

Indus Dyeing & Manufacturing Company Limited

Annual Report 2000

Company Information

CHAIRMAN	Mian Mohammed Ahmed
CHIEF EXECUTIVE	Mr. Shahzad Ahmed
DIRECTORS	Mian Riaz Ahmed Mr. Naveed Ahmed Mr. Imran Ahmed Mr. Kashif Riaz Mr. Nadeem Ahmed Mr. Shafqat Masood Mr. Irfan Ahmed Mrs. Farzana Munaf (Nominee NIT)
CHIEF ACCOUNTANT	Mr. Arif Abdul Majeed
COMPANY SECRETARY	Mr. Rizwan Ahmed
AUDITORS	M/s. Hyder Bhimji & Co. Chartered Accountants
BANKERS	Habib Bank Limited Industrial Development Bank of Pakistan Habib Bank (A.G. Zurich) Soneri Bank Limited Al Faysal Investment Bank Limited Orix Investment Bank Pakistan Limited
REGISTERED OFFICE	Karachi Dock Labour Board Building, 58, West Wharf Road, Karachi.
MILLS	1. P/1 S.I.T.E. Hyderabad 2. Bagga Sher, Muzaffargarh, District Multan
TELEFAX	1. 231 3814 2. 231 0760
TELEPHONE	111 - 404 - 404 231 0751 (7 Lines)
e-mail	info@indus-group.com

Notice of the Annual General Meeting

Notice is hereby given that the 43rd Annual General Meeting of Indus Dyeing & Mfg Co. Limited will be held at Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi on Monday, April 30, 2001 at 4:00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last Annual General Meeting held on March 30, 2000.
2. To receive, consider and adopt the audited accounts together with the Directors' and Auditors' report for the year ended September 30, 2000.

3. To appoint auditors and fix their remuneration. The present auditors Messrs Hyder Bhimji & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment.

4. To approve final Cash Dividend as recommended by the Board of Directors.

SPECIAL BUSINESS

5. To approve issue of Right Shares in the ratio of 18 shares offered for every 100 shares at a premium of Rs. 3/- per share.

6. To enhance the remuneration of the Chairman, Chief Executive and two Directors namely Mian Riaz Ahmed and Mr. Imran Ahmed.

7. To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD

Sd/-
RIZWAN AHMAD
COMPANY SECRETARY

Karachi
April 09, 2001

NOTES:

1. Share Transfer Books of the Company will remain closed from April 24, 2001 to April 30, 2001 (both days inclusive).

2. Any member of the Company entitled to attend and vote, may appoint another member as his/her proxy to attend and vote instead of him/her.

3. Proxy must be received at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting.

4. Statement under Section 160 of the Companies Ordinance, 1984 is being sent to the shareholders alongwith this notice.

Statement under section 160 1 (b) of the Companies Ordinance, 1984

Due to increase in the cost of living during the year the enhancement in the remuneration from Rs. 50,000/- per month to Rs. 100,000/- per month of Mian Muhammad Ahmed, Chairman, Mr. Shahzad Ahmed, Chief Executive, Mr. Riaz Ahmed and Mr. Imran Ahmed, Directors of the Company is inevitable. The said remuneration is in addition to the Company maintained car, medical expenses, residential utilities recreational and telephone expenses. Approval on the matter is sought by passing the following resolution.

"Resolved that, a sum of Rs. 100,000/- per month each be and is hereby approved as a remuneration of Mian Muhammad Ahmed, Chairman, Mr. Shahzad Ahmed, Chief Executive, Mr. Riaz Ahmed and Mr. Imran Ahmed Directors of the Company with effect from April 2001 addition to the company maintained car, medical expenses residential utilities, recreational and telephone expenses."

Directors' Report

Your Directors are pleased to present the audited accounts for the year ended September 30, 2000. During the year under review, your Company earned a profit of Rs. 179,495 (M). The financial results of the Company remain satisfactory, Brief summary of financial results of the year under review are as under:

Rs. '000

Profit for the year before taxation	179,495
Provision for taxation	(44,900)
Profit after taxation	134,595
Unappropriated profit brought forward	48,356
Profit available for appropriation	182,948
Interim Cash Dividend paid	(12,133)
Final Cash Dividend Proposed	(55,610)
Transfer to General Reserve	(85,111)
Unappropriated profit Carried forward	30,094

The Earning per share is Rs. 6.65 (Par value Rs. 5/= per share.)

PRESENT YEAR ASSESSMENT

The present year results are satisfactory and the profits increased as compare to previous year. Due to better profit your directors are pleased to inform you that apart from 12% interim Dividend they are proposing 55% annual dividend, which in aggregate comes to 67% for the year.

As your company is investing significant amounts on BMR, therefore requirement of additional amounts have become inevitable. Therefore, the management has decided to enhance the capital base by way of issuing 18% Right Shares at a premium of Rs. 3/- per share.

The auditors in their qualified on the matter of gratuity referred in para 7.2 of the annexed notes, which indicates deviation from International Accounting Standard 19. According to this IAS the company is required to provide retirement benefits to be valued by an actuary rather than providing by the liability method. To comply with the said IAS we are engaging a professional actuary to assess our liability under the actuarial valuation method before the end of current financial year.

FUTURE PROSPECTS

Likewise the year under review, we hope your Company will earn handsome profits in the next financial year by fetching better prices of our products, better production, labour cost savings etc.

We are continuing our BMR Program and hope that your company will be able to sell it's 80% production in export market after completion of BMR.

PRODUCTION

The Production for the year under review was satisfactory both at Hyderabad and Muzaffargarh units.

LABOUR/MANAGEMENT

The Labour/Management relations remained cordial throughout the year. Your Company is providing various facilities and amenities to the workers.

PATTERN OF SHAREHOLDING

The Pattern of Shareholding is annexed.

THANKS AND APPRECIATION

Your Directors feel pleasure in expressing the highly dedicated services rendered by the employees of the Company and wish to convey their thanks to the Company's bankers and financial institutions for their co-operation and support extended to the Company.

FOR AND ON BEHALF OF THE BOARD

KARACHI
April 07, 2001

SHAHZAD AHMED
CHIEF EXECUTIVE

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **INDUS DYEING & MANUFACTURING CO. LTD.** as at September 30, 2000 and the related profit and loss Account, cash flow statement and Statement of changes in equity, together with the Notes forming part thereof, for the period 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 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 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 period was for the purpose of the Company's business; and

(iii) the business conducted, investment made and the expenditure incurred during the period 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 & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, except the deviation of IAS as more fully explained in Note 7.2 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 September 30, 2000 and of the profit, its cash flow and changes in equity for the year then ended; and

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

Karachi: the 9th, April 2001.

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Balance Sheet as at September 30, 2000

	<i>Notes</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees</i>	<i>Rupees</i>
Capital & Reserves			
Authorised capital		120,000,000	120,000,000

24,000,000 Ordinary Shares of Rs. 5/= each		=====	=====
Issued, Subscribed & Paid-up Capital	3	101,110,000	101,110,000
General Reserve	4	150,000,000	64,889,000
Un-appropriated Profit		30,093,382	48,352,510
		-----	-----
		281,203,382	214,351,510
Long Term Loans	5	282,247,267	228,806,425
Liabilities against Assets subject to Finance Lease	6	37,347,855	43,095,028
Deferred Liabilities	7	66,127,618	28,968,221
Current Liabilities			
Short Term Running Finance (utilized under-mark - up arrangements)	8	159,483,999	556,032,785
Current Portion of Long Term Loans	9	91,419,130	2,773,498
Current Portion of Liabilities against Assets subject to Finance Lease	10	34,407,441	27,781,722
Creditors, Accrued & Other Liabilities	11	128,802,012	116,751,245
Dividend Proposed		55,610,500	10,111,000
		-----	-----
		469,723,082	713,450,250
Contingencies and Commitments	12	--	--
		-----	-----
Total Rupees		1,136,649,204	1,228,671,434
		=====	=====
Tangible Fixed Assets			
Operating Fixed Assets	13	663,623,815	483,569,651
Capital Work in Progress	13-A	39,582,874	--
		-----	-----
		703,206,689	483,569,651
Long Term Deposits	14	9,953,902	6,742,596
Current Assets			
Stores and Spare	15	19,808,240	17,130,180
Stock-in-Trade	16	207,543,823	330,498,741
Trade Debts	17	72,962,644	174,250,987
Loans and Advances	18	65,891,460	57,420,293
Deposits & Prepayments	19	12,734,757	64,295,419
Other Receivable	20	13,754,388	10,799,276
Short Term Investments	21	20,009,700	20,009,700
Cash & Bank Balances	22	10,783,601	63,954,591
		-----	-----
		423,488,613	738,359,187
		-----	-----
Total Rupees		1,136,649,204	1,228,671,434
		=====	=====

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

Karachi: the 9th, April, 2001

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

Profit & Loss Account for the year ended 30th, September, 2000

<i>Notes</i>	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>

Sales (Net)	23	2,184,662,610	1,981,718,378
Cost of Sales	24	(1,748,536,336)	(1,709,572,682)
		-----	-----
Gross Profit		436,126,274	272,145,696
Operating Expenses			
Administrative	25	(31,393,918)	(27,173,049)
Selling & Distribution	26	(102,495,165)	(86,912,719)
		-----	-----
		(133,889,083)	(114,085,768)
		-----	-----
Operating Profit		302,237,191	158,059,928
		-----	-----
Profit of Oil Section	27	340,974	226,405
Profit of Ice factory	28	546,621	513,005
Profit of Hong Kong Office	29	210,573	67,556
Other Income	30	4,889,833	802,755
		-----	-----
		5,988,001	1,609,721
		-----	-----
Other Charges		308,225,192	159,669,649
		-----	-----
Financial Charges	31	(119,247,920)	(123,870,192)
Workers Profit Participation Fund		(9,482,052)	(1,732,600)
		-----	-----
		(128,729,972)	(125,602,792)
		-----	-----
Net Profit before Taxation		179,495,220	34,066,857
		-----	-----
Provision for Taxation			
- Current		(12,399,648)	(12,500,000)
- Deferred		(22,500,000)	(1,500,000)
- Prior		(10,000,000)	(1,000,000)
		-----	-----
		(44,899,648)	(15,000,000)
		-----	-----
Profit after Taxation		134,595,572	19,066,857
Un - appropriated Profit brought Forward		48,352,510	39,396,653
		-----	-----
Profit available for Appropriation		182,948,082	58,463,510
Interim Cash Dividend paid 12%		(12,133,200)	--
Dividend Proposed 55% (1999-10%)		(55,610,500)	(10,111,000)
Transferred to General Reserve		(85,111,000)	--
		-----	-----
Un-appropriated Profit Carried Forward		30,093,382	48,352,510
		=====	=====
Earning per Share	32	6.65	0.94
		=====	=====

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

Karachi: the 9th, April, 2001

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

Statement of Changes in Financial Position
(Cash Flow Statement)
For the year ended 30th September, 2000

<i>Notes</i>	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>

Cash Flow from Operating Activities

Cash generated from Operations	A	630,208,328	222,112,039
Financial charges paid		(112,623,361)	(139,077,709)
Taxes paid		(11,575,080)	(29,990,793)
Increase/(Decrease) in Deferred Liabilities for Excise		(4,080,115)	--
Long term deposits & pre-payments		(3,211,306)	182,580
		-----	-----
Net cash in flow from operating activities		498,718,466	53,226,117
		=====	=====

Cash Flow from Investing Activities

Fixed Capital Expenditure		(242,823,481)	(95,901,394)
Capital Work-in-progress		(39,582,874)	30,910,349
Sale proceed of Fixed Assets		6,915,400	267,000
		-----	-----
Net Cash in flow from Investing Activities		(275,490,955)	(64,724,045)
		=====	=====

Cash Flow from Financing Activities

Long Term borrowings less Prepayments		142,086,474	(49,441,021)
Payment of Dividend		(22,814,735)	(5,282,340)
(Repayment)/borrowing of liabilities against Assets subject to Finance Lease		878,546	33,959,022
		-----	-----
Net cash in flow/(out flow) from Financing Activities		120,150,285	(20,764,339)
		=====	=====

Net (decrease)/increase in Cash & Cash Equivalent		343,377,796	(32,262,267)
Cash & Cash Equivalent at the beginning of the year		(492,078,194)	(459,815,927)
		-----	-----
Cash & Cash Equivalent at the end of the year	B	(148,700,398)	(492,078,194)
		=====	=====

(A) Cash Generated from Operation

Profit before Taxation		179,495,220	34,066,857
Adjustment for Depreciation		57,303,117	45,961,248
Gratuity (Net)		8,739,512	1,500,000
Profit on sale of Fixed Assets		(1,449,199)	(52,438)
Financial charges		119,247,920	123,870,192
Working Capital changes		266,871,758	16,766,180
		-----	-----
		630,208,328	222,112,039

Working Capital Changes

(Increase)/decrease in Current Assets			
Stores and Spare		(2,678,060)	7,160,994
Stock-in-Trade		122,954,918	(123,678,569)
Trade Debts		101,288,343	131,255,322
Loans & Advances		(14,494,794)	49,287,638
Deposits & Prepayments		51,560,662	(63,101,900)
Other Receivables		2,243,947	2,696,105
		-----	-----
		260,875,016	3,619,590
(Decrease)/increase in Current Liabilities			
Creditors, Accrued & Other Liabilities (Net)		5,996,742	13,146,590
		-----	-----
		266,871,758	16,766,180
		=====	=====

(B) Cash & Cash Equivalents

Cash & Cash Equivalents comprise of the following

items as included in the balance sheet

Cash & Bank balances	10,783,601	63,954,591
Short Term Running Finance utilized under mark-up arrangements	(159,483,999)	(556,032,785)
	-----	-----
	(148,700,398)	(492,078,194)
	=====	=====

Karachi: the 9th, April, 2001

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

Statement of Changes in Equity for the year ended September 30, 2000

	<i>Share capital</i>	<i>General Reserve</i>	<i>Accumulated Profit</i>	<i>Total</i>
Balance as October 01, 1998	101,110,000	75,000,000	39,396,653	215,506,653
Interim Dividend Paid	--	--	(10,111,000)	(10,111,000)
Final Dividend paid	--	(10,111,000)	--	(10,111,000)
Net profit for year September 30, 19	--	--	19,066,857	19,066,857
	-----	-----	-----	-----
Balance as at September 30, 1999	101,110,000	64,889,000	48,352,510	214,351,510
Interim Dividend Paid	--	--	(12,133,200)	(12,133,200)
Dividend Proposed	--	--	(55,610,500)	(55,610,500)
Transferred to General Reserve	--	85,111,000	(85,111,000)	--
Net Profit for year September 30, 20	--	--	134,595,572	134,595,572
	-----	-----	-----	-----
Balance as at September 30, 2000	101,110,000	150,000,000	30,093,382	281,203,382
	=====	=====	=====	=====

The annexed notes form an integral part of these accounts.

Karachi: the 9th, April, 2001

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

Notes to the Accounts for the year ended 30th, September, 2000

1. Status & Nature of Business

The Company was incorporated in Pakistan on 23rd July, 1957 as a Public Limited Company and its shares are quoted in Karachi Stock Exchange (Guarantee) Ltd. The principal activity of the company is the manufacture and sale of yarn.

2. Significant Accounting Policies

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention, modification there to if any are stated.

2.2 Foreign Currency Conversion

Liabilities in foreign currency are converted into Pak rupees at the rate of exchange prevailing at the balance sheet date, gain or loss on conversion of foreign currency loan are adjusted to the cost of assets acquired under such loan whereas other exchange differences are included in the income currently.

2.3 Taxation

The provision for current taxation is based on taxable income at the current rates of taxation after considering, admissible tax credits & rebates, if any. The company accounts for deferred taxation arising on all major timing differences by using the liability method.

2.4 Gratuity

The company operates an un-funded gratuity scheme covering all its employees eligible to the benefit. Current year liability is being provided currently.

2.5 Fixed Assets

Fixed assets owned by the company are stated at cost less accumulated depreciation except lease hold land and capital work-in-progress if any, which are stated at cost. Depreciation is charged to income applying the reducing balance method whereby cost of an asset is written-off over its estimated useful life. Depreciation on additions during the year is charged on half-yearly basis, while no depreciation is charged on the year of its disposal.

Maintenance and normal repairs are charged to income when incurred. Major renewals and improvements are capitalized and assets so replaced, if any are retired. Profit or loss on disposal of fixed assets is included in current year income.

2.5 (a) Leased Assets (Under Finance Lease)

The company accounts for assets operating under finance lease by recording the assets and corresponding liability there against, the amount capitalized is determined on the basis of discounted value of total lease payments. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the out standing liability. The cost of operating and maintaining the leased assets is to be borne by the company.

Depreciation is provided on reducing balance method at the rate specified in related note to write off the assets over its estimated useful life because of certainty of the ownership after lease terms.

2.6 Investments

Investments are stated at cost.

2.7 Inventories

These are valued on the following basis:

i) Stores & Spares in Stock:-	At cost, Cost is determined on First-in-First-out method.
Stores in Transit:-	At actual.
ii) Packing Material:-	At cost, Cost is determined on First-in-First-out method.
iii) Stock in Trade	
Raw Material in Stock:-	At lower of average cost or net realizable value.
In Transit:-	At actual
Work in Process:-	At average cost of raw material plus portion of manufacturing expenses.
Finished Goods:-	At lower of average cost or net realizable value.
Trading Stock:-	At lower of cost or net realizable value.

2.8 Trade Debts

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

2.9 Revenue Recognition

Sales are recorded on dispatch of goods to customers. Income on investment is recorded when received.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
3. Issued, subscribed and paid-up capital		
15,634,273 Ordinary shares of Rs. 5/= each fully paid in cash	78,171,365	78,171,365
4,587,727 Ordinary shares of Rs. 5/= each issued as fully paid Bonus Shares	22,938,635	22,938,635
	-----	-----
	101,110,000	101,110,000
	=====	=====

4. General Reserve

At October, 01, 1999	64,889,000	75,000,000
Cash dividend @ 10% for the accounting year ended September, 30, 1998 paid in 1999	--	(10,111,000)
Transfer from appropriation	85,111,000	--
	-----	-----
	150,000,000	64,889,000
	=====	=====

5. Long Term Loans (Secured)

Bank	129,245,608	184,552,725
Financial Institutions	244,420,789	47,027,198
Less: Current portion shown under current liabilities	(91,419,130)	(2,773,498)
	-----	-----
	282,247,267	228,806,425
	=====	=====

5.1 Mode of Payment and Securities:

The outstanding installments due under the agreements are payable in quarterly, half yearly and annually equal installments ranging from 60,550 to 22,000,000 at a mark-up rate ranging from 35 paisa to 48 paisa per day per thousand and 6% to 7% on L.M.M. Loans.

These are secured by first and second charge on fixed assets of the company, and personal guarantee of the Principal Directors.

6. Liabilities Against Assets subject to**Finance Lease (Secured)**

Opening Balance	70,876,750	36,917,728
Acquired during the year	38,583,876	62,378,260
Paid during the year	(37,705,330)	(28,419,238)
Lease Installments due within one year shown under Current Liabilities	(34,407,441)	(27,781,722)
	-----	-----
	37,347,855	43,095,028
	=====	=====

The future minimum lease payments to which the company is committed as at September, 30, 2000 is as under:

1999-2000	--	38,189,805
2000-2001	42,759,248	28,006,532
2001-2002	22,859,591	8,106,875
2002-2003	5,686,013	--
	-----	-----
	71,304,852	74,303,212
Financial charges allocated to future period	(11,999,557)	(15,798,075)
	-----	-----
	59,305,295	58,505,137
Adjustments towards security deposit	12,450,001	12,371,613
	-----	-----
Total Lease Liability	71,755,296	70,876,750
	=====	=====

The above liability represents the total minimum lease payments discounted at 17% to 20% per annum being the rate implicit in the lease.

7. Deferred Liabilities

Taxation	7.1	35,000,000	2,500,000
Gratuity	7.2	17,739,512	9,000,000
Excise Levy Payable		13,388,106	17,468,221
		-----	-----
		66,127,618	28,968,221
		=====	=====

7.1 Taxation

The liability for deferred tax on account of material timing difference as on 30th September, 2000 is Rs. 127.195 million. (1999: Rupees: 83.50 million) against which provision of Rs. 35 million is made in these accounts. The balance of Rs. 92.195 million will be accounted for within a period of three years.

7.2 Gratuity

The liability for gratuity as on 30th September, 2000 is Rs. 17.739 million fully provided (1999: 18.155 million).

Opening balance	9,000,000	7,500,000
Provided during the year	10,817,005	3,243,617
	-----	-----
	19,817,005	10,743,617
Paid during the year	(2,077,493)	(1,743,617)
	-----	-----
	17,739,512	9,000,000
	=====	=====

The company has accounted for the gratuity on liability method as per past history. However, as required by IAS-19, the liability has not been determined on actuarial valuation. It is expected that the provision accounted for under liability method is slightly more than the liability which may arise under actuarial valuation.

The company is, however, arranging the accounting of gratuity in accordance with the requirements of IAS from the following year's financial statement.

8. Short Term Running Finance utilized under mark-up Arrangements (Secured)

Running, Cash and Export Refinance	159,483,999	556,032,785
	=====	=====

It carries mark-up @ 38 paise to 48 paise per day/1000 and secured against export bills, pledge and hypothecation of stocks, first charge on fixed assets of the company and personal guarantee of Principal Directors.

Aggregate Facility	800.000 million	665.000 million
	=====	=====

9. Current Portion of Long Term Loans

Banks	52,998,341	746,300
Financial Institutions	38,420,789	2,027,198
	-----	-----
	91,419,130	2,773,498
	=====	=====

10. Current Portion of Liabilities against Assets subject to Finance Lease

	34,407,441	27,781,722
	=====	=====

11. Creditors, Accrued and Other Liabilities

Creditors	45,806,906	27,249,877
Accrued liabilities	25,060,104	33,967,296
Bills payable	4,820,128	31,615,514
Accrued interest on long term loans	7,745,781	9,565,176
Mark-up on running finance	13,550,965	5,107,011
Worker's profit participation fund	11.1	10,145,797
Other Liabilities	20,052,586	7,352,062
Due to Directors	1,619,745	--
Dividend payable	55,610,500	10,111,000
	-----	-----
	184,412,512	126,862,245
	=====	=====

11.1 Workers Profit Participation Fund

Opening balance	1,894,309	1,938,240
-----------------	-----------	-----------

Allocation for the year	9,482,052	1,732,600
	-----	-----
Interest provided during the year	11,376,361	3,670,840
Paid during the year	663,745	161,709
	(1,894,309)	(1,938,240)
	-----	-----
	10,145,797	1,894,309
	=====	=====

12. Contingencies and Commitments

Commitment for Building Extention	50,000,000	20,000,000
Commitments for L/cs, Raw material, Stores and Spares and Machinery	88,000,000	12,700,000
	=====	=====

13. Fixed Assets:

	<i>Cost</i>						<i>Depreciation</i>					<i>W.D.V. as on 30-09-2000</i>
	<i>As on 01-10-99</i>	<i>Addition</i>	<i>Sale & Adjustments</i>	<i>Transfer</i>	<i>Total</i>		<i>As on 01-10-99</i>	<i>On Sale & Adjustments</i>	<i>Transfer</i>	<i>For the year</i>	<i>Total</i>	
Owned Assets												
Land Lease hold	2,120,262	--	--	--	2,120,262	--	--	--	--	--	--	2,120,262
Factory Building	77,792,591	19,467,835	--	--	97,260,426	5	21,707,049	--	--	3,290,973	24,998,022	72,262,404
Non-Factory Building	30,361,057	1,194,595	--	--	31,555,652	10	17,915,091	--	--	1,304,326	19,219,417	12,336,235
Plant & Machinery	574,331,184	171,800,772	(20,390,880)	44,500,000	770,241,076	10	314,781,988	(15,710,439)	10,399,405	37,486,974	346,957,928	423,283,148
Electric Installation	13,606,985	6,883,619	--	--	20,490,604	10	7,518,755	--	--	953,004	8,471,759	12,018,845
Power Generator	38,340,813	1,180,851	--	--	39,521,664	10	9,291,350	--	--	2,963,989	12,255,339	27,266,325
Office Equipment	9,997,847	643,378	--	--	10,641,225	10	4,812,404	--	--	550,713	5,363,117	5,278,108
Furniture & Fixtures	6,399,720	160,550	--	--	6,560,270	10	3,141,838	--	--	333,816	3,475,654	3,084,616
Vehicles	15,061,750	2,908,005	(1,823,450)	--	16,146,305	20	7,184,025	(1,037,690)	--	1,709,194	7,855,529	8,290,776
	768,012,209	204,239,605	(22,214,330)	44,500,000	994,537,484		386,352,500	(16,748,129)	10,399,405	48,592,989	428,596,764	565,940,719
Leased Assets												
Plant and Machinery	116,878,260	38,583,876	--	(44,500,000)	110,962,136	10	14,968,318	--	(10,399,405)	8,710,128	13,279,041	97,683,096
Total 2000	884,890,469	242,823,481	(22,214,330)	--	1,105,499,620		401,320,818	(16,748,129)	--	57,303,117	441,875,805	663,623,815
Total 1999	789,676,575	95,901,394	(687,500)	--	884,890,469		355,832,508	(472,938)	--	45,961,248	401,320,818	483,569,651

2000 **1999**

13.1 Depreciation has been allocated as under:

Manufacturing:	55,260,107	43,865,320
Administrative:	2,043,010	2,095,928
	-----	-----
	57,303,117	45,961,248
	=====	=====

13.2 Fixed Assets Disposed by (Negotiation)

<i>Particulars</i>	<i>Cost Price</i>	<i>Accumulated Depreciation</i>	<i>Book value</i>	<i>Sale Price</i>	<i>Gain (Loss)</i>	<i>Sold to</i>
1. Toyota Corolla GLI Reg. # AAB 052	660,450	(132,000)	528,450	580,000	51,550	Adamjee Insurance (Net unit Branch (Insurance Claim)
2. Toyota Corolla XL Reg. # T 5067	648,000	(525,694)	122,306	160,400	38,094	Mr. Farooq Sodagar Suit # 1001, Business Plaza, I.I. Chundrigar Road, Karachi.

3. Toyota Corolla Reg. # W 6394	515,000	(379,996)	135,004	415,000	279,996 Mr. M. Arshad House # 271, Shamsabad Colony, Multan.
4. 1 Murata Autoconer	3,961,252	(1,916,617)	2,034,635	2,200,000	165,365 Latif Cotton Mills Ltd. Maryam House, 37-F-A Block 6, P.E.C.H.S Karachi.
5. 12 Howa Ring Frames	2,125,253	(1,257,407)	867,846	1,020,000	152,154 Iona Enterprises, Plot # 10 & 11 Sector 17, Korangi Industrial Area, Karachi.
6. 2 Simplex (China), 1 Blow Room, Howa Scutchers, 9 Cards and 8 Ring Frames.	9,945,226	(8,753,387)	1,191,839	1,680,000	488,161 Standard Engineering Works (P) Ltd. Old Sanda Road, Kamal Gunj, Lahore.
7. 9 Marzoli Ring Spinning Frames	1,786,145	(1,432,645)	353,500	450,000	96,500 Mr. Malik Farooq Business Centre, Faisalabad.
8. 9 Marzoli Roving, Simplex Machines and 4 Chinese	2,573,004	(2,340,383)	232,621	410,000	177,379 Mr. Razzak Ali Railway Road, Faisalabad.
Total Rs. 2000	22,214,330	(16,748,129)	5,466,201	6,915,400	1,449,199
Total Rs. 1999	687,500	(472,938)	214,562	267,000	52,438

2000
Rupees

1999
Rupees

Capital Work-in-Progress

13.A Construction of Factory Building at Hyderabad	651,643	--
Letters of Credit for Machinery	38,931,231	--
	39,582,874	--

14. Long Term Deposits

Security deposits	9,953,902	6,742,596
-------------------	-----------	-----------

15. Stores, Spare & Loose Tools

Stores	8,198,672	9,009,511
Stores-in-transit	--	811,303
Spares	11,609,568	7,309,366
	19,808,240	17,130,180

16. Stock-in-Trade

Raw material	122,001,951	218,292,744
Work-in-process	9,242,467	10,758,472
Finished goods	48,953,868	64,291,850
Raw material-in-transit	26,345,537	37,155,675
	207,543,823	330,498,741

17. Trade Debts

Local (Un-secured-Considered good)	66,696,640	84,883,173
Foreign (Secured against L/cs)	6,266,004	89,367,814
	72,962,644	174,250,987

18. Loans and Advances

(Un-secured considered good)

Loans to staff		1,539,650	1,693,377
Advances to:-			
Staff		980,707	571,923
Director	18.1	--	414,994
		-----	-----
		980,707	986,917
Advance against expenses to others		20,676,614	934,656
Advances against supplies to:-			
Associated undertakings	18.2	1,292,068	14,695,320
Others		8,340,259	24,234
		-----	-----
		9,632,327	14,719,554
Tax deducted and paid		33,062,162	39,085,789
		-----	-----
		65,891,460	57,420,293
		=====	=====

18.1 The maximum aggregate balance due at the end of any month during the year was Rs. Nil (1999: Rs. 414,994).

18.2 The maximum aggregate balance due at the end of any month during the year was Rs. 1.573 M (1999: Rs. 73.000 M).

19. Deposits and Prepayments

Deposits		7,046,214	1,027,314
Lease security deposits		5,341,613	8,591,613
Prepaid rent		346,930	861,976
Pre-paid bank liability not due		--	53,814,516
		-----	-----
		12,734,757	64,295,419
		=====	=====

20. Other Receivable

Cotton claim receivable		--	2,812,032
Sales tax receivable		10,676,466	5,477,407
Others		3,077,922	2,509,837
		-----	-----
		13,754,388	10,799,276
		=====	=====

21. Short Term Investments

Income tax bonds		9,700	9,700
Investment in shares of joint stock companies (Associated undertaking-Sunrays Textile Mills Ltd.)		20,000,000	20,000,000
	21.1	20,009,700	20,009,700
		-----	-----
21.1 20,000,000 (1999: 2,000,000 @ Rs. 10/=)		20,000,000	20,000,000
		=====	=====
Holding		33.33%	3.33%
Market value @ Rs. 14.50 each (1999: @ Rs. 5.00)		29,000,000	10,000,000
		=====	=====

22. Cash and Bank Balances

Cash-in-hand		217,294	711,421
Balances with banks in:-			
Current accounts		10,566,307	10,808,030

Deposit accounts		--	52,435,140
		-----	-----
		10,783,601	63,954,591
		=====	=====
23. Sales (Net)			
Export (direct)		1,259,079,770	1,139,327,202
Export (In-direct)		94,839,349	--
Export Development Surcharge		(3,300,594)	(3,178,410)
Commission		(546,535)	(122,140)
		-----	-----
		1,350,071,990	1,136,026,652
		-----	-----
Local			
Yarn		763,425,524	833,259,010
Raw Cotton		58,215,602	--
Waste		16,894,951	14,997,675
Brokerage		(3,945,457)	(2,564,959)
		-----	-----
		834,590,620	845,691,726
		-----	-----
Net Sales		2,184,662,610	1,981,718,378
		=====	=====
24. Cost of Sales			
Raw material consumed	24.1	1,169,871,635	1,258,951,589
Stores and spare consumed		53,653,862	44,608,651
Manufacturing expenses	24.2	307,942,563	273,933,929
Outside purchases		201,214,289	113,106,593
		-----	-----
		1,732,682,349	1,690,600,762
		-----	-----
Work-in-process		10,758,472	11,790,778
Opening			
Closing		(9,242,467)	(10,758,472)
		-----	-----
		1,516,005	1,032,306
		-----	-----
Cost of Goods Manufactured		1,734,198,354	1,691,633,068
		-----	-----
Finished goods		64,291,850	82,231,464
Opening			
Closing		(49,953,868)	(64,291,850)
		-----	-----
		14,337,982	17,939,614
		-----	-----
Cost of Goods sold		1,748,536,336	1,709,572,682
		=====	=====
24.1 Raw Material Consumed			
Opening Stock		218,292,744	112,797,931
Purchases (net)		1,073,580,842	1,364,446,402
		-----	-----
		1,291,873,586	1,477,244,333
		-----	-----
Closing stock		(122,001,951)	(218,292,744)
		-----	-----
		1,169,871,635	1,258,951,589
		=====	=====
24.2 Manufacturing Expenses			

Salaries, wages and other benefits	122,732,319	118,284,992
Fuel, water and power	116,871,934	100,925,414
Rent and taxes	823,799	377,176
Insurance	6,555,762	5,264,990
Repairs & maintenance	5,698,642	5,216,037
Depreciation	55,260,107	43,865,320
	-----	-----
	307,942,563	273,933,929
	=====	=====

25. Administrative Expenses

Salaries, wages and other benefits	25.1	12,889,626	9,560,286
Repairs and maintenance		417,113	931,256
Postage, telephone and telex		4,308,959	3,135,010
Travelling and conveyance		2,880,194	3,350,553
Vehicle running expenses		2,013,353	1,359,535
Other establishment expenses	25.2	6,148,677	6,385,446
Legal expenses		107,550	30,375
Charity and donations	25.3	496,500	255,150
Auditor's remuneration	25.4	88,936	69,510
Depreciation		2,043,010	2,095,928
		-----	-----
		31,393,918	27,173,049
		=====	=====

25.1 Payments to Chief Executive, Directors and Executives

<i>Particulars</i>	<i>2000</i>				<i>1999</i>			
	<i>Ch. Executive Rupees</i>	<i>Directors Rupees</i>	<i>Executive</i>	<i>Total Rupees</i>	<i>Ch. Executive Rupees</i>	<i>Directors Rupees</i>	<i>Executive</i>	<i>Total Rupees</i>
Remuneration	315,000	945,000	2,085,192	3,345,192	189,000	567,000	1,955,254	2,711,254
House rent	135,000	405,000	939,060	1,479,060	81,000	243,000	883,254	1,207,254
	-----	-----	-----	-----	-----	-----	-----	-----
Total Rupees	450,000	1,350,000	3,024,252	4,824,252	270,000	810,000	2,838,508	3,918,508
	=====	=====	=====	=====	=====	=====	=====	=====
No. of persons	1	3	15	19	1	3	10	14

Company maintained cars and phones are provided to Chief Executive, Directors and 4 Executives.

	<i>2000 Rupees</i>	<i>1999 Rupees</i>
25.2 Other Establishment Expenses		
Printing & stationery	475,974	457,924
Rent & electricity	2,566,923	2,203,689
Entertainment	514,121	1,155,196
Fees & subscription	581,034	802,332
Other expenses	2,010,625	1,766,305
	-----	-----
	6,148,677	6,385,446
	=====	=====

25.3 None of the Directors or their spouses have any interest in donee's fund.

25.4 Auditors Remuneration

Audit fee	75,000	60,000
Out of pocket expenses	13,936	9,510
	-----	-----
	88,936	69,510
	=====	=====

26. Selling and Distribution Expenses

Freight & forwarding		101,827,821	86,216,421
Advertisement expenses		104,640	148,636
Godown expenses		562,704	547,662
		-----	-----
		102,495,165	86,912,719
		=====	=====

	<i>Notes</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
27. Operating Profit of Oil Section			
Sales (Net)	27.1	74,593,182	51,785,214
Cost of sales	27.2	(72,839,998)	(50,725,651)
		-----	-----
Gross Profit		1,753,184	1,059,563
Administrative expenses		(755,066)	(357,906)
Financial charges	27.3	(657,144)	(475,252)
		-----	-----
		(1,412,210)	(833,158)
		-----	-----
Net Profit		340,974	226,405
		=====	=====

27.1 Sales (Net)

Oil/Cake		74,410,543	51,609,838
Miscellaneous		12,639	175,376
		-----	-----
		74,593,182	51,785,214
		=====	=====

27.2 Cost of Sales

Seed Consumed		68,704,358	46,729,802
Packing material expenses		18,524	12,381
Fuel and power		1,909,373	2,203,949
Labor wages		1,769,140	943,724
Repairs and maintenance		438,603	835,795
		-----	-----
		72,839,998	50,725,651
		=====	=====

27.3 Administrative Expenses

Salaries and benefits		608,366	184,401
Lease rental		125,000	125,000
Rent and taxes		--	505
Telephone expenses		21,700	48,000
		-----	-----
		755,066	357,906
		=====	=====

28. Operating Profit of Ice Factory

Sales		4,581,297	4,299,189
Cost of sales	28.1	(4,430,393)	(4,039,752)
		-----	-----
Gross (Loss)/Profit		150,904	259,437
Lease rental received		395,717	253,568
		-----	-----
Net Profit		546,621	513,005
		=====	=====

28.1 Cost of Sales

Salaries and benefits	797,625	681,433
Salt	21,229	26,789
Ammonia gas	81,226	57,346
Electricity	2,969,789	2,535,887
Repairs and maintenance	316,323	338,605
Miscellaneous expenses	171,887	212,096
Cartage expense	72,314	187,596
	-----	-----
	4,430,393	4,039,752
	=====	=====

	2000	2000	1999
	(Rupees)	\$	(Rupees)

29. Operating Profit of Hong Kong Office

Sales	18,577,755	320,306.12	101,334,463
Cost of Sales	(17,992,193)	(310,210.23)	(99,552,171)
	-----	-----	-----
Gross Profit	585,562	10,095.89	1,782,292
Financial and other charges	(509,073)	(8,777.12)	(3,362,736)
	-----	-----	-----
Operating Profit/(Loss)	76,489	1,318.77	(1,580,444)
Commission income	134,084	2,311.80	1,648,000
	-----	-----	-----
Net Profit	210,573	3,630.57	67,556
	=====	=====	=====

30. Other Income

Profit on disposal of fixed assets	13.2	1,449,199	52,438
Insurance claim		55,928	222,055
Miscellaneous receipt		3,359,184	203,180
Profit on fixed deposits		25,522	325,082
		-----	-----
		4,889,833	802,755
		=====	=====

31. Financial Charges

Interest on long term loans	30,303,642	38,770,908
Mark-up on short term running Finances	72,292,129	71,255,398
Interest on workers profit participation fund	663,745	161,700
Bank charges & commission	3,427,789	1,725,705
Mark-up on assets obtained under Finance Lease	12,560,615	11,956,472
	-----	-----
	119,247,920	123,870,192
	=====	=====

32. Earning per Share

Profit after taxation	134,595,572	19,066,857
	=====	=====
Number of share 20,222,000 (2000: 20,222,000)		
Earning per share	6.65	0.94
	=====	=====

33. Transactions with Associated Undertakings

Sales	94,220,347	62,661,249
Purchases	217,050,797	117,884,835
	=====	=====

34. FINANCIAL ASSETS AND LIABILITIES AS ON SEPTEMBER 30, 2000

	<i>Interest/mark-up bearing</i>			<i>Non Interest/mark-up bearing</i>			<i>Total</i>
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub total</i>	
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	
FINANCIAL ASSETS							
Loans and advances	--	--	--	2,520,357	--	2,520,357	2,520,357
Deposits	7,046,214	--	7,046,214	5,341,613	9,953,902	15,295,515	22,341,729
Trade debts	--	--	--	72,962,644	--	72,962,644	72,962,644
Other receivable	--	--	--	10,676,466	--	10,676,466	10,676,466
Short term investments	--	--	--	20,009,700	--	20,009,700	20,009,700
Cash and bank balances	--	--	--	10,783,601	--	10,783,601	10,783,601
Total	7,046,214	--	7,046,214	122,294,381	9,953,902	132,248,283	139,294,497
FINANCIAL LIABILITIES							
Long term loans	91,419,130	282,247,267	373,666,397	--	--	--	373,666,397
Long term lease finance	34,407,441	37,347,855	71,755,296	--	--	--	71,755,296
Deferred Liabilities	--	--	--	--	31,127,618	31,127,618	31,127,618
Short term running finance	159,483,999	--	159,483,999	--	--	--	159,483,999
Creditors, accrued and other liabilities	--	--	--	184,412,512	--	184,412,512	184,412,512
Total	285,310,570	319,595,122	604,905,692	184,412,512	31,127,618	215,540,130	820,445,822

Effective interest/mark-up rates for the monetary financial assets and liabilities are mentioned in the respective notes to the accounts.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company issued financial instruments mainly to finance its operations. In addition to the financial instruments, trade debts and trade creditors arise directly from the Company's operations.

The Company finances its operations primarily by mixture of issued share capital, long and short term finances/loans. The Company borrows funds usually at fixed rates of interest/mark-up.

a. Interest rate risk management thus the risk arising is minimal

Since the company borrows funds usually at fixed interest/mark-up rate

b. Foreign exchange risk management.

Foreign currency risk arises where financial instruments contains receivables and payable in foreign currency. Liability are covered through forward foreign exchange cover where as the receivables have limited risk and that is favorable to the company as per past history

c. Concentration of credit risk.

The company considers that it is not exposed major concentration of credit risk. The company, however is exposed to credit related losses in the event of non-performance by counter parties to financial instruments but does not expect any counter parties to fail to meet the obligation.

d. Fair value of financial instruments.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their future value.

2000 **1999**

36. Capacity and Production

* Total number of spindles installed

52,376 56,978

* Total number of spindles worked (Average)	49,176	52,281
* Number of shifts worked per day	3	3
* Installed capacity of yarn converted into 20 counts (lbs). Based on 360 days	31,393,440	32,841,720
* Actual production of yarn after conversion into 20 counts (lbs).	33,141,106	33,669,906

37. Employees

Average number of employees during the year (Spinning, Ginning Factory and Oil Section etc.)	2,438	2,356
----------------------------------------------------------------------------------------------	-------	-------

38. General

Figures have been rounded off to the nearest rupee.

Previous year figures have been re-grouped and re-arranged for the purpose of comparison.

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

PATTERN OF SHARE HOLDING AS AT 30.09.2000

<i>Number of Share Holders</i>	<i>No. of Shares</i>		<i>Total Shares held</i>
	<i>From</i>	<i>To</i>	
1327	1	500	96,084
78	501	1000	58,204
123	1,001	5000	256,229
21	5,001	10000	155,363
7	10,001	15000	89,365
4	15,001	20000	74,709
3	25,001	30000	69,341
1	30,001	35000	35,000
1	75,001	80000	75,668
1	95,001	100000	99,606
1	100,001	105000	101,079
1	105,001	110000	107,000
1	120,001	125000	123,970
1	200,001	205000	203,136
1	230,001	235000	234,600
1	395,001	400000	396,356
1	465,001	470000	469,130
1	551,001	555000	553,150
1	685,001	690000	690,000
1	815,001	820000	816,500
1	845,001	850000	849,989
1	1,110,001	1115000	1,114,143
1	1,320,001	1325000	1,323,754
1	1,365,001	1370000	1,367,712
1	1,385,001	1390000	1,387,102
1	1,775,001	1780000	1,775,972
1	2,030,001	2035000	2,031,226
1	2,705,001	2710000	2,706,364
1	2,960,001	2965000	2,961,248
-----			-----
1585			20,222,000
=====			=====

<i>Serial No.</i>	<i>Categories of Share Holders</i>	<i>Shares Held</i>	<i>Number of Share Holders</i>	<i>Percentage of Shares Hold</i>
-------------------	----------------------------------------	------------------------	------------------------------------	--------------------------------------

1.	Individuals	16971427	1575	83.93%
2.	Investment Companies	123970	1	0.61%
3.	Insurance Companies	850403	2	4.21%
4.	Joint Stock Companies	228099	4	1.13%
5.	Financial Institution	2047585	2	10.13%
6.	Modaraba Companies	516	1	0.003%
		-----	-----	-----
		20,222,000	1585	100.00%
		=====	=====	=====