

Latif Jute Mills Limited

Annual Report 2001

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman	Mr. Yahya Ahmed Bawany
Vice Chairman	Mr. A. Karim M. Yahya
Chief Executive Officer	Mr. M. Tariq Bawany

Directors	Mr. Ghulam Muhammad M. Adamjee Mr. Arif S. Gazi Mr. Zakaria H. A. Sattar Maniya Com. (Retd.) M. Idrees Khan Mr. Shahid Mehmood (Nominee of ICP)
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COMPANY SECRETARY	Mr. Muhammad Suhail Hingora
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AUDITORS	M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants
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BANKERS	United Bank Limited Crescent Investment Bank Limited Orix Investment Bank Pakistan Limited Standard Chartered Bank
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REGISTERED OFFICE	Hub Chowki, Viii. Beirut, Tehsil Hub Lasbella District, Balochistan.
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CITY OFFICE	6, Nadir House, 3rd Floor, I. I. Chundrigar Road, Karachi. Phone: 2427806-9 Fax: 2414790
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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of LATIF JUTE MILLS LIMITED will be held at the Registered Office at Hub Chowki, Village Beirut, Tehsil Hub, Lasbella District, Balochistan on Monday, December 24, 2001 at 12:30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 23rd Annual General Meeting held on December 23, 2000.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2001 together with Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year 2001-2002 and fix their remuneration.
4. To transact any other business as may be placed before the meeting with the permission of the Chair.

KARACHI
Dated: November 26, 2001

NOTES:

By order of the board

Muhammad Suhail Hingora
Company Secretary

i. The Share Transfer Book of the Company will remain closed from Monday, December 17, 2001 to Monday, December 24, 2001 (both days inclusive).

ii. Transport will be provided to the members of the Company. Pick-up point will be at Karachi Stock Exchange Building and departure time will be at 11:00 a.m. sharp on December 24, 2001.

iii. Proxies in order to be valid must be received at City Office not later than 48 hours before the meeting.

iv. Shareholders whose shares are deposited with Central Depository System (CDS) are requested to bring Original National Identity Card (NIC) along with their account number in CDS for verification.

v. Shareholders are requested to promptly notify the Company of any change in address.

CHAIRMAN/DIRECTORS' REPORT TO THE SHAREHOLDERS

Assalam-O-Alaikum

The directors of the company welcome you to the twenty-fourth annual general meeting and present before you the audited accounts for the year ended June 30, 2001.

During the year under review posed serious and complex problems resulting the company has sustained a loss of Rs. 28,366,754/- after providing turnover tax amounting to Rs. 825,000/- and taking into account the reversal of deferred tax provision of Rs. 3,500,000/- and prior years' tax provisions of Rs. 102,614/- the net loss stands at Rs. 34,748,022/-.

The sales and production of the company both were decreased from Rs. 240.192 million to 187.733 million and from 5,938 M. Tons to 5,201 M. Tons respectively.

The adverse result of the operation of the company is mainly attributed to the non lifting of finished goods by the government food agencies for first nine(09) months (i.e. from July 2000 to March 2001). The company had been supplying over 11,000 bales an average of last four years to the government food agencies but for the period under review the company supplied only 4,773 bales. We are still awaiting our bill amounting to Rs. 5.156 million and bank guarantee for Rs. 1.982 million from Sindh Food Department against the supply of jute bags made in the month of April 2001. This method discourage many sellers to participate in the tenders and will create a system to monopolize the supplies by very few.

It has been uneconomical to continue pilling up finished goods for delivery to government food agencies who are major buyers of jute bags. It is unfortunate that management has been compelled to close jute bags manufacturing division as permanent for the participation in these tenders receiving late payments and making losses. It had also resulted in making many workers jobless.

The management as stated in the last report had been compelled to reduce expenditure to cut down costs. The impact of these measures can be viewed by comparing administration and selling expenses with last years. Your directors are not very optimistic about the future of the Jute Industry. It is upto government to help and save the Jute Industry from total collapse by adopting improve policy of purchases and payments.

The Revaluation of land and building of the company has been carried out by M/s. Surval Consulting Engineers and the same has been incorporated in the accounts to reflect the present correct value.

Mr. Arif Yousuf Jaliawala has been co-opted as a member of the board of directors in place of Mr. Ghulam Muhammad who resigned from the of directorship due to his bad health. The board has accepted the resignation with regret and places on record the deep appreciation for his valuable guidance and advices received from time to time during the tenure of his directorship. The board prayed for early recovery of his health.

The present auditors M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants have retired and are eligible to offer themselves for re-appointment for the year 2001-2002 on the remuneration to be decided by the directors.

Pattern of shareholding is attached with the report.

We wish to record our deep appreciation for the loyalty, devotion to duty and co-operation by the staff and workers of the company through these troubled times.

On behalf of the board

YAHYA AHMED BAWANY
Chairman

Dated: November 26, 2001

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **LATIF JUTE MILLS LIMITED** as at June 30, 2001 and the related profit and loss account, statement of changes in equity 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.

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, profit and loss account, statement of changes in equity and Cash flow statement 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, 2001 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Without qualifying our opinion, we would like to draw attention of the members that Rs. 6.479 million due to Employee Provident Fund is not paid by the Company (Refer Note 10).

Karachi: November 26, 2001

M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2001

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>		
SHARE CAPITAL					
Authorised 5,000,000 Ordinary shares of Rs. 10/= each		50,000,000	50,000,000		
Issued, subscribed and paid up	3	35,574,000	35,574,000		
Accumulated loss		(34,748,022)	(9,158,882)		
		825,978	26,415,118		
SURPLUS ON REVALUATION OF FIXED ASSETS					
LONG TERM LOANS	4	67,568,689	--		
	5	15,845,633	15,000,000		
LIABILITIES AGAINST ASSETS					
SUBJECT TO RANCE LEASE	6	2,256,236	6,021,356		
DEFERRED LIABILITIES					
Staff gratuity		5,510,913	5,510,913	25,208,131	18,578,912
Taxation	7	--	3,500,000		
Others	8	19,682,332	1,695,451	11,927,016	23,303,604
		25,193,245	10,706,364		
CURRENT LIABILITIES					
Short term borrowings	9	37,881,253	43,231,124	12,307,234	11,814,675
Current portion of long term loans		10,154,367	5,000,000		
Current portion of lease liabilities		3,629,972	4,718,399		
Creditors, accrued and other liabilities	10	30,198,885	18,543,684		
Taxation		825,000	1,042,050		I
		82,689,477	72,535,257		
COMMITMENTS					
	11	194,379,258	130,678,095	194,379,258	130,678,095
OPERATING ASSETS					
LONG TERM DEPOSITS	12	123,214,931	61,966,478		
	13	709,825	1,972,070		
CURRENT ASSETS					
Stores, spares and loose tools	14	11,081,489	10,701,500		
Stock in trade	15	25,208,131	18,578,912		
Trade debtors	16	11,927,016	23,303,604		
Loans, advances, deposits and prepayments	17	12,307,234	11,814,675		
Marketable securities	18	1,041,435	779,085		
Other receivables	19	5,342,240	--		
Cash and bank balances	20	3,546,957	1,561,771		
		70,454,502	66,739,547		
		194,379,258	130,678,095		

M. TARIQ BAWANY
Chief Executive Officer and Director

ARIF S. GAZI
Director

The annexed notes from 1 to 33 form an integral part of these accounts.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2001

	<i>Note</i>	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
Sales		187,733,493	240,192,332
Sales tax and other deductions		(25,750,256)	(31,782,269)
		-----	-----
Net sales		161,983,237	208,410,063
Cost of goods sold		(159,856,641)	(193,140,913)
		-----	-----
Gross profit		2,126,596	15,269,150
Operating expenses			
Administration		12,141,369	14,478,768
Selling		2,705,900	3,301,477
		-----	-----
		(14,847,269)	(17,780,245)
		-----	-----
Operating loss		(12,720,673)	(2,511,095)
Other income		397,708	506,586
		-----	-----
		(12,322,965)	(2,004,509)
		-----	-----
Other charges			
Financial	26	16,043,789	15,772,775
Reversal of diminution in value of marketable securities		--	(109,655)
		-----	-----
		(16,043,789)	(15,663,120)
		-----	-----
Loss for the year before taxation		(28,366,754)	(17,667,629)
		-----	-----
Taxation			
Current		825,000	1,042,050
Prior years'		(102,614)	533,611
Deferred		(3,500,000)	1,000,000
		-----	-----
		2,777,614	(2,575,661)
		-----	-----
Loss after taxation		(25,589,140)	(20,243,290)
Unappropriated (loss) / profit brought forward		(9,158,882)	84,408
		-----	-----
		(34,748,022)	(20,158,882)
		-----	-----
Appropriations			
Transferred from general reserve		--	11,000,000
		-----	-----
Accumulated loss carried forward		(34,748,022)	(9,158,882)
		=====	=====
Earning per share	27	(7.19)	(5.69)

M. TARIQ BAWANY
Chief Executive Officer and Director

ARIF S. GAZI
Director

The annexed notes from 1 to 33 form an integral part of these accounts.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2001**

	<i>Issued, subscribed and paidup Capital</i>	<i>Capital Reserve</i>	<i>General Reserve Rupees</i>	<i>Accumulated (Loss)/Profit</i>	<i>Total</i>
Balance at June 30, 1999	32,340,000	3,234,000	11,000,000	84,408	46,658,408
Loss after taxation	--	--	--	(20,243,290)	(20,243,290)
Appropriations					
Issue of bonus shares	3,234,000	(3,234,000)	--	--	--
Transferred from general reserve	--	--	(11,000,000)	11,000,000	--
	-----	-----	-----	-----	-----
Balance at June 30, 2000	35,574,000	--	--	(9,158,882)	26,415,118
Loss after taxation	--	--	--	(25,589,140)	(25,589,140)
	-----	-----	-----	-----	-----
Balance at June 30, 2001	35,574,000	--	--	(34,748,022)	825,978
	=====	=====	=====	=====	=====

M. TARIQ BAWANY
Chief Executive Officer and Director

ARIF S. GAZI
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2001**

	<i>2001 Rupees</i>	<i>2000 Rupees</i>
A. CASH FROM OPERATING ACTIVITIES		
Loss before taxation	(28,366,754)	(17,667,629)
Adjustment for		
Depreciation	5,917,254	6,783,610
Financial charges	16,043,789	15,772,775
Provision for doubtful debts	--	300,000
Gain on disposal of fixed assets	(211,327)	(212,391)
Operating (loss) / profit before changes in operating assets and liabilities	----- (6,617,038)	----- 4,976,365
Changes in operating assets and liabilities (Increase)/decrease in operating assets		
Stores, spares and loose tools	(379,989)	(915,830)
Stock in trade	(6,629,219)	24,596,711
Trade debtors	11,376,588	(22,242,399)
Loans, advances, deposits and prepayments	(62,587)	(1,641,014)
Other receivables	(11,163)	749,753
Long term deposits	1,262,245	53,702
Increase / (decrease) in operating liabilities		
Creditors, accrued and other liabilities	11,980,089	5,465,293
	-----	-----
Cash generated from operations	10,918,906	11,042,581
Financial charges paid	(16,368,677)	(11,436,284)
Tax paid	(6,700,465)	(7,816,066)
	-----	-----
Net cash used in operating activities	(12,150,236)	(8,209,769)

B. CASH FROM INVESTING ACTIVITIES

Proceeds from disposal of fixed assets	730,000	707,000
Fixed capital expenditure	(115,691)	(1,617,597)
	-----	-----
Net cash from / (used in) investing activities	614,309	(910,597)
	=====	=====

C. CASH FROM FINANCING ACTIVITIES

Long term loan obtained	6,000,000	20,000,000
Advance from associated undertaking / directors	23,936,881	(695,452)
Repayment of long term loans	(5,950,000)	(2,587,500)
Lease finance obtained	--	680,000
Repayment of lease liability	(4,853,547)	(3,787,494)
	-----	-----
Net cash from financing activities	19,133,334	13,609,554
	-----	-----
Net increase in cash and cash equivalents	7,597,407	4,489,188
Cash and cash equivalents at the beginning of the year	(40,890,268)	(45,379,456)
	-----	-----
Cash and cash equivalents at the end of the year	(33,292,861)	(40,890,268)
	=====	=====

Cash and cash equivalents

Cash and bank balances	3,546,957	1,561,771
Short term borrowings	(37,881,253)	(43,231,124)
Marketable securities	1,041,435	779,085
	-----	-----
	(33,292,861)	(40,890,268)
	=====	=====

M. TARIQ BAWANY
Chief Executive Officer and Director

ARIF S. GAZI
Director

NOTES TO THE ACCOUNTS**FOR THE YEAR ENDED JUNE 30, 2001****1. STATUS AND ACTIVITIES**

It is a Public Company Limited by shares incorporated in Pakistan on July 14, 1977 and quoted on Karachi Stock Exchange. The Company is engaged in the manufacture and sale of jute products. The Mills is located near Hub Industrial Trading Estate in the Province of Baluchistan.

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

These accounts have been prepared under 'historical cost convention' modified by revaluation of certain fixed assets (Refer Note No. 2.5) and capitalization of exchange differences (Refer Note No. 2.11).

2.2 Basis of preparation

These accounts have been prepared in accordance with International Accounting Standards as applicable in Pakistan.

2.3 Taxation**Current**

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

Deferred

The Company accounts for deferred taxation on 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.

2.4 Staff retirement benefits

The Company operates a funded provident fund scheme for its employees. Equal contribution is made by employees and the employer. Up to December 31, 1997 Mills workers were covered under an unfunded gratuity scheme.

2.5 Operating assets

Operating assets except freehold land are stated at cost or revaluation less accumulated depreciation. Freehold land is stated at revalued amount.

Depreciation is charged to income applying the reducing balance method at the rates specified in the operating assets note.

Depreciation on additions during the year is charged for the whole year while no depreciation is charged on deletions during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

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

2.6 Accounting for leases

The Company accounts for the assets acquired under finance lease by recording the assets and related liability. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged at the rates specified in the related note.

2.7 Stores, spares and loose tools

These are valued at weighted average cost.

2.8 Stock in trade

These are valued at lower of average cost and net realisable value applying the following basis:

Raw material at average cost.

Material in transit at cost accumulated upto the date of balance sheet.

Work in process at average manufacturing cost.

Finished goods at average manufacturing cost.

Waste at net realisable value.

Average cost in relation to work in process and finished goods signifies average manufacturing cost including related direct overheads. Net realizable value signifies the selling prices prevailing in the market less selling expenses incidental to sale.

2.9 Trade debts

Known bad debts are written off and provision is made for debts considered doubtful.

2.10 Marketable securities

Marketable securities are stated at lower of average cost and market value on aggregate portfolio basis.

2.11 Foreign currencies

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date except for those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates of exchange prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Exchange difference in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of relevant assets. All other exchange differences are included in current income.

2.12 Revenue recognition

Sales are recorded on despatch of goods.

3. Issued, subscribed and paidup capital

<i>2000</i>	<i>2001</i> <i>(No. of shares)</i>	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
2,940,000	2,940,000	29,400,000	29,400,000
	Ordinary shares of Rs. 10/- each fully paid in cash		
617,400	617,400	6,174,000	6,174,000
	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares		
----- 3,557,400 =====	----- 3,557,400 =====	----- 35,574,000 =====	----- 35,574,000 =====
4. SURPLUS ON REVALUATION OF FIXED ASSETS		67,568,689 =====	-- =====

4.1 Revaluation of freehold land and buildings on freehold land have been carried out as on June 30, 2001 by an independent qualified valuer M/s. Surval Consulting Engineers. Revaluation surplus has been credited to surplus on revaluation of fixed assets account.

5. LONG TERM LOANS

Secured			
Financial institutions		20,000,000	20,000,000
Obtained during the year		6,000,000	--
		----- 26,000,000	----- 20,000,000
Shown under current liabilities			
Installments overdue		5,000,000	--
Installments due within one year		5,154,367	5,000,000
		----- (10,154,367)	----- (5,000,000)
		----- 15,845,633 =====	----- 15,000,000 =====

5.1 These represents promissory note discounting facilities from a financial institution. The loans are repayable in 8 half yearly installments and is subject to rate of return ranging from 17% to 21% per annum.

These are secured against first equitable mortgage of factory land, floating charge and hypothecation on all assets of the Company, promissory note and personal guarantee of directors.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance		10,739,755	13,847,249
Acquired during the year		--	680,000
		----- 10,739,755	----- 14,527,249
Paid during the year		(4,853,547)	(3,787,494)
		----- 5,886,208	----- 10,739,755
Payable within one year shown under current liabilities		(3,629,972)	(4,718,399)
		----- 2,256,236 =====	----- 6,021,356 =====

The total lease rentals are payable in equal monthly installments under various lease agreements.

Financing rates ranges between 21% to 22% per annum.

The future minimum lease payments to which the Company is committed are as under:-

Year ending June 30,	<i>Rupees</i>
2002	5,470,827
2003	485,280
2004	595,460

Financial charges allocated to future period	6,551,567 (665,359)

	=====
	5,886,208
	=====

	<i>2001 Rupees</i>	<i>2000 Rupees</i>
7. DEFERRED TAXATION		
Opening balance	3,500,000	2,500,000
(Reversed) / Provided during the year	(3,500,000)	1,000,000
	-----	-----
	--	3,500,000
	=====	=====

8. DEFERRED LIABILITY- OTHERS

unsecured - interest free

Payable to:

Associated undertakings	11,735,000	--
Director and associate	7,947,332	1,695,451
	-----	-----
	19,682,332	1,695,451
	=====	=====

8.1 The above amounts are in the nature of advance. The repayment has been deferred by the concerned Companies / Directors on request of the Company till December 31, 2002.

	<i>Limit (Million)</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
9. Short term bank borrowings			
Secured - under markup arrangements			
Running finances (9.1)	7.80	--	7,554,177
Cash finances (9.2)	25.00	24,795,153	20,677,660
Financing of imports (9.2)	15.00	11,073,600	14,999,287
Term finance (9.3)	10.00	2,012,500	--
		-----	-----
		37,881,253	43,231,124
		=====	=====

9.1 It is secured against securities provided by Directors and is subject to markup ranging from 13% to 16% per annum.

9.2 These are secured against hypothecation and pledge of raw jute and book debts and are subject to markup ranging from 16.80% to 18.25% per annum.

9.3 It is secured against pledge of finished goods and personal guarantee of directors.

10. Creditors, accrued and other liabilities

Creditors	8,532,326	3,147,633
Accrued charges	4,609,062	4,676,129
Due to associated undertaking	72,442	623,159
Markup on secured		
Long term loans	2,924,932	3,463,907

Short term borrowings	2,068,906	1,850,860
Lease finance charges	--	3,959
Withholding taxes	15,539	18,106
Sales tax	5,496,858	1,656,410
Provident fund	6,478,820	3,103,521
	-----	-----
	30,198,885	18,543,684
	=====	=====

11. COMMITMENTS

Outstanding letters of credit for purchase of raw material and stores	34,347,939	16,146,614
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12. Operating assets

<i>Particulars</i>	<i>Cost at July 01, 2000</i>	<i>Addition/ (Disposals) during the year</i>	<i>Revaluation</i>	<i>Adjustment</i>	<i>Cost at June 01, 2001</i>	<i>Accumulated Depreciation at July 01, 2000</i>	<i>Depreciation/ (Adjustment) for the year</i>	<i>Accumulated Depreciation at June 30, 2001</i>	<i>Written Down Value at June 2001</i>	<i>Depr. Rate %</i>
Owned										
Freehold land	327,493	--	10,472,507	--	10,800,000	--	--	--	10,800,000	--
Building and labour quarters on freehold land	25,325,202	10,541	57,096,182	(11,831,925)	70,600,000	11,121,197	710,728 (11,831,925)	--	70,600,000	5
Plant and machinery	86,795,486	42,350	--	--	86,837,836	54,355,047	3,248,280	57,603,327	29,234,509	10
Electric fittings and installations	3,233,059	--	--	--	3,233,059	2,711,156	52,190	2,763,346	469,713	10
Furniture and fixture	315,532	--	--	--	315,532	206,126	10,941	217,067	98,465	10
Office equipment	952,643	11,800	--	--	964,443	361,084	60,337	421,421	543,022	10
Fire fighting equipment	249,078	--	--	--	249,078	187,788	6,129	193,917	55,161	10
Vehicles	3,685,442	1,443,020 (966,886)	--	--	4,161,576	2,691,873	383,583 (448,213)	2,627,243	1,534,333	20
	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Rupees	120,883,935	1,507,711 (966,886)	67,568,689	(11,831,925)	177,161,524	71,634,271	4,472,188 (12,280,138)	63,826,321	113,335,203	
Leased										
Machinery	10,122,153	--	--	--	10,122,153	1,923,209	819,895	2,743,104	7,379,049	10
Vehicles	6,106,160	(1,392,020)	--	--	4,714,140	2,176,076	625,171 (587,786)	2,213,461	2,500,679	20
	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Rupees	137,112,248	1,507,711 (2,358,906)	67,568,689	(11,831,925)	191,997,817	75,733,556	5,917,254 (12,867,924)	68,782,886	123,214,931	
	=====	=====	=====	=====	=====	=====	=====	=====	=====	
2000 Rupees	136,515,972	1,617,597 (1,021,321)	--	--	137,112,248	68,888,872	6,783,610 (526,712)	75,145,770	61,966,478	
	=====	=====	=====	=====	=====	=====	=====	=====	=====	
			<i>2001 Rupees</i>	<i>2000 Rupees</i>						

12.1 Depreciation has been allocated as under:

Cost of goods manufactured	4,837,222	5,327,865
Administration expenses	1,080,032	1,455,745
	-----	-----
	5,917,254	6,783,610
	=====	=====

12.2 Surplus on revaluation undertaken as at June 30, 2001 of freehold land and building and labour quarters on freehold land has been arrived at as follows;

Freehold Building and

13. Long term deposits

Lease security deposits	235,300	1,601,775
Central depository company	100,000	100,000
Other	374,525	270,295
	-----	-----
	709,825	1,972,070
	=====	=====

14. Stores, spares and loose tools

Stores	1,435,793	1,414,154
Spares	9,518,493	9,274,252
Loose tools	127,203	13,094
	-----	-----
	11,081,489	10,701,500
	=====	=====

15. Stock in trade

Raw material	7,697,914	4,206,435
Work in process	3,092,250	4,098,264
Finished goods	14,415,924	10,272,122
Waste	2,043	2,091
	-----	-----
	25,208,131	18,578,912
	=====	=====

16. Trade debtors

Considered good	11,927,016	23,303,604
Considered doubtful	300,000	300,000
	-----	-----
	12,227,016	23,603,604
Provision for doubtful debts	(300,000)	(300,000)
	-----	-----
	11,927,016	23,303,604
	=====	=====

17. Loans, advances, deposits and prepayments

Considered good		
Due from employees	52,593	91,163
Suppliers / expenses	1,402,210	560,572
Income tax	6,685,559	6,255,587
Trade deposits	2,796,777	4,826,872
Lease deposits	1,231,325	--
Letters of credit margin, fee and expenses	138,770	68,341
Short term p repayments	--	12,140
	-----	-----
	12,307,234	11,814,675
	=====	=====

18. Marketable securities

(Fully paid Ordinary shares of Rs. 10/- each)

	No. of Shares		
Orix Investment Bank Limited	129,500	717,985	686,235
Pakistan Industrial Leasing Corp. Ltd.	5,000	30,750	30,750
Crescent Investment Bank Limited (including 340 bonus shares)	12,340	246,900	16,300
Pakistan Industrial Credit and Investment Corporation Limited	5,000	45,800	45,800
		-----	-----
		1,041,435	779,085
		-----	-----
Market value		1,065,580	877,165
		=====	=====

19. Other receivables**Considered good**

Income tax refundable	5,331,057	--
Sales tax receivable	11,183	--
	-----	-----
	5,342,240	--
	=====	=====

20. Cash and bank balances

Cash in hand	1,925,554	555,499
Cash at banks in current accounts	1,621,403	1,006,272
	-----	-----
	3,546,957	1,561,771
	=====	=====

21. Sales tax and other charges

Sales Tax	25,745,147	31,777,091
Brokerage and commission	5,109	5,178
	-----	-----
	25,750,256	31,782,269
	=====	=====

22. Cost of goods sold

Opening stock-finished goods	10,274,213	27,413,451
Cost of goods manufactured (22.1)	164,000,395	176,001,675
	-----	-----
	174,274,608	203,415,126
Closing stock-finished goods	(14,417,967)	(10,274,213)
	-----	-----
	159,856,641	193,140,913
	=====	=====

22.1 Cost of goods manufactured

Raw material (22.1.1)	91,724,725	97,606,844
Salaries, wages and benefits (22.1.2)	27,381,321	30,297,364
Piling, spinning and weaving	21,126,756	22,910,370
Stores and spares	4,352,444	4,841,692
Packing material consumed	856,048	888,098
Fuel, power and water	10,927,090	10,722,136
Repairs and maintenance	1,035,399	1,346,054
Rent, rates, taxes and insurance	753,376	803,743
Depreciation	4,837,222	5,327,865
	-----	-----
	162,994,381	174,744,166
Work in process		
Opening stock	4,098,264	15,355,773
Closing stock	(3,092,250)	(4,098,264)
	-----	-----
	1,006,014	1,257,509
	-----	-----
	164,000,395	176,001,675
	=====	=====

22.1.1 Raw material consumed

Opening stock	4,206,435	10,406,399
Purchases	95,216,204	91,406,880
	-----	-----
	99,422,639	101,813,279
Closing Stock	(7,697,914)	(4,206,435)
	-----	-----
	91,724,725	97,606,844
	=====	=====

22.1.2 This includes Rs. 822,213/- (2000-Rs.822,247/-) in respect of staff retirement benefits.

23. Administration expenses

Directors' remuneration and meeting fee	1,262,000	1,682,565
Salaries and benefits (23.1)	5,597,993	6,502,750
Telephone and postage	653,081	696,590
Vehicles running and maintenance	1,242,295	1,496,265
Rent, rates and electricity	364,486	374,089
Travelling and conveyance	275,084	243,486
Printing and stationery	271,345	262,512
Legal and professional	280,000	125,000
Fees and subscription and periodicals	336,803	335,216
Auditor's remuneration (23.2)	62,700	44,000
Insurance	377,387	516,081
Repairs and maintenance	87,602	84,289
Advertisement	30,014	54,932
Entertainment	135,047	161,258
Depreciation	1,080,032	1,455,745
Donation (23.3)	85,500	30,000
Provision for doubtful debts	--	300,000
Others	--	133,990
	-----	-----
	12,141,369	14,478,768
	=====	=====

23.1 This includes Rs. 272,616/- (2000 - Rs. 357,378/-) in respect of staff retirement benefits.

23.2 Auditor's remuneration

Audit fee	60,000	40,000
Out of pocket expenses	2,700	4,000
	-----	-----
	62,000	44,000
	=====	=====

23.3 None of the directors or their spouse had any interest in the donee's fund.

24. Selling Expenses

Salaries and benefits (24.1)	767,312	669,265
Cartage and octroi	1,570,862	2,290,293
Insurance	26,180	54,639
Other	341,546	287,280
	-----	-----
	2,705,900	3,301,477
	=====	=====

24.1 This includes Rs. 49,198/- (2000 Rs. 49,556/-) in respect of staff retirement benefits.

25. Other Income

Gain on disposal of fixed assets	211,327	212,391
Dividend income	186,381	96,875
Profit on dealing in listed securities	--	197,320
	-----	-----
	397,708	506,586
	=====	=====

26. Financial Charges

Interest/Mark up on		
Long term loans	3,235,688	4,072,723
Short term borrowings	9,462,222	7,982,712
Director's balance	360,120	345,451
Financial charges on lease liability	1,534,992	2,253,963
Bank charges and commission	323,509	260,401

Return on provident fund and gratuity balance	1,127,258	807,070
Return on Workers' profit participation fund	--	41,455
Exchange loss	--	9,000
	-----	-----
	16,043,789	15,772,775
	=====	=====

27. Earning per share

There is no dilutive effect on the basic earnings per share of the company which is based on:-

Loss after taxation	Rs.	(25,589,140)	(20,243,290)
Weighted average number of ordinary shares		3,557,400	3,557,400
Earning per share	Rs.	(7.19)	(5.69)

Assessments have been finalized upto assessment year 2000-2001, accounting year ended on June 30, 2000.

After taking effect of assessed tax losses available to be carried forward and loss for the current year, there will be debit balance in deferred tax for which no provision is made.

29. Remuneration to Directors and Executives

	2001			2000		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Remuneration						
Basic	135,486	675,798	1,873,762	260,046	809,990	1,946,364
House rent allowance	60,966	304,119	865,092	117,016	364,511	901,044
Utilities	13,548	67,583	187,366	26,003	80,999	194,652
Meeting Fee	1,000	3,500	--	500	3,500	--
	-----	-----	-----	-----	-----	-----
Rupees	211,000	1,051,000	2,926,220	403,565	1,259,000	3,042,060
	=====	=====	=====	=====	=====	=====
Number of person	1	1	14	1	4	14
	=====	=====	=====	=====	=====	=====

Chief Executive, directors and seven executives are provided with free use of Company maintained cars the monetary value of which is Rs. 1,064,289/- (2000 - Rs. 920,052/-)

	2001 Rupees	2000 Rupees
30. Transactions with associated undertakings		
Purchase of store items	49,283	102,728
Sale of vehicle	400,000	--

31. Capacity and production

Number of looms	114	114
Number of spindles	3,256	3,256
Annual total capacity - M. Tons	8,000	8,000
Actual production - M. Tons	5,449	5,938
Reason for shod fall:		
Lack of demand and lead shedding of power		

32. Financial instruments and related disclosures**Concentration of credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The major customers of the company are government enterprises who fulfill their obligations in time. The Company applies credit limits to other customers and does not have significant exposure to any individual customer.

Interest rate risk

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

Fair values of financial instruments

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

33. General

33.1 Number of permanent employees as on June 30, 2001 is 499 (2000 - 527).

33.2 Figures have been rounded off nearest to Rupee.

33.3 Corresponding figures have been rearranged wherever necessary for the purpose of comparison.

M. TARIQ BAWANY
Chief Executive Officer and Director

ARIF S. GAZI
Director

3. Issued subscribed and paidup capital

Size of Holding Shares of Rs. 10/- each

No. of Shareholders	From	To	No. of Shares of Rs. 10/- each held
353	1	--	200
110	201	--	500
51	501	--	1000
34	1001	--	2000
7	2001	--	3000
2	3001	--	4000
2	4001	--	5000
13	5001	--	10000
3	10001	--	15000
7	15001	--	20000
6	20001	--	25000
6	25001	--	30000
4	30001	--	40000
2	40001	--	50000
8	50001	--	75000
1	75001	--	100000
1	100001	--	150000
1	150001	--	300000
2	300001	--	350000
1			1020401
614			3557400

Shareholders Category

Shareholders Category	No. of Shareholders	No. of Share Rs. 10/- each	Percentage of issued Capital
Individuals	584	1380086	38.795
Investment Companies	14	11145	0.313
Joint Stock Companies	12	1078129	30.307
Financial Institutions	--	--	--
Modaraba Companies	1	121	0.003
Others:-			
Charitable Institutions	2	67518	1.898
CDC			
A/C Various	1	1020401	28.684

614

3557400

100.000

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