

# **Liberty Mills Limited**

## **Annual Report 1999**

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### **Board of Directors**

#### **DIRECTORS**

MR. SALIM N. MUKATY  
MR. ARIF N. MUKATY  
MR. YUSUF N. MUKATY  
MR. ASHRAF SALIM MUKATY  
MR. NOOR MOHAMMAD YOUSUF MUKATY  
MR. ARIF HAJI ABDUL SATTAR MANIYA  
MR. GHAYUR A. KHAN  
MR. LUQMAN F. POONA WALA  
MR. MADNI GUL MUHAMMAD

#### **CHIEF EXECUTIVE**

MR. YUSUF N. MUKATY

#### **SECRETARY**

MR. MUHAMMAD ASHRAF GHAZI

#### **AUDITORS:**

HYDER BHIMJI & CO.  
CHARTERED ACCO UNTANTS

A. R. DIWAN & CO.  
CHARTERED ACCO UNTANTS

#### **BANKERS:**

HABIB BANK LIMITED  
HABIB BANK A. G. ZURICH  
METROPOLITAN BANK LTD.  
SONERI BANK LTD.  
BANK AL HABIB LTD.

#### **REGISTERED OFFICE:**

10TH FLOOR, ADAMJEE HOUSE,  
I. I. CHUNDRIGAR ROAD,  
KARACHI- 74000.  
TEL. NOS. 2417205-6-7-8

TELE FAX: (021) 2412194  
CABLE: MUKA TICO  
TELEX: 20845 MKC PK

**MILLS:**

A-51-A, S.I.T.E., KARACHI.  
TEL. NOS. 2578103 TO 2578116  
TELEX: 21989 LML PK  
TELE FAX · (021) 2564600

**Notice of Meeting**

NOTICE is hereby given that 33rd Annual General Meeting of Shareholders of LIBERTY MILLS LIMITED will be held at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi on Monday 27th December, 1999 at 11.30 A.M. to transact the following business:

To confirm the minutes of the Extra-ordinary General Meeting of the Company held on 03-05-1999.

2. To receive and adopt the Directors' and Auditors Report and Annual Audited Accounts of the Company for the year ended 30th June, 1999.

3. To approve cash dividend @6% (i.e. Rupee 0.60 per share)for the year ended June 30, 1999 as recommended by the Directors.

4. To appoint Auditors for the year ending 30th June 2000 and to fix their remuneration. The retiring Auditors M/s. Hyder Bhimji & Company and M/s. A. R. Diwan & Company Chartered Accountants of the Company have offered themselves for re-appointment.

5. To transact any other ordinary business which may be placed before the meeting with the permission of the chair.

By Order of the Board

(Muhammad Ashraf Ghazi)  
Company Secretary

KARACHI: 02nd December, 1999

**NOTE:**

1. The Share Transfer Books of the Company will be closed from 20th December, 1999 to 27th December 1999 (both days inclusive).

2. The shareholders are requested to communicate the Company of any change in their address.

**Report of the Directors**

The Directors of the Company take pleasure in presenting their report together with audited accounts of the Company and auditors report thereon for the year ended 30th June, 1999.

### **OPERATING RESULTS**

During the year under review Pakistan faced worst ever economic crisis due to nuclear tests in May, 1998. Despite of difficult economic situation, performance of your Company has improved. Sales increased by 37.03% over corresponding period. Gross Profit increased by 35.42%. Profit before taxation increased by 116.76%. The summarised results are as under:-

	<b>1999</b>	<b>1998</b>
	<b>Rs. in million</b>	<b>Rs. in million</b>
Sales & Services	1,437.97	1,049.39
Gross Profit	133.68	98.71
Profit before Taxation	27.62	12.74
Profit after Taxation	8.99	10.02
Earning per share (Rupee)	0.60	0.67

Your Directors are pleased to recommend cash dividend @ 6% (i.e. Re. 0.60 per share).

### **FUTURE OUT LOOK:**

By the grace of Almighty, we have been successful in achieving our goal of exploring foreign markets, as discussed in our last report for the year ended 30th June, 1998, and has increased our export sales by 61.60% over corresponding period. We plan further expansion in our export market share and hope to get better return in future. Previously there were no consistent government policies, now that, we have non political government in our country, we see consistency in application of policies which in turn will result in development of industries in particular and economy in general.

### **PATTERN OF SHAREHOLDING:**

The Shareholding pattern of the Company as on 30th June, 1999 is given on page No. 26.

### **AUDITORS:**

The present Auditors Messrs. Hyder Bhimji & Company, Chartered Accountants and Messrs A.R. Diwan & Company, Chartered Accountants, retire and offer themselves for re-appointment.

### **EMPLOYEES' RELATION:**

Your Directors place on record their appreciation for efforts put in by management team and workers of the Company.

### **Year 2000 problem:**

Measures have been taken to make hardware and software system compliant to year 2000. We do not anticipate any problem in this regard.

Karachi: the 2nd December, 1999

For and on behalf of the Board of Directors  
YUSUF N. MUKATY  
Chief Executive

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

We have audited the annexed Balance Sheet of Liberty Mills Limited, as at 30th June, 1999, and the related Profit and Loss Account for the year then ended and the Statement of Changes in Financial Position, (Cash Flow Statement), together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and after due verification thereof, we report that

(a) in our opinion, proper books of accounts 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 conforming with the Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied.

ii) the expenditure incurred during the year were for the purpose of the company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Statement of Changes in Financial Position (Cash Flow Statement), together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30th June, 1999 and of the Profit and the Changes in Financial Position, (Cash Flows Position)for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

HYDER BHIMJI & CO.  
Chartered Accountants

A.R. DIWAN & CO.  
Chartered Accountants

Karachi: the 2nd December, 1999

### **Balance Sheet as at 30th June,1999**

	<b>NO TES</b>	<b>1999 RUPEES</b>	<b>1998 RUPEES</b>
CAPITAL AND RESERVES			
CAPITAL			

Authorised:			
20,000,000 Ordinary Shares			
of Rs. 10/- each		200,000,000	200,000,000
		=====	=====
<b>ISSUED, SUBSCRIBED AND PAID- UP</b>	3	148, 946, 900	148, 946, 900
<b>RESERVE AND SURPLUS</b>			
Revenue Reserve	4	24,000,000	24,000, 000
Un-appropriated Profit		102, 3 75	45,168
		-----	-----
		173,049, 2 75	172.992,068
<b>REDEEMABLE CAPITAL</b>	5	--	11.089.811
<b>LONG TERM LOANS</b>	6	7,171,440	19,153,190
<b>DIRECTORS LOAN</b>	7	125, 000, 000	--
<b>DEFERRED LIABILITIES</b>	8	35,553,466	42,053,852
<b>CURRENT LIABILITIES</b>			
Current Portion of Redeemable Capital		11,089, 811	10, 221,023
Current Portion of Long Term Loans		11,981,750	10,564, 750
Short Term Running Finance utilised under mark-up Arrangements	9	297,880,609	229,416,392
Creditors, Accrued and Other Liabilities	10	126,435,191	149,864,452
Proposed Dividend		8, 936, 814	--
		-----	-----
		456, 324,175	400,066,617
<b>CONTINGENCIES &amp; COMMITMENTS</b>	11	--	--
		-----	-----
<b>Total</b>		797,098,356	645,355,538
		=====	=====
<b>FIXED TANGIBLE ASSETS</b>			
Operating Assets	12	363,348,415	356,263,124
Capital Work-in-progress	13	113,265,556	24,733,141
		-----	-----
		476, 613, 971	380, 996, 265
<b>LONG TERM DEPOSITS</b>		2,646, 245	2,646, 245
<b>CURRENT ASSETS</b>			
Stores & Spares	14	8,001,595	6,220,813
Stock- in- Trade	15	33, 433, 923	30, 084, 210
Trade Debts	16	207, 971,201	166, 046, 444
Advances, Deposits, Prepayments and other Receivables	17	65,483,492	48, 255,540
Cash & Bank Balances	18	2, 94 7, 929	11,106, 021
		-----	-----
		317,838,140	261,713,028
		-----	-----
<b>Total</b>		797,098,356	645,355,538

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

Karachi: the 2nd December, 1999

YUSUF N. MUKATY  
Chief Executive

SALIM N. MUKATY  
Director

**Profit and Loss Account  
For the Year Ended 30th June, 1999**

	NO TES	1999 RUPEES	1998 RUPEES
Sales & Services	19	1,437,969,750	1,049,393,049
Cost of Sales and Services	20	1,304,293,217	950,684,069
Gross Profit		133, 676, 533	98, 708, 980
Administrative Expenses	21	31,968, 991	23,648, 556
Selling & Distribution Expenses	22	42,469,652	22,560,346
Operating Profit		59, 23 7, 890	52,500, 078
Financial Charges	23	37, 624,586	38. 844, 460
Other Charges	24	2,001,030	1,122,019
Other Income	25	19,612,274 8,007,289	12,533,599 208,417
Profit before Taxation		2 7, 619.563	12,742.02
Taxation	26	(18,625,542)	(2,724, 46 7)
Profit after Taxation		8,994,021	10,017,549
Un-appropriated Profit brought forward		45,168	2 7, 619
Profit available for Appropriation		9, 039,189	10, 045,168
<b>Less Appropriation:</b>			
Transfer (to)/from Revenue Reserve		--	(10,000,000)
Proposed Dividend @ 6%		(8,936,814)	--
Un-appropriated profit carried forward		102, 3 75	45,168

Note: The annexed Notes form an integral part of these accounts.

Karachi: the 2nd December, 1999

**YUSUF N. MUKA TY**  
Chief Executive

**SALIM N. MUKA TY**  
Director

**Statement of Changes in Financial Position  
(Cash Flow Statement) for the Year Ended 30th June, 1999**

	<b>1999 RUPEES</b>	<b>1998 RUPEES</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit for the year before taxation	2 7, 619,563	12,742, 016
Adjustments for items not involving movement of funds		
Depreciation	40,190, 692	39, 290,124
Depreciation written back	(35,500)	--
Provision for staff Retirement benefits (Net)	(9, 300,386)	3, 412, 2 78
(Profit)/Loss on sale of fixed assets	(531,739)	(208,417)
Financial charges	37,624,586	38,844,460
Capital Gain	(7,440,050)	--
	-----	-----
	60,507,603	81,338,445
	=====	=====
	88,127,166	94,080,461
Add: Net (Increase) / Decrease in working capital	(95, 793,151)	43,741,735
Less: Financial charges paid	(35,890,026)	(39,445,011)
Income Taxes paid	(9,479,419)	(12,275,936)
Long term security deposits	--	(241,050)
	-----	-----
Net cash flow generated from operations	(53,035,430)	85,860,199
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	(142,450,915)	(71,562,441)
Proceeds from disposal of fixed assets	14, 649,809	4,433,000
	-----	-----
Net cash flow towards investing activities	(127,801,106)	(67,129,441)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term loans	(10,564, 750)	(9,420,298)
Repayment of Redeemable capital	(10,221,023)	(9, 326, 750)
Repayment of long term liability	--	(314,025)
From Directors Loan	125,000,000	--

Dividend paid	--	(14,894,690)
Net cash flow from Financing activities	104,214,227	(33,955,763)
Net increase in Cash & Cash equivalents	(76,622,309)	(15,225,005)
Cash & cash equivalent at the beginning of the year	(218,310,371)	(203,085,366)
Cash & cash equivalent at the end of the year	(294,932,680)	(218,310,371)

Karachi: the 2nd December, 1999

YUSUF N. MUKA TY  
Chief Executive

SALIM N. MUKA TY  
Director

## Notes to the Accounts For the Year Ended 30th June, 1999

### 1. COMPANY AND ITS BUSINESS

The Company was incorporated in Pakistan in 1965 as Private Limited Company and was converted into Public Limited Company on 12th September 1969. Its shares are quoted in the Karachi Stock Exchange. The principal activity of the Company is manufacturing and processing of all kinds of Fabrics.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.01 Accounting Convention

The Account of the Company have been prepared under the historical cost convention modifications thereto if any are specifically stated.

#### 2.02 Taxation

The charge for current taxation is based on taxable income at the current rates of taxation after considering admissible tax credit and rebates, if any

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

#### 2.03 Gratuity

The Company operates an un-funded gratuity scheme for all its employees who are eligible to the benefit.

#### 2.04 Foreign Currency Transaction

Transactions in foreign currencies are translated at the rates prevailing on the Balance Sheet date.

#### 2.05 Fixed Tangible Assets

These are stated, at cost less accumulated depreciation except leasehold land and capital work-in-process which are stated at cost.

Depreciation is charged to income applying the reducing balance method at normal tax rates, whereby the cost of assets is written off over its estimated useful life. Maintenance



and normal repairs are charged to income as incurred. Major renewals and improvement are capitalised and assets so replaced, if any, are retired. Addition to fixed assets are depreciated for the whole year irrespective of date of purchase while no depreciation is provided on Assets disposed off during a year. Profit or Loss on disposal of fixed assets is included in income currently.

## 2.06 Stores and Spares

These are valued at cost on First-in-First out method.

## 2.07 Stock-in-Trade

These are stated as under:

- (a) Raw Material at cost on FIFO basis.
- (b) Work-in-process at average cost of raw material.
- (c) Finished Stock at the lower of cost on FIFO basis and net realisable value.
- (d) Stock in Bonded Warehouse at actual.
- (e) Trading Stock at actuals.

## 2.08 Trade Debts

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

## 2.09 Revenue Recognition

Sales are recorded on despatch of goods to the Customers. Income from process services is recorded when earned.

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

	<b>1999</b>	<b>1998</b>
	<b>Rupees</b>	<b>Rupees</b>
12,732,092 Ordinary Shares of Rs. 10/- each fully paid issued for cash	127,320,920	127,320,920
2,162,598 Ordinary Shares of Rs. 10/-each fully paid issued as Bonus Shares.	21,625,980	21,625,980
----- 14,894,690 =====	----- 148,946,900 =====	----- 148,946,900 =====

## 4. REVENUE RESERVE

Balance as at start	24,000,000	14,000,000
Transfer (to)/from Profit and Loss Account	--	10,000,000
	----- 24,000,000 =====	----- 24,000,000 =====

## 5. REDEEMABLE CAPITAL

Long Term Demand Finance:

From Islamic Development Bank (Islamic Dinar 305166) (1998: Islamic Dinar 586426)	11,089,811	21,310,834
Less: Repayable in next twelve months	(11,089,811)	(10,221,023)
	-----	-----
	--	(11,089,811)
	=====	=====

## FINANCE FROM ISLAMIC DEVELOPMENT BANK

The above Finance (under the credit line of instalment sale) is financed by Islamic Development Bank on the Guarantee of PICIC and is re-payable in Islamic Dinar.

### Security:

The Guarantee given by PICIC to Islamic Development Bank is secured by 1st charge on all the assets including the assets for which the above financing was obtained and 2nd charge on other assets over which Habib Bank has 1st charge.

### Rate of Markup:

- The markup on Islamic Development Bank Re-finance is 8.5% however, if all the Installments are paid as per the schedule there will be a rebate of 15% bringing the effective rate of return to 7.2250%.
- The Guarantee commission is 3% per annum of the total outstanding guarantee amount is payable to PICIC.
- The Exchange Risk Coverage fee @ 6.8% is payable by the Company.

### Repayment:

The loan is repayable in 10 semi-annual installment commencing from January 1, 1996.

	1999 Rupees	1998 Rupees
<b>6. LONG TERM LOANS (Secured) FROM FINANCIAL INSTITUTION:</b>		
Pakistan Industrial Credit and Investment Corporation		
Loan No. 1	17,389,752	27,170,752
Loan No. 2	1,763,438	2,547,188
	-----	-----
	19,153,190	29,717,940
Current portion shown under Current Liabilities	(11,981,750)	(10,564,750)
	-----	-----
	7,171,440	19,153,190
	=====	=====

### Loan No. 1

### Interest:

The Company shall pay interest @ 1% per annum above the prime rate of interest applicable to the United States Dollar or @ 14% per annum, which ever is higher.

**Repayment:**

The loan is repayable in 20 semi-annual installments commencing from July 1, 1991.

**Security:**

The Loan is secured by first charge ranking pari passu with the charges already created and existing in favour of PICIC on all the present and future assets of the Company.

**Loan No.2**

**Interest:**

The company shall pay interest @ 8% per annum.

**Repayment:**

The loan is repayable in 32 equal quarterly instalments commencing from July 1, 1994.

**Security:**

The loan is secured by first charge ranking pari passu with the charges already created and existing in favor of PICIC on all the present and future assets of the Company.

	<b>1998</b>	<b>1999</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>7. DIRECTORS LOAN</b>		
Interest Free Loan	125,000,000	--
	-----	-----
	125,000,000	--
	=====	=====
No interest is payable on the above loan.		
<b>8. DEFERRED LIABILITIES</b>		
Taxation	32,000,000	29,200,000
Staff Gratuity	3,553,446	12,853,852
	-----	-----
	35,553,466	42,053,852
	=====	=====
<b>9. SHORT TERM RUNNING FINANCE</b>		
Utilised under Mark-up arrangements secured:		
From Commercial Banks:		
Export Refinance	Note 9.1	217,850,000
Running Finance	Note 9.2	80,030,609
		-----
		297,880,609
		-----
		=====

9.1 Export refinance is secured against out-standing export proceeds.

Rate of Mark-up @ 8% (1998: 11%)  
 Extent of Facility Rs. 310 Million (1998: Rs. 135 Million)

9.2 Running finance is secured against hypothecation of stock and mortgage on Plant and Factory and Personal guarantee of all the Directors.

Rate of Mark-up · Paisas 43 per thousand rupees per day.  
 Extent of Facility Rs. 110 Million (1998: Rs. 110 Million)

		<b>1998</b>	<b>1999</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>10. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Creditors		88, 881,064	119, 660, 640
Accrued Liabilities		29,286,440	22,534,817
Interest Accrued on Secured Loan		5,147, 720	3,413,160
Advances from Customers		467,578	1,420, 929
Worker's Profit Participation Fund	Note 10.1	1,481,030	693,202
Worker's Welfare Fund		520, 000	501,950
Unclaimed Dividend & Bonus Fractions		173,837	174,010
Other liabilities	Note 10.2	477,522	1,465, 744
		-----	-----
		126,435,191	149,864,452
		=====	=====

#### **10.1 WORKER'S PROFIT PARTICIPATION FUND**

Balance at the beginning of the year		693,202	660,242
Interest on last year Balance		51,041	51,553
		-----	-----
		744,243	711,795
For the year		1,481,030	693,202
Paid to Trust		(744,243)	(711,795)
		-----	-----
		1,481,030	693,202

#### **10.2 OTHER LIABILITIES**

Employees Vehicle Purchase Scheme		465,902	1,465, 744
Employee Salaries Income Tax Payable		11,620	--
		-----	-----
		4 77, 522	1,465, 744
		=====	=====

#### **11. CONTINGENCIES AND COMMITMENTS**

##### **COMMITMENTS:**

For Outstanding L/C in respect of			
Raw Material & Spares etc.		8,072,339	19,186,862
For Capital Expenditures		104, 000, 000	25,000,000
Guarantee issued to Sui Southern Gas Company Ltd.		17,721,000	17,721,000

#### **12. OPERATING ASSETS**

PARTICULARS	C O S T			As at 30. 06.99	Rate %	Upto 01.07.99
	As at 01.07. 98	Additions During the Year	Disposal During the Year			
Lease Hold Land	12,496,473	--	--	12,496,473		
Factory Building on lease hold land	75,474,041	2,169,710	--	77,643,751	10	40,57
Non Factory building on lease hold land	11,836,382	10,239,290	5,465,950	16,609,722	5	2,21
Plant & Machinery	521,717,069	32,547,350	1,815,436	552,448,983	10	258,61
Factory Equipments	31,109,633	272,025	--	31,381,658	10	14,86
Office Equipments	9,976,957	1,745,330	355,000	11,367,287	10	3,72
Furniture & Fixtures	4,062,838	148,295	--	4,211,133	10	2,50
Vehicles	27,248,222	6,796,500	1,480,530	32,564,192	20	15,15
TOTAL RUPEES: JUNE 99	693,921,615	53,918,500	9,116,916	738,723,199		337,65
TOTAL RUPEES: JUNE 98	641,782,299	56,456,575	4,317,259	693,921,615		298,46

Note: Depreciation charge has been allocated to

	01.07.98 to 30.6.99 Rupees	01.07.97 to '30.6.98 Rupees
Cost of Sales & Services	34,880,137	34,916,741
Administrative Expenses	5,310,555	4,373,383
	40,190,692	39,290,124

## 12.1 DETAILS OF DISPOSAL OF FIXED ASSETS

PARTICULARS	Year of Purchase	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds
Motor Cycle Honda 70 KCI-4876	1992	30,500	23,304	7,196	
Motor Cycle Honda 70 KCX-7044	1993	33,800	23,832	9,968	
Motor Cycle Yamaha 100 KCA-3595	1991	28,000	22,715	5,285	
Motor Cycle Honda 70 KCI-1569	1991	29,700	24,094	5,606	
Motor Cycle Honda 70 KCM-8232	1991	28,000	22,715	5,285	
Motor Cycle Honda 70 KCK-1107	1993	39,900	28,133	11,767	1
Motor Cycle Honda 70 KCK-1109	1993	39,900	28,133	11,767	1
Motor Cycle Honda 70 KCV-341	1995	47,000	25,342	21,658	2
Motor Cycle Honda 70 KCK-226	1993	39,900	25,191	14,709	1
Motor Cycle Yamaha 100 KCA-8619	1991	28,000	22,715	5,285	
Motor Cycle Yamaha 100 KCA-8618	1991	28,000	22,715	5,285	
Car Toyota Corolla AAX-371	1996-97	682,380	245,657	436,723	50
5 Bowl Calendar Machine	1983	1,815,436	1,377,049	438,386	57

Victron UPS	1997-98	355,000	35,500	319,500	35
Office at A1-Rahim Tower	1997-98	5,465,950	273,298	5,192.65	12,90
Motor Cycle Kawasaki KCX-1501	1992	40.60	31,021	9.58	1
Car Suzuki Mehran Z-3930	1994	195,450	123.40	72,051	10
Car Suzuki Meharan Z-3163	1994	189,400	119.58	69.82	10
	1999	9,116,916	2,474,395	6,642,521	14,64
	1998	4,317,259	92,676	4,224.52	44

### Mode of Disposal

1. In respect of item 1 to 11, to employees under Vehicle purchase Scheme at respective book value
2. Others disposed by negotiation.

	1999 Rupees	1998 Rupees
<b>13. CAPITAL WORK-IN-PROGRESS</b>		
Plant & Machinery under erection	113,265,556	21,204,837
Civil work under construction	--	3,528,304
	113,265,556	24,733,141
<b>14. STORES AND SPARES</b>		
Stores	4,224,553	3,276,189
Spares	3,777,042	2,944,624
	8,001,595	6,220,813
<b>15. STOCK-IN-TRADE</b>		
Raw Material	24,261,958	19,824,359
Packing Material	3,443,891	325,525
Finished goods	4,075,836	2,256,924
Work-in-Process	1,652,238	1,017,346
Raw Material & Stores in Bonded Warehouse	--	6,660,056
	33,433,923	30,084,210
<b>16. TRADE DEBTS</b>		
Considered Good		
Associated undertaking	5,768,506	--
Others	68,781,505	76,574,157
Export Bills under collection (Secured against Export Letters of Credit)	74,550,011	76,574,16
	133,421,190	89,472,287
	207,971,201	166,046,444

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

**ADVANCES:**

To Employee	4,674,185	11,737,958
Against Purchase & Services	15,689,561	9,304,460
For Expenses	45,000	695,509
	-----	-----
	20,408,746	21,737,927
Prepayments	42,548	--
Income Tax	9,225,909	15,572,035

**OTHER RECEIVABLES:**

Duty Drawback	13,504,144	9,121,791
Sales Tax Refunds	21,997,145	1,823,787
Others	305,000	--
	-----	-----
	65,483,492	48,255,540
	=====	=====

**18. CASH AND BANK BALANCES**

Cash in hand	1,315,786	1,609,102
Balance with Bank in Current Accounts	1,632,143	9,496,919
	-----	-----
	2,947,929	11,106,021

**19. SALES**

Export Sales	921,898,871	570,496,223
Waste Sales	785,444	1,521,264
Local Sales	43,680,850	--
	-----	-----
	966,365,165	572,017,487
	=====	=====

**SERVICES**

Cloth processing printing & Dyeing	511,158,897	491,917,580
	-----	-----
	1,477,524,062	1,063,935,067

Less Commission and Brokerage

Export Commission	(39,088,489)	(14,542,018)
Local Processing Commission	(465,823)	--
	-----	-----
	(39,554,312)	(14,542,018)
	-----	-----
	1,437,969,750	1,049,393,049
	=====	=====

**20. COST OF SALES**

Raw Material Consumed (Note 20.1)	939,204,546	623,013,986
-----------------------------------	-------------	-------------

Stores & Spares Consumed		58,857,673	55,260,688
Design, Stitching, Weaving Raising & Mending Charges		75,844,313	39,030,722
Power, Water and Gas		138,258,588	137,948,750
Salaries Wages and Other Benefits		72,518,611	66,384,460
Repairs & Maintenance		10,481,994	11,996,538
Packing Charges		7,211,774	7,032,428
Rent Rates & Taxes		422,288	350,768
Insurance		1,019,861	1,433,741
Depreciation		34,880,137	34,916,741
<b>COST OF PRODUCTION</b>		<b>1,338,699,785</b>	<b>977,368,822</b>
Work-in-Process	- Opening	1,017,346	1,284,635
	- Closing	(1,652,238)	(1,017,346)
		(634,892)	267,289
Cost of Goods Manufactured		1,338,064,893	977,636,111
Finished Goods	- Opening	2,256,924	2,723,426
	- Closing	(4,075,836)	(2,256,924)
		(1,818,912)	466,502
		1,336,245,981	978,102,613
Less: Duty Drawback		(31,952,764)	(27,418,544)
		<b>1,304,293,217</b>	<b>950,684,069</b>

## 20.1 RAW MATERIAL CONSUMED

Particulars	Raw Material Rs.	Packing Material Rs.	Total 1999 Rs.	Total 1998 Rs.
Opening Stock	19,824,359	325,525	20,149,884	28,736,145
Add: Purchases	893,208,154	53,552,356	946,760,510	614,427.73
	913,032,513	53,877,881	966,910,394	643,163,870
Less: Closing Stock	24,261,957	3,443,891	27,705,848	20,149,884
Consumed	888,770,556	50,433.99	939,204.55	623,013.99

**1999**  
**Rupees**

**1998**  
**Rupees**

## 21. ADMINISTRATIVE EXPENSES

Salaries & Other Benefits	10,539,744	5,783,434
Security Charges	1,415,387	--



Rent, Rates & Taxes		12,752	18,462
Legal & Professional Charges		1,085,527	1,023,758
insurance		388,612	142,506
Conveyance		3 70,103	215,153
General Expenses		528,162	526,337
Postage & Telegram		74,213	186,315
Telephone		3,362.03	2,426,291
Subscription		12 7, 726	166.56
Travelling		3,452,13 7	4,277,879
Printing & Stationery		875,822	725,2 73
Motor Vehicle Expenses		2,746,346	2,540,180
Cartage		266,108	442,600
Advertisement		300, 416	175,852
Storage Charges		--	20, 000
Charity & Donation	(Note 21.1)	1,025,950	515,690
Auditors Remuneration	(Note 21.2)	87, 400	88, 880
Depreciation		5, 310, 555	4, 3 73,383
		-----	-----
		31,968,991	23,648,556
		=====	=====

### 21.1 CHARITY AND DONATION

None of the Directors or their Spouses had any interest in donee's fund

### 21.2 AUDITOR'S REMUNERATION

Audit fee		80,000	80,000
Out of pocket expenses		7,400	8, 880
		-----	-----
		87,400	88,880
		=====	=====

(Auditors sharing their fee equally) .

**1999**  
**Rupees**

**1998**  
**Rupees**

### 22. SELLING AND DISTRIBUTION EXPENSES

Export Expenses including:			
Freight & Insurance		40,633,526	20,666,308
Cartages		1,836,126	1,894, 038
		-----	-----
		42,469,652	22,560, 346
		=====	=====

### 23. FINANCIAL CHARGES

Profit on Redeemable Capital			
(including Exchange Risk coverage fees)		2,051,503	1,831,601
Interest on Long Term Loans		5,172,477	7,815.67
Interest on Worker' s Participation Fund		51,041	51,553



	279,828	1,280,634	2,154,021	155,621	718,245	2,01
Number of Persons	1	6	10	1	6	

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

## 28. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sales	34,278,506	--
Services obtained	6,959,139	15,634,917

The maximum aggregate amount due from Associated undertaking at the end of any month during the year was Rs. 18,034,830 (1998: Rs. 17,73,160).

## 29. PLANT CAPACITY AND PRODUCTION

### Printing & Dyeing

Installed Capacity  
(Meters in Million)

1999	1998
54.00	54.00

### Knitted Fabrics

Installed Capacity  
(Kgs. in Million)

1999	1998
0.50	--

### Actual Production

(Meters in Million)

<b>1999</b>	<b>1998</b>
39.21	41.69

### Actual Production

(Kgs. in Million)

<b>1999</b>	<b>1998</b>
0.34	--

(Based on product mix of varieties and normal design coverage).

The decrease in capacity utilisation is due to switch over to higher value added products and initiation of change over process of scrapping of old machines.

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

## 30. WORKING CAPITAL CHANGES (INCREASE)/DECREASE IN CURRENT ASSETS

Stores & spares	(1,780,782)	(1,495,643)
Stock-in-trade	(3,349,713)	3,762,817
Trade debts	(41,924,757)	(31,683,051)
Advance, Deposits, Prepayments and Other receivables	(23,574,078)	(85,045)

	(70,629,330)	(29,500,922)
	=====	=====
<b>INCREASE / (DECREASE) IN CURRENT LIABILITIES</b>		
Creditors, Accrued and Other liabilities	(25,163,821)	73,242,657
	-----	-----
	(95,793,151)	43,741,735
	=====	=====
<b>31. CASH AND CASH EQUIVALENTS</b>		
Cash & Bank Balances	2,947,929	11,106,021
Short Term Running Finance utilised under mark up arrangements	(297,880,609)	(229,416,392)
	-----	-----
	(294,932,680)	(218,310,371)
	=====	=====

### 32. GENERAL

- i. Figures have been re-arranged and re-grouped in a manner so as to facilitate comparison.
- ii. Figures have been rounded off to the nearest rupee.

### Pattern of Share Holding As on 30th June, 1999

Number of Share Holders	Share Holding From	To	Total Shares Held
2740	1	100	35,685
318	101	500	65,196
74	501	1000	52,464
79	1001	5000	147,922
19	5001	10000	144,990
22	10001	15000	276,070
29	15001	20000	528,71
16	20001	25000	373,582
8	25001	30000	215,210
11	30001	35000	366,334
8	35001	40000	299,409
7	40001	45000	307,510
1	80001	85000	80,750
1	85001	90000	88,654
3	90001	95000	282,785
1	95001	100000	100,000
1	110001	115000	110,143
1	115001	120000	118,699
1	120001	125000	120,492
2	140001	145000	281,647

1	145001	150000	149,118
1	155001	160000	155,148
1	160001	165000	160,089
1	175001	180000	177,682
1	230001	235000	231.02
1	255001	260000	255,002
2	295001	300000	600,000
2	310001	315000	620,604
1	315001	320000	319.83
1	460001	465000	461,758
1	505001	510000	509,463
1	545001	550000	549,807
1	570001	575000	570,914
1	820001	825000	820,914
1	2550001	2555000	2,554,656
1	2760001	2765000	2,762,439
-----			
3360			14,894,690
-----			

<b>Categories of Shareholders</b>	<b>Number</b>	<b>Shares held</b>	<b>Percentage</b>
Individual	3351	14,465,676	97.12
Investment Companies	2	286,547	1.92
Insurance Companies	1	84 7	0.01
Joint Stock Companies	4	40, 834	0.27
Financial Institutions	1	100, 000	0.67
Abandoned Property	1	786	0.01
.			
-----			
	3360	14,894,690	100.00
-----			