

## **THAL JUTE MILLS LIMITED**

### **Annual Reports 2002**

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#### **Company Information**

##### **Board of Directors :**

Chairman	Mr. Rafiq M. Habib
Chief Executive	Mr. Sohail P. Ahmed
Directors	Mr. Ali S. Habib Mr. Mohamedali R. Habib Mr. S. A. Q. Haqqani Mr. Mazhar Valjee
Executive Director	Mr. Muhammad Jamil Hussain
Company Secretary	Mr. Ali Asghar Moten

##### **Board Audit Committee :**

Chairman	Mr. Ali S. Habib
Members	Mr. S. A. Q. Haqqani Mr. Mazhar Valjee Mr. Muhmmad Jamil Hussain

**Internal Auditors :** Noble Computer Services (Pvt.) Ltd.

**External Auditors :** Hyder Bhimji & Co.  
Chartered Accountants

**Legal Advisers :** A. K. Brohi & Co., Karachi.  
K. A. Wahab & Co., Karachi.

**Tax Adviser:** Sidat Hyder Qamar & Co.

**Bankers:** Emirates Bank International Ltd.  
Habib BankAG Zurich  
Habib Bank Limited  
Hongkong Shanghai Banking Corporation  
Metropolitan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank  
United Bank Limited

**Registered Office :** 4th Floor, Siddiqsons Tower,  
3-Jinnah Cooperative Housing Society,  
Sharea Faisal, Karachi.  
Tel : 4312030, 4312185 Fax :4312318  
E-mail : tjml@hoh.net

**MILLS / FACTORY :**

**Jute Division :** D. G. Khan Road, Muzaffargarh.  
**Engineering Division :** Plot No. 1 & 2, Sector 22,  
Korangi Industrial Area, Karachi.

**Sales & Service Centre :** 14, BangloreTown, Sharea Faisal, Karachi.  
Tel:4520122

**Corporate Vision**

Our mission is to set up and operate viable businesses in sectors, identified by the Executive Committee and Board of Directors, in a manner that:

- They are either #1 & 2 in turnover & returns in their industry ;
- Service all the stake holders in a market-competitive manner;
- Have an export portfolio of products.

**Mission - Jute Division**

Our mission is to be the # 1 Jute products manufacturers in Pakistan in terms of turnover, efficiencies and margins. We will search out new technologies, products and markets to maintain our position of most efficient producer, highest turnover and sustained good returns.

**Mission - Engineering Division**

Our mission is to earn recognition as a world-class auto parts manufacturer, producing parts with high entry barriers, primarily for OEM market.

It is our strategy to introduce one new product or do business with one new client or enter one new market every year.

**NOTICE OF MEETING**

NOTICE is hereby given that the thirty-sixth Annual General Meeting of the Shareholders of the Company will be held at the Auditorium of the Finance & Trade Centre, Sharea Faisal, Karachi on Saturday, October 26, 2002 at 4:30 P.M. to transact the following business : -

1. To receive and adopt the Audited Accounts for the year ended June 30, 2002 together with the reports of the Directors and Auditors thereon.
2. To approve cash dividend at 80% i.e. Rs. 4/- per share for the financial year ended June 30, 2002 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2002-2003 and fix their remuneration.

By Order of the Board,  
Karachi: September 10, 2002.

**(ALI ASGHAR MOTEN)**

Secretary

**NOTES:**

- i) The Share Transfer Books of the Company will remain closed from Saturday, October 19, 2002 to Saturday, October 26, 2002 (both days inclusive). Shares may be lodged for transfer with our Registrar M/s. Noble Computer Services (Pvt) Limited, 14, Banglore Town, Sharea Faisal, Karachi. The Shareholders are advised to notify the Registrar of any change in their addresses.
- ii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for 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 time of holding the meeting. A proxy must be a member of the Company.
- iii) CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Card, Account and Participant's ID numbers, for identification purpose and in case of proxy, to enclose an attested copy of his/her National Identity Card.

**Directors' Report to the Shareholders  
for the year ended June 30, 2002.**

Dear Shareholders,

The Directors of your Company are pleased to place before you their Report and the audited accounts for the year ended June 30, 2002. The Report discusses the operations in three parts : Consolidated Operations, Jute Operations and Engineering Operations. By the Grace of Allah, your Company has achieved record profit before tax of Rs. 162 million, a remarkable increase of 55% over last year's Rs. 104 million.

	<b>2001-2002</b>	<b>2000-2001</b>
	<b>(Rs. 000's)</b>	
Sales Revenue	1,552,384	1406419
Gross Profit	224,784	184062
Net profit before taxation	161,772	104,233
Provision for taxation	49,742	35403
Net profit after taxation	<b>112,030</b>	<b>68,830</b>

**Appropriations :**

Final Dividend - proposed @ 80% (2001 : 40%) ...	55,653	27,826
Transfer to General Reserve	58,000	40000

**Production :**

Production touched its highest peak ever at 26,125 tons, crossing the bar set at 22,698 tons. The production capacity was rationalized in the current year after addition of 96 S4A looms last year.

**Cost of Manufacture :**

The cost of manufacture during the year escalated because of increase in the rate of raw jute in the international market. The salaries and wages increased due to increase in production and due to increase in the minimum wage as announced by the Federal Government effective from August 2001. The manufacturing overheads also witnessed an increase due to increased production.

**ISO Certification :**

The jute division worked on the systems during the year and received ISO 9001 : 2000 Certification from SGS International Services, Belgium in August 2002. This will provide extra assurance to our customers about quality of our products.

**ENGINEERING OPERATIONS :**

**Sales Turnover:**

Though the sales turnover of the engineering operations went up marginally by Rs. 6 million to Rs. 627 million, the sales volume of auto air conditioners declined due to some changes in car market from 19,828 units to 16,585 units. It was the wiring harness division, which came to support, as its sales went up to 15,710 from 3,030 units last year. During the year, we successfully introduced HVAC system, which is the latest technology in car environment control, in Toyota Corolla and Heater Blowers in Daihatsu Cuore.

**Cost of Manufacture:**

The cost of manufacture witnessed a decline to Rs. 508 million from Rs. 541 million during last fiscal. The cost of raw materials declined from Rs.466 million to Rs. 420 million mainly due to reduction in sales volume of air conditioners. Salaries and wages went up during the current year due to increase in manpower for wire harness. The charge on depreciation was higher due to additional investment of new corolla's jigs and fixtures. The charge under rent, rates & taxes of Rs. 9.4 million is a provision for additional sales tax for a case, which is with the Appellate Tribunal. The Company is reasonably confident of winning the case.

**Administration & Selling Expenses (Consolidated):**

The administrative expenses witnessed a marginal decline at Rs. 43 million from Rs. 44.1 million during the last fiscal year. However, the selling expenses increased to Rs. 16.1 million during the year from Rs. 14.1 million last year mainly because of increase in manpower and overseas travelling to export market.

**Financial Expenses (Consolidated):**

The financial expenses reduced from Rs. 26.5 million to Rs. 20.2 million during the current year, because of the benefit accrued due to reduction in the rates of mark-up and better cash flow management.

**Other Income (Consolidated):**

The income from other sources realized during the year was from the sale of property consisting of land and building (Unit 3) @ Rs. 17.2 million to Messers. GM Tractors (Private) Ltd.

**FUTURE PROSPECTS:**

**Jute:**

Local demand of jute goods is largely dependant upon the size of wheat crop and procurement of Wheat by the Government. We are focusing on export of jute goods but facing tough competition from Bangladesh, which is paying 10% cash subsidy to exporters of jute goods. This has seriously prejudiced our exports to Iran, Syria and African countries like Sudan, etc. The Pakistan Jute Mills Association (PJMA) has requested the Government to allow local jute industry export subsidy of 10% to counter the cash subsidy paid by Bangladesh Government by following the procedure as laid down in Article 6 of WTO Agreement on Subsidies and Countervailing Measures.

The Government has reduced maximum tariff on imports from 30% to 25% in June 2002. Last year the Government removed the 20% regulatory/excise duty on import of jute goods, which was imposed few years back on the recommendation of NTC. This has exposed the local industry to cheap subsidized imported jute goods from Bangladesh. PJMA has filed an application for Countervailing Duty with the National Tariff Commission of Pakistan. A similar application for Antidumping Duty will soon be filed by the PJMA.

It is thus difficult to predict the future. We will continue our endeavours for amelioration.

**Engineering :**

The car market is bullish and so are our plans. We Look towards growth in both, car air conditioners and wiring harness. We also have received orders from Pak Suzuki to supply heater blower for some of their car models.

**SAFETY, HEALTH AND ENVIRONMENT :**

Your Company has laid down policy of Occupational Safety, Health and Environment. Safety, health and environmental considerations are given a high priority in our planning for all existing and new operations, products, processes. We are fully aware that the commitment and responsible conduct of all our employees are vital for achieving our objectives. Commitment is based on awareness, understanding and involvement.

**HUMAN RESOURCE TRAINING AND DEVELOPMENT :**

The basic assumption underlying increased emphasis on training and development of human resource is that we have an obligation to utilize our employees' abilities to the fullest and to give all employees a chance to grow and to realize their full potential and to develop successful careers. It is Company policy to provide career oriented training and development opportunities, offer career information and career programs. Through career development programmes, we help employees to analyse their abilities and interests to better match personnel needs for growth and development with the needs of the organization. We believe that when employees expand their abilities, they complement organisation's objectives. By offering careers, not just jobs, we nurture a pool of talent that allows the Company to staff senior management positions internally.

On Succession Planning, it is policy of the Company to fill open positions by promotions-from-within whenever possible other than entry-level-jobs. Promotion-from-within policy gives present employees the first opportunity for job openings. New hires are considered only after efforts to promote from within have been exhausted. We are providing the educational and training resources needed to help employees identify and develop their promotion potential. By identifying successors to key jobs and high-potential employees, we assure a steady flow of internal talent to fill important openings.

**AUDITORS :**

The present auditors of the Company Messers Hyder Bhimji and Company, Chartered Accountants retire and being eligible offer their services for re-appointment.

#### **PATTERN OF SHAREHOLDINGS :**

The pattern of shareholdings as at June 30, 2002 is attached to this report.

#### **BOARD AUDIT COMMITTEE :**

The Board of Directors has constituted a Board Audit Committee, which is responsible for reviewing reports of the Company's financial results, audits and adherence to standards of system of management controls. The committee will recommend to the Board the selection of the Company's auditor and review the procedures for ensuring their independence with respect to the services performed for the Company.

The majority of the members of the Committee are composed of the non-executive Directors of the Company.

#### **Members:**

Mr. Ali S. Habib	Director	(Chairman)	Non-Executive Director
Mr. S. A. Q. Haqqani	Director	(Member)	Non-Executive Director
Mr. Mazhar Valjee	Director	(Member)	Non-Executive Director
Mr. Muhammad Jamil Hussain	Executive Director	(Member)	Executive Director

#### **STATEMENT ON CORPORATE GOVERNANCE PRACTICE :**

The Company has already taken steps to initiate the best practices for the corporate governance :

- The audit committee stands constituted and would start to play an effective role.
- The internal audit function has been outsourced.
- The vision and mission statement are in place and code of ethics and business practices are under preparation.
- The accounting policies defined are being consistently applied in the preparation of financial statements.
- The international accounting standards are being followed for the preparation of the accounts.
- The system of internal control is regularly reviewed and changes required are suitably incorporated.
- There is no doubt upon the company's ability to continue as a going concern.
- The key operating & financial data for the last 10 years are annexed to the report.
- The value of investments based on the audited accounts of provident fund stand at Rs. 105.2 million.
- During the year under review the Board convened 3 times and the attendance of the respective Directors was as under:-

1. Mr. Rafiq M. Habib	3
2. Mr. Ali S. Habib	3
3. Mr. Mohamedali R. Habib	2
4. Mr. S. A. Q. Haqqani	2
5. Mr. Sohail P. Ahmed	3
6. Mr. Mazhar Valjee	3
7. Mr. Muhammad Jamil Hussain	3

#### **APPRECIATION :**

On behalf of the Board of Directors, I would like to place on record our appreciation for the support and confidence of our Customers, Dealers and Suppliers. I am also grateful to all our Bankers for their continued support. We also wish to record thanks to our Overseas Technical Collaborators for their technical help and advice. The Board also acknowledges the commitment of all our Executives, Staff and Workers who worked untiringly in achieving the Company's Objectives.

On behalf of the Board  
Karachi, September 10, 2002.

#### **SOHAIL P. AHMED**

Chief Executive

#### **STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE**

The Company is in process of implementing all facets of the Code of Corporate Governance issued by the Karachi and Lahore Stock Exchanges of Pakistan, whereon the Company is quoted and the Board of Directors of the Company feel pleasure in stating that provisions of the Code, relevant for the year ended June 30, 2002 have been duly complied with.

## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Thai Jute Mills Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange and Listing Regulation No. XIII of the of the Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of Thai Jute Mills Limited as at June 30, 2002 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of 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 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 and Profit and Loss Account, Cash Flow Statement and Statement of Changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984 in the

manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2002 and of the Profit, and its cash flows and changes in equity 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 with the Central Zakat Fund established under section 7 of that Ordinance.

Karachi: September 10, 2002.

**HYDER BHIMJI & CO.**

Chartered Accountants

**BALANCE SHEET AS AT 30june 2002**

	Note No.	2002  (Rs. 000's)	2001
<b>SHARE CAPITAL :</b>			
Authorised :			
20,000,000 Ordinary Shares of Rs. 5/-each		100,000	100,000
Issued, Subscribed and Paid-up	3	69,566	69,566
Reserves	4	318,000	260,000
Unappropriated Profit		26	1,649
		<b>387,592</b>	<b>331,215</b>
<b>LONG TERM LOANS</b>			
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE	5	13,750	41,550
DEFERRED LIABILITIES	6	4,642	3,986
<b>CURRENT LIABILITIES :</b>	7	<b>24,008</b>	<b>22,773</b>
Current Maturity of Long Term Liabilities	8	31,640	25,485
Short Term Borrowings	9	26,919	43,575
Creditors, Accrued and Other Liabilities	10	291,956	192,568
Taxation		58,164	43,270
Dividend		55,653	27,826
		<b>464,332</b>	<b>332,724</b>
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	11	894,324	732
<b>OPERATING FIXED ASSETS</b>	12	140,027	129,631
<b>CAPITAL WORK-IN-PROGRESS</b>	13	-	2,610
		<b>140,027</b>	<b>132,241</b>
<b>LONG TERM INVESTMENTS</b>			
<b>LONG TERM LOANS, ADVANCES AND DEPOSITS</b>	14	23,122	23,122
	15	<b>1,222</b>	<b>923</b>
<b>CURRENT ASSETS :</b>			
Stores, Spares and Loose Tools	16	45,179	38,659
Stock-in-Trade	17	421,848	256,637
Trade Debts	18	77,971	90,395
Short Term Investments	19	<b>92,400</b>	<b>84,250</b>
Advances, Deposits, Prepayments and Other Receivables	20	81,703	73,861
Cash and Bank Balances	21	10,852	32,160
		729,953	575,962
		<b>894,324</b>	<b>732,248</b>

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

Karachi : September 10, 2002

**Sohail P. Ahmed**  
Chief Executive

**Muhammad Jamil Hussain**  
Director

	Note No.	2002	2001
		(Rs. 000's)	
Sales		1,552,384	11,406,419
Cost of Sales		1,332,654	111,225,150
GROSS PROFIT (Manufacturing)		219,730	181,269
Profit on Trading Activities		5,054	2,793
GROSS PROFIT		224,784	184,062
Administrative Expenses		43,037	44,128
Selling Expenses		16,116	14,091
		59,153	58,219
<b>OPERATING PROFIT</b>		<b>165,631</b>	<b>125,843</b>
Financial Expenses		20,237	26,493
Other Charges		11,483	8,417
		31,720	34,910
		133,911	90,030
Other Income		27,861	13,300
<b>PROFIT BEFORE TAXATION</b>		<b>161,772</b>	<b>104,233</b>
Provision for Taxation			
Current		55,981	41,086
Prior years		(3,595)	(2,936)
Deferred		(2,644)	(2,747)
		49,742	35,403
<b>PROFIT AFTER TAXATION</b>		<b>112,030</b>	<b>68,830</b>
Unappropriated Profit Brought Forward		1,649	645
		<b>113,679</b>	<b>69,475</b>
Appropriations :			
Final Dividend @ 80% (2001 : 40%)		55,653	27,826
Transfer to General Reserve		58,000	40,000
		113,653	67,826
<b>UNAPPROPRIATED PROFIT CARRIED FORWARD</b>		<b>26</b>	<b>1,649</b>
Earning per share		<b>Rs. 8.05</b>	<b>Rs 4.95</b>

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

**STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH FLOW STATEMENT)  
FOR THE YEAR ENDED JUNE 30, 2002**

	Note No.	2002	2001
		(Rs. 000's)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before Taxation		<b>161,772</b>	<b>104,233</b>
Adjustments for:			
Depreciation		34,275	28,183
Financial Charges		20,237	26,493
Gratuity		5,149	1,867
Provision for Doubtful Debts		1,200	1,200
Profit on Sale of Fixed Assets		(16,478)	(2,308)
		44,383	55,435
Operating Profit before Working Capital changes		<b>206,155</b>	<b>159,668</b>
<b>Changes in Working Capital :</b>			
(Increase)/Decrease in Current Assets:			
Stores, Spares and Loose Tools		(6,520)	(7,125)
Stock-in-Trade		(165,211)	(83,662)
Trade Debts		11,224	17,661



Advances, Deposits, Prepayments and Other Receivables	(7,633)	(5,749)
<b>Increase/(Decrease) in Current Liabilities :</b>		
Creditors, Accrued and Other Liabilities	99,188	(63,054)
	(68,952)	(141,929)
Cash generated from operations	137,203	17,739
Financial Charges paid	(20,037)	(26,656)
Dividend paid	(27,826)	(34,280)
Gratuity paid	(1,271)	(908)
Income tax paid	(37,492)	(8,612)
	(86,626)	(100,456)
<b>Net cash from / (used in) operating activities (A)</b>	<b>50,577</b>	<b>(82,717)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure ...	(48,671)	(137,730)
Long Term Loans, Advances and Deposits ...	(508)	(36)
Proceed from disposal of Assets	23,088	6,005
<b>Net cash used in investing activities (B)</b>	<b>(26,091)</b>	<b>(31,761)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term loan obtained ...	-	56,000
Repayment of long-term loan	(22,450)	(5,200)
Lease assets obtained	<b>6,993</b>	<b>7,942</b>
Repayment of liability against assets subject to finance lease ...	(5,531)	(3,430)
<b>Net cash (used in) / from financing activities (C)</b>	(20,988)	55,312
<b>INCREASE/(DECREASE) IN CASH (A+B+C)</b>	3,498	(59,166)
<b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF TH</b>	31	72,835
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIO</b>	31	<b>72,835</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2002**

	Share Capital	Capital Reserve	General Reserve	Unappropriated Profit	Total
Balance as at June 30, 2000	69,566	13,240	206,760	645	290,211
Net profit for the year ended June 30, 2001	-	-	-	68,830	68,830
Appropriation from profit	-	-	40,000	(40,000)	-
Dividend (40%)	-	-	-	(27,826)	(27,826)
Balance as at June 30, 2001	69,566	13,240	246,760	1,649	331,215
Net profit for the year ended June 30, 2002	-	-	-	112,030	112,030
Appropriation from profit	-	-	58,000	(58,000)	-
Dividend (80%)	-	-	-	(55,653)	(55,653)
	<b>69,566</b>	<b>13,240</b>	<b>304,760</b>	<b>26</b>	<b>387,592</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002**

**1. THE COMPANY AND ITS OPERATIONS :**

The Company was incorporated on January 31, 1966 as a Public Company limited by shares and is quoted on the Karachi and Lahore Stock Exchanges.

The Company is engaged in the manufacture of jute goods and assembly and manufacture of engineering goods consisting of auto airconditioners and wire harness. The jute operation is at Muzaffargarh and engineering operation is at Karachi.

**2. SIGNIFICANT ACCOUNTING POLICIES :**

**2.1 Basis of Preparation :**

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan.

## **2.2 Accounting Convention :**

The Financial Statements of the Company have been prepared under the 'historical cost convention'.

## **2.3 Staff Retirement Benefits :**

The Company operates Provident Fund Scheme for its employees eligible for the benefits. However, prior to the introduction of the Provident Fund Scheme, employees were covered under the unfunded gratuity scheme. The Engineering Division has started unfunded retirement gratuity scheme for all eligible employees under the rules.

## **2.4 Taxation :**

Provision for current taxation is based on taxable income at the current rates of taxation after considering tax credit and rebates, available, if any.

The Company has provided for deferred taxation on all material timing differences using the liability method. However, deferred tax is not provided if it can be established with reasonable probability that these differences will not reverse in the foreseeable future.

## **2.5 Accounting For Leased Assets :**

### **Finance Lease :**

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are amortized on their respective useful lives.

Finance charge is allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

### **Operating Lease :**

Lease rentals for assets acquired under operating lease arrangements are charged in arriving at profit.

## **2.6 Tangible Fixed Assets :**

### **Owned Assets**

Operating assets except Land are stated at cost less accumulated depreciation. Land is stated at cost.

Depreciation is charged on reducing balance method at the rates specified in the fixed assets note. Full year's depreciation is charged on assets acquired during the period while no depreciation is charged on assets disposed off during the period.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacement are capitalised. Profit or loss on disposal of fixed assets is included in the income currently.

### **Leased Assets :**

The Company accounts for fixed assets acquired under finance lease by recording the asset and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments.

Depreciation is charged at the rates applicable to owned assets of same category.

## **2.7 Capital Work-in-Progress :**

All cost / expenditure connected with the assets, incurred during the implementation period are carried under this head. These are transferred to specific assets as and when assets are available for use.

**2.8 Investments:**

Investment in shares is stated at cost. No adjustment for market value as on the balance sheet date is made in the accounts. Provision is, however, made for permanent diminution in value of investment.

**2.9 Stores, Spares & Loose Tools :**

Stores and spares in hand are valued at average cost and in transit at cost accumulated upto the balance sheet date. Loose tools are stated at cost.

**2.10 Stock-in-Trade :**

Raw Materials in stock are valued at average cost and in transit at actual. Finished goods are valued at lower of the average cost and net realisable value. Work-in-Process is valued at average cost of raw material plus a portion of the conversion cost.

**2.11 Trade Debts :**

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

**2.12 Foreign Currency Translation :**

Assets and Liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange ruling at the balance sheet date and in case of forward contracts at the committed rates. In case where forward cover is not obtained provision for expected exchange rate fluctuation is made. Gains and losses on exchange are charged to income.

**2.13 Warranty Obligations :**

These are accounted for on accrual basis based on estimates of such obligations.

**2.14 Revenue Recognition :**

Sales are recorded on despatch of goods to buyers. Dividend Income is recorded when declared.

	2002	2001
	(Rs. 000's)	
<b>3. ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL :</b>		
10,783,850 Ordinary Shares of Rs. 5/- each fully paid issued for Cash	<u>53,919</u>	<u>53,919</u>
3,129,425 Ordinary Shares of Rs. 5/- each fully paid issued as Bonus Shares ...	<u>15,647</u>	<u>15,647</u>
13,913,275	<u><b>69,566</b></u>	<u><b>69,566</b></u>
<b>4. RESERVES :</b>		
General Reserve - Revenue		
Balance at the beginning of the year	246,760	206,760
Transferred from Profit and Loss Account	58,000	40,000
	<u><b>304,760</b></u>	<u><b>1,246,760</b></u>
<b>Capital Reserve</b>		
Difference of Paid-up Capital of former Pakistan Jute & Synthetics Limited	13,240	13,240
	<u><b>318,000</b></u>	<u><b>260,000</b></u>
<b>5. LONG TERM LOANS :</b>		
Secured		
From Banking Company (Note No. 5.1)	40,050	62,500
Less : Current maturity shown under current liabilities	(26,300)	(20,950)
	<u><b>13,750</b></u>	<u><b>41,550</b></u>

<b>LOAN</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>Total</b>
Loan (Rupees in million) ...	13	38	18	69
Date of Disbursement	Dec. '99	Aug. '00	Feb. '01	-
No. of quarterly instalments	10	8	12	-
Quarterly instalment amount (Rupees in million)	1.3	4.75	1.5	-
Rate of Mark-up	14.00%	14.00%	12.50%	-
Date of commencement of repayment	June,00	October, 01	June,02	-

Balance outstanding	1.3	23.75	15	40.05
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Security : The loans are secured by way of hypothecation of plant and machinery of Engineering Division.

**LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE :**

<b>Payable during</b>	2001	-	2002	-	5,078
	2002	-	2003	6,647	13,998
	2003	-	2004	3,668	978
	2004	-	2005	1,249	-
				11,564	110,054
Less : Finance charges not due				1,582	1,533
				<b>9,982</b>	<b>8,521</b>
Less : Current maturity shown under current liabilities				5,340	4,535
				<b>4,642</b>	<b>3,986</b>

This represents finance lease entered into with leasing companies/modarabas for vehicles. The balance of liability is payable by April, 2005 in monthly instalments.

Monthly lease payments include finance charges of 16% to 20% per annum, which is used as discounting factor.

	2002	2001
	(Rs. 000's)	
<b>7. DEFERRED LIABILITIES :</b>		
For Taxation	9,215	11,859
For Gratuity	14,793	10,914
	<b>24,008</b>	<b>22,773</b>
<b>8. CURRENT MATURITY OF LONG TERM LIABILITIES :</b>		
Long Term Loan	26,300	20,950
Liability Against Assets Subject to Finance Lease	5,340	4,535
	<b>31,640</b>	<b>25,485</b>
<b>9. SHORT TERM BORROWINGS :</b>		
Secured-Utilized under Mark-up arrangement		
From Banks	<b>26,919</b>	<b>43,575</b>

The company has short-term running finance facility of Rs. 310 million (2001 - Rs. 287 million) from various banks at mark-up ranging from 34 paisa to 44 paisa per Rs. 1,000 per day. The purchase prices are payable on various dates by January 31, 2003 with a renewable option and are secured by way of charge against hypothecation of the Company's Stock-in-Trade, Book Debts, Stores, Spares and Loose Tools.

**CREDITORS, ACCRUED AND OTHER LIABILITIES :**

Creditors	<b>28,378</b>	<b>26,120</b>
Bills Payable	143,058	34,611
Accrued Liabilities	80,542	67,763
Unclaimed Salaries	4,622	3,886
Royalty	3,773	2,211
Accrued Mark-up on Short Term Borrowings	4,233	4,033
Sales Tax	1,870	21,011
Other Liabilities (Note No. 10.1)	25,480	32,933
	<b>291,956</b>	<b>192,568</b>

	2002	2001
	(Rs. 000's)	
<b>10.1 OTHER LIABILITIES :</b>		
Withholding Income Tax	631	743
Security Deposits	3,307	5,736
Workers' Profit Participation Fund (Note No. 10.1.1)	9,558	11,537
Advance from Customers	706	2,911
Unclaimed Dividends	2,325	1,989

Due to Jute Mills	1,903	5,055
Workers Welfare Fund	3,166	2,313
Provident Fund	1,440	1,192
Others	2,444	1,457
	<b>25,480</b>	<b>32,933</b>

**10.1.1 WORKERS' PROFIT PARTICIPATION FUND :**

Balance at the beginning of the year	<b>11,537</b>	<b>10,764</b>
Add : Interest for the year shown under		
Financial Charges	905	1,642
	12,442	12,406
Less : Paid during the year	(11,546)	(6,501)
	896	5,905
Add : Allocation for the current year	8,662	5,632
	<b>9,558</b>	<b>11,537</b>

**11. CONTINGENCIES AND COMMITMENTS :****11.1 Contingencies :**

Letter of guarantees issued by banks on behalf of the Company	<b>4,429</b>	<b>6,265</b>
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**11.2 Commitments :**

a) Letter of credits outstanding for raw material	<b>33,596</b>	<b>110,980</b>
b) Post dated cheques to Collector of Customs as a security against concessional rate of duty	-	1,774
c) Commitments in respect of Technical Assistance	-	10,000
d) Commitments in respect of Capital Expenditure	-	<b>8,000</b>

**12. OPERATING FIXED ASSETS :**

PARTICULARS	COST				RATE	DEPRICIATION				Written Down Value as on June 30, 2002
	As on July 01, 2001	Additions/ Adjust ments	Sales	As on June 30, 2002		As on July 01, 2001	Depreciation/ Adjustments For the Year	On Sales	As on June 30, 2002	
<b>Owned :</b>										
Land - Freehold	1,506	-	79	1,427	-	-	-	-	-	1,427
- Leasehold	1,969	-	646	1,323	-	-	-	-	-	1,323
Building on Freehold Land :										
Factory Building	44,565	7,789	2,813	49,541	0.1	33,653	1,800	2,117	33,336	16,205
Non Factory Building	11,200	323	-	11,523	0.05	6,957	228	-	7,185	4,338
Railway Siding	792	-	-	792	0.05	638	8	-	646	146
Plant & Machinery	197,710	6,908	11,813	192,805	10%-20%	123,409	12,499	9,133	126,775	66,030
Vehicles	9,233	1,825	2,411	9,733	0.2	6,466	867	1,462	6,262	3,471
		1,086					391			
Office & Mills Equipments	13,090	3,911	254	16,747	0.15	8,181	1,293	50	9,424	7,323
Computers Equipment	14,604	1,982	1,542	15,044	0.33	11,151	1,678	1,193	11,636	3,408
Furniture & Fittings	13,797	568	2,722	11,643	0.15	6,785	1,081	2,345	5,521	6,122
Jigs & Fixtures	26,433	20,982	1,880	45,535	0.4	17,736	11,620	1,250	28,106	17,429
Assets held Under Finance Lease:										
Vehicles	13,158	6,993	-	19,065	0.2	3,450	3,201	-	6,260	12,805
		(1,086)					(391)			
<b>2002</b>	<b>348,057</b>	<b>51,281</b>	<b>24,160</b>	<b>375,178</b>		<b>218,426</b>	<b>34,275</b>	<b>17,550</b>	<b>235,151</b>	<b>140,027</b>
<b>2001</b>	<b>339,806</b>	<b>35,120</b>	<b>26,868</b>	<b>348,057</b>		<b>213,415</b>	<b>28,183</b>	<b>23,172</b>	<b>218,426</b>	<b>29,631</b>

\* Represents transfers.

12.1 Depreciation charged for the year has been allocated as follows :

2002                      2001  
(Rs. 000's)

Manufacturing	31,422	25,719
Administrative & Selling	2,853	2,464
	<u>34,275</u>	<u>28,183</u>

**12.2 DETAILS OF FIXED ASSETS SOLD :**

Particulars	Original Cost Rs. 000's	Accumulated Depreciation Rs. 000's	Written Down Value Rs. 000's	Selling Price Rs. 000's	Profit/ (Loss) Rs. 000's	Mode of Sale	Particulars of Buyers
Land :							
Free Hold Land	79	-	79	760	681	Negotiation	Mst. Bagh Bhari, BCG Chowk, Multan.
Land & Building :							
Land and Building	3,459	2,117	1,342	17,250	15,908	Tender/Negotiation	G. M. Tractors Ltd., Karachi.
Machinery :							
Machinery	1,182	1,116	66	2,800	2,734	Auction	Mr. Bosco R. Fomseca, Site, Karachi.
Machinery	2,788	2,519	269	-	(269)		Non-operational Written off
Machinery	7,746	5,479	2,267	-	(2,267)		Non-operational Written off
Machinery	97	19	78	-	(78)		Non-operational Written off
	11,813	9,133	2,680	2,800	120		
Vehicle:							
Vehicle	33	7	26	350	324	Insurance Claim	Habib Insurance Co. Ltd. Karachi.
Vehicle	69	14	55	79	24	Insurance Claim	Habib Insurance Co. Ltd. Karachi.
Vehicle	69	14	55	79	24	Insurance Claim	Habib Insurance Co. Ltd. Karachi.
Vehicle	69	14	55	79	24	Insurance Claim	Habib Insurance Co. Ltd. Karachi.
Vehicle	69	-	69	75	6	Insurance Claim	Habib Insurance Co. Ltd. Karachi.
Vehicle	461	412	49	307	258	Negotiation	Mr. Anil Kumar, Karachi.
Vehicle	28	16	11	29	18	Vehicle Scheme	Mr. Zafar Shaheen, Ex-Employee
Vehicle	205	194	11	128	117	Negotiation	Mr. Zafar Ul Hasan, Employee
Vehicle	278	136	142	158	16	Vehicle Scheme	Mr. Sohail Abdullah, Ex-Employee
Vehicle	324	158	166	190	24	Vehicle Scheme	Mr. Rizwan Hafeez, Ex-Employee
Vehicle	257	173	84	95	11	Vehicle Scheme	Mr. Iqbal Ahsan, Employee
Vehicle	59	21	38	43	5	Vehicle Scheme	Mr. Sultan Mirza, Employee
Vehicle	60	35	25	24	(1)	Vehicle Scheme	Mr. Ammar Moiz, Ex-Employee
Vehicle	56	33	23	33	10	Vehicle Scheme	Mr. Qazi Amjad Kamal, Employee
Vehicle	55	32	23	34	11	Vehicle Scheme	Mr. S. Ejaz H. Rizvi, Employee
Vehicle	54	20	34	40	6	Vehicle Scheme	Mr. Sheikh Awais, Ex-Employee
Vehicle	60	35	25	24	(1)	Vehicle Scheme	Mr. S. Mohammed Hassan, Employee
Vehicle	59	35	24	24		Vehicle Scheme	Mr. Taha Hussain Ali Qadri, Employee
Vehicle	61	36	25	50	25	Insurance Claim	Habib Insurance Co. Ltd., Karachi.
Items having book va	85	77	8	46	38		
	2,411	1,462	948	1,887	939		
Furniture & Fixture:							
Furniture & Fixture	8	6	2	2	-	Company Policy	Mr. Ghulam Mohammed, Ex-Employee
Furniture & Fixture	2,714	2,339	375	-	(375)		Obsolete Written off
	2,722	2,345	377	2	(375)		
Office Equipment:							
Office Equipment	40	22	18	27	9	Computer Scheme	Mr. Aslam Naqvi, Employee
Office Equipment	215	118	97	97	-	Computer Scheme	Mr. M. Valjee, Ex-CEO
Office Equipment	46	32	14	31	17	Computer Scheme	Mr. Saleem Ahmed, Employee
Office Equipment	40	28	12	32	20	Computer Scheme	Mr. Tanveer Hussain Bhatti, Employee
Office Equipment	43	14	29	37	8	Computer Scheme	Mr. Zafar Shaheen, Ex-Employee
Office Equipment	42	33	9	17	8	Computer Scheme	Mr. Sohail P. Ahmed, CEO
Office Equipment	45	31	14	18	4	Computer Scheme	Lt. Col. C. Iqbal Ahmed Khan, Employee
Office Equipment	11	2	9	9	-	Company Policy	Mr. Hooshang Gholami, Employee
Office Equipment	9	1	8	7	(1)	Company Policy	Mr. M. Valjee, Ex-CEO
Office Equipment	19	6	13	8	(5)	Insurance Claim	Habib Insurance Co. Ltd., Karachi.
Office Equipment	33	5	28	26	(2)	Insurance Claim	Habib Insurance Co. Ltd., Karachi.
Office Equipment	155	132	23	50	27	Trade-in	Sliver Reed Int'l. (Pvt) Ltd.
Office Equipment	32	25	7	4	(3)	Trade-in	Softwise Technology, Karachi.
Office Equipment	27	21	6	2	(4)	Trade-in	Softwise Technology, Karachi.
Office Equipment	38	27	11	4	(7)	Trade-in	Softwise Technology, Karachi.

Office Equipment	55	46	9	7	(2)Trade-in	Softwise Technology, Karachi.
Office Equipment	47	39	8	6	(2)Trade-in	Softwise Technology, Karachi.
Office Equipment	173	141	32	-	(32)	Written off
Office Equipment	536	475	61	-	(61)	Written off
Office Equipment	19	7	12	-	(12)	Written off
Office Equipment	10	3	7	-	(7)	Written oft
Office Equipment	141	23	118	-	(118)	Written off
Items having book va	20	12	8	7	(1)	
	1,796	1,243	553	389	(164)	
Jigs & Fixtures :						
Jigs & Fixtures	1,407	1,061	347	-	(347)	Model change written off
Jigs & Fixtures	473	189	284	-	(284)	Model change written off
	1,880	1,250	631	-	(631)	
<b>2002</b>	<b>24,160</b>	<b>17,550</b>	<b>6,610</b>	<b>23,088</b>	<b>16,478</b>	
<b>2001</b>	<b>26,869</b>	<b>23,172</b>	<b>3,687</b>	<b>6,005</b>	<b>2,308</b>	

**2002**                      **2001**  
(Rs. 000's)

**13. CAPITAL WORK-IN-PROGRESS :**

Factory Building	-	2,610
	-	2,610

**14. LONG TERM INVESTMENTS :**

In Fully Paid-up Ordinary Shares of Joint Stock Companies ;

No. of Shares 2002	No. of Shares 2001	Paid-up Value per Share Rs.	Quoted :		
<b>Associated Undertakings :</b>					
1,630,000	1,630,000		10Indus Motor Company Limited	16,300	16,300
131,414	131,414		5Pakistan Papersack Corp. Ltd.	90	90
408,493	408,493		5Dynea Pakistan Limited	900	900
694,500	694,500		5Habib Insurance Company Ltd.	561	561
750,000	750,000		5Agriauto Industries Limited	4,031	4,031
				<b>21,882</b>	<b>21,882</b>
<b>Others ;</b>					
2,500	2,500		10Dost Mohammed Cotton Mills Ltd.	18	18
403,252	403,252		5Habib Sugar Mills Limited	1,239	1,239
326	326		10Glaxo Wellcome (Pakistan) Ltd.	1	1
				1,258	1,258
				23,140	23,140
Less Provision for diminution in vale of investment				(18)	(18)
				<b>23,122</b>	<b>23,122</b>

Aggregate market value of the shares of Quoted Companies as at June 30, 2002 is Rs. 55.284 million (June 30, 2001 : Rs. 39.962 million).

**2002**                      **2001**  
(Rs. 000's)

**15. LONG TERM LOANS, ADVANCES AND DEPOSITS :**

(Unsecured - Considered Good)

Loan to Employees (15.1)	1,381	88
Less : Receivable within twelve months shown under Short Term Loans and Advances	818	609
	<b>563</b>	<b>278</b>
Long Term Security Deposits	659	645
	<b>1,222</b>	<b>923</b>

15.1 This includes Rs. 6,484 (2001 : Rs. 12,463) outstanding for a period exceeding three years. The maximum aggregate amount due from Executives at the end of any month during the year was Rs. 1,071,316 (2001 : Rs. 668,713).

**16. STORES, SPARES AND LOOSE TOOLS :**

Stores		
In hand	8,415	11,537
In Transit	35 -	
Spares	35,666	26,384
Loose Tools	1,063	738
	<b>45,179</b>	<b>38,659</b>

**17. STOCK-IN-TRADE :****Raw Material :**

In hand	237,069	131,514
In Transit	71,127	67,130
Work-in-Process	24,923	20,450
Finished Goods...	88,729	37,543
	<b>421,848</b>	<b>256,637</b>

**18. TRADE DEBTS:**

Unsecured - Considered Good ...	77,971	90,395
- Considered doubtful	5,493	4,293
	83,464	94,688
Less : Provision for Doubtful debts	(5,493)	(4,293)
	<b>77,971</b>	<b>90,395</b>

It includes Rs. 39.886 million (2001 : Rs. 59.686 million) due from Associated Undertaking.

**19. SHORT TERM INVESTMENTS :**

With Banks in Short Term Deposit

Mark-up ranges from 6% to 10.5% p.a.

	<b>92,400</b>	<b>84,250</b>
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2002                      2001  
(Rs. 000's)

**20. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER****RECEIVABLES :**

Current Portion of Loan to Employees ...	<b>818</b>	<b>609</b>
Advances to		
Income Tax	47,851	46,811
Suppliers	4,288	7,162
Contractors	3,788	106
Employees	482	814
Expenses	170	288
Others	121	184
	56,700	55,365
Security Deposits	17,871	13,535
Other Receivables	6,314	4,352
	<b>81,703</b>	<b>73,861</b>

The loan & advances are unsecured considered good.

**21. CASH AND BANK BALANCES :**



Cash in hand	362	464
Balances with Banks In Current Accounts	10,490	31,696
	<b>10,852</b>	<b>32,160</b>

	JUTE		ENGINEERING		TOTAL	
	2002	2001	2002	2001	2002	2001
	Rupees in 000's		Rupees in 000's		Rupees in 000's	
<b>22. SALES:</b>						
Sales- Local	1,020,887	869,724	724,613	715,568	1,745,500	1,585,292
- Export	46,890	44,551	158	904	47,048	45,455
	1,067,777	914,275	724,771	716,472	1,792,548	1,630,717
Less: SalesTax	131,420	115,800	94,787	93,652	226,207	209,452
Freight Outward	7,874	7,130	796	508	8,670	7,638
Warranty Claims	-		1,581	32	1,581	32
Sales Discount			97	620	97	620
Commission, Brokerage	3,215	6,370	159	216	3,374	6,586
Others	235		-		235	-
	142,744	129,300	97,420	95,028	240,164	224,328
	925,033	784,975	627,351	621,444	1,552,384	1,406,419
<b>23. PROFIT ON TRADING ACTIVITIES :</b>						
Trading -Sales	3,888		12,850	-	16,738	77,676
Less: SalesTax	507	10,132	1,623	-	2,130	10,132
Sales Discount	-		833	-	833	
	507	10,132	2,456	-	2,963	-
	3,381		10,394	-	13,775	67,544
Less : Cost of Goods Sold	2,729	64,751	5,992	-	8,721	64,751
	652	2,793	4,402	-	5,054	2,793

	JUTE		ENGINEERING		TOTAL	
	2002	2001	2002	2001	2002	2001
	Rupees in 000's		Rupees in 000's		Rupees in 000's	
<b>24. COST OF SALES :</b>						
Raw Material Consumed (24.1)	591,454	428,466	420,662	466,250	1,012,116	894,716
Salaries, Wages and Benefits	181,307	153,318	22,192	16,971	203,499	170,289
Stores, Spares and Lubricants	17,472	14,624	4,373	5,823	21,845	20,447
Repairs and Maintenance	30,236	28,521	3,943	5,720	34,179	34,241
Power and Fuel	46,884	42,010	3,223	3,375	50,107	45,385
Rent, Rates and Taxes	284	2,239	10,129	482	10,413	2,721
Vehicle Running & Maintenance	1,489	1,698	1,342	1,280	2,831	2,978
Insurance	2,845	1,687	752	568	3,597	2,255
Communication	711	769	1,316	1,010	2,027	1,779
Travelling and Conveyance	785	856	2,052	1,457	2,837	2,313
Entertainment	26	51	5	-	31	51
Printing and Stationery	797	701	638	505	1,435	1,206
Legal & Professional	563	276	5,406	9,061	5,969	9,337
Operating Lease Rentals	-	254	-	3,580	-	3,834
Royalty	-	-	6,037	4,899	6,037	4,899
Depreciation	6,582	6,228	24,840	19,491	31,422	25,719
Research & Development	-	-	1,019	1,045	1,019	1,045
Others	-	64	165	104	165	168
	881,435	681,762	508,094	541,621	1,389,529	1,223,383
<b>Work-in-Process :</b>						
Opening	8,605	12,334	11,845	3,853	20,450	16,187
Closing	(10,283)	8,605	(14,640)	(11,845)	(4,923)	(20,450)
	(1,678)	3,729	(2,795)	(7,992)	(4,473)	4,263
Manufacturing cost	879,757	685,491	505,299	533,629	1,385,056	1,219,120
<b>Finished Goods :</b>						
Opening	28,315	35,543	8,012	6,814	36,327	42,357
Closing	(87,069)	28,315	(1,660)	(8,012)	(88,729)	(36,327)

(58,754)	7,228	6,352	(1,198)	(52,402)	6,030	
821,003	692,719	511,651	532,431	1,332,654	1,225,150	
<b>24.1 Raw Material Consumed :</b>						
Opening Stock	45,265	26,929	86,249	70,079	131,514	97,008
Purchases ... ..	632,584	446,802	485,087	482,420	1,117,671	929,222
Less : Closing Stock	(86,395)	45,265	(150,674)	(86,249)	(237,069)	(131,514)
	591,454	428,466	420,662	466,250	1,012,116	894,716

	JUTE		ENGINEERING		TOTAL	
	2002	2001	2002	2001	2002	2001
	Rupees in 000's		Rupees in 000's		Rupees in 000's	

**25. ADMINISTRATIVE EXPENSES :**

Salaries, Allowances and Benefits	17,659	17,926	9,664	9,531	27,323	27,457
Vehicle Running	2,673	2,930	598	686	3,271	3,616
Printing and Stationery	464	412	201	206	665	618
Rent, Rates and Taxes	604	554	150	150	754	704
Utilities	819	810	13	-	832	810
Insurance	80	76	-	-	80	76
Entertainment	195	254	240	268	435	522
Subscription	316	677	-	-	316	677
Communication	1,347	1,245	614	730	1,961	1,975
Advertisement & Publicity	130	123	-	-	130	123
Repairs and Maintenance	645	231	78	15	723	246
Travelling and Conveyance	1,094	1,026	842	693	1,936	1,719
Legal and Professional	572	730	-	-	572	730
Operating Lease Rentals	447	1,192	-	-	447	1,192
Auditors' Remuneration (Note No. 25.1)	172	193	34	21	206	214
Depreciation	2,348	2,164	328	262	2,676	2,426
Charity and Donation (Note No. 25.2)	304	517	230	376	534	893
Others	176	130	-	-	176	130
	30,045	31,190	12,992	12,938	43,037	44,128

**25.1 Auditors' Remuneration :**

Audit Fees	130	110	-	-	130	110
Provident Fund Audit Fee	-	12	-	-	-	12
Workers' Profit Participation Fund Audi	-	13	-	-	-	13
Sales Tax Audit	-	22	-	-	-	22
Out of Pocket Expenses	42	36	34	21	76	57
	<b>172</b>	<b>193</b>	<b>34</b>	<b>21</b>	<b>206</b>	<b>214</b>

25.2 The Directors and their spouses have no interest in the donees' fund except Mr. Rafiq M. Habib & Mr.

Ali S. Habib are the Trustees of Mohamedali Habib Welfare Trust. Mrs. Rafiq M. Habib is the Vice President of Anjuman-e-Behbood-Samat-e-Itefal and a donation of Rs. 22,000 has been paid (June 2001 : Rs, 6,000).

**26. SELLING EXPENSES :**

Salaries, Allowances and Benefits...	4,992	3,919	2,389	1,501	7,381	5,420
Vehicle Running	619	581	328	183	947	764
Utilities	139	135	251	337	390	472
Rent, Rates & Taxes	190	187	293	304	483	491
Communication	611	623	300	242	911	865
Advertisement & Publicity	512	144	1,663	2,276	2,175	2,420
Travelling and Conveyance	810	568	373	286	1,183	854
Entertainment	69	93	-	1	69	94
Printing & Stationery	66	70	86	85	152	155
Legal & Professional	-	102	-	-	-	102
Operating Lease Rentals	242	323	-	-	242	323
Research & Development	-	-	25	23	25	23
Depreciation	177	38	-	-	177	38
Bad & Doubtful Debts	1,200	1,200	-	-	1,200	1,200
Repairs and Maintenance	79	52	88	100	167	152
Export Expenses	361	422	5	57	366	479

Others	130	134	118	105	248	239
	<b>10,197</b>	<b>8,591</b>	<b>5,919</b>	<b>5,500</b>	<b>16,116</b>	<b>14,091</b>

	2002	2001
	(Rs. 000's)	
<b>27. FINANCIAL EXPENSES :</b>		
Mark-up on :		
Short Term Borrowings	6,530	13,993
Export Refinance	751	243
Workers' Profit Participation Fund	905	1,642
Long Term Loan	7,675	7,314
Finance Lease	1,736	1,345
Gratuity	1,520	631
Bank Charges & Commission	1,120	1,325
	20,237	26,493
<b>28. OTHER CHARGES :</b>		
Workers' Profit Participation Fund	8,662	5,632
Workers' Welfare Fund	2,821	2,785
	11,483	84,171
<b>29. OTHER INCOME :</b>		
Dividend Income :		
Associated Undertakings	4,426	4,267
Others	504	506
Profit on :		
Short Term Investment	2,938	3,695
Sale of Fixed Assets	16,478	2,308
Property Rent	1,969	2,209
Others	1,546	315
	27,861	13,300
<b>30. EARNING PER SHARE</b>		
Profit after taxation	112,030	68,830
Average number of ordinary shares (000) of Rs. 5 each	13,913	13,913
Earning Per Share	Rupees <b>8.05</b>	<b>4.96</b>

	2002	2001
	(Rs. 000's)	
<b>31. CASH AND CASH EQUIVALENTS :</b>		
Cash and Bank Balances	10,852	32,160
Short Term Investments	92,400	84,250
Short Term Borrowings	(26,919)	42,575
	<b>76,333</b>	<b>72,835</b>

**32. REMUNERATION OF DIRECTORS AND EXECUTIVES :**

PARTICULARS	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2002	2001	2002	2001	2002	2001
	Rupees In 000's		Rupees In 000's		Rupees In 000's	
Managerial Remuneration	2,759	2,120	3,099	3,249	29,985	23,181
Contribution to Provident Fund	116	108	160	237	1,559	1,266
	<b>2,875</b>	<b>2,228</b>	<b>3,259</b>	<b>3,486</b>	<b>31,544</b>	<b>24,447</b>

Number of persons	1	1	2	2	102	76
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32.1 The Chief Executive and Directors have been provided with the free use of Company maintained cars.

32.2 Five (2001 : Four) Directors have been paid fees of Rs. 6,000 (2001 : Rs. 5,000) for attending Board Meetings.

	2002	2001
	(Rs. 000's)	

**33. TRANSACTION WITH ASSOCIATED UNDERTAKINGS :**

Insurance Premium Paid	13,789	10,780
Sales / Service Charges	466,738	459,900
Dividend Received	4,426	4,267
Insurance Claims Received	<u>3,160</u>	<u>385</u>

**34. TAXATION :****Current**

Income tax assessment of the Company has been finalized upto the assessment year 2001-02 (Income year 2000-2001).

**Deferred**

The liability of deferred taxation as on the balance sheet date has been provided for in full.

**35. CAPACITY AND PRODUCTION :**

	Jute Products		Engineering	
	2002 M. Tons	2001 M. Tons	2002 Units	2001 Units
Annual Capacity				
Jute	27,500	25,000		
Auto Air Conditioners			21,000	21,000
Wire Harness				
Actual Production				
Jute	26,125	22,698		
Auto Air Conditioners			16,858	19,227
Wire Harness			11,356	3,030
Reason for shortfall	Low demand		Low demand	

The capacity of wire harness could not be determined, as it is dependent on product mix.

**36. MANPOWER :**

The number of employees at the end of the year

	<u>4,033</u>	<u>3,788</u>	<u>194</u>	<u>168</u>
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**37. TOTAL ASSETS SEGMENTED BY DIVISIONS**

Segments	2002		2001	
	Rs. in '000	%	Rs. in '000	%
Jute	543,000	61	416,281	57
Engineering	351,325	39	315,967	43
	<u>894,325</u>	<u>100</u>	<u>732,248</u>	<u>100</u>

**38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES :****(i) Financial Assets and Liabilities**

	Interest Bearing			Non-Interest Bearing			Total
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	
Financial Assets							
Investment (both short-term & long-term)	92,400	-	92,400	-	23,122	23,122	115,522
Loans & Advances to employees	818	563	1,381	652	-	652	2,033
Deposits	-	-	-	17,871	659	18,530	18,530
Trade Debts	-	-	-	77,971	-	77,971	77,971
Other receivables	-	-	-	6,314	-	6,314	6,314
Cash & bank balances	-	-	-	10,852	-	10,852	10,852
	<u>93,218</u>	<u>563</u>	<u>93,781</u>	<u>113,660</u>	<u>23,781</u>	<u>137,441</u>	<u>231,222</u>

	Intrest Bearing			Non-Intrest Bearing			
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Total
Financial Liabilities							
Long-term loans	26,300	13,750	40,050	-	-	-	40,050
Short-term borrowings	26,919	-	26,919	-	-	-	26,919
Liability against assets subject to finance lease	5,340	4,642	9,982	-	-	-	9,982
Creditors, accrued & other Liabilities	9,558	-	9,558	277,572	-	277,572	287,130
Unclaimed dividend	-	-	-	2,325	-	2,325	2,325
Letter of credits	-	-	-	33,596	-	33,596	33,596
Technical fee	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-
Operating lease rental	-	-	-	-	-	-	-
	<b>68,117</b>	<b>18,392</b>	<b>86,509</b>	<b>313,493</b>	<b>-</b>	<b>313,493</b>	<b>400,002</b>
	<b>25,101</b>	<b>(17,829)</b>	<b>7,272</b>	<b>(199,833)</b>	<b>23,781</b>	<b>(176,052)</b>	<b>(168,780)</b>

**(ii) Concentration of Credit Risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if parties failed completely to perform as contracted. The Company controls its credit risk by ascertainment of credit worthiness of its customers, monitoring of debts on a continuous basis and applying credit limits to its customers. The Company does not believe that it is exposed to major concentration of credit risk.

**(iii) Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rate will effect the value of financial instruments. The Company is not exposed to interest rate risk.

**(iv) Fair Value of the Financial Instruments**

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

**39. GENERAL:**

39.1 Figures have been rounded off to the nearest of thousand of Rupees.

39.2 Previous year's figures have been re-arranged and re-classified wherever necessary for the purpose of comparison.

**COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS AS AT 30-06-2002**

Category No.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORYWISE NO.OF SHAREHOLDERS	CATEGORYWISE SHARES HELD	PERCENTAGE %
	1INDIVIDUALS		3,378	5,384,71438.7.0	
	2INVESTMENT COMPANIES		4	1,028	0.01
	3JOINT STOCK COMPANIES		24	291,285	2.09
	4DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN		8	860,922	6.19
	MR. RAFIQ M. HABIB	200,000			
	MR. ALI S. HABIB	300,000			
	MR. MOHAMEDALI R. HABIB	200,000			
	MR.S. A. Q. HAQQANI	5,000			
	MR. SOHAIL P. AHMED	5,000			

MR. MAZHAR VALJEE	5,001			
MR. MUHAMMAD JAMIL HUSSAIN	5,000			
MRS. JAMILA RAFIQ HABIB	140,921			
W/O. MR. RAFIQ M. HABIB				
5EXECUTIVES	-	-	-	-
6NIT/ICP			2	697,795
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT.	669,772			5.01
INVESTMENT CORPORATION OF PAKISTAN	28,023			
7ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			1	466,478
HABIB INSURANCE COMPANY LIMITED	466,478			3.35
8PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-	-	-
9BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS			13	375,348
10SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY	-	-	-	-
11FOREIGN INVESTORS			10	4,469,665
12CO-OPERATIVE SOCIETIES			3	1,984
13CHARITABLE TRUSTS			11	1,173.68
14OTHERS			2	190,372
<b>TOTAL</b>			<b>3,456</b>	<b>13,913,275</b>
				<b>100</b>

**COMBINED PATTERN OF CDC & NORMAL SHAREHOLDINGS  
AS AT JUNE 30, 2002**

NUMBER OF SHAREHOLDERS	SIZE OF SHARE HOLDING RS 5/- EACH.	TOTAL SHARES HELD
1,473	1	100
1,203	101	500
357	501	1,000
304	1,001	5,000
35	5,001	10,000
17	10,001	15,000
8	15,001	20,000
5	20,001	25,000
2	25,001	30,000
2	35,001	40,000
2	40,001	45,000
1	45,001	50,000
3	50,001	55,000
1	55,001	60,000
1	65,001	70,000
1	70,001	75,000
3	75,001	80,000
1	80,001	85,000
1	85,001	90,000
1	90,001	95,000
5	100,001	105,000
1	110,001	115,000
1	115,001	120,000
1	120,001	125,000
1	140,001	145,000
2	145,001	150,000
2	150,001	155,000
1	160,001	165,000
1	170,001	175,000
1	180,001	185,000
1	185,001	190,000
1	190,001	195,000

2	195,001	-	200,000	400,000
1	205,001	-	210,000	208,976
1	215,001	-	220,000	217,334
1	245,001	-	250,000	250,000
1	260,001	-	265,000	263,741
2	295,001	-	300,000	600,000
1	300,001	-	305,000	301,871
1	320,001	-	325,000	323,700
1	465,001	-	470,000	466,478
1	660,001	-	665,000	662,321
4	910,001	-	915,000	3,654,265
1	990,001	-	995,000	991,447
<b>3456</b>			<b>13913275</b>	

**CATEGORIES OF SHAREHOLDERS**

	NUMBER	SHARES HELD	PERCENTAGE
Individuals	3386	6245636	44.89
Investment Companies	5	29051	0.209
Insurance Companies	6	829395	5.961
Joint Stock Companies	24	291285	2.094
Financial Institutions	7	677034	4.866
Modaraba Companies	2	5169	0.037
Foreign Investors	10	4469665	32.125
Co-operative Societies	3	1984	0.014
Charitable Trust	11	1173684	8.436
Others	2	190372	1.368
<b>TOTAL</b>	<b>3456</b>	<b>13913275</b>	<b>100</b>

Particulars	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
							*	*	*	*
<b>Assets Employed</b>										
Fixed Assets (Owned & Leased)	140,027	129,631	126,393	90,459	103,403	100,585	84,187	85,580	89,156	91,815
Capital Work in Progress	-	2,610	-	-	82	13,576	21,886	922	174	352
Investments & Deposits	24,344	24,045	24,048	24,844	25,529	24,946	25,336	24,143	24,318	28,455
Net Current Assets	321,274	243,238	173,078	156,663	96,301	34,551	43,668	57,382	50,628	42,500
<b>Total Assets Employed</b>	<b>485,645</b>	<b>399,524</b>	<b>323,519</b>	<b>271,966</b>	<b>225,315</b>	<b>173,658</b>	<b>175,077</b>	<b>168,027</b>	<b>164,276</b>	<b>163,122</b>
<b>Financed by</b>										
Shareholders' Equity	387,592	331,215	290,211	250,227	201,917	153,492	150,829	143,816	136,927	137,204
Long Term Loans	18,392	45,536	8,744	-	-	-	-	-	-	-
Deferred Liabilities	24,008	22,773	24,564	21,739	23,398	20,166	24,248	24,211	27,349	25,918
	<b>429,992</b>	<b>399,524</b>	<b>323,519</b>	<b>271,966</b>	<b>225,315</b>	<b>173,658</b>	<b>175,077</b>	<b>168,027</b>	<b>164,276</b>	<b>163,122</b>
<b>Sales &amp; Profits</b>										
Sales	1,552,384	1,406,419	1,244,887	1,058,215	999,916	771,634	522,504	595,714	448,601	469,697
Gross Profit	224,784	184,062	170,506	178,243	148,073	68,555	35,005	42,685	52,450	58,423
Profit before taxation	161,772	104,233	119,898	126,339	108,418	6,521	7,126	11,206	1,703	11,551
Profit after taxation	112,030	68,830	74,767	83,093	72,773	2,663	7,013	7,077	1,173	8,443
Cash Dividend	<b>55,653</b>	<b>27,826</b>	<b>34,783</b>	<b>34,783</b>	<b>24,348</b>	-	-	-	-	-
<b>Financial Ratios</b>										
Gross Profit as percentage of sales	14%	13%	14%	17%	15%	9%	7%	7%	12%	12%
Net Profit before tax as percentage of sales	10%	7%	10%	12%	11%	1%	1%	2%	0%	2%

<b>Current Ratio</b>	1.57	1.73	1.44	1.57	1.34	1.12	1.29	1.36	1.26	1.25
Long term Debt	3	13	2	-	-	-	-	-	-	-
Equity	97	87	98	100	100	100	100	100	100	100
Earning per share	8.05	4.95	5.37	5.97	5.23	0.19	0.5	0.51	0.08	1.02
Gash Dividend	<b>80%</b>	<b>40%</b>	<b>50%</b>	<b>50%</b>	<b>35%</b>	-	-	-	-	-
<b>Production Data</b>										
<b>Jute (Tons)</b>	26,125	22,698	20,440	16,906	18,263	14,513	16,402	19,570	20,433	23,102
Engineering (Units)	<b>16,858</b>	<b>19,227</b>	<b>16,256</b>	<b>16,858</b>	<b>10,781</b>	<b>7,937</b>	-	-	-	-

\* Note : The figures of Jute Operations is inclusive of both the units (Muzaffargarh & Karachi).