

## **Thai Jute Mills Limited**

### **Annual Report 1999**

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#### **BOARD OF DIRECTORS**

Rafiq M. Habib

*Chairman*

Ali S. Habib

Mohamedali R. Habib

Mazhar Valjee

*Chief Executive*

S. A. Q. Haqqani

Sohail P. Ahmed

Muhammad Jamil Hussain

#### **AUDITORS**

Hyder Bhimji & Co.

Chartered Accountants

#### **REGISTERED OFFICE**

4th Floor, Siddiqsons Tower,

3-Jinnah Cooperative Housing Society,

Sharea Faisal, Karachi.

#### **MILLS:**

##### ***Jute Operation:***

UNIT- 1

D. G. Khan Road,

Muzaffargarh.

##### ***Auto Airconditioners Plant:***

UNIT - 2

Korangi, Karachi.

#### **NOTICE OF MEETING**

NOTICE is hereby given that the thirty-third Annual General Meeting of the Shareholders of the Company will be held at Raffia Choudri Memorial Centre, Ground Floor, Sidco Avenue Centre, 264 R.A. Lines, Karachi on Thursday, December 02, 1999 at 9:30 A.M. to transact the following business: -

1. To receive and adopt the Audited Accounts for the year ended June 30, 1999 together with the

Reports of the Directors and Auditors.

2. To approve cash dividend @ 50% i.e. Rs. 2.50 per share for the financial year ended June 30, 1999 as recommended by the Board of Directors.

3. To appoint Auditors for the year 1999-2000 and fix their remuneration.

By Order of the Board,

**(ALI ASGHAR MOTEN)**

Karachi: November 02, 1999.

Secretary

**NOTES:**

i) The Share Transfer Books of the Company will remain closed from Thursday, November 25, 1999 to Thursday, December 02, 1999 (both days inclusive). Shares may be lodged for transfer with our Registrar M/s. Noble Computer Services (Pvt.) Limited, 2nd Floor, Al-Manzoor Building, I. I. Chundrigar Road, Karachi. The Shareholders are advised to notify the Registrar of any change in their addresses.

ii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

iii) CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Card, Account and Participant's ID numbers, for identification purpose and in case of proxy, to enclose an attested copy of his/her National Identity Card.

**THIRTY-THIRD REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED JUNE 30, 1999.**

The Shareholders,

The Directors are pleased to place before you the annual report of the operations of the company (jute and engineering divisions), with the audited accounts for the year ended June 30, 1999. The consolidated financial results are 'Alhamdulillah' comparable to that of last year as follows :-

	<b>1998-99</b>	<b>1997-98</b>
	<b>Rs. 000's</b>	<b>Rs. 000's</b>
Sales Revenue	1,058,215	999,916
Gross Profit	178,243	145,952
Net profit before taxation	126,339	108,418
Provision for taxation	43,246	35,645
	-----	-----
Net profit after taxation	83,093	72,773
Unappropriated profit brought forward	2,351	2,686
	-----	-----
	85,444	75,459
Appropriations :		
Interim Dividend -- Nil (1998: 20%)	--	13,913

Final Dividend -- proposed @ 50% (1998: 15%)	34,783	10,435
Transfer to General Reserve	50,000	48,760
Unappropriated profit carried forward	-----	-----
	661	2,351
	=====	=====

The earnings per share after tax was Rs. 5.97 against Rs. 5.23 of last year.

The sales turnover of the company was Rs. 1,058.215 million during the year under review as against Rs. 999.916 million last year's showing an increase of Rs. 58.299 million or 6%. The gross profit improved from Rs. 145.952 million to Rs. 178.243 million during the year, that is Rs. 32.291 million or 22% attributed mainly to enhanced sales

volume, favorable sales prices and cost savings in manufacturing overheads. The NPBT for the year under review was Rs. 126.339 million as opposed to Rs. 108.418 million in the previous financial year thus showing an increase of Rs. 17.921 million or 16%.

#### **JUTE OPERATIONS:-**

##### **Sales Turnover:**

The sales turnover for the year under review dropped to Rs. 577.214 million from Rs. 689.941 million of the previous year due to "normalized" demand for sacking bags from the Government. The industry had experienced an unusual increase in demand for sacking from Director General Food, Ministry of Food and Agriculture last year on account of higher imports of wheat. The fall in demand would have been sharper had the unexpected demand for sacking from Private Sector importers of wheat not come up during the year. The Rs. 112.727 million i.e. 16% decrease in sales turnover contributed to a reduction in gross profits of the division.

##### **Production:**

The production for the year under review was 16,906 tons as opposed to last year's 18,263 tons, a decrease of 1,357 tons or 7%. The management of the company took a timely decision, in February 1999 to curtail output to adjust to the reduced demand by working the jute mill two shifts instead of three.

The exercise of renovation and refurbishment of mill machinery is expected to reach completion by middle of year 2000.

##### **Cost of Manufacture :**

Cost of manufacture remained in check by virtue of improved efficiencies and better productivity brought about by renovation of machinery and improved working conditions and HR activities. The cost of raw jute registered a marginal increase contrary to the earlier expectations of a dramatic one, since the increase of raw jute prices in the international market did not escalate to levels predicted earlier. The wage cost came down to Rs. 140.500 million this year from Rs. 169.370 million of last year. The costs on account of stores & spares, repairs & maintenance and fuel & power reduced from Rs. 96.783 million to Rs. 89.597 million resulting in savings of Rs. 7.186 million or 7% lower over last year.

##### **Administration & Selling Expenses:**

The costs of administration and selling have remained in control except for the cost incurred in shifting of the registered office from AI-Manzoor Building, I. I. Chundrigar Road to Siddiqsons Tower, Sharea Faisal, Karachi.

#### **ENGINEERING OPERATIONS:**

##### **Sales Turnover:**

It is heartening to report that the sales turnover increased from Rs. 309.975 million to Rs. 481.001 million that is an increase of Rs. 171.026 million or 55% over the last financial year corresponding to the increase in sales volume of 54% from 10,807 units to 16,659 units last year. The increase in the sales volume was due to improved demand for auto cars in the country.

##### **Cost of Manufacture:**

The cost of manufacturing overheads went up from Rs. 36.960 million last year to Rs. 46.303 million during the current

financial year due to enhanced sales volume but the per unit cost registered a decline due to reduction in government levies and higher localization, which led to improvement of gross margins.

#### **Administration & Selling Expenses:**

The administration and selling expenses showed an increase from Rs. 10.356 million to Rs. 15.066 million to cater for expanded sales volume as well as brand positioning. During the year under review Thai Engineering established Denso Aircon Center at Sharea Faisal to meet consumer needs of sales, service & parts. A beginning has been made and we hope to make our presence felt progressively in the after market.

#### **ISO 9000:**

The Engineering Division received ISO 9002 certification from AIB-Vincotte International Ltd., UAE in March 1999.

#### **FINANCIAL EXPENSES:**

During the year under review the financial expenses of the company doubled over last year from Rs. 8.111 million to Rs. 16.528 million due to higher borrowings on account of ·

- Delayed off-take of Jute goods compared to the last year that kept finances tied up in higher stocks of finished goods.
- Higher sales receivables on account of enhanced credits extended to the private trade to induce higher sales of sacking.
- Imposition of margins on Letters of Credit by State Bank resulting in blockade of funds against imports made by both divisions.

#### **OTHER INCOME :**

Other income was on account of the following ·

- Renting out part of unit 2 and all of unit 3 to generate rental income.
- Placing liquid funds available in the early part of the year in short-term deposits.
- Receipt of dividend on investment in stocks.

#### **FUTURE PLANS & PROSPECTS:**

##### **Jute Division :**

The major brunt of the slow down in sales and increase in costs forecasted by your management, in the last annual report is now taking place in the current year. The following reasons are attributed to the expected downturn :

1. The Government's ban on import of wheat by the private sector continues to remain in force.
2. Sales tax payable by non-registered buyers has been increased to 18% as opposed to 15% for registered buyers. Jute goods attracted only 12.5% Sales tax for all categories of buyers till December of 1998.
3. Rice exports have slowed down resulting in reduced demand from that sector.
4. Prices of raw jute have in the last few months registered a sharp increase in the international market.
5. Government will not start lifting of sacking before late October this year whereas in 1997-98 the deliveries commenced in mid July and in 1998-99 Director General Food had started accepting goods in late August.

##### **Engineering Division :**

The auto sector has begun the current year well, but with the possibility of Trade Related Investment Measures (TRIM) being implemented from January 1, 2000 under General Agreement on Tariff & Trade (GATT), the fate of the auto parts manufacturers is unclear. The policies of the new Government have also not yet been enunciated and add to the uncertainty.

The Division however is committed to achieving 52% local content by June 2000 mandated by the Government and will be investing in hi-tech facilities for manufacture of condensers and evaporators, to achieve the target.

Your management has in the meantime finalized a Technical Assistance Agreement with Furukawa Electric Company of Japan for manufacture of Wiring Harnesses, and plan to begin mass production of Wiring Harnesses for Daihatsu Cuore in February 2000.

#### **DIRECTORS:**

The newly elected Board of Directors took over office with the start of the term beginning January 31, 1999. The Board welcomes Mr. S. A. Q. Haqqani and Mr. Muhammad Jamil Hussain the new Directors on the Board and looks forward to benefit from their long and rich experiences.

The Board of Directors place on record its appreciation and gratitude for the contributions made by Mr. Nasim Beg and Mr. Behram Hasan retiring Directors during their tenure on the Board.

#### **Y2K COMPLIANCE :**

The Company migrated last year to a PC based Y2K compliant software from the non-compliant BPCS software being run on IBM AS 400 mainframe. This was a temporary migration and plans to migrate in the current fiscal year to a PC based Y2K compliant Oracle accounting software system have been firmed.

#### **AUDITORS :**

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

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

The pattern of shareholdings as at June 30, 1999 is attached to this report.

#### **APPRECIATION:**

The Board places on record its appreciation of the fruitful and productive efforts put in by the workers, staff and executives of the Company that produced these favorable results in face of unfavorable economic conditions

On behalf of the Board

**MAZHAR VALJEE**

Chief Executive

Karachi, November 02, 1999.

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

We have audited the annexed Balance Sheet of THAL JUTE MILLS LIMITED, as at June 30, 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 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 the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of 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 the 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 June 30, 1999 and of the profit and the Changes in Financial Position (Cash Flows) for the year then ended; and

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

HYDER BHIMJI & CO.  
Chartered Accountants

Karachi: November 02, 1999.

#### BALANCE SHEET AS AT JUNE 30, 1999

	Note No.	1999 Rs. 000's	1998 Rs. 000's
<b>SHARE CAPITAL :</b>			
<b>Authorised ·</b>			
20,000,000 Ordinary Shares of Rs. 5/-each		100,000	100,000
		=====	=====
<b>Issued, Subscribed and Paid-up</b>	3	69,566	69,566
<b>Reserves</b>	4	180,000	130,000
<b>Unappropriated Profit</b>		661	2,351
		-----	-----
		250,227	201,917
<b>DEFERRED LIABILITIES</b>	5	21,739	23,398
<b>CURRENT LIABILITIES:</b>			
Short Term Borrowings	6	15,726	17,561
Creditors, Accrued and Other Liabilities	7	181,771	215,596
Taxation		44,512	38,096
Proposed Dividend		34,783	10,435
		-----	-----
		276,792	281,688
<b>CONTINGENCIES &amp; COMMITMENTS</b>	8		
		-----	-----
		548,758	507,003
		=====	=====
<b>TANGIBLE FIXED ASSETS:</b>			

Operating Assets	9	90,459	103,403
Capital Work-in-Progress	10	--	82
		-----	-----
		90,459	103,485
<b>LONG TERM INVESTMENTS</b>	11	23,854	23,854
<b>LONG TERM LOANS, ADVANCES AND DEPOSITS</b>	12	990	1,675
<b>CURRENT ASSETS :</b>			
Stores, Spares and Loose Tools	13	29,423	31,334
Stock-in-Trade	14	182,655	130,561
Trade Debts	15	103,583	71,385
Short Term Investments	16	72,400	85,438
Advances, Deposits, Prepayments and Other Receivables	17	33,657	36,192
Cash and Bank Balances	18	11,737	23,079
		-----	-----
		433,455	377,989
		-----	-----
		548,758	377,989
		=====	=====

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

**Karachi: November 02, 1999.**

**Mazhar Valjee**  
Chief Executive

**Sohail P. Ahmed**  
Director

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

	<b>Note No.</b>	<b>1999 Rs. 000's</b>	<b>1998 Rs. 000's</b>
<b>Sales</b>	19	1,058,215	999,916
Cost of Sales	20	879,972	853,964
		-----	-----
<b>GROSS PROFIT</b>		178,243	145,952
Administrative Expenses	21	34,649	29,800
Selling Expenses	22	9,459	7,045
		-----	-----
		44,108	36,845
		-----	-----
<b>OPERATING PROFIT</b>		134,135	109,107
Other Income	23	(18,232)	(14,678)
Financial Expenses	24	16,528	8,111
Other Charges	25	9,500	7,256
		-----	-----
		7,796	689
		-----	-----
<b>PROFIT BEFORE TAXATION</b>		126,339	108,418
Provision for Taxation			
Current		42,703	35,776
Prior year		1,978	--



Cash generated from operations	54,610	174,281
Financial Charges paid	(11,881 )	(14,004)
Dividend paid	(10,435)	(13,517)
Gratuity paid	(1,555)	(1,313)
Income tax paid	(38,265)	(2,591)
	(62,136)	(31,425)
Net cash (used in) / from operating activities (A)	(7,526)	142,856
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	(7,346)	(10,465)
Long Term Loans, Advances and Deposits	664	116
Proceed from disposal of Assets	4,701	8,551
Net cash used in investing activities (B)	(1,981)	(1,798)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in Short Term Finance	(1,835)	(119,261)
Net Cash used in financing activities (c)	(1,835)	(119,261)
<b>(DECREASE) / INCREASE IN CASH (A+B+C)</b>	(11,342)	21,797
<b>CASH AND BANK BALANCE AT THE BEGINNING OF THE YEAR</b>	23,079	1,282
<b>CASH AND BANK BALANCE AT THE END OF THE YEAR</b>	11,737	23,079

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

### 1. THE COMPANY AND ITS OPERATIONS :

The Company was incorporated on January 31, 1966 as a Public Company Limited by shares and is quoted on the Karachi and Lahore Stock Exchanges. The Company is engaged in the manufacturing of jute goods and assembly and manufacture of auto airconditioners. The jute operation is at Muzaffargarh and auto airconditioners operation is at Korangi - Karachi.

### 2. SIGNIFICANT ACCOUNTING POLICIES :

#### 2.1 Accounting Convention

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

#### 2.2 Staff Retirement Benefits

The Company operates Provident Fund Scheme for its employees eligible for the benefits. However, prior to the introduction of the Provident Fund Scheme, employees were covered under the unfunded gratuity scheme.

### **2.3 Taxation**

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

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

### **2.4 Tangible Fixed Assets :**

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

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

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

### **2.5 Capital Work in Progress :**

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

### **2.6 Investments :**

Investment in shares is stated at cost. No adjustment for market value as on the balance sheet date is made in the accounts.

### **2.7 Stores, Spares & Loose Tools:**

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

### **2.8 Stock-in-Trade:**

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

### **2.9 Trade Debts :**

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

### **2.10 Accounting for Leases :**

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

### **2.11 Foreign Currency Translation :**

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

**2.12 Revenue Recognition :**

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

**3. ISSUED, SUBSCRIBED & PAID-UP CAPITAL :**

	1999 Rs. 000's	1998 Rs. 000's
10,783,850 Ordinary Shares of Rs. 5/- each fully paid issued for Cash	53,919	53,919
3,129,425 Ordinary Shares of Rs. 5/- each paid issued as Bonus Shares	15,647	15,647
-----	-----	-----
13,913,275	69,566	69,566
=====	=====	=====

**4. RESERVES:-****General Reserve - Revenue**

Balance at beginning of the year	116,760	68,000
Transferred from Profit and Loss Account	50,000	48,760
	-----	-----
	166,760	116,760

**Capital Reserve-**

Difference of Paid-up Capital of former Pakistan Jute &  
Synthetics Limited

13,240	13,240
-----	-----

**5. DEFERRED LIABILITIES ·**

For Taxation	10,934	12,369
For Gratuity	10,805	11,029
	-----	-----
	21,739	23,298
	=====	=====

**6. SHORT TERM BORROWINGS :**

Secured - Utilized under Mark-up arrangement  
From Banks

15,726	17,561
=====	=====

The Company has short-term running finance facility of Rs. 257 million (1998 - Rs. 257 million) from various banks at mark-up ranging from 44 paisa to 49 paisa per Rs. 1,000 per day. The facilities are secured by way of charge against hypothecation of the Company's Stock-in-Trade, Book Debts, Stores, Spares and Loose Tools.

**7. CREDITORS, ACCRUED AND OTHER LIABILITIES:**

Creditors	26,459	4,805
Bills Payable	50,766	124,759
Accrued Liabilities	61,545	49,996
Unclaimed Salaries	2,831	2,482
Royalty	2,994	1,167
Accrued Mark-up on Short Term Borrowings	5,945	1,298
Dividend	570	396
Sales Tax	10,704	9,321
Other Liabilities (Note No. 7.1)	19,957	21,372

181,771	215,596
---------	---------

**7.1 OTHER LIABILITIES:**

	<b>1999</b>	<b>1998</b>
	<b>Rs. 000's</b>	<b>Rs. 000's</b>
Withholding Income Tax	808	434
Security Deposits	2,152	2,293
Workers' Profit Participation Fund (Note No. 7.1.1)	10,003	7,486
Advance from Customers	757	2,991
Unclaimed Dividends	349	457
Due to Jute Mills	2,183	4,628
Others	3,705	3,085
	-----	-----
	19,957	21,372
	=====	=====

**7.1.1 WORKERS' PROFIT PARTICIPATION FUND :**

Balance at the beginning of the year	7,486	2,064
Add - Interest for the year shown under Financial Charges	2,021	330
	-----	-----
	9,507	2,394
Less: Paid during the year	(6,770)	(692)
	-----	-----
	2,737	1,702
	7,266	5,784
	-----	-----
	10,003	7,486
	=====	=====

**8. CONTINGENCIES AND COMMITMENTS :****8.1 Contingencies :**

Letter of guarantees issued by banks on behalf of the Company	999	3,735
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**8.2 Commitments :**

a) Letter of credits outstanding for raw material	105,822	120,193
b) Post dated cheques to Collector of Customs as a security against concessional rate of duty	45,119	18,916
c) Commitments in respect of Technical Assistance Fee	12,200	1,680
d) Commitments in respect of Capital Expenditure	66,550	--
e) Commitments in respect of Operating Lease Rentals as on June 30, 1999.		

Years	Rs. 000's	
1999 .....		1,508

2000 .....	6,460
2001 .....	4,981
2002 .....	1,519
2003 .....	28
-----	-----
	14,496
=====	=====

**9. OPERATING ASSETS**

(Rs. 000's)

**C O S T****DEPRECIATION**

PARTICULARS				R					Written	
	As At July 01, 1998	Additions	Sales	AsAt June 30, 1999	A T E	As at July 01, 1998	For the year	On Sales	Asat June 30, 1999	Down Value as at June 30, 1999
Land - Freehold	1,506	--	--	1,506	--	--	--	--	--	1,506
- Leasehold	2,251	--	282	1,969	--	--	--	--	--	1,969
Building on Freehold Land:										
Factory Building	43,341	111	--	43,452	10%	29,721	1,373	--	31,094	12,358
Non Factory Building	11,200	--	--	11,200	5%	6,252	247	--	6,499	4,701
Railway Siding	792	--	--	792	5%	613	9	--	622	170
Plant & Machinery	179,679	912	13,326	167,265	10-20%	118,159	8,261	10,283	116,137	51,128
Vehicles	12,414	1,589	1,781	12,222	20%	8,368	1,022	1,256	8,134	4,088
Office & Mills Equipments	8,267	1,666	--	9,933	15%	5,898	605	--	6,503	3,430
Computers Equipment	10,471	1,515	1,320	10,666	33%	7,335	1,377	842	7,870	2,796
Furniture & Fittings	9,771	1,115	46	10,840	15%	5,080	868	26	5,922	4,918
Jigs & Fixture	8,626	520	--	9,146	40%	3,489	2,262	--	5,751	3,395
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total-1999	288,318	7,428	16,755	278,991		184,915	16,024	12,407	188,532	90,459
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total-1998	286,713	24,009	22,404	288,318		186,126	15,735	16,946	184,915	103,403
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

9.1 Depreciation charged for the year has been allocated as follows ·

	1999 Rs. 000's	1998 Rs. 000's
Manufacturing	14,564	14,417
Administrative & selling	1,460	1,318
	-----	-----
	16,024	15,735
	=====	=====

9.2 In view of fast pace of changing technology in the machinery of Engineering Division, the rate of charging i.; depreciation have been enhanced from 10% to 20% to write it off within its useful life with effect from July 01, 1998. Had the depreciation been charged at the previous year's rate, the depreciation charge for the year would have been lower by Rs. 2.32 million and profit for the year would have been higher by the same amount.

**9.3 DETAILS OF FIXED ASSETS SOLD :**

<b>Particulars</b>	<b>Original Cost Rs. 000's</b>	<b>Accumulated Depreciation Rs. 000's</b>	<b>Written Down Value Rs. 000's</b>	<b>Selling Price Rs. 000's</b>	<b>Profit/ (Loss) Rs. 000's</b>	<b>Mode of Sale</b>	<b>Particulars of Buyers</b>
<b>Lease Hold Land</b>							
Lease Hold Land	282--			282	880	598Negotiation	Mill Workers.
<b>Machinery</b>							
Machinery	2,729	2,165		564	233	(331)Negotiation	Mohammed Saleem - Muzaffargarh.
Machinery	125	104		21	15	(6)Negotiation	Pioneer Jute Mills - Lahore.
Machinery	150	136		14	15	1Negotiation	Pioneer Jute Mills - Lahore.
Machinery	888	702		186	146	(40)Negotiation	Pioneer Jute Mills - Lahore.
Machinery	3,158	2,334		824	485	(339)Negotiation	Pioneer Jute Mills-Lahore.
Machinery	1,979	1,406		573	291	(282)Negotiation	Pioneer Jute Mills - Lahore.
Machinery	271	225		46	49	3Negotiation	Pioneer Jute Mills - Lahore.
Machinery	1,704	1,608		96	291	195Negotiation	Pioneer Jute Mills - Lahore.
Machinery	326	299		27	194	167Negotiation	Pioneer Jute Mills - Lahore.
Machinery	761	462		299	104	(195)Negotiation	Abdul Razaq, Contractor.
Machinery	886	654		232	115	(117)Negotiation	M. Ishtiaq, Contractor.
Machinery	349	188		161	49	(112)Negotiation	Wajid All, Contractor.
	-----	-----	-----	-----	-----		
	13,326	10,283		3,043	1,987	(1,056)	
<b>Vehicle</b>							
Vehicle	19	11		8	170	162Negotiation	Mr. Mohd. Aqil.
Vehicle	461	365		96	325	228Negotiation	AuVitronics Limited.
Vehicle	215	191		24	100	77Negotiation	Mr. Iqbal Memon, Ex-Employee.
Vehicle	164	121		43	125	82Negotiation	Mr. Javed Iqbal, Ex-Employee.
Vehicle	28	16		12	275	264Negotiation	Mr. Qasim Quli.
Vehicle	183	145		38	125	87Negotiation	Syed Shahid Hussain Zaidi.
Vehicle	344	307		37	244	207Negotiation	Mr. Saeed Akhtar Javed.
Vehicle	73	15		58	76	18Insurance Claim	Habib Insurance.
Vehicle	60	12		48	65	17Insurance Claim	Habib Insurance.
Vehicle	32	23		9	36	28Insurance Claim	Habib Insurance.
Vehicle	24	15		9	18	7Negotiation	Naseem Kashif, Employee.
Vehicle	60	12		48	56	8Insurance Claim	Habib Insurance.
Vehicle	60	12		48	56	8Insurance Claim	Habib Insurance.
Vehicle	58	11		47	57	10Insurance Claim	Habib Insurance.
	-----	-----	-----	-----	-----		
	1,781	1,256		525	1,728	1,203	
<b>Furniture &amp; Fixture</b>							
Furniture & Fixture	13	9		4	8	4Negotiation	Mr. N.H. Nayyar, Ex-Employee.
Furniture & Fixture	5	4		1	1	-Negotiation	Mr. Muhammad Shamim S/o. M. Hanif.
Furniture & Fixture	20	8		12	16	4Negotiation	Mr. Sabir All Saddique, Ex-Employee.
Furniture & Fixture	4	2		2	--	(2)Negotiation	Weaving Asstt.
Furniture & Fixture	2	1		1	2	1Negotiation	Carding Asstt.
Furniture & Fixture	2	2		--	1	1Negotiation	Mr. Bashir Ahme ~' :
	-----	-----	-----	-----	-----		
	46	26		20	28	8	
<b>Office Equipment</b>							
Office Equipment	33	22		11	8	(3)Negotiation	Systematic Enterprise.

Office Equipment	1,194	785	409	--	(409)-	Written Off.
Office Equipment	13	1	12	10	(2)Insurance Claim	E.F.U. Insurance.
Office Equipment	80	34	46	60	14-	Shirazi Trading Co.
	-----	-----	-----	-----	-----	
	1,320	842	478	78	(400)	
	-----	-----	-----	-----	-----	
1999	16,755	12,407	4,348	4,701	353	
	-----	-----	-----	-----	-----	
1998	22,404	16,946	5,458	8,603	3,145	
	=====	=====	=====	=====	=====	

1999  
Rs. 000's

1998  
Rs. 000's

#### 10. CAPITAL WORK-IN-PROGRESS :

Fabrication of Equipment and Machines

	--	82
	-----	-----
	--	82
	=====	=====

#### 11. LONG TERM INVESTMENTS:

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

No. of Shares 1999	No. of Shares 1998	Paid-up Value per Share Rs.	Quoted: Associated Undertakings:		
1,630,000	1,630,000		10Indus Motor Company Limited	16,300	16,300
131,414	131,414		5Pakistan Papersack Corp. Ltd.	90	90
314,226	314,226		5Dyno Pakistan Limited	900	900
555,600	555,600		5Habib Insurance Company Ltd.	561	561
750,000	750,000		5Aagriauto Industries Limited	4,031	4,031
				-----	-----
				21,882	21,882
				=====	=====
			<b>Others:</b>		
157,141	157,141		5Balochistan Glass Limited	714	714
2,500	2,500		10Dost Mohammed Cotton Mills Ltd.	18	18
403,252	403,252		5Habib Sugar Mill ...	1,239	1,239
326	326		10Glaxo Wellcome (Pakistan) Ltd.	1	1
				-----	-----
				1972	1972
				-----	-----
				23,854	23,854
				=====	=====

Aggregate market value of the shares of Quoted Companies as on June 30, 1999 is Rs. 36.564 million (June 30, 1998 - Rs. 25.110 million).

1999  
Rs. 000's

1998  
Rs. 000's

#### 12. LONG TERM LOANS, ADVANCES AND DEPOSITS:

**(Unsecured - Considered Good)**

Loan to Employees (12.1)	1,145	1,509
Less: Receivable within twelve months shown under Short Term Loans and Advances	(604)	(583)
	-----	-----
	541	926
Long Term Security Deposits	449	749
	-----	-----
	990	1,675
	=====	=====

12.1 This includes Rs. 113,928 (1998: Rs. 280,223) outstanding for a period exceeding three years. The maximum aggregate amount due from Executives at the end of any month during the year was Rs. 778,618 (1998: Rs. 248,794).

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

Stores		
In hand	5,921	6,536
In Transit	2	332
Spares	23,112	24,170
Loose Tools	388	296
	-----	-----
	29,423	31,334
	=====	=====

**14. STOCK-IN-TRADE:**

Raw Material:		
In hand	83,270	61,541
In Transit	20,730	23,096
Work-in-Process	14,756	15,343
Finished Goods	63,899	30,581
	-----	-----
	182,655	130,561

**15. TRADE DEBTS:**

(Unsecured- Considered Good)

103,583	71,385
=====	=====

It includes Rs. 27.578 million (1998 : Rs. 38.573 million) due from Associated Undertaking.

**16. SHORT TERM INVESTMENTS:**

With Banks in Short Term Deposit

Mark-up ranges from 10% to 13% p.a

72,400	85,438
=====	=====

<b>1999</b>	<b>1998</b>
<b>Rs. 000's</b>	<b>Rs. 000's</b>

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

Current Portion of Loan to Employees

604	583
-----	-----

Advances to Employees	308	249
Sales Tax	389	--
Income Tax	7,354	18,537
Suppliers	14,591	6,473
Contractors	2,908	2,676
Expenses	500	343
Others	547	291
	-----	-----
	26,597	28,569
Security Deposits	3,924	4,403
Other Receivables	2,532	2,637
	-----	-----
	33,657	36,192
	=====	=====

The loan & advances are unsecured considered good.

#### 18. CASH AND BANK BALANCES:

Cash in hand	387	339
Balances with Banks	11,350	22,740
In Current Accounts	--	--
	-----	-----
In PLS Account	11,350	22,740
	-----	-----
	11,737	23,079
	=====	=====

	JUTE		ENGINEERING		TOTAL	
	1999	1998	1999	1998	1999	1998
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>19. SALES:</b>						
Sales- Local	676,196	808,596	552,968	358,333	1,229,164	1,166,929
Less: Sales Tax	85,671	94,009	68,204	39,387	153,875	133,396
Octroi, Freight & Excise	9,512	15,096	411	7,299	9,923	22,395
Warranty Claims	--	--	2,630	1,582	2,630	1,582
Sales Discount	--	--	614	--	614	--
Bad & Doubtful Debts	--	8,478	--	--	--	8,478
Others '	3,799	1,072	108	90	3,907	1,162
	-----	-----	-----	-----	-----	-----
	-98,982	(118,655)	-71,967	(48,358)	-170,949	(167,013)
	-----	-----	-----	-----	-----	-----
	577,214	689,941	481,001	309,975	1,058,215	999,916
	=====	=====	=====	=====	=====	=====

	JUTE		ENGINEERING		TOTAL	
	1999	1998	1999	1998	1999	1998
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000

#### 20. COST OF SALES:

Raw Material Consumed (20.1) .	270,126	283,083	353,224	232,107	623,350	515,190
--------------------------------	---------	---------	---------	---------	---------	---------

Salaries, Wages and Benefits	140,500	169,370	10,458	11,537	150,958	180,907
Stores, Spares and Lubricants	17,812	19,792	2,818	1,407	20,630	21,199
Repairs and Maintenance	33,586	36,540	5,901	3,289	39,487	39,829
Power and Fuel	38,199	40,451	1,751	1,945	39,950	42,396
Rent, Rates and Taxes	527	230	866	315	1,393	545
Vehicle Running & Maintenance	1,508	1,420	1,049	936	2,557	2,356
Insurance	1,074	1,121	250	994	1,324	2,115
Communication	603	939	925	1,529	1,528	2,468
Travelling and Conveyance	710	798	2,187	1,797	2,897	2,595
Entertainment .	104	8	3	76	107	84
Printing and Stationery	632	448	398	20	1,030	468
Legal & Professional	1,142	932	1,211	889	2,353	1,821
Operating Lease Rentals	901	647	3,019	1,474	3,920	2,121
Royalty	--	--	5,096	2,667	5,096	2,667
Depreciation	5,686	6,761	8,878	7,656	14,564	14,417
Research & Development	--	--	1,364	--	1,364	--
Others	66	81	129	429	195	510
	-----	-----	-----	-----	-----	-----
	513,176	562,621	399,527	269,067	912,703	831,688

## Work-in-Process :

Opening	15,343	17,322	--	4,740	15,343	22,062
Closing	(10,933)	(15,343)	(3,823)	--	(14,756)	(15,343)

	-----	-----	-----	-----	-----	-----
	4,410	1,979	(3,823)	4,740	587	6,719

Manufacturing cost	517,586	564,600	395,704	273,807	913,290	838,407
--------------------	---------	---------	---------	---------	---------	---------

## Finished Goods :

Opening	29,622	43,988	959	2,150	30,581	46,138
Closing	(59,819)	(29,623)	(4,080)	(958)	(63,899)	(30,581)

	-----	-----	-----	-----	-----	-----
	(30,197)	14,365	(3,121)	1,192	(33,318)	15,557

	-----	-----	-----	-----	-----	-----
	487,389	578,965	392,583	274,999	879,972	853,964
	=====	=====	=====	=====	=====	=====

**20.1 Raw Material Consumed:**

Opening Stock	44,390	85,165	17,151	30,890	61,541	116,055
Purchases	266,584	242,308	378,495	218,368	645,079	460,676
Less: Closing Stock	(40,848)	(44,390)	(42,422)	(17,151)	(83,270)	(61,541)

	-----	-----	-----	-----	-----	-----
	270,126	283,083	353,224	232,107	623,350	515,190
	=====	=====	=====	=====	=====	=====

**21. ADMINISTRATIVE EXPENSES:**

Salaries, Allowances and Benefits	10,395	10,041	8,483	6,241	18,878	16,282
Vehicle Running	1,853	1,671	426	422	2,279	2,093
Printing and Stationery	339	325	219	235	558	560
Rent, Rates and Taxes	550	437	179	112	729	549
Utilities	989	1,335	113	100	1,102	1,435
Insurance	99	43	--	--	99	43

Entertainment	219	281	239	238	458	519
Subscription	382	301	--	--	382	301
Communication .	1,168	1,159	567	477	1,735	1,636
Advertisement & Publicity	196	67	--	--	196	67
Repairs and Maintenance	1,907	1,153	280	79	2,187	1,232
Travelling and Conveyance	1,426	1,700	753	582	2,179	2,282
Legal and Professional	497	300	8	33	505	333
Operating Lease Rentals	1,209	854	--	--	1,209	854
Auditors' Remuneration (Note No	136	99	--	--	136	99
Depreciation	1,222	1,058	178	221	1,400	1,279
Charity and Donation (Note No. 2	377	110	65	5	442	115
Others	167	86	8	35	175	121
	-----	-----	-----	-----	-----	-----
	23,131	21,020	11,518	8,780	34,649	29,800
	=====	=====	=====	=====	=====	=====

**21.1 Auditors' Remuneration'**

Audit Fees	90	80	--	--	90	80
Other Services Fee	28	--	--	--	28	--
Out of Pocket Expenses	18	19	--	--	18	19
	-----	-----	-----	-----	-----	-----
	136	99	--	--	136	99
	=====	=====	=====	=====	=====	=====

21.2 None of the Directors and their spouses had any interest in the donees' fund except Mr. Rafiq M.

Habib & Mr. Ali S. Habib are the Trustees of Mohamedali Habib Welfare Trust who was paid a donation of Rs. 90,000 (1998 - Rs. 90,000). Mrs. Rafiq M. Habib is also a trustee of Anjuman-e-Behbood-Samat-e-Itfal who was paid a donation of Rs. 6,000 (1998 - Rs. 6,000).

**22. SELLING EXPENSES:**

Salaries, allowances and Benefits	2,907	3,155	1,813	878	4,720	4,033
Vehicle Running Expenses	459	469	115	40	574	509
Utilities	288	389	--	--	288	389
Rent, Rates & Taxes	264	221	--	--	264	221
Communication	539	485	--	--	539	485
Advertisement & Publicity	--	--	1,427	551	1,427	551
Travelling and Conveyance	397	347	188	98	585	445
Entertainment	56	62	1	6	57	68
Printing & Stationery	30	29	--	--	30	29
Legal & Professional	55	30	--	--	55	30
Operating Lease Rentals	269	188	--	--	269	188
Depreciation	60	39	--	--	60	39
Others	587	55	4	3	591	58
	-----	-----	-----	-----	-----	-----
	5,911	5,469	3,548	1,576	9,459	7,045
	=====	=====	=====	=====	=====	=====

**JUTE**

**1999**  
Rs. '000

**1998**  
Rs. '000

**ENGINEERING**

**1999**  
Rs. '000

**1998**  
Rs. '000

**TOTAL**

**1999**  
Rs. '000

**1998**  
Rs. '000

**23. OTHER INCOME:**

Dividend Income						
Associated Undertakings	4,191	3,896	--	--	4,191	3,896
Profit on						
Short Term Investment	3,391	2,705	998	539	4,389	3,244
Sale of Fixed Assets	312	2,882	41	263	353	3,145
Property Rent	8,460	3,933	--	--	8,460	3,933
Others	327	78	512	382	839	460
	-----	-----	-----	-----	-----	-----
	16,681	13,494	1,551	1,184	18,232	14,578
	=====	=====	=====	=====	=====	=====

**1998**                      **1999**  
**Rs. 000's**                      **Rs. 000's**

**24. FINANCIAL EXPENSES:**

Mark-up on Short Term Borrowings		12,588	5,679
Bank Charges & Commission		937	785
Others		3,003	1,647
		-----	-----
		16,528	8,111
		=====	=====

**25. OTHER CHARGES**

Workers' Profit Participation Fund		7,266	5,784
Workers' Welfare Fund		2,234	1,472
		-----	-----
		9,500	7,256
		=====	=====

**26. REMUNERATION OF DIRECTORS AND EXECUTIVES ·**

PARTICULARS	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	1999	1998	1999	1998	1999	1998
Managerial Remuneration .....	1,150	892	2,341	1,196	12,120	9,277
Contribution to Provident Fund ..	66	51	130	69	733	524
Utilities	57	155	108	83	241	1032
Medical Expenses	99	106	124	44	1,017	617
	-----	-----	-----	-----	-----	-----
	1,372	1,204	2,703	1,392	14,111	11,450
	-----	-----	-----	-----	-----	-----
Number of persons	1	1	2	1	49	37
	=====	=====	=====	=====	=====	=====

**26.1 The Chief Executive and Directors have been provided with the free use of Company maintained Cars.**

**26.2 Five (1998 · Four) Directors have been paid fees of Rs. 6,500 (1998 ' Rs. 3,000) for attending Board Meetings.**

1999                      1998  
Rs. 000's                      Rs. 000's

**27. TRANSACTION WITH ASSOCIATED UNDERTAKINGS:**

Insurance Premium Paid	7,311	6,461
Sale/Services Charges	303,250	172,303
Dividend Received	4,191	3,896
Insurance Claims Received	311	849

**28. TAXATION:****Current**

Income tax assessment of the Company has been finalized upto the assessment year 1998-99 (Income year 1997-98).

**Deferred**

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

**29. CAPACITY AND PRODUCTION:**

	<b>Jute Products</b>		<b>Auto Air Conditioning</b>	
	1999 M. Tons	1998 M. Tons	1999 Units	1998 Units
Annual Capacity	21,500	21,500	21,000	21,000
Actual Production	16,906	18,263	16,858	10,781
Reason for shortfall	Low demand		Low demand	

**30. TOTAL ASSETS SEGMENTED BY DIVISIONS:**

Segments	<b>1999</b>		<b>1998</b>	
	<b>Rs. in '000</b>	<b>%</b>	<b>Rs. in '000</b>	<b>%</b>
Jute	350,300	63.84	343,990	67.85
Auto air-conditioning	198,458	36.16	163,013	32.15
	-----	-----	-----	-----
	548,758	100.00	507,003	100.00
	=====	=====	=====	=====

**31. GENERAL:**

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

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

**PATTERN OF SHAREHOLDINGS AS ON  
JUNE 30, 1999**

NUMBER OF SHAREHOLDERS	SIZE OF SHAREHOLDINGS			TOTAL	
	RS. 5/- EACH			SHARES HELD	
	1,462	1	-	100	56,623
	1,277	101	-	500	313,320
	386	501	-	1,000	283,236
	378	1,001	-	5,000	794,491

42	5,001	-	10,000	304,611
13	10,001	-	15,000	159,387
10	15,001	-	20,000	169,187
3	20,001	-	25,000	68,028
2	25,001	-	30,000	59,942
1	30,001	-	35,000	30,434
2	35,001	-	40,000	77,445
2	40,001	-	45,000	86,428
1	45,001	-	50,000	47,592
5	50,001	-	55,000	268,332
2	55,001	-	60,000	116,411
2	65,001	-	70,000	132,300
1	70,001	-	75,000	72,500
3	75,001	-	80,000	228,500
4	80,001	-	85,000	335,000
2	85,001	-	90,000	173,300
1	100,001	-	105,000	103,000
2	105,001	-	110,000	213,500
1	120,001	-	125,000	123,830
1	140,001	-	145,000	140,921
3	145,001	-	150,000	440,644
1	150,001	-	155,000	155,000
1	155,001	-	160,000	157,559
2	160,001	-	165,000	326,979
1	165,001	-	170,000	169,811
1	170,001	-	175,000	174,979
1	175,001	-	180,000	175,760
1	180,001	-	185,000	180,593
1	185,001	-	190,000	186,116
2	190,001	-	195,000	380,466
1	205,001	-	210,000	208,976
1	215,001	-	220,000	216,000
1	245,001	-	250,000	250,000
1	260,001	-	265,000	263,741
1	295,001	-	300,000	300,000
1	300,001	-	305,000	301,871
1	465,001	-	470,000	466,478
1	660,001	-	665,000	661,772
1	880,001	-	885,000	883,947
4	910,001	-	915,000	3,654,265
-----				
3,630		TOTAL		13,913,275
=====	=====	=====	=====	=====

**CATEGORIES OF SHAREHOLDERS**

	NUMBER	SHARES HELD	PERCENTAGE
1. Individuals	3,566	6,279,353	45.132
2. Investment Companies	6	50,646	0.364
3. Insurance Companies	6	829,731	5.964
4. Joint Stock Companies	17	361,081	2.595
5. Financial Institutions	7	669,390	4.811
6. Modaraba Companies	4	7,369	0.053
7. Foreign Investors	10	4,398,406	31.613

8. Co-operative Societies	4	73,243	0.526
9. Charitable Trusts	7	169,737	1.220
10. Others	3	1,074,319	7.722
	-----	-----	-----
TOTAL	3,630	13,913,275	100.00
	=====	=====	=====