

## **Al-Qaim Textile Mills Limited**

### **Annual Report 1999**

#### **CONTENTS**

Company Information  
Notice of Meeting  
Directors' Report  
Pattern of Share Holding  
Auditors' Report  
Balance Sheet  
Profit and Loss Account  
Cash Flow Statement  
Notes to the Accounts

#### **Company Information**

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

Haji Ashiq Hussain	(Chairman)
Muhammad Ali	(Chief Executive)
Haji Ghulam Hussain	(Director)
Shaukat Mehmood	(Director)
Naeem Mustafa	(Director)
Mst. Naseem Begum	(Director)
Mst. Anayat Begum	(Director)
Wasooq Khalili	(Director)

##### **Secretary**

Syed Sarfraz Habib

##### **Auditors**

Sarwar Awan & Co.  
Chartered accountants,  
23-Jail Road, Lahore.

##### **Registered Office**

Awan House, Faisal Colony,  
Talagang Road, Chakwal

##### **Bankers**

Habib Bank Ltd.  
United Bank Ltd.  
Muslim Commercial Bank Ltd.  
National Bank of Pakistan  
The Bank of Punjab

##### **Head Office & Mill**

25- Kilometer,  
Talagang Road, Chakwal,

##### **Shares Department**

Yours Secretary  
1020, Uni Plaza  
I.I. Chundrigar Road,  
Karachi.

#### **NOTICE OF MEETING**

Notice is hereby given that 13th Annual General Meeting of AL-QAIM TEXTILE MILLS LIMITED will be held at Mill site, 25 KM, Talagang Road, Chakwal, on Friday the March 31,2000 at 11.00 AM to conduct the following business.

To recite the Holy Quran and read out its translation

1. To confirm the meeting of the last Annual General Meeting held on 25th March 1999.
2. To receive consider and adopt the accounts of the company for the financial year ended 30th September, 1999 together with the auditors report thereon.
3. To appoint Auditors for the year ended 30th September 1999 and fix their remuneration

A notice under section 253(1) of the Companies Ordinance, 1984 has been received from a member of the company proposing the name of M/S S. Zafar Shah Naveed

Imran 8,: Co. Chartered Accountants for appoint as auditors of the company for the ending September 30, 2000.

4. To transact any other lawful business with the permission of the chair.

Chakwal  
10th March 2000

**By Order of the Board.**

**Muhammad Ali Awan**  
**(Chief Executive)**

**NOTES:**

a) The share transfer of the company shall remain closed from March 24th 2000 to April 01, 2000 ( Both days inclusive).

b) A member entitled to attend and vote at this meeting may appoint another member as him/Proxy to attend and vote instead of him/her. Proxy in order to be effective must be deposited at the Registered Office of the company not later than 48 hours before the meeting.

c) Shareholders are requested to promptly notify the change of address if any change in their address.

**Directors' Report to the Shareholders**

We are pleased to present before you the 13th Audited Annual Report of the company for the year ended September 30, 1999.

**PRODUCTION PERFORMANCE**

During the year under review working of the mill is excellent. The mill operated at full capacity thus making production of 2,170,895 Kgs of blended yarn of different count. The count manufactured during the year ranges between 10/s to 38/s. The production level are continuously maintained and quality yarn is produced to meet the market requirements thus trying to fetch the highest possible market price.

**FINANCIAL RESULTS**

During the year under review yarn sale is of Rs. 182,658,964/- as against sale of Rs. 203,518,336/- during the previous year. The reason for this decline in revenue is mainly due to recession in the yarn market through out the year. The textile sector in general and spinning sector in particular are suffering badly for the last seven years due to prevalent market condition.

The summary of financial result is as under:-

	<i><b>YEAR ENDED</b></i> <i><b>30-09-1999</b></i> <i><b>Rupees</b></i>	<i><b>YEAR ENDED</b></i> <i><b>30-09-1999</b></i> <i><b>Rupees</b></i>
Gross Profit	6,760,225	2,969,842
Operating expenses	3,510,279	2,491,942
Operating profit	3,249,945	477,900
Financial expenses	15,343,930	15,803,926
Net Loss before taxation	(12,093,985)	(15,326,026)
Provision for taxation	913,295	1,726,380
Net loss after taxation	(13,007,279)	(17,054,406)
Prior year adjustment	--	25,227,070
Net profit/(loss) after prior year adjustment	(13,007,279)	8,172,664
<b>EARNING PER SHARE</b>	(1.75)	1.10

**OVERVIEW**

The industrial growth has come to standstill position. There is recession in the whole local market due to conditions prevailing in the international market for the last many years. This unusual economic phenomenon has badly affected all sectors of industrial activities in general and spinning sector in particular. The revival of textile sector largely depends upon the improvement in economic condition as a whole, which will definitely benefit the spinning sector.

**FUTURE OUTLOOK**

At present the country's economy is showing the sign of improvement. Right steps has been taken to increase the industrial growth like decrease in mark-up rate charged by the banks. Increase in export of the country, which will benefit the local market. This year the country has bumper crop of cotton and it is estimated that the cotton bales will be well over 10.00 million bales. These among other steps will benefit the spinning sector.

Further we are concentrating in cutting our expenses and further improving our yarn quality of yarn. This results in improved gross profit rate and reduction in loss after taxation. We have paid back loans from Bankers Equity Limited in February 2000 and by the grace of God we are regularly paying our installments to Habib Bank Limited. This will results in reduction of financial charges in future thus improving our results.

**YEAR 2000 COMPLIANCE**

We are pleased to report that all the computers of your company are fully year 2000 complaint.

**AUDITORS**

1. The present auditors M/S Sarwar Awan & Co., Chartered Accountants retire. A notice under section 253(1) of the Companies Ordinance, 1984 has been received from a member of the company proposing the name of M/S S. Zafar Shah Naveed Imran & Co. Chartered Accountants for appoint as auditors of the company for the year ending September 30, 2000.

**PATTERN OF SHAREHOLDING**

Pattern of share holding of the company is annexed.

**ACKNOWLEDGMENT**

The management is thankful and wishes to place on record its deep appreciation for the hard work and positive efforts by the workers and staff. Special thanks is also due to our valued Customers, Financial Institutions and shareholders for their whole hearted support and hopes to get the same co-operation in future.

**On behalf of the Board**

Chakwal  
Dated: 19-02-2000

**(MUHAMMAD ALI AWAN)**  
**Chief Executive**

**Pattern of Share holding  
As at 30 September, 1999**

<i>No. of Shareholders</i>	<i>Having Shares From</i>	<i>To</i>	<i>Shares Held</i>	<i>Percentage</i>
24	1	100	2,400	0.0322
4082	101	500	2,002,300	27.1340
41	501	1000	40,000	0.5367
32	1,001	5000	81,300	1.0908
11	5,001	10,000	85,500	1.1472
2	10,001	15,000	25,200	0.3381
1	15,001	20,000	16,300	0.2187
2	220,001	225,000	447,180	6.0000
1	335,001	340,000	339,200	4.5512
1	405,001	410,000	410,000	5.5011
1	445,001	450,000	447,180	6.0000
2	480,001	485,000	969,890	13.0134
1	705,001	710,000	707,200	9.4888
1	745,001	750,000	745,300	10.0000
1	1,110,001	1,115,000	1,114,050	14.9478
-----			-----	-----
4,203			7,453,000	100.0000
=====			=====	=====

**Categories of Shareholders**

<i>Particular</i>	<i>Shareholders</i>	<i>Share holding</i>	<i>Percentage</i>
-------------------	---------------------	----------------------	-------------------

Individuals	4,199	6,700,000	89.8967
Investment Company	2	7,200	0.0966
Joint Stock Company	1	500	0.0067
Financial Institution	1	745,300	10.0000
	-----	-----	-----
	4,203	7,453,000	100.0000
	=====	=====	=====

## AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of M/S AI-QAIM TEXTILE MILLS LIMITED as at September 30, 1999 and the related profit & loss account and cash flow statement. together with the notes forming part thereof. for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and after due verification thereof. we report that.

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

b) In our opinion:

i) the balance sheet and profit and loss account, together with notes there on have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied,

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet. profit and loss Account and 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 September 30, 1999 and of the loss and the cash flow for the year then ended; and

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

LAHORE:  
DATED 07-03-2000

**SARWAR AWAN & CO**  
**Chartered Accountants..**

## BALANCE SHEET AS AT SEPTEMBER 30, 1999

	<i>Note</i>	<i>1999</i> <i>(Rupees)</i>	<i>1998</i> <i>(Rupees)</i>
<b>CAPITAL AND RESERVES</b>			
Share capital	3	74,530,000	74,530,000
Accumulated loss		(206,892,554)	(193,885,274)
Surplus on revaluation of fixed assets	4	250,060,987	250,060,987
Reserves on redemption of loans		4,248,054	4,248,054
		-----	-----
		121,946.49	134,953,767
<b>REDEEMABLE CAPITAL, LONG-TERM AND DEFERRED LIABILITIES</b>			
Long term loans	5	116,374,790	131,704,20
Directors loan	6	21,430,640	21,430,640
Deferred liabilities	7	35,649,114	41,543,299
		-----	-----

		173,454,543	194,678,139
<b>CURRENT LIABILITIES</b>			
Short term borrowings	8	--	527.70
Current portion and overdue of long term liabilities	9	23,128.57	14,327.67
Creditors and accrued liabilities	10	44,212,656	9,958,946
Provision for taxation		2,893,128	2,848,495
		-----	-----
		70,234,351	27,662,811
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
		-----	-----
		365,635,382	357,294,717
		=====	=====
<b>FIXED CAPITAL EXPENDITURE</b>			
Operating fixed assets	12	337,842,027	347,016,391
<b>LONG TERM DEPOSITS AND DEFERRED COST</b>			
Security deposits		196,800	196,800
Deferred costs		400,000	--
		-----	-----
		596,800	196,800
<b>CURRENT ASSETS</b>			
Stores and spares	13	2,749,262	2,415,923
Stock in trade	14	20,376,440	5,359,125
Trade debts	15	321,761	387,651
Loans and advances	16	842,350	912,944
Deposits, prepayments and other receivables	17	1,527,610	728,517
Cash and bank balances	18	1,379,132	277,366
		-----	-----
		27,196,555	10,081,526
		-----	-----
		365,635,382	357,294,717
		=====	=====

The annexed notes form an integral part of these accounts

#### CHIEF EXECUTIVE

#### DIRECTOR

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

	<i>Note</i>	<i>1999</i> <i>(Rupees)</i>	<i>1998</i> <i>(Rupees)</i>
<b>SALES</b>	19	182,658,964	203,518,336
<b>COST OF SALES</b>	20	175,898,740	200,548,494
		-----	-----
<b>GROSS PROFIT</b>		6,760,224	2,969,842
<b>OPERATING EXPENSES</b>			
Administrative	21	3,330,279	2,311,942
Selling	22	180000	180,000
		-----	-----
		3,510,279	2,491,942
<b>OPERATING PROFIT</b>			
<b>NET LOSS BEFORE TAXATION</b>		(12,093,985)	(15,326,026)
Taxation	24	913,295	1,728,380
		-----	-----
<b>NET LOSS AFTER TAXATION</b>		(13,007,280)	(17,054,406)
<b>PRIOR YEAR ADJUSTMENT</b>		--	25,227,070
		-----	-----

<b>NET PROFIT/(LOSS) AFTER PRIOR YEAR ADJUSTMENT</b>	(13,007,280)	8,172,664
<b>ACCUMULATED LOSS BROUGHT FORWARD</b>	(193,885,274)	(202,057,938)
	-----	-----
<b>ACCUMULATED LOSS CARRIED FORWARD</b>	(206,892,554)	(193,885,274)
	=====	=====

The annexed notes form an integral part of these accounts.

#### CHIEF EXECUTIVE

#### DIRECTOR

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

	<i>1999</i> <i>(Rupees)</i>	<i>1998</i> <i>(Rupees)</i>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss before taxation	(12,093,985)	(15,326,026)
<b>ADJUSTMENT FOR NON CASH CHARGES</b>		
Depreciation	9,591,213	10,612,027
Prior year adjustment	--	--
Deferred cost written off	100,000	--
	-----	-----
Cash flow from operating activities before adjustment of working capital	(2,402,772)	(4,713,999)
Taxation	868,662	413,549
	-----	-----
	(3,271,434)	(5,127,548)
Movement of working capital (Increase)/Decrease in current assets		
Stores and space	(333,339)	(703,818)
Stock in trade	(15,017,315)	2,151,126
Trade debts	65,890	--
Loans and advances	70,594	(365,191)
Deposits, prepayments and other receivables	(799,093)	65,673
	-----	-----
	(16,013,263)	1,147,790
Increase / (Decrease) in current liabilities		
Short term borrowings	(527,698)	(1,272,302)
Borrowing from directors	--	5,743,893
Creditors, accrued and other liabilities	34,253,710	1,653,790
	-----	-----
	33,726,012	6,125,381
	-----	-----
Cash flow from operations	14,441,315	2,145,623
	=====	=====
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(416,849)	(3,825)
Long term deposits and deferred cost	(500,000)	--
	-----	-----
Net cash from investing activities	(916,849)	(3,825)
	=====	=====
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loans	(6,528,515)	(10,268,765)
Deferred liabilities	(5,894,185)	7,996,578
	-----	-----
	(12,422,701)	(2,272,187)
	=====	=====

Net Increase/(Decrease) in cash and cash equivalent (A+B+C)	1,101,766	(130,389)
Cash and cash equivalent at the beginning of the year	277,366	407,755
Cash and cash equivalent at the end of the year.	1,379,132	277,366

**CHIEF EXECUTIVE**

**DIRECTOR**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30TH 1999**

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

AL-QAIM TEXTILE MILLS LIMITED was incorporated on September 09, 1986 as a public limited company in Pakistan under the companies ordinance 1984 and is quoted on Karachi and Lahore Stock exchange. The company is engaged in the business of textile spinning.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Accounting convention**

These accounts have been prepared under the historical cost convention without any adjustment for the effects of inflation or current values, except as modified by capitalisation of certain exchange differences and exchange coverage fee as referred to in note No. 2.3

#### **2.2 Gratuity**

The company operates a funded gratuity scheme covering all employees payable on ceasing the employment subject to completion of minimum qualifying period. The liability is calculated with reference to the latest pay drawn and length of service of the employee.

#### **2.3 Foreign currency translation**

Liabilities in foreign currencies are translated in Pak Rupees at the rate of exchange approximating to these ruling on the balance sheet date. The resultant gain or loss on adjusted such translation and the exchange risk coverage fee are against the cost of respective tangible operating assets acquired from the proceeds of such liabilities/credits.

#### **2.4 Taxation**

Charge for the current taxation, if any, is based on taxable income at the current rates of taxation after considering the tax credits and rebates. Deferred tax liability, if any, is accounted for by using the liability method on all major timing differences.

#### **2.5 Fixed capital expenditure and depreciation**

All fixed capital expenditures are stated at cost less accumulated depreciation except free hold land and capital work in progress which are stated at cost. Cost of tangible fixed operating assets includes historical cost applicable exchange differences.

Depreciation on operating assets is charged to income by applying the reducing balance method at the annual rates varying from 10 to 20% depending upon each class of assets.

Full year's depreciation is charged on additions, while no depreciation is charged on revaluation portion of the fixed assets and assets retired during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised. Gains, or losses, if any, on disposal of assets are included in current years income.

**2.6 Stores and spares**

These are valued at cost applying moving average method.

**2.7 Stock in trade**

These are valued at the lower of cost and net realisable value. Average cost signifies, in relation to raw material annual average cost, for work-in-process and finished goods average manufacturing cost including a proportion of related overheads. Waste are valued at net realisable value.

**2.8 Revenue recognition**

Sales are recognised on delivery of goods to customers.

**3. SHARE CAPITAL**

Authorised:

8,000,000/- ordinary shares of  
Rs. 10/- each

	<i>1999</i>	<i>1998</i>
	<i>(Rupees)</i>	<i>(Rupees)</i>

	80,000,000	80,000,000
	=====	=====

Issued, subscribed and paid-up

7,453,000/- ordinary shares of  
Rs. 10/- each fully paid in cash

	74,530,000	74,530,000
	=====	=====

**4. SURPLUS ON REVALUATION OF FIXED ASSETS**

This comprises the following surplus as a result of valuation made during year 1996.

(i) Surplus on revaluation of freehold land	6,710,835	6,710,835
(ii) Surplus on revaluation of freehold building	32,358,958	32,358,958
(iii) Surplus on revaluation of plant and machinery	210,991,194	210,991,194
	-----	-----
	250,060,987	250,060,987
	=====	=====

Revaluation was carried out by M/S Akmal Qadeer & Co.

**5. LONG TERM LOANS****Secured:**

Demand finance - I	5.1	67,554,838	70,230,653
Demand finance - II	5.2	62,416,423	59,738,817
Long term loan	5.3	3,957,015	9,065,727
Deferred mark-up	5.3	473,870	1,895,463
Term finance certificate	5.4	5,101,212	5,101,212
		-----	-----

	139,503,358	146,031,872
--	-------------	-------------

Less: current portion of long term loans

	23,128,568	14,327,672
	-----	-----

	116,374,790	131,704,200
	=====	=====

5.1 An agreement has been made with the Habib Bank Limited for the conversion of overdue principals to demand finance.

The facility carries mark-up at the rate of 16 percent p.a. and is repayable in 9-1/2 years in monthly installments commencing from July, 1998.

The facility is secured by way of mortgage and floating charge on all the present and future immovable and movable assets of the company to cover aggregate mark-up price and personal guarantees of the directors.

5.2 An agreement has been made with the Habib Bank Limited for the conversion of accrued mark-up and commission on letter of guarantee on the loans aggregating to Rs. 63.083 million for the conversion in to Demand Finance - II.

The facility carries mark-up at the rate of 5 percent p.a. subject to upward revision based on production/average sales, return/profits of the company to be reviewed



after every two years. Repayment to start after a grace period of two years but complete adjustment within 9-1/2 years.

5.3 An agreement has been made with the Bankers Equity Limited for the rescheduling of outstanding liabilities.

Total Bankers Equity Limited principal of Rs. 11,857,488 is rescheduled at the rate 16% and is to be repaid in thirty equal monthly installments commencing from August 31, 1997.

Total mark-up amounting to Rs. 11,107,973. Banker Equity Limited has agreed to waive off 50% of this amount thus reducing to Rs. 5,503,986. The amount would be repaid in thirty equal monthly installments commencing from August 1997 without additional mark-up on the same.

Penalty amounting to Rs. 1,600,806 would be waived off if all the terms of the agreement are met.

The facility is secured by first mortgage. Floating charge and hypothecation of all the present and future movable and immovable assets of the company making parri passu in all respects with.

5.4 This amount represents the Banker's Equity Limited lead consortium syndicate loan. The negotiation for the rescheduling are underway with leader and major banks have rescheduled their portion after balance sheet date. The management is confident that the loans from other members will also be rescheduled shortly.

## 6. DIRECTORS LOAN

The amount represent investment of directors and associates to rehabilitate the factory and for required working capital. These are unsecured and free of interest.

	<b>1999</b> <i>(Rupees)</i>	<b>1998</b> <i>(Rupees)</i>
<b>7. DEFERRED LIABILITIES</b>		
Balance brought forward	41,543,299	33,543,721
Addition during the year	776,304	10,455,088
Less: Payment/adjustment	6,670,489	2,455,510
	----- 35,649,114 =====	----- 41,543,299 =====
<b>8. SHORT TERM FINANCES</b>		
Unsecured-Form banks	--	527,698
	-----	-----
<b>9. CURRENT PORTION OF LONG TERM LIABILITIES</b>		
Long term loan	2,363,284	6,530,304
Demand finance - I	20,765,284	7,797,368
	----- 23,128,568 =====	----- 14,327,672 =====
<b>10. CREDITORS AND ACCRUED LIABILITIES</b>		
Secured		
Provision of import duties	--	7,172.53
Unsecured		
Creditors		
Advances from customers	37,075,000	--
Accrued expenses	1,307,166	3,430,352
W.P.P.F.	4,680,732	4,861,795
Sales tax payable	58,727	52,202
Income tax payable suppliers/staff	765,263	688,789
	325,768	208,555
	----- 44,212,656 =====	----- 9,958,946 =====
<b>10.1 Worker's profit participation fund</b>		
Opening balance	52,202	46,402

Interest accrued	6,525	5,800
	-----	-----
	58,727	52,202
	=====	=====

The company retains worker's profit participation fund for its business operation till the date of payment. Interest is accrued at prescribed rate under the Worker's Profit participation Fund Act, on funds utilized by the company.

## 11. CONTINGENCIES AND COMMITMENTS

No contingencies and commitments as at September 30, 1999.

## 12. FIXED ASSETS SCHEDULE

PARTICULARS	RE-ASSESSED VALUE/COST				DEPRECIATION			W.D.V.
	AS ON 1/10/98	ADDITION/ DELETION	AS ON 30/9/99	RATE %	AS ON 1/10/98	FOR THE YEAR	AS ON 30/9/99	AS ON 30/9/99
Freehold land	8,222,725	--	8,222,725	10	--	--	--	8,222,725
Freehold building	46,555,992	--	46,555,992	10	2,093,461	1,210,357	3,303,818	43,252,174
Plant & machinery	311,720,214	337,349	312,057,563	10	18,544,562	8,252,181	26,796,743	285,260,820
Tools & equipment	87,266	--	87,266	10	54,618	3,265	57,883	29,383
Fire fighting equipment	27,474	--	27,747	10	17,362	1,011	18,373	9,101
Weight & measures	607,650	--	607,650	10	333,062	27,459	360,521	247,129
Tube well	382,318	--	382,318	10	235,502	14,682	250,184	132,134
Office equipment	187,270	35,500	222,770	10	99,236	12,353	111,589	111,181
Furniture & fixture	917,007	1,500	918,507	10	549,358	36,915	586,273	332,234
Telephone installation	427,106	--	427,106	10	243,251	18,385	261,636	165,471
Arms & ammunition	--	42,500	42,500	10	--	4,250	4,250	38,250
Vehicle	246,910	--	246,910	20	195,129	10,356	205,485	41,425
	-----	-----	-----		-----	-----	-----	-----
RUPEES 1999	369,381,932	416,849	369,798,781		22,365,541	9,591,213	31,956,754	337,842,027
	=====	=====	=====		=====	=====	=====	=====
RUPEES 1998	362,778,643	6,603,289	369,381,932		11,753,514	10,612,027	22,365,541	347,016,391
	=====	=====	=====		=====	=====	=====	=====

### 12.1 Depreciation has been allocated as under:

	1999 Rupees	1998 Rupees
Cost of sales	9,508,954	10,528,023
Administrative expense	82,259	84,004
	-----	-----
	9,591,213	10,612,027
	=====	=====

12.2 No depreciation has been charged on revaluation portion of the fixed assets.

	1999 (Rupees)	1998 (Rupees)
Stores	1,162,802	527,921
Spares	1,586,460	1,888,002
	-----	-----
	2,749,262	2,415,923
	=====	=====

## 14. STOCK IN TRADE

Raw material	14,302,736	1,672,387
Work in process	4,508,093	2,983,852
Finished goods	1,565,610	702,886
	-----	-----
	20,376,440	359,125
	=====	=====

**15. TRADE DEBTS - Considered good**

Unsecured	321,761	387,651
	=====	=====

**16. LOANS AND ADVANCES - Considered good**

Suppliers and contractors	294,875	305,291
Staff	--	78,688
Advance income tax	547,475	528,965
	-----	-----
	842,350	912,944
	=====	=====

**17. DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES**

Deposits		
Margin against letter of guarantee	518,800	518,800
Excise duty	7,191	7,191
Prepayments	180,850	--
Receivables & others	820,769	202,526
	-----	-----
	1,527,610	728,517
	=====	=====

**18. CASH AND BANK BALANCES**

Cash in hand	191,448	190,488
Cash at bank (in current accounts)	1,187,684	86,878
	-----	-----
	1,379,132	277,366
	=====	=====

**19. SALES- NET**

Yarn -local	182,288,732	202,491,470
Waste	370,232	1,026,866
	-----	-----
	182,658,964	203,518,336
	=====	=====

**20. COST OF SALES**

Raw material consumed	20.1	121,312,481	145,398,585
Salaries, wages and benefits		10,785,280	10,172,409
Fuel and power		29,253,503	26,655,608
Packing Material		3,477,988	2,947,739
Repair and maintenance including stores and spares consumed		3,718,307	4,078,259
Cotton cess		40,461	49,389
Insurance		98,632	242,803
Miscellaneous		90,099	153,305
Depreciation		9,508,954	10,528,023
		-----	-----
		178,285,705	200,226,120
		-----	-----

## Work in process

Opening	2,983,852	2,786,872
Closing	(4,508,093)	(2,983,852)
	-----	-----

## Cost of goods manufactured

	176,761,464	200,029,140
	-----	-----

## Finished goods

Opening	702,886	1,222,240
Closing	(1,565,610)	(702,886)
	-----	-----

	175,898,740	200,548,494
	=====	=====

**20.1 Raw material consumed**

Opening stock	1,672,387	3,501,139
Purchases	133,942,830	143,569,833
	-----	-----

	135,615,217	147,070,972
Closing stock	(14,302,736)	(1,672,387)
	-----	-----
	121,312,481	145,398,585
	=====	=====

**21. ADMINISTRATIVE EXPENSES**

Salaries wages and benefits		646,926	369,387
Electricity		1,625,038	1,110,650
Travelling and conveyance		67,218	36,565
Printing and stationery		121,151	169,811
Newspaper and periodicals		4,303	3,838
Advertisement		119,200	59,892
Communication		142,509	27,586
Entertainment		38,939	15,728
Rent rates and taxes		15,505	30,656
Auditor's remuneration	21.1	40,000	41,000
Legal and professional		154,830	97,325
Fee and subscription		15,100	252,850
Deferred cost written off		100,000	--
Miscellaneous		144,351	10,100
Repair and maintenance		--	1,800
Charity and donation	21.2	13,400	750
Depreciation		82,259	84,004
		-----	-----
		3,330,279	2,311,942
		=====	=====

**21.1 Auditor's remuneration**

Audit fee		40,000	40,000
Out of pocket expenses		--	1,000
		-----	-----
		40,000	41,000
		=====	=====

21.2 None of directors of their spouses had any interest in any of the donees

**22. SELLING**

Salaries, wages & others		180,000	180,000
		=====	=====

**23. FINANCIAL CHARGES**

Interest/Mark-up on			
Long term loans		11,740,191	15,788,155
Demand finance- I		2,779,031	--
Demand finance - II		798,727	--
Workers profit participation fund		6,525	5,800
Bank charges and commission		19,156	9,971
		-----	-----
		15,343,930	15,803,926
		=====	=====

**24. Current**

Current provision represent minimum tax liability under section 80 (D) of the Income Tax Ordinance 1979.

**Deferred**

No provision for deferred taxation has been made because such liability is not likely to crystallize in the foreseen able future in view of accumulated losses brought forward.

**25. REMUNERATION OF DIRECTORS AND EXECUTIVES**

	<i>1999</i>			<i>1998</i>		
	<i>(Rupees)</i>			<i>(Rupees)</i>		
	<i>Directors</i>	<i>Chief Executive</i>	<i>Executives</i>	<i>Directors</i>	<i>Chief Executive</i>	<i>Executives</i>
Remuneration	--	--	--	--	--	--

House rent	--	--	--	--	--	--
Utilities	--	--	--	--	--	--
Bonus	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----
	--	--	--	--	--	--
	=====	=====	=====	=====	=====	=====

**26. PLANT CAPACITY AND PRODUCTION**

Number of spindles installed	14,400	14,400
Installed capacity in 20's count based on 1095 shifts	4,470,000 Kgs.	4,470,000 Kgs.
Actual production after conversion into 20's count based on 1089 (1998-1050) Shift worked	4,768,042 Kgs.	3,255,988 Kgs.

**27. EARNING PER SHARE - Basic**

Net profit/(loss) for the year (Rupees)	(13,007,279)	8,172,664
Weighted average number of ordinary shares	7,543,000	7,543,000
Earning per share (Rupees)	(1.75)	1.10

**28. GENERAL**

I. Figures have been rounded off to the nearest Rupee

II. Prior year's figures have been re-arranged wherever necessary for the purpose of comparison.

**CHIEF EXECUTIVE**

**DIRECTOR**