements amounts to Rs. 15.0 million (1998: Rs. 15.0 million). It is secured by way of registered hypothecation of stocks and demand promissory note of Rs. 19.140 million. It carries mark-up @ Re. 0.48 per thousand rupees calculated on daily products. This facility will expire on 04 August, 2000.

## 9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Due to Associated Undertakings	18.1	1,940,767	931,353
Creditors		827,485	2,109,727
Bills payable	9.1	0	21,919,198
Advance payments		453,216	320,297
Accrued expenses		10,599,106	9,452,193
Interest accrued on secured long term loans		55,395	158,951
Mark-up accrued on secured short term finances		647,694	620,658
Excise duty on bank borrowings		0	13,744
Sales tax payable		3,788,946	2,606,015
Customs duty		566,514	827,434
Income tax deducted at source		2,667	8,353
Workers' (Profit) Participation Fund			
Fund	9.2	2,348,819	1,916,646
Waqf-e-Kuli Khan Trust		1,882,837	1,264,126
Others		12,494	11,968
		-----	-----
		23,125,940	42,160,663
		=====	=====

9.1 These are secured against import documents.

## 9.2 Workers' (Profit) Participation Fund

Opening balance		1,916,646	1,548,390
Interest for the year		274,359	203,607
		-----	-----
		2,191,005	1,751,997
Less: Payments made during the year		1,909,307	1,565,561
		-----	-----
Undistributed amount contribution for the year		281,698	186,436
		2,067,121	1,730,210
		-----	-----
		2,348,819	1,916,646
		=====	=====

## 10. PROVISION FOR TAXATION

Opening balance		25,013,678	16,313,678
Add: Transfer from Workers' Welfare Fund		399,390	0

	25,413,068	16,313,678
Provided during the year		
Current year	11,500,000	7,800,000
Prior years	0	900,000
	11,500,000	8,700,000
	36,913,068	25,013,678
Less: Adjustments against completed assessments	7,444,770	0
	29,468,298	25,013,678

10.1 Income tax assessments of the Company have been completed upto the Income year ended 30 September, 1996 (Assessment Year 1997-98).

10.2 a) The Company has filed a Reference Application against the orders of the Income Tax Appellate Tribunal (ITAT) for set-aside the decisions of the Assessment Years 1986-87 to 1988-89.

b) The Assessing Officer has revised assessment order for the Assessment Year 1991-92 U/S 156 of the Income Tax Ordinance, 1979 and has raised aggregate tax demand of Rs. 1.968 million. On an appeal filed by the Company against the said revised order, ITAT has remanded the case back to the Commissioner of Income Tax (Appeals) {CIT (A)}

c) The Assessing Officer has also revised assessment order for the Assessment Year 1996-97 U/S 156 of the Income Tax Ordinance, 1979 and has raised aggregate tax demand of Rs. 3.269 million for interest on dealers outstanding balances. On an appeal filed by the Company against the said revised order, the CIT (Appeals) has set aside the case for re-examination.

d) The Company has also filed an appeal with the ITAT for certain add-backs made by the Assessing Officer for the Assessment Year 1996-97. The appeal is pending for decision.

## 11. CONTINGENCIES AND COMMITMENTS

11.1 Indemnity Bond given by the Company as at 30 September, 1999 was outstanding for Rs. 8.0 million (1998: Rs. 8.0 million).

11.2 Commitments against irrevocable letters of credit outstanding as at 30 September, 1999 were for:

	<i>(Rupees in Million)</i>	
- Capital expenditure	1,644	0
- Others	7,906	1,401
	9,550	1,401

11.3 Refer contents of notes 10.2.

## 12. OPERATING FIXED ASSETS - Tangible

PARTICULARS	COST/REVALUATION				Rate %	DEPRECIATION			Book value as at 30 September, 1999
	As at 30 September, 1998	Additions	Disposals/ Adjustments	As at 30 September, 1999		To 30 September, 1998	For the year	On disposals	
Freehold land	152,223	0	0	152,223	0	0	0	0	152,223
Cost	2,147,777	195,700,000	0	197,847,777	0	0	0	0	197,847,777
Revaluation	2,300,000	195,700,000	0	198,000,000		0	0	0	198,000,000
Buildings on freehold land									
Factory									
Cost	6,280,399	0	0	6,280,399	10	3,067,287	321,311	0	2,891,801
Revaluation	735,847	0	0	735,847	10	562,833	17,301	0	155,713
	7,016,246	0	0	7,016,246		3,630,120	338,612	0	3,047,514
Residential									
Cost	831,646	0	0	831,646	10	543,077	28,857	0	259,712
Revaluation	230,795	0	0	230,795	10	176,530	5,427	0	48,838

	1,062,441	0	0	1,062,441		719,607	34,284	0	753,891	308,550
Others										
Cost	1,433,948	50,759	0	1,484,707	5	956,008	26,435	0	982,443	502,264
Revaluation	859,562	0	0	859,562	5	434,860	21,235	0	456,095	403,467
	2,293,510	50,759	0	2,344,269		1,390,868	47,670	0	1,438,538	905,731
	10,372,197	50,759	0	10,422,956		5,740,595	420,566	0	6,161,161	4,261,795
Plant and machinery										
Cost	134,645,338	0	1,060,541	133,584,797	10	64,958,722	6,768,860	8,794	71,718,788	61,866,009
Revaluation	1,353,486	0	6,047	1,347,439	10	1,036,076	31,599	4,626	1,063,049	284,390
	135,998,824	0	1,066,588	134,932,236		65,994,799	6,800,459	13,420	72,781,837	62,150,399
Weighment and material										
handling equipment	410,913	0	0	410,913	10	184,139	22,678	0	206,817	204,096
Tools and equipment	18,303	0	0	18,303	10	12,065	624	0	12,689	5,614
Furniture and fixtures	274,292	34,699	0	308,991	10	171,582	13,741	0	185,323	123,668
Electric fittings	2,307,490	78,428	32,000	2,353,918	10	921,089	144,593	13,105	1,052,577	1,301,341
Office equipment	836,732	0	0	836,732	10	314,417	52,232	0	366,649	470,083
Vehicles	5,268,358	0	410,016	4,858,342	20	2,896,553	460,603	341,227	3,015,929	1,842,413
Arms	27,350	0	0	27,350	10	16,501	1,085	0	17,586	9,764
Rupees	157,814,459	195,863,886	1,508,604	352,169,741		76,251,739	7,916,581	367,752	83,800,568	268,369,173
1998 Rupees	139,431,766	18,396,237	13,544	157,814,459		67,180,275	9,083,601	12,137	76,251,739	81,562,720

12.1 Some of the fixed assets as detailed in Note 12 were revalued on 1 October, 1978 in order to replace their historical cost with the gross reassessed replacement value and the surplus arisen as a result of such revaluation was transferred to Surplus on Revaluation of Fixed Assets Account' (note 5).

12.2 Freehold land of the Company was again revalued on 15 May, 1999. The revaluation exercise was carried out by independent Valuers - M/S Hamid Mukhtar and Co., valuation consultants and surveyors, 14-Q, Gulberg II, Lahore to replace the value with the re-assessed replacement value.

The revaluation resulted in an appraisal surplus of Rs. 195,700 million determined as below:

<i>Particulars</i>	<i>Rupees</i>
Freehold land value before revaluation	2,300,000
Revalued amount	198,000,000
Revaluation Surplus	195,700,000

The resultant revaluation surplus has been credited to Surplus on Revaluation of Fixed Assets (note-5) to comply with the requirements of section 235 of the Companies Ordinance, 1984.

Had there been no revaluation, the value of freehold land would have been Rs. 2.300 million.

12.3 Adjustments to plant and machinery include exchange gain amounting Rs. 1,051,406 arisen on retirement of foreign bills payable converted into Pak Rupee.

#### 12.4 Depreciation for the year has been apportioned as under:

Cost of Sales	7,289,478	8,320,338
Administrative expenses	627,103	763,263
	7,916,581	9,083,601

12.5 Depreciation on revalued portion of fixed assets was not charged uptill 1984. Such unprovided depreciation worked-out Rs. 391,849 as at 30 September, 1999 (1998: Rs.429,669).

#### 12.6 Disposals of operating fixed assets

<i>Particulars</i>	<i>Cost &amp; Revaluation</i>	<i>Accumulated depreciation</i>	<i>Book value</i>	<i>Sale Proceeds</i>	<i>Gain/ (Loss)</i>	<i>Sold by negotiations to</i>
--------------------	-------------------------------	---------------------------------	-------------------	----------------------	---------------------	--------------------------------

Plant and machinery

Transformer	15,182	13,420	1,762	50,000	48,238	Mr. Tariq & Co. Suleman Builder (Pvt) Ltd. Dera Ismail Khan
Electric Fittings Generator	32,000	13,105	18,895	7,000	(11,895)	Mr. Majid Iqbal (Employee)
Vehicles:						
Nissan Sunny	Rupees	457,198	367,752	89,446	125,879	36,433

**13. LONG TERM INVESTMENTS - at cost**

Associated Undertakings - Quoted

Babri Cotton Mills Limited

13.1

125,654 ordinary shares of

Rs. 10 each

1,633,502

1,633,502

Market value Rs.628,270

(1998: Rs. 691,097)

Janana De Malucho Textile Mills

Limited: 380,300 ordinary shares

of Rs. 10 each

4,943,900

4,943,900

Market value Rs. 2,281,800

(1998: Rs. 2,376,875)

6,577,402

6,577,402

13.1 125,600 shares of Babri Cotton Mills Limited are held by National Bank of Pakistan as security against short term finances extended to Janana De Malucho Textile Mills Limited.

13.2 Provision for diminution in the value of long term investments aggregating Rs. 3,667,332 (1998: Rs. 3,509,430) has not been made in these accounts

**14. LONG TERM LOANS - Considered good**

Loan to a Director- Secured

14.2

300,000

600,000

Loan to an Executive - Unsecured

14.3

160,200

226,200

460,200

826,200

Less: Current portion grouped  
under current assets

356,000

366,000

104,200

460,200

14.1 The above balance may be classified as under:

Outstanding for periods exceeding 3 years

0

300,000

Others

104,200

160,200

104,200

460,200

14.2 This represents balance of interest free loan of Rs. 2.0 million given to a working Director during 1994 for construction of House as approved by the Corporate Law Authority vide its letter No. CL-195/1/94-95 dated 20 September, 1994. This is secured against demand promissory note and pledge of 35,000 shares of the Company owned by the said director. The loan is recoverable in 20 equal quarterly installments commencing, 30 September, 1995.

14.3 This interest-free loan has been granted for purchase of vehicle and is recoverable over a period of four years commencing June, 1998.

14.4 Refer contents of note 18.2.

**15. STORES AND SPARES**

Stores

15.1

7,407,479

8,493,582

Spares

8,885,594

6,546,819

16,293,073

15,040,401

Less: Provision for slow  
moving items

350,000

203,000

15,943,073

14,837,401

15.1 No stores (1998: Rs. 1.476 million) were in transit at the balance sheet date.

15.2 The Company does not hold any stores and spares for specific capitalisation.

**16. STOCK-IN-TRADE**

Raw materials			
At warehouse including Rs. 2.186 million (1998: Rs. 3.319 million) in Customs Bond		15,618,571	22,969,239
In transit		4,077,488	7,379,005
		-----	-----
		19,696,059	30,348,244
Work-in-process		8,328,785	7,041,559
Finished goods		9,449,963	13,982,943
		-----	-----
		37,474,807	51,372,746
		=====	=====

**17. TRADE DEBTORS**

These are unsecured and considered good.

**18. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Due from Associated			
Undertakings	18.1	12,908,658	6,569,696
Current portion of long term loans	14	356,000	366,000
Loans and advances to employees			
- Considered good		208,393	342,091
Advance payments		145,838	984,462
Deposits:			
- Excise duty		0	1,838
- Others		2,261,900	4,453,500
Prepayments		82,716	27,716
Letters of credit		186,925	27,070
Income tax refundable/ Advance tax/tax deducted at source		23,025,036	20,270,184
Claims receivable - Considered good		570,120	173,821
Other receivables -		0	48,384
		-----	-----
		39,745,586	33,264,762
		=====	=====

**18.1 Associated Undertakings:**

a) Mark-up has been charged/paid at the rate ranging from Re. 0.49 to Re. 0.54 per thousand Rupees on the current account balances of the Associated Undertakings. However, no mark-up has been paid on the current account balances of Universal Insurance Company Limited as these balances have arisen on account of insurance premium payable.

b) Maximum aggregate debit balance of Associated Undertakings at any month end during the year was Rs. 28,978,616 (1998: Rs. 7,516,048).

c) Aggregate transactions with the Associated Undertakings during the year were as follows:

	<b>1999</b>	<b>1998</b>
	<b>Rupees</b>	<b>Rupees</b>
Purchase of goods and services	1,730,738	1,961,814
Purchase of fixed assets	0	661,500
Sales of goods and services	445,714	420,716
Interest paid	109,522	0
Dividend paid.	3,236,364	3,312,132
Dividend received	0	475,375
Interest received	2,986,583	1,034,215

18.2 Maximum aggregate debit balance of the Chief Executive at any month end during the year was Rs. 9,492 (1998: Rs. 6,821) and of the Director was Rs.600,000 (1998: Rs. 1,100,000).

Maximum aggregate debit balance of the Executives at any month end during the year was Rs. 234,926(1998: Rs. 239,288).

**19. CASH AND BANK BALANCES**

In hand	Note	103,555	66,919
At banks on			
current accounts		765,508	740,435
savings accounts	19.1	0	34,622
Dividend accounts		54,796	58,101
		-----	-----
		820,304	833,158
		-----	-----

	923,859	900,077
	=====	=====

19.1 These include no foreign currency balance (1998: G.B. £. 402 which were converted into Pak Rupees at the exchange rate prevailing on the balance sheet date i.e. 1 G.B. £ = Rs. 86.2283.

## 20. SALES - Net

Fabrics and blankets	219,306,851	207,489,967
Wastes	333,383	333,515
Processing charges	4,664	29,666
	-----	-----
	219,644,898	207,853,148
	-----	-----
Less:		
Sales tax (Including Rs. 266,000 relating to prior years)	28,280,841	23,380,031
Discount	555,800	772,266
Commission	5,859,302	5,301,543
	-----	-----
	34,695,943	29,453,840
	-----	-----
	184,948,955	178,399,308
	=====	=====

## 21. COST OF SALES

Raw materials consumed	21.1	62,193,036	68,421,997
Salaries, wages and benefits (including gratuity expenses of prior years amounting Rs. 4,210,813)		28,205,645	22,260,140
Power and fuel		11,852,366	11,974,132
Stores consumed		9,738,803	10,377,445
Repair and maintenance		4,851,386	3,547,245
Depreciation		7,289,478	8,320,338
Insurance		481,245	481,244
Others		154,698	113,258
		-----	-----
		124,766,657	125,495,799
Adjustment of work-in-process			
Opening		7,041,559	8,742,058
Closing		(8,328,785)	(7,041,559)
		-----	-----
		(1,287,226)	1,700,499
		-----	-----
Cost of goods manufactured		123,479,431	127,196,298
Adjustment of finished goods			
Opening		13,982,943	13,885,549
Closing		(9,449,963)	(13,982,943)
		-----	-----
		4,532,980	(97,394)
		-----	-----
		128,012,411	127,098,904
		=====	=====

### 21.1 Raw materials consumed

Purchases (net of returns of Rs. 111,565)		51,540,851	68,220,615
Adjustment of stock			
Opening		30,348,224	30,549,626
Closing		(19,696,059)	(30,348,244)
		-----	-----
		10,652,185	201,382
		-----	-----
		62,193,036	68,421,997
		=====	=====

## 22. ADMINISTRATIVE AND SELLING EXPENSES

Administrative:			
Salaries & benefits (including gratuity expenses of prior years amounting Rs.434,494)		7,431,350	6,179,933
Travelling including directors; Rs. 758,833 (1998: Rs. 64,635)		914,408	252,977
Rent, rates and taxes		263,797	244,110
Entertainment/guest house expenses		162,286	126,871
Communication		410,192	393,489
Printing and Stationery		244,630	242,784

Electricity	634,139	592,273
Insurance	8,401	8,151
Repair and maintenance	146,025	149,900
Vehicles' running	690,034	566,562
Advertisement	58,860	19,380
Subscription/papers and periodicals	92,070	86,635
General	21,581	4,485
Depreciation	627,103	763,263
Deferred costs amortised	0	28,316
	-----	-----
	11,704,876	9,659,129

## Selling &amp; distribution:

Salaries & benefits (including gratuity expenses of prior years amounting Rs. 54,693)	1,247,055	1,390,991
Travelling	10,900	21,230
Outward Freight	4,977	1,641
Sales promotion/samples	215,380	100,725
Publicity	73,660	29,700
Export tax	952,707	1,074,508
Others	0	4,230
	-----	-----
	2,504,679	2,623,025
	-----	-----
	14,209,555	12,282,154
	=====	=====

22.1 The Company has shared expenses of Combined Offices with the Associated Undertakings aggregating Rs. 1,856,905 (1998: Rs. 1,595,212).

**23. OTHER INCOME**

Empties/scrap/trees sale	203,945	147,145
Gain on disposals of fixed assets	36,433	3,218
Surplus on revaluation of fixed assets -credited	5 6,047	0
Unclaimed balances written back	173,252	14,038
Dividend	0	475,375
Exchange gain	0	8,880
	-----	-----
	419,677	648,656
	=====	=====

**24. FINANCIAL CHARGES - Net**

Interest on:		
Secured long term loan	385,714	668,147
Employees' Provident Fund	46,496	150,723
Workers' (Profit) Participation Fund	274,359	203,607
Mark up on Associated Undertakings' balances	109,522	0
Mark-up on secured short term finances	3,861,249	5,239,567
	-----	-----
	4,677,330	6,262,044

## Less: Interest/profit earned on:

Dealers balances	274,184	336,561
Associated Undertakings' balances	2,986,583	1,034,215
Bank deposit accounts	12,576	19,260
	-----	-----
	3,273,343	1,390,036

	-----	-----
	1,403,987	4,872,008
Bank charges	40,541	24,745
	-----	-----
	1,444,528	4,896,753
	=====	=====

**25. MISCELLANEOUS CHARGES**

Auditors' remuneration		
Audit fee	75,000	75,000
Consultancy charges	30,000	0
Out-of-pocket expenses	7,500	7,500
	-----	-----
	112,500	82,500
Donations	25.1 25,596	7,732
Legal and professional charges (other than Auditors)	221,625	75,728





**29. EARNINGS PER SHARE (EPS)**

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	
Profit after taxation attributable to ordinary shareholders	28,591,034	23,196,260
	=====	=====
	<i>No. of shares</i>	
Number of ordinary shares issued and subscribed at the end of the year	3,900,000	3,900,000
	=====	=====
	<i>Rupees</i>	
EPS	7.33	5.95
	=====	=====

**30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

<i>PARTICULARS</i>	<i>Chief Executive</i>		<i>Working Directors</i>		<i>Executives</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
Remuneration (including bonus)	940,083	461,216	723,221	873,044	2,863,145	2,544,023
Provident Fund contribution	54,585	38,422	0	0	225,491	204,070
House rent	0	0	175,500	195,315	108,900	108,900
Insurance	1,660	1,660	0	0	5,576	8,976
Reimbursement of Medical and other expenses	70,584	18,168	0	0	190,809	178,475
Utilities	0	0	54,133	43,403	29,740	31,974
	-----	-----	-----	-----	-----	-----
Rupees	1,066,812	519,466	952,854	1,111,762	3,423,661	3,076,418
	=====	=====	=====	=====	=====	=====
Number of persons	1	1	2	2	9	9

30.1 The Chief Executive has also been provided with free use of the Company's car, Company maintained house and telephone at his residence. Executives are provided with houses at Company's Colony.

30.2 Remuneration of Chief Executive and directors does not include any amount, provided for or paid by the Associated Undertakings. Payments to the working directors represent the Company's share of remuneration transferred by the Associated Undertakings.

30.3 In addition to above, meeting fee of Rs. 5,500 (1998: Rs. 2,500) was also paid to seven (1998: four) non-working directors.

**31. CAPACITY AND PRODUCTION**

	<i>1999</i>	<i>1998</i>
Yarn		
Number of spindles installed (1,858 in Unit No. I and 480 in Unit No. II)	2,338	2,338
Number of spindles/shifts worked	1,692,673	1,615,463
Installed capacity at 5 Nm count (Kgs.)	3,732,479	3,732,479
Actual production converted into 5 Nm count (Kgs.)	1,150,707	1,133,304
Number of shifts worked {Unit No. II worked for 912} (1998: 909) shifts}	1,783	1,690
Cloth		
Number of looms installed: {40 (1998: 40) in Unit No. I and 8 (1998: 8) in unit No. II}	48	48
Number of looms/shifts worked	32,391	29,488
Installed capacity of 40 (1998: 48) operational looms at 30 picks (Meters)	3,365,455	3,738,531
Actual production converted into 30 picks (Meters)	1,224,019	1,194,755
Number of shifts worked (Unit No. II worked for 1,020) (1998: 1,020) Shifts}	2,044	2,068

It is difficult to describe precisely the production capacity in spinning/weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist, the width and construction of cloth woven etc. It also varies according to the pattern of production adopted in a particular year.

Production was low due to obsolete machinery and electric shut-downs.

**32. FIGURES**

- in the accounts are rounded off to the nearest rupee;

- of the previous year are re-arranged wherever necessary for the purposes of comparison.

**MUSHTAQ AHMAD KHAN, FCA**  
**Director**

**MUHAMMAD AZHAR KHAN**  
**Chief Executive**