

# **Polypropylene Products Limited**

## **Annual Report 1999**

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### **Company Information**

<b>Board of Directors</b>	Mr. Razzak H. Mohammed Mr. Salim H. Mohammed Mr. Shabbir S. Mohammed Ms. Farzana Munaf Mr. Iqbal Parekh Mr. Fatehali R. Mohammed Mr. A.Q. Malik Mr. Mohammed Zafar Iqbal	Chairman       Chief Executive
<b>Secretary</b>	Mr. M.A. Nasser	
<b>Bankers</b>	Allied Bank of Pakistan Limited American Express Bank Limited Bank Al-Habib Limited Faysal Bank Limited Habib Bank AG Zurich Habib Bank Limited Metropolitan Bank Limited Muslim Commercial Bank Limited	
<b>Auditors</b>	Ford, Rhodes, Robson, Morrow Chartered Accountants	
<b>Factory</b>	Korangi, Karachi.	
<b>Registered Office</b>	7th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.	

## Twenty Sixth Annual Report of the Directors for the year ended June 30, 1999

The Shareholders,

Your directors are pleased to submit herewith the twenty sixth annual report on the affairs of the Company together with the audited accounts and the Auditors' Report for the year ended June 30, 1999.

### Financial Results

*Rupees*

Net Profit for the year after providing for taxation	3,197,207
Add: Profit brought forward from last year's accounts	5,216,311
	-----
Profit available for appropriation	8,413,518
	=====

### Appropriations

Proposed dividend @ 20% i.e. Re. 1.00 per share on 4,000,000 ordinary shares of Rs. 5/- each for the year ended June 30, 1999.

4,000,000

Unappropriated profit carried forward to the next year's accounts.

4,413,518

-----  
8,413,518  
=====

By the Grace of Allah, the Company has shown an after tax net profit of Rs. 3.2 million during the year ended June 30, 1999 and the Board of Directors have recommended cash dividend of 20%.

The production of Polypropylene bags increased by about 9% from 15.61 million bags in 1997-98 to 16.97 million bags in 1998-99, but in terms of value gross sales have decreased by about 11% from Rs. 154.6 million in 1997-98 to Rs. 138.3 million in 1998-99, mainly due to decrease in sale price because of very unhealthy competition among the PP bag manufacturers plus increase in cost specially in sales tax from 12.5% to 15% and devaluation of Pak Rupee against US Dollar by about 11%

### Future Prospects

The situation in Polypropylene bag business may not improve because of excess manufacturing capacity over demand and increase of sales tax from 12.5% to 15% will make it even more difficult for us to compete against the unorganised sector which is expanding very fast.

C&F price of raw material increased from US \$ 500 per metric ton in May, 1999 to US \$ 800 per metric ton in September 1999, but selling price of PP Bag is not keeping pace

with the increase in raw material price.

### **Year 2000 Compliance of Computer System**

All computer programmes of our Company are year 2000 compliant.

### **Auditors**

The present Auditors of the Company, Ford, Rhodes, Robson, Morrow, Chartered Accountants, retires and being eligible, offer themselves for re-appointment for the year 1999-2000.

Your Directors would like to thank the workers and staff of the Company for working with enthusiasm, loyalty and devotion to duty.

**On behalf of the Board**

**RAZZAK H. MOHAMMED**  
**Chairman**

Karachi: October 21, 1999.

### **Auditors' Report to the Members**

We have audited the annexed balance sheet of POLYPROPYLENE PRODUCTS 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, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with notes thereon have 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 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 and the changes in financial position (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.

Karachi: October 21, 1999.

**Ford, Rhodes, Robson, Morrow**  
**Chartered Accountants**

## **BALANCE SHEET AS AT JUNE 30, 1999**

	<i>Note</i>	<i>1999</i> <i>Rupees</i>
<b>Tangible Fixed Assets</b>		
Operating assets at cost less accumulated depreciation	3	14,033,119
Capital work-in-progress		--
<b>Long Term Investments</b>	4	27,072,861
<b>Long Term Loans and Deposits</b>	5	929,950
<b>Current Assets</b>		
Stores and spares	6	1,620,862
Stock-in-trade	7	18,983,368
Trade debtors	8	14,955,045
Advance income tax		4,238,029
Profit accrued on investments		2,296,000
Advances, deposits, prepayments and other receivables	9	2,673,197
Short term investments	10	20,000,000
Cash and bank balances	11	231,989
		-----
		64,998,490
		-----
		107,034,420
		=====
<b>Share Capital and Reserves</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
6,000,000 ordinary shares of Rs.5/- each		30,000,000
		=====
<b>Issued, subscribed and paid-up</b>		
4,000,000 ordinary shares of Rs. 5/- each fully paid-up	12	20,000,000
<b>Revenue reserves</b>		
General reserve		40,000,000
Unappropriated profit		4,413,518

		-----
		44,413,518
<b>Deferred Liabilities</b>	13	10,860,903
<b>Current Liabilities</b>		
Creditors, accrued and other liabilities	14	4,318,201
Short term running finances	15	18,204,239
Provision for taxation		4,671,000
Unclaimed dividend		566,559
Proposed dividend		4,000,000
		-----
		31,759,999
<b>Contingencies and Commitments</b>	16	-----
		107,034,420
		=====

The annexed notes form an integral part of these accounts.  
The auditors' report is annexed hereto.

**Mohammed Zafar Iqbal**  
Chief Executive

**Salim H. Mohammed**  
Director

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

	<i>Note</i>	<i>1999</i> <i>Rupees</i>
<b>Sales</b>	17	117,112,643
<b>Cost of Sales</b>	18	103,654,323
		-----
<b>Gross profit</b>		13,458,320
<b>Other income</b>	19	6,504,366
		-----
		19,962,686
		-----
Administrative expenses	20	7,075,925
Selling expenses	21	5,262,640
		-----
		12,338,565
		-----
Workers' profit participation fund		222,069
Workers' welfare fund		7,628
		-----
		229,697
		-----
		7,394,424
<b>Provision for diminution in value of investments</b>		968,035
		-----

Financial charges	22	6,426,389 3,182,745
<b>Net profit/(loss) before taxation</b>		3,243,644
<b>Less: Taxation</b>	23	46,437
<b>Net profit after taxation</b>		3,197,207
<b>Unappropriated profit brought forward</b>		5,216,311
		8,413,518
<b>Appropriations</b>		
Proposed dividend @ 20% (1998: 20%)		4,000,000
<b>Unappropriated profit carried forward</b>		4,413,518
<b>Basic earnings per share</b>	24	0.80

The annexed notes form an integral part of these accounts.

**Mohammed Zafar Iqbal**  
Chief Executive

**Salim H. Mohammed**  
Director

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

**1999**  
**Rupees**

**Cash flows from operating activities**

Profit before taxation	3,243,644
Adjustments for	
Depreciation	1,932,084
Profit on sale of fixed assets	(207,786)
Provision for retirement gratuity	956,449
Gratuity paid	(148,629)
Loss on sale of shares	--
Provision for diminution in value of investments	968,035
Income from investments	(4,843,205)
Financial charges	3,165,896
Operating profit before working capital changes	5,066,488
Changes in working capital	
(Increase) / decrease in current assets	

Stores and spares	(195,240)
Stock-in-trade	(2,735,973)
Trade debtors	(3,383,597)
Profit accrued on investments	(1,365,000)
Advances, deposits, prepayments and other receivables	(7,512)
Decrease in current liabilities	
Creditors, accrued and other liabilities	(2,100,985)
	-----
	(9,788,307)
	-----
Cash generated from operations	(4,721,819)
Refund of Taxes	2,751,753
Taxes paid	(822,024)
Financial charges paid	(2,724,982)
	-----
Net cash flows from operating activities (A)	(5,517,072)
	=====
<b>Cash flows from investing activities</b>	
Sale of fixed assets	765,000
Acquisition of fixed assets	(1,907,460)
Capital work-in-progress	--
Short term investments	2,500,000
Income from investments	4,843,205
Long term loans and deposits	(86,800)
Sale of long term investments	--
Long term investments	(4,239,490)
	-----
Net cash flows from investing activities (B)	1,874,455
	=====
<b>Cash flows from financing activities</b>	
Short term finances	7,523,396
Dividend paid	(3,930,915)
	-----
Net cash flows from financing activities (c)	3,592,481
	=====
Net increase in cash and cash equivalents (A+B+C)	(50,136)
Cash and cash equivalents at beginning of the year	282,125
	-----
Cash and cash equivalents at the end of the year	231,989
	=====

**Mohammed Zafar Iqbal**  
Chief Executive

**Salim H. Mohammed**  
Director

## **Notes to the Accounts for the year ended June 30, 1999**

### **1. The Company and its operations**

Polypropylene Products Limited, incorporated in 1973, as a public limited company, quoted on stock exchanges in Pakistan. The Company is engaged in the manufacture and sale of polypropylene woven bags.

### **2. Statement of significant accounting policies**

#### **2.1 Accounting convention**

These accounts have been prepared under the historical cost convention.

#### **2.2 Retirement benefits**

The Company operates an unfunded gratuity scheme covering employees who have completed atleast one year of service with the Company. Provision is made annually to cover obligations under the scheme.

#### **2.3 Taxation**

Provision for current taxation is based on taxable income at current rates of taxation or 0.5% of the turnover under section 80D of the Income Tax Ordinance, 1979 whichever is higher.

The Company accounts for deferred taxation on all significant timing differences which are likely to reverse in the foreseeable future, using the liability method. As a measure of prudence, deferred tax debits are not accounted for.

#### **2.4 Fixed assets**

Fixed assets are stated at cost less accumulated depreciation except leasehold land which is stated at cost.

Depreciation on fixed assets is calculated on written down values at the rates given below:

Office premises	5% per annum
Vehicles	20% per annum
Computers	30% per annum
All other assets	10% per annum

Normal repairs and maintenance cost is charged to revenue in the year in which it is incurred, major renewals and improvements are capitalised.

Profits and losses on disposal of fixed assets are taken to profit and loss account.

#### **2.5 Investments**

Short term investments are valued at cost or market value whichever is lower, calculated on aggregate basis. In case of long term investments provision for diminution in value of investments is made on individual basis if it is considered to be permanent.



## 2.6 Stock-in-trade, stores and spares

These are stated at the lower of cost or net realisable value. Cost is determined on "first-in, first-out" basis. Stock-in-transit is valued at cost.

## 2.7 Revenue recognition

(a) Sales are recorded when goods are despatched and invoiced.

(b) Income on investments is accounted for as follows:

(i) dividend income is accounted for upon declaration of dividends by the investee companies.

(ii) income on Regular Income Certificates and Defence Saving Certificates is accounted for as and when due according to the terms of the schemes.

(c) Other income is accounted for on an accrual basis.

## 3. Tangible Fixed Assets

	<i>COST</i>			
	<i>As at July 1, 1998</i>	<i>Additions</i>	<i>Disposals</i>	<i>As at June 30, 1999</i>
Leasehold land	147,271	--	--	147,271
Office premises	1,807,653	--	--	1,807,653
Building on lease-hold land	4,495,739	--	--	4,495,739
Plant and machinery	39,827,298	2,044,642	1,632,044	40,239,896
Office equipment and computers	1,173,692	318,610	--	1,492,302
Furniture and fixtures	1,999,170	--	--	1,999,170
Vehicles	7,859,698	599,000	628,500	7,830,198
	=====	=====	=====	=====
	57,310,521	2,962,252	2,260,544	58,012,229
	=====	=====	=====	=====
1998	54,791,823	2,774,348	255,650	57,310,521
	=====	=====	=====	=====

## 3.1 Depreciation charge has been

	<i>1999 Rupees</i>
Cost of sales	1,237,726
Administrative expenses	608,051
Selling expenses	86,307
	-----

1,932,084

### 3.2 Details of disposal of fixed assets

<i>Particulars of assets</i>	<i>Cost Rupees</i>	<i>Depreciation Rupees</i>	<i>W.D.V. Rupees</i>	<i>Proceeds Rupees</i>	
Plant and machinery	1,632,044	1,312,822	319,222	300,000	N
Motor. vehicle	227,000	215,768	11,232	125,000	N
Motor vehicle	154,500	125,340	29,160	80,000	N
Motor vehicle	247,000	49,400	197,600	260,000	I
	-----	-----	-----	-----	
	2,260,544	1,703,330	557,214	765,000	
	=====	=====	=====	=====	
1998	255,650	209,817	45,833	184,500	
	=====	=====	=====	=====	
				<b>1999</b>	
				<b>Rupees</b>	

### 4. Long Term Investments

All the shares/certificates have a face value of Rs. 5 each except those marked with an asterisk(\*) which have a face value of Rs. 10 each.

Companies and number of shares

Associated company

Habib Insurance Company Limited

86,713 (1998: 86,713)

910,494

Others

Habib Arkady Limited

100,000 (1998: 45,000)

672,900

Habib Sugar Mills Limited

337,227 (1998: 337,227)

1,520,200

Balochistan Glass Limited

157,141 (1998: 157,141)	714,280
Pakistan Synthetics Limited *	
55,000 (1998: 55,000)	1,600,800
ICI Pakistan Limited *	
136,000 (1998: 136,000)	3,541,100
Bank AI-Habib Limited *	
198,042 (1998: 76,532)	3,592,025
Indus Motor Company Limited *	
40,500 (1998: 40,500)	917,550
PTC Vouchers *	
16,000 (1998: 16,000)	578,675
Modaraba and number of certificates	
First Habib Modaraba	
412,404 (1998: 412,404)	1,813,808
	-----
	15,861,832
NIT units	
550,905 (1998:502,730)	7,412,737
	-----
	23,274,569
Provision for diminution in value of investments	6,201,708
	-----
	17,072,861
Defence Savings Certificates	10,000,000
	-----
	27,072,861
	=====
[Aggregate market value of shares, modaraba certificates and N.I.T. units - Rs.16,046,089 (1998: Rs. 12,726,515)]	

**1999**  
**Rupees**

#### **5. Long Term Loans and Deposits-unsecured, considered good**

Loan to employees (see note 5.1)	
Outstanding for periods exceeding three years;	--
Others	1,209,550

	-----
	1,209,550
Less: Receivable within one year (see note 9)	685,500
	-----
	524,050
Security deposits	405,900
	-----
	929,950
	=====

5.1 This includes mark-up free loan given to executives for the purpose of purchase of household furniture and appliances and for medical treatment etc. This is repayable in equal monthly installments in three years.

Maximum aggregate amount due from the executives of the Company at the end of any month during the year was Rs.966,100 (1998: Rs. 772,300) respectively.

Aggregate amount due from executive was Rs.675,900 (1998: Rs. 703,300) respectively.

#### 6. Stores and Spares

Stores	379,984
Spares	1,237,348
Loose tools	3,530
	-----
	1,620,862
	=====

#### 7. Stock-in-Trade

Raw materials-In hand	12,390,747
Raw materials-In transit	2,972,200
Lining material	--
Work-in-process	2,354,879
Finished goods	1,265,542
	-----
	18,983,368
	=====

#### 8. Trade Debtors

Unsecured -	
Considered good	14,955,045
Provision for doubtful debts-general	--
	-----
	14,955,045
	=====

**1999**  
**Rupees**

#### 9. Advances, Deposits, Prepayments and Other Receivables

Advances-considered good	
Staff - for expenses	95,000
Suppliers	--
Employees - current portion	685,500
Excise duty and sales tax	532,307
Others for expenses	195,000
	-----
	1,507,807
Trade deposits	865,530
Prepayments	299,860
	-----
	2,673,197
	=====

#### 10. Short Term Investments

Regular Income Certificates (see note 10.1)	20,000,000
	=====

10.1 These carry profit @ 18% per annum receivable on monthly basis.

#### 11. Cash and Bank Balances

In hand	56,137
At banks-current accounts	174,523
At National Savings Centre-savings account	1,329
	-----
	231,989
	=====

#### 12. Issued, Subscribed and Paid-up Capital

2,400,000 (1998:2,400,000) ordinary shares of Rs. 5/- each fully paid in cash	12,000,000
1,600,000 (1998:1,600,000) ordinary shares of Rs. 5/- each issued as bonus shares	8,000,000
	-----
	20,000,000
	=====

#### 13. Deferred Liabilities

Deferred taxation	1,000,000
Provision for retirement gratuity	9,860,903
	-----
	10,860,903
	=====

**1999**  
**Rupees**

#### 14. Creditors, Accrued and Other Liabilities

Creditors	96,101
Accrued liabilities	3,385,322
Mark-up accrued on secured short term finances	440,914
Customs duty and sales-tax	67,846
Excise duty	2,094
Workers' profit participation fund (see note 14.1)	222,069
Workers' welfare fund	34,299
Tax deducted at source	68,676
Other liabilities	880
	-----
	4,318,201
	=====

#### 14.1 Workers' profit participation fund

Balance at the beginning of the year	222,827
Mark-up on fund utilised in Company's business	16,849
	-----
	239,676
Less: Amount paid to the trustees of the fund	239,676
	-----
	--
Allocation for the year	222,069
	-----
	222,069
	=====

#### 15. Short Term Running Finances-Secured From bank

Under mark-up arrangements. (see note 15.1)	18,204,239
	=====

15.1 These finances have been obtained from banks under mark-up arrangements and are secured by hypothecation of stocks and book debts.

The facilities for short term running finances including export refinance amounting to Rs. 40 million (1998: Rs. 45 million) and unavailed credit facilities at the year end was Rs. 21.796 million (1998:Rs. 34.319 million) respectively.

The rate of mark up on running finance is 43 paisas (1998:43 paisas) per thousand rupees per day, payable currently.

#### 16. Contingencies and Commitments

16.1 Letters of guarantee outstanding	2,797,740
	=====
16.2 Letters of credit outstanding	3,915,400
	=====

*Rupees*

**17. Sales**

Local	138,278,528
Sales-tax	17,493,138
Commission	347,760
Discount	103,425
Excise duty on sales	3,221,562
	-----
	21,165,885
	-----
	117,112,643
	=====

**18. Cost of Sales**

Raw materials consumed (see note 18.1)	62,695,568
Lining material consumed (see note 18.2)	228,870
	-----
	62,924,438
Manufacturing expenses	
Salaries, wages and allowances	15,744,490
Stores and spares consumed/written-off	2,849,796
Repairs and maintenance	554,733
Fuel, power and water charges	11,754,179
Insurance	133,669
Finishing expenses	6,731,710
Rent, rates and taxes	112,737
Material handling expenses	2,099,047
Legal and professional charges	310,200
Telephone and telex	73,909
Travelling, conveyance and entertainment	329,760
Printing and stationery	53,442
Motor vehicle expenses	649,436
Subscriptions	36,070
Security expenses	116,400
Depreciation	1,237,726
	-----
	42,787,304
	-----
	105,711,742
Add: opening stock of work-in-process	1,546,151
	-----
	107,257,893
Less: Closing stock of work-in-process	2,354,879
	-----
Cost of goods manufactured	104,903,014
Add: Opening stock of finished goods	16,851
	-----
	104,919,865

Less: Closing stock of finished goods	1,265,542
	-----
	103,654,323
	=====

**1999**  
**Rupees**

**18.1 Raw materials consumed**

Opening stock of raw materials	14,535,201
Raw materials purchased	60,551,114
	-----
	75,086,315
Less: Closing stock of raw materials	12,390,747
	-----
	62,695,568
	=====

**18.2 Lining material consumed**

Opening stock	149,192
Purchases	79,678
	-----
	228,870
Less: Closing stock	--
	-----
	228,870
	=====

**19. Other Income**

Income from investments (see note 19.1)	6,208,205
Profit on sale of fixed assets	207,786
Others	88,375
	-----
	6,504,366
	=====

**19.1 Income from investments**

Dividends	
Associated company	173,426
Other companies	881,460
NIT units	150,819
	-----
	1,205,705
Profit on Regular Income Certificates	3,637,500
Profit on Defence Savings Certificates	1,365,000
	-----
	6,208,205
	=====



**1999**  
**Rupees**

**20. Administrative Expenses**

Salaries, wages and allowances	2,869,216
Directors' fees	2,400
Rent, rates, and taxes	174,149
Telephone and telex	392,669
Postage and telegram	31,574
Electricity, gas and water charges	508,147
Travelling, conveyance and entertainment	334,392
Printing and stationery	210,465
Motor vehicle expenses	652,907
Auditors' remuneration (see note 20.1)	196,748
Legal and professional charges	62,400
Repairs and maintenance	327,629
Advertisement	53,196
Fees and subscriptions	121,002
Donations (see note 20.2)	272,900
Insurance	44,622
Computer expenses and service charges	204,158
Depreciation	608,051
Loss on sale of shares	--
Zakat at source	--
Other expenses	9,300

-----  
7,075,925  
=====

**20.1 Auditors' remuneration**

Audit fee	92,000
Tax services	93,998
Examination of workers' profit participation fund account	1,000
Out-of-pocket expenses	9,750

-----  
196,748  
=====

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

**21. Selling Expenses**

Salaries, wages and allowances	2,220,104
Travelling, conveyance and entertainment	238,030
Freight and insurance	1,421,053
Telephone and telex	74,443
Postage and telegram	11,358
Printing and stationery	23,963

Motor vehicle expenses	689,766
Depreciation	86,307
Bad debts expense - net of provision	42,637
Other expenses	454,979

-----  
5,262,640

=====

**1999**  
**Rupees**

**22. Financial Charges**

Mark-up on short term finances	3,007,232
Mark-up on workers' profit participation fund	16,849
Excise duty and bank charges	158,664

-----  
3,182,745

=====

**23. Taxation**

Current	1,100,000
Prior years	46,437
Deferred	(1,100,000)

-----  
46,437

=====

**24. Basic Earnings Per Share**

Profit after taxation attributable to ordinary shares	3,197,207
Weighted average number of ordinary shares issued and subscribed at the end of the year	4,000,000

-----  
0.80

=====

**25. Transactions with Associated Companies**

Insurance premium	697,410
Advance against insurance premium	140,000

-----  
837,410

=====

**26. Financial Instruments and Related Disclosures**

**26.1 Credit risk exposure**

Company's exposure to credit risk is indicated by the carrying amount of its receivable. The Company controls credit risk by monitoring the amount of credit extended, limiting transactions with specific customers and continually assessing the credit worthiness of customers. The Company minimizes concentration of credit risk by diversifying business with different types of customers.

The Company's concentration of credit risk can be analysed with the following details of outstanding debtors:

	<i>Amount Rupees</i>
Fertilizer	3,455,340
Sugar	2,394,157
Rice	7,377,365
Others	1,728,183
	-----
	14,955,045
	=====

### **26.2 Interest/mark-up rate risk exposure**

The Company is exposed to interest/mark-up rate risk on some of the financial obligations which are payable within one year. Material financial liabilities which are exposed to various rates of interest are as mentioned in note 15.

### **26.3 Fair value of Financial Instruments**

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

### **27. Number of Employees**

The Company employed 92 (1998:88) permanent employees at the end of the year.

### **28. Remuneration of Chief Executive, Directors and Executives**

The aggregate amounts charged in the accounts for remuneration including all benefits to Chief Executive, Directors and Executives of the Company were as follows:

	<i>Chief Executive Rupees</i>	<i>Directors Rupees</i>	<i>Executives Rupees</i>
Fees	400	2,000	--
Managerial remuneration	468,672	439,821	1,992,454
Retirement benefits	32,772	31,072	130,956
Housing	162,050	154,021	432,261
Medical expenses	23,481	22,011	92,451
Entertainment expenses	--	212,229	--
	-----	-----	-----
	687,375	861,154	2,648,122
	=====	=====	=====
1998	1,174,014	1,145,818	3,351,982
	=====	=====	=====

Number of persons

1999	1	7	9
1998	1	7	9

The Chief Executive, certain Directors and Executives are also provided with Company's owned and maintained cars.

29. Capacity and Production	<i>Manufacturing</i>	<i>Actual Production</i>	
	<i>capacity</i>		
	<i>per annum</i>	<i>1999</i>	<i>1998</i>
Polypropylene (in '000 bags)	20,000	16,974	15,606

There is a shortfall in actual production because installed capacity in the country is far in excess-of demand.

### 30. General

30.1 Previous year's figures have been rearranged wherever necessary for the purpose of comparison.

30.2 Figures have been rounded off to the nearest rupee.

**Mohammed Zafar Iqbal**  
Chief Executive

**Salim H. Mohammed**  
Director

### Pattern of holdings of the shares held by the shareholders as at June 30, 1999

<i>Number of</i>	<i>Shareholding</i>					
<i>Shareholders</i>						
717	From	1	to	100	Shares	
500	From	101	to	500	Shares	
168	From	501	to	1,000	Shares	
178	From	1,001	to	5,000	Shares	
24	From	5,001	to	10,000	Shares	
15	From	10,001	to	15,000	Shares	
10	From	15,001	to	20,000	Shares	
3	From	20,001	to	25,000	Shares	
3	From	25,001	to	30,000	Shares	
2	From	30,001	to	35,000	Shares	
6	From	35,001	to	40,000	Shares	
2	From	40,001	to	45,000	Shares	
1	From	50,001	to	55,000	Shares	
1	From	55,001	to	60,000	Shares	
4	From	60,001	to	65,000	Shares	
1	From	65,001	to	70,000	Shares	
1	From	70,001	to	75,000	Shares	

1	From	75,001	to	80,000	Shares
3	From	85,001	to	90,000	Shares
1	From	95,001	to	100,000	Shares
2	From	185,001	to	190,000	Shares
1	From	250,001	to	255,000	Shares
1	From	340,001	to	345,000	Shares
1	From	385,001	to	390,000	Shares
-----					
		1,646			
=====					

<i>Categories of Shareholders</i>	<i>Number of Shareholders</i>	<i>Shares held</i>	<i>Percentage (%)</i>
Individuals	1,614	2,178,697	54.47
Investment Companies	2	62,529	1.56
Insurance Companies	5	102,529	2.56
Joint Stock Companies	17	768,026	19.20
Financial Institution	1	386,384	9.66
Co-operative Society	1	15,809	0.40
Charitable and Religious Trusts	6	486,026	12.15
	-----	-----	-----
	1,646	4,000,000	100.00
	=====	=====	=====

## Notice of Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting of the shareholders of the Company will be held at Raffia Choudri Memorial Centre, Ground Floor, Sidco Avenue Centre, 264 R. A. Lines, Karachi on Thursday, 16th December, 1999, at 11.30 a.m. to transact the following business:

1. To confirm the minutes of the 25th Annual General Meeting of the Shareholders of the Company held on 17th December, 1998.
2. To receive and adopt the report of the Directors and Audited Accounts of the Company for the year ended June 30, 1999.
3. To approve the proposed Dividend as recommended by the Board of Directors of the Company.
4. To appoint Auditors for the year 1999-2000 and fix their remuneration. The retiring Auditors M/s. Ford, Rhodes, Robson, Morrow have offered their services for the ensuing year.
5. To transact such other business as may be placed before the meeting with the permission of the Chairman.

**By the Order of the Board**

**M. A. NASSER**  
**Secretary**

Karachi: 21st October, 1999.

**Notes:**

(1) The Share Transfer Books of the Company will remain closed from Friday, the 12th November, 1999 to Sunday, 21st November, 1999 (both days inclusive).

(2) A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the meeting.

(3) The Shareholders are requested to communicate to the Company any change in their addresses.

(4) Account holders and sub-account holders holding book entry securities of the Company in Central Depository Company of Pakistan Limited, who wish to attend the Annual General Meeting, are requested to bring original National Identity Card with copy thereof duly attested by their Bankers for identification purpose.