

## THE BUREWALA TEXTILE MILLS LIMITED

Annual Report 1997

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### Company Information

Chairman	AHMED DAWOOD
Managing Director	M. HUSSAIN DAWOOD
Directors	KHWAJA AMANULLAH AMIR ABDULLAH KHAN ROKHRI TAJ MUHAMMAD KHANZADA D.S.O., M.C., Fakhr-e-Kashmir SARDAR ALI KHAN BRIG (Retd.) DR. MAZHAR-UL-HAQ Sitara-e-Imtiaz
Company Secretary	BASHIR AHMAD ARIF
Auditors	RAHMAN SARFARAZ & CO. Chartered Accountants, Nawa-i-Waqt Building, 4-Shahrah-e-Fatima Jinnah, Lahore.
Registered Office	403-405, ALFALAH, Shahrah-e-Quaid-e-Azam, Lahore.
Mills	DAWOODABAD

**Ten Year at a Glance**

(Rupees in Thousands)

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
<b>Capital &amp; Reserves</b>										
Paid up capital	73,074	73,074	73,074	73,074	73,074	73,074	37,260	37,260	37,260	37,260
Reserves and surplus	259,962	247,538	250,332	241,280	258,856	252,971	159,245	141,470	115,029	81,048
Shareholders equity	333,036	320,612	323,406	314,354	331,930	326,045	196,505	178,730	152,289	118,308
Break up value of share of Rs. 10	45.58	43.87	44.26	43.02	45.42	44.62	52.74	47.97	40.87	31.75
<b>Sales:</b>										
Export	-	-	6,408	7,877	22,751	45,907	56,232	86,808	80,186	59,229
Local	445,896	475,912	273,137	344,448	297,053	502,953	535,658	469,772	444,962	481,369
	445,896	475,912	279,545	352,325	319,804	548,860	591,890	556,580	525,148	540,598
<b>Profit</b>										
Profit before taxation	32,490	45,485	5,083	(18,913)	25,740	60,813	70,858	68,796	82,063	68,374
Profit after taxation	48,961	33,743	9,052	(17,576)	16,847	44,381	43,858	48,796	60,063	42,874
<b>Dividend:</b>										
Cash %	50	50	-	-	15	55	70	60	70	45
Amount	36,537	36,537	-	-	10,961	40,191	26,082	22,356	26,082	16,767
Earning per share	6.70	4.61	1.24	(2.41)	2.31	6.07	11.77	13.10	16.12	11.51

**Notice**

Notice is hereby given that the 44th annual general meeting of the shareholders of the Company will be held on Tuesday 31 March 1998 at 3.00 p.m. in Room Nos. 415-419, Alfalab Building, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:-

1. Recitation from the Holy Quran.
2. To confirm the minutes of the 43rd annual general meeting held on 29th March 1997.
3. To receive and adopt the audited accounts of the Company for the year ended 30 September 1997 together with directors and auditors' reports thereon.
4. To declare dividend. The Directors' have recommended a cash dividend of 50% (Rs. 5.00 per ordinary share).

5. To appoint auditors and fix their remuneration.

6. To transact any other business with the permission of the Chairman.

Lahore: 24 February 1998

**Notes:**

1. The share transfer books of the Company will remain closed from 20 March 1998 to 31st March 1998 (both days inclusive).

2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy attend and vote. Votes may be given personally or by proxy or by attorney or in case of a Corporation by a representative duly authorised.

The instrument of proxy duly executed should be lodged at the Registered office of the Company not later than 48 hours before the time of meeting.

3. The dividend if approved will be payable to those shareholders whose names appear in the register of the Company as at 19th March 1998.

4. Shareholders are requested to promptly notify the Company any change in their addresses.

**Director's Report**

Dear Shareholders

Assalam-u-Alaikum

Your directors feel pleasure to present before you the 44th annual report together with audited accounts of the Company and the auditors report thereon for the year ended 30 September 1997. Your Company has made a net pretax profit of Rs. 32,489,972 after charging all operational, administrative, financial and selling expenses including depreciation amounting to Rs. 16,791,186 and Workers (Profit) Welfare Fund of Rs. 1,068,638 as against pretax profit of Rs. 45,484,693 in the preceding year.

Your Directors have recommended the appropriation of current year's profit as under:

	Rupees
Pretax Profit	32,489,972
Provision for taxation	
current - for the year	(7,000,000)
- prior years	21,951,508
deferred	1,519,956
	-----
After tax profit	48,961,436
Un-appropriated profit b/f	2,796,206
	-----

Profit available for appropriation	51,757,642
	=====
<b>Appropriation:</b>	
Proposed Dividend @ 50%	36,537,025
Unappropriated profit	15,220,617
	-----
	51,757,642
	=====

We are grateful to Almighty Allah Who enabled us to show these results in the year under review. The previous policy of producing coarse and medium varieties has been changed and the Company is now concentrating on production of superfine Counts (up to 120) of Yarn and high value added Fabrics. The market response to our new products is very encouraging.

The sales revenue for the year is Rs. 445,896,465 as against last year sale of Rs. 475,912,232. The imposition of Sales Tax by the Government has adversely affected sales. However, if the amount of Sales Tax levied during the year is taken into account the sales revenue would be Rs. 492,193,185.

The imposition of 12.50% Sales Tax is an intolerable burden for the Industry. It also discourages value added production and runs contrary to the declared policy of the Government.

The Company has earned other income of Rs. 16,336,558 including dividend income of Rs. 9,242,369.

The Company undertook implementation of ISO 9002 in September 1996 and has recently been awarded ISO 9002 Certification which will help in boosting sales.

The present Auditors Messrs. Rahman Sarfaraz & Co., Chartered Accountants retire and being eligible offer themselves for re-appointment.

The labour - management relations remained cordial throughout the year and your Directors feel pleasure in expressing their appreciation for the devoted services rendered by the employees of the Company.

### **Auditor's Report to the Members**

We have audited the annexed balance sheet of THE BUREWALA TEXTILE MILLS LIMITED as at 30 September 1997 and the related profit and loss account and the 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 the company's business; and

iii) the business conducted, investments made and 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 cash flow statement, together with 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 30 September 1997 and of the Profit and the Cash flow Statement for the year then ended;

d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund.

Balance Sheet as at 30 September 1997

**CAPITAL & LIABILITIES**

	Note	1997 Rupees	1996 Rupees
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorised			
15,000,000 ordinary shares of Rs. 10/- each		150,000,000	150,000,000
		=====	=====
Issued, subscribed & fully paid up			
7,307,405 ordinary shares of Rs. 10/- each	3	73,074,050	73,074,050
<b>RESERVES &amp; SURPLUS</b>	4	259,962,305	247,537,894
		-----	-----
		333,036,355	320,611,944

**LONG TERM LOANS & DEFERRED LIABILITIES**

Loans- secured	5	5,118,708	10,237,415
Deferred taxation		25,981,408	27,501,364
Other deferred liabilities	6	11,166,146	9,672,723
		-----	-----
		42,266,262	47,411,502

**CURRENT LIABILITIES**

Creditors, provisions & accrued expenses	7	44,115,033	45,574,058
--	---	------------	------------

Provision for taxation	8	18,712,975	35,023,635
Dividend- unclaimed		6,253,163	5,407,626
- proposed		36,537,025	36,537,025
		-----	-----
		105,618,196	122,542,344
CONTINGENCIES AND COMMITMENTS	26		
		-----	-----
		480,920,813	490,565,790
		=====	=====

The annexed notes 1 to 26 form an integral part of these accounts.

Lahore: 19 February 1998

PROPERTY & ASSETS	Note	1997 Rupees	1996 Rupees
<b>FIXED ASSETS</b>			
Operating assets	9	159,628,251	144,421,358
Capital work in progress		-	31,198,349
		-----	-----
		159,628,251	175,619,707
<b>INVESTMENTS</b>	10	64,639,262	64,639,262
<b>LONG TERM DEPOSITS</b>		1,712,394	1,712,840
<b>CURRENT ASSETS</b>			
Stores and spares	11	20,586,143	23,008,200
Stock in trade	12	175,560,642	176,522,550
Book debts	13	18,133,305	3,974,282
Advances, deposits, prepayments and other receivables	14	9,418,488	4,805,469
Cash & bank balances	15	31,242,328	40,283,480
		-----	-----
		254,940,906	248,593,981
		-----	-----
		480,920,813	490,565,790
		=====	=====

**Profit & Loss Account for the year ended 30 September 1997**

	Note	1997		
		Ginning Rupees	Textile Rupees	Total Rupees
Gross sales		-	445,896,465	445,896,465
Brokerage			(228,922)	(228,922)
		-----	-----	-----
		--	445,667,543	445,667,543

NET SALES				
COST OF SALES	16	2,546,233	395,706,264	398,252,497
		-----	-----	-----
GROSS PROFIT / (LOSS)		(2,546,233)	49,961,279	47,415,046
OPERATING EXPENSES				
Administrative	17	202,539	23,437,184	23,639,723
Selling & distribution	18	-	4,991,457	4,991,457
Financial	19	-	344,776	344,776
Depreciation			553,977	553,977
Workers (profit) participation fund		-	1,068,638	1,068,638
Workers welfare fund		-	663,061	663,061
		-----	-----	-----
		202,539	31,059,093	31,261,632
OPERATING PROFIT/(LOSS)		(2,748,772)	18,902,186	16,153,414
Other Income	20	792,807	15,543,751	16,336,558
		-----	-----	-----
PRETAX PROFIT/(LOSS)		(1,955,965)	34,445,937	32,489,972
		=====	=====	
PROVISION FOR TAXATION				
Current - For the year				7,000,000
- Prior years				(21,951,508)
Deferred				(1,519,956)
				-----
				(16,471,464)
PROFIT AFTER TAX				48,961,436
Un-appropriated profit b/f				2,796,206
				-----
				51,757,642
PROFIT AVAILABLE FOR APPROPRIATION				
Appropriation:				
Proposed dividend				36,537,025
Un-appropriated profit carried to Balance Sheet				-----
				15,220,617
				=====

**1996**

Ginning	Textile	Total
Rupees	Rupees	Rupees
-	475,912,232	475,912,232
-	(475,986)	(475,986)
-----	-----	-----
-	475,436,246	475,436,246

2,738,307	425,224,399	427,962,706
-----	-----	-----
(2,738,307)	50,211,847	47,473,540
297,418	20,496,921	20,794,339
-	6,419,819	6,419,819
-	1,295,760	1,295,760
-	628,660	628,660
-	1,031,500	1,031,500
-	928,000	928,000
-----	-----	-----
297,418	30,800,660	31,098,078
-----	-----	-----
(3,035,725)	19,411,187	16,375,462
101,074	29,008,157	29,109,231
-----	-----	-----
(2,934,651)	48,419,344	45,484,693
=====	=====	
		8,000,000
		--
		3,741,626
		-----
		11,741,626
		-----
		33,743,067
		5,590,164
		-----
		39,333,231
		36,537,025
		-----
		2,796,206
		=====

**Cash flow Statement for the year ended 30 September 1997**

	1997	1996
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net income after taxation</b>	48,961,436	33,743,067
<b>Adjustments for non cash charges</b>		
Depreciation	16,791,186	15,108,144
Provision for gratuity	6,500,000	2,200,000
Deferred taxation	(1,519,956)	3,741,626
Profit on sale of fixed assets	(3,499)	(211)
	-----	-----
	21,767,731	21,049,559



Payment of gratuity	(5,006,577)	11,997,663
	-----	-----
	65,722,590	42,794,963
<b>Cash provided (used) by working capital</b>		
Stores & spares	2,422,057	2,198,989
Stock in trade	961,908	80,468,165
Book debts	(14,159,023)	(1,894,444)
Advances, deposits, prepayments etc.	(4,613,019)	666,791
Creditors, provisions & accrued expenses	(1,459,025)	15,465,625
Provision for taxation	(16,310,660)	7,159,505
	-----	-----
	32,564,828	115,928,344
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sales proceeds of fixed assets	57,704	16,216
Capital expenditure	(853,935)	(69,775)
Long term deposits	446	-
	-----	-----
	(795,785)	(53,559)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loans-suppliers credit	(5,118,707)	(5,118,707)
Dividend paid	(35,691,488)	(5,615)
	-----	-----
	(40,810,195)	(5,124,322)
	-----	-----
Increase/(decrease) in cash & cash equivalents	(9,041,152)	110,750,463
Cash & cash equivalents at the beginning of the year	40,253,480	(70,466,983)
	-----	-----
Cash & cash equivalents at the end of the year	31,242,328	40,283,480
	=====	=====

## Notice

### 1. COMPANY AND ITS OPERATIONS

The Burewala Textile Mills Limited is a public limited company listed with stock exchanges at Lahore and Karachi. The Company is engaged in the manufacture of yarn and cloth and has also ginning factories.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared on historical cost convention without any adjustment for inflation or reference to current values.

(b) Retirement benefits

The Company operates an unfunded gratuity scheme covering its non-management employees and the provision is made from year to year in the books of account. For management staff a scheme of contributory provident fund is in operation and the trust invests the fund in Defence Saving Certificates.

(c) Taxation

Provision for current taxation is based on taxable income at the current rates after taking into account rebates and credits admissible. Adequate provision is also made for deferred taxation on all major timing differences.

(d) Fixed assets

(i) Fixed assets, except freehold land, are valued at cost less accumulated depreciation. Freehold land is valued at cost.

(ii) Depreciation on fixed assets is charged to income on diminishing balance method at the rates specified in Note. 9.

(iii) Full year depreciation is charged in the year of installation/operation and no depreciation is charged in the year fixed assets are disposed off or scrapped.

(iv) Normal repairs and maintenance are charged to expenses as incurred.

(v) Gains or losses on disposal or scrapping of assets are shown in the current income.

(e) Investments

All investments are shown at cost except for that in Karnaphuli Paper Mills Limited, presently under foreign occupation, which is shown at nominal value of Re. 1.

(f) Stocks and stores

These are valued as under:

Stores and spares	-	At moving average cost
Raw material	-	At lower of average cost and market value
Work in process	-	At average cost
Finished goods	-	At lower of average cost and market value
Wastes	-	At market value

(g) Income

Interest is accounted for on maturity/receipt and rebates are accounted for when allowed.

(h) General

(i) Figures are rounded off to the nearest rupee.

(ii) Figures of previous year are rearranged and regrouped to facilitate comparison where necessary.

	1997 Rupees	1996 Rupees
<b>3. SHARE CAPITAL</b>		
Issued, subscribed & fully paid up 750,010 ordinary shares of Rs. 10/- each issued for cash	7,500,100	7,500,100
749,990 ordinary shares of Rs. 10/- each issued for consideration other than cash	7,499,900	7,499,900
2,226,000 ordinary shares of Rs. 10/- each issued out of reserves as bonus shares	22,260,000	22,260,000
3,581,405 ordinary shares of Rs. 10/- each issued as right shares	35,814,050	35,814,050
	-----	-----
	73,074,050	73,074,050
	=====	=====

**4. RESERVES AND SURPLUS**

	1997 Opening Balance  Rupees	1997 Additions  Rupees	1996 Closing Balance  Rupees	1996 Closing Balance  Rupees
Capital reserve	6,563	--	6,563	6,563
Capital reserve, shares premium	89,535,125	--	89,535,125	89,535,125
General reserve	154,200,000	--	154,200,000	154,200,000
Exchange equalization reserve	1,000,000	--	1,000,000	1,000,000
Unappropriated profit	2,796,206	12,424,411	15,220,617	2,796,206
	-----	-----	-----	-----
	247,537,894	12,424,411	259,962,305	247,537,894
	=====	=====	=====	=====

**5. LOANS- SECURED**

(a) Suppliers credit with Messrs Rieter  
Machine Works Limited, Switzerland

LOAN NO.	Currency and amount of loan	1997 Rupees	1996 Rupees
S-447/94	SFR. 441,S64	10,237,415	15,356,122
Less: Current maturity included in current liabilities		(5,115,707)	(5,115,707)
		-----	-----

5,115,705 10,237,415  
 =====

- (i) The risk of exchange rate fluctuation is covered for the entire period of the loan.
- (ii) The loan does not bear any interest.
- (iii) The loan is repayable in 10 equal semi-annual installments due in February and August each year.
- (iv) The loan is secured against 10 Bills of exchange equivalent to each installment on maturity date.

1997 1996  
 Rupees Rupees

**6. OTHER DEFERRED LIABILITIES**

Liabilities for purchase consideration	1,335,702	1,335,702
Provision for gratuity	9,830,444	8,337,021
	-----	-----
	11,166,146	9,672,723
	=====	=====

**7. CREDITORS, PROVISIONS AND ACCRUED EXPENSES**

For goods supplied	1,504,552	1,355,277
Provisions & accrued expenses	22,123,124	27,374,404
Advances	10,491,404	4,028,093
Deposits	237,948	357,262
Employees provident fund trust	-	992.45
Workers (profit) participation fund	1,068,638	1,031,500
Current maturity of long term loans	5,118,707	5,118,707
For other finance	3,570,660	5,316,361
	-----	-----
	44,115,033	45,574,058
	=====	=====

**8. PROVISION FOR TAXATION**

Income tax	12,962,958	32,020,362
Workers' welfare fund	2,210,061	1,547,000
Sales tax	3,539,956	315,842
	-----	-----
	18,712,975	33,883,204
	=====	=====

**9. OPERATING ASSETS**

Particulars	COST			DEPRECIATION		Written Down
	As at 1 October 1996	Additions/ (deletions) Rupees	As at 30 September 1997 Rupees	Annual Rate %	Accumulated as at 30 Sept. 1997 Rupees	Value as at 30 Sept. 1997 Rupees
<b>Tangible</b>						
Free-hold land	4,107,199	--	4,107,199	--	--	4,107,199

Factory buildings on free-hold land	23,701,939	--	23,701,939	10	18,751,709	4,950,230
Non factory buildings on free-hold land	15,547,598	--	15,547,598	5	9,910,741	5,636,857
Electric installations	33,295,973	14,922,837	48,218,810	10	26,321,400	21,897,41
Plant & machinery	249,883,049	17,129,057	267,012,106	10	148,091,949	118,920,157
Tools & equipment	4,756,235	--	4,756,235	10	2,812,419	1,943,816
Furniture & fixtures	5,003,711	390		10	3,408,628	1,540,948
		(54,525)				
Vehicles	5,032,619	(291,610)	4,751,009	20	4,241,870	499,139
Hospital equipment	100,022	--	100,022	10	99,231	791
Agricultural equipment	343,542	--	343,542	10	218,738	124,804

**Intangible**

Trade marks	24,190	--	24,190		17,290	6,900
	-----	-----	-----		-----	-----
TOTAL	341,796,077	32,052,284	373,502,226		213,873,975	159,628,251
		(346,135)				
	=====	=====	=====		=====	=====
1996	341,780,355	69,775	341,796,077		197,374,719	144,421,358
		(54,053)				
	=====	=====	=====		=====	=====

Depreciation for the year has been allocated to:

	1997	1996
	Rupees	Rupees
(a) Manufacturing account	16,237,209	14,479,484
(b) Profit & loss account	553,977	628,660
	-----	-----
	16,791,186	15,108,144
	=====	=====

**10. INVESTMENT**

	1997		1996		
	No. of Shares	Cost Rupees	Market Value Rupees	No. of Shares	Cost Rupees
					Market Value Rupees
<b>Listed</b>					
Dawood Hercules Chemicals Limited (associated company)					
Fully paid ordinary shares of Rs. 10/- each	1,623,612	56,315,150	313,357,116	1,623,612	56,315,150
Dawood Cotton Mills Ltd. (associated company)					
Fully paid ordinary shares of Rs. 10/- each*	774,446	8,319,111	14,482,140	774,446	8,319,111
	-----	-----	-----	-----	-----

2,398,058 64,634,261 327,839,256 2,398,058 64,634,261 237,268,210

**Un-listed**

Karnaphuli Paper Mills Ltd.  
(Formerly an associated  
company now under foreign  
occupation)

Fully paid ordinary

shares of Rs. 10/- each

185,000 2,497,500 185,000 2,497,500

Value written off

- (2,497,499) - (2,497,499)

Balance

185,000 1 N/A 185,000 1 N/A

Asian Cooperative Society  
Limited

'A' class fully paid  
ordinary shares of

Rs. 10/- each

500 5,000 N/A 500 5,000 N/A

-----  
185,500 5,001

-----  
2,583,558 64,639,262 327,839,256 2,583,558 64,639,262 237,268,210

=====

\* 10.43% of paid up capital of the Company

**11. STORES AND SPARES**

1997 1996  
Rupees Rupees

Stores 10,996,034 13,329,903  
Spares 9,590,109 9,678,297

-----  
20,586,143 23,008,200  
=====

**12. STOCK IN TRADE**

Raw materials 39,139,269 11,242,730  
Work in process 7,704,652 7,366,188  
Wastes 13,125,141 16,747,715  
Finished Goods 115,591,580 141,165,917

-----  
175,560,642 176,522,550  
=====

**13. BOOK DEBTS - UNSECURED**

Total receivables 18,683,693 4,921,803  
Provision for doubtful debts (550,388) (947,521)

-----  
Considered good 18,133,305 3,974,282  
=====

**14. ADVANCES, DEPOSITS, PREPAYMENTS AND**

**OTHER RECEIVABLES - Considered good**

Advances to employees	930,576	997,200
Employees provident fund trust	347,989	--
Advances to suppliers of goods	678,769	311,643
Deposits, prepayments and other receivables	7,461,154	3,496,626
	-----	-----
	9,418,488	4,805,469
	=====	=====

**15. CASH AND BANK BALANCES**

Cash in hand	174,085	47,353
Cash at banks:		
Current accounts	11,068,243	5,236,127
Short notice deposits	20,000,000	35,000,000
	-----	-----
	31,068,243	40,236,127
	-----	-----
	31,242,328	40,283,480
	=====	=====

**16. COST OF SALES**

	1997		
	*Ginning	Textile	Total
	Rupees	Rupees	Rupees
Opening stock of finished goods	-	157,913,632	157,913,632
Cost of goods manufactured (Note 16-A)	2,546,233	366,509,353	369,055,586
	-----	-----	-----
	2,546,233	524,422,985	526,969,218
Closing stock of finished goods	-	(128,716,721)	(128,716,721)
	-----	-----	-----
	2,546,233	395,706,264	398,252,497
	=====	=====	=====

**16-A. COST OF GOODS MANUFACTURED**

Opening stock of raw materials	-	11,242,730	11,242,730
Purchases	-	213,109,308	213,109,308
	-----	-----	-----
	-	224,352,038	224,352,038
Closing stock of raw materials	-	(39,139,269)	(39,139,269)
	-----	-----	-----
	-	185,212,769	185,212,769
Excise duty	-	-	-
Stores and spares consumed	-	17,474,207	17,474,207
Fuel and power	430,163	71,876,521	72,306,684
Salaries & wages	1,449,357	55,643,545	57,092,902
Repairs & maintenance	2,659	12,230,772	12,233,431
Processing & other manufacturing			

expenses	530	5,759,656	5,760,186
Insurance	141,533	2,935,129	3,076,662
Depreciation	521,991	15,715,218	16,237,209
	-----	-----	-----
Opening work in process	2,546,233	366,847,817	369,394,050
	-	7,366,188	7,366,188
	-----	-----	-----
Closing work in process	2,546,233	374,214,005	376,760,238
	-	(7,704,652)	(7,704,652)
	-----	-----	-----
	2,546,233	366,509,353	369,055,586
	=====	=====	=====

\*Costs represent fixed/essential costs of Ginning Factory.

<b>1996</b>		
Ginning	Textile	Total
Rupees	Rupees	Rupees
-	233,685,653	233,685,653
2,738,307	349,452,378	352,190,685
	-----	-----
2,738,307	583,138,031	585,876,338
	- (157,913,632)	(157,913,632)
	-----	-----
2,738,307	425,224,399	427,962,706
	=====	=====
-	12,810,480	12,810,480
-	172,392,377	172,392,377
	-----	-----
-	185,202,857	185,202,857
-	(11,242,730)	(11,242,730)
	-----	-----
-	173,960,127	173,960,127
-	5,971,498	5,971,498
11,630	16,999,761	17,011,391
384,890	67,291,193	67,676,083
1,599,480	46,943,346	48,542,826
2,317	13,433,960	13,436,277
-	4,921,341	4,921,341
160,538	2,902,726	3,063,264
579,452	13,900,032	14,479,484
	-----	-----
2,738,307	346,323,984	349,062,291
-	10,494,582	10,494,582
	-----	-----
2,738,307	356,818,566	359,556,873
-	(7,366,188)	(7,366,188)
	-----	-----
2,738,307	349,452,378	352,190,685



**17. ADMINISTRATIVE EXPENSES**

	1997		
	Ginning	Textile	Total
	Rupees	Rupees	Rupees
Salaries & wages	-	11,501,267	11,501,267
Director's remuneration	-	1,959,000	1,959,000
Directors meeting fees	-	8,000	8,000
Rent, rates & taxes	64,637	1,238,343	1,302,980
Insurance	-	602,016	602,016
Repairs & maintenance	16,000	1,131,333	1,147,333
Postage, telephone & telegrams	42,827	1,046,476	1,089,303
Printing, stationery & periodicals	-	1,084,844	1,084,844
Advertisement	-	37,215	37,215
Audit fee	-	50,000	50,000
Legal & professional	-	581,473	581,473
Transport & travelling	33,958	1,230,788	1,364,696
Others	45,117	2,866,479	2,911,596
	-----	-----	-----
	202,539	23,437,184	23,639,723
	=====	=====	=====

**18. SELLING AND DISTRIBUTION EXPENSES**

Salaries and wages	-	1,626,862	1,626,862
Local sales expenses	-	1,896,416	1,896,416
Insurance	-	807,885	807,885
Advertisement	-	3,250	3,250
Others	-	657,044	657,044
	-----	-----	-----
	-	4,991,457	4,991,457
	=====	=====	=====

**1996**

	Ginning	Textile	Total
	Rupees	Rupees	Rupees
	-	10,318,957	10,318,957
	-	1,959,000	1,959,000
	-	7,000	7,000
	105,936	914,073	1,020,009
	-	601,775	601,775
	24,000	1,062,132	1,086,132
	50,686	1,132,624	1,183,310
	-	897,257	897,257
	-	70,747	70,747
	-	50,000	50,000
	-	319,007	319,007
	44,029	1,145,123	1,189,152
	72,767	2,019,226	2,091,993
	-----	-----	-----
	297,418	20,496,921	20,794,339

=====	=====	=====
-	1,606,757	1,606,757
-	2,393,032	2,393,032
-	1,416,078	1,416,078
-	28,500	28,500
-	975,452	975,452
-	6,419,819	6,419,819

**19. FINANCIAL EXPENSES**

	1997		
	Ginning Rupees	Textile Rupees	Total Rupees
Interest on overdraft & Bank charges	-	344,776	344,776
	-----	-----	-----
	-	344,776	344,776
	=====	=====	=====

**20. OTHER INCOME**

Rent received	-	65,065	65,065
Interest received	-	3,603,034	3,603,034
Dividends received	-	9,242,369	9,242,369
Sale of scrap and stores	792,807	2,629,784	3,422,591
Profit on sale of fixed assets (Note 22)	-	3,499	3,499
	-----	-----	-----
	792,807	15,543,751	16,336,558
	=====	=====	=====

	1996		
	Ginning Rupees	Textile Rupees	Total Rupees
	-	1,295,760	1,295,760
	-----	-----	-----
	-	1,295,760	1,295,760
	=====	=====	=====
	-	74,617	74,617
	-	5,707,030	5,707,030
		21,106,956	21,106,956
	101,074	2,119,343	2,220,417
	-	211	211
	-----	-----	-----
	101,074	29,008,157	29,109,231
	=====	=====	=====

**21. SALARIES AND WAGES INCLUDE:**

	1997	1996
	Rupees	Rupees

Salaries & wages	67,490,574	63,581,552
Bonus / Performance award	6,493,702	965,380
Provident fund	790,510	886,224
Gratuity	6,500,000	2,200,000
Hospital	2,537,826	3,672,164
School	184,058	179,828
Canteen	23,888	20,353
Labour welfare	4,164,710	2,882,013
Others	385,993	316,109
	-----	-----
	88,571,261	74,703,623
	=====	=====

These have been allocated as follows:

**Manufacturing:**

Salaries & wages	57,092,902	48,542,826
Service and other costs	18,350,230	14,235,083
Administrative expenses	11,501,267	10,318,957
Selling & distribution expenses	1,626,862	1,606,757
	-----	-----
	88,571,261	74,703,623
	=====	=====

**22. PROFIT ON SALE OF FIXED ASSETS**

Cost	346,135	54,053
Accumulated depreciation	(291,930)	(38,048)
Book value	54,205	16,005
Sale price	57,704	16,216
	-----	-----
Profit	3,499	211
	=====	=====

**22-A DETAIL OF FIXED ASSETS SOLD**

	cost	Accumulated	Book Value	Sale Price	Profit	Particulars of purchasers
	Rupees	Depreciation	Rupees	Rupees	Rupees	(by negotiation)
<b>Vehicle</b>						
LHK 9500	199,060	188,117	10,943	12,000	1,057	Mr. Bashir Abroad Arif; Ex-Employee
LHK 3282	25,450	21,180	4,270	4,500	230	Mr. Ghulam Rasool Gill, Ex-Employee
LOM 5696	33,550	22,556	10,994	11,200	206	Mr. Mukhtar Ahmed, Ex-Employee
LOM 6857	33,550	22,556	10,994	13,000	2,006	Mr. Intikhab Ahmed, Ex-Employee
<b>Furniture &amp; Fixtures</b>						
Air conditioner	29,060	22,743	6,317	6,317	--	Mr. Bashir Ahmad Arif. Ex-Employee

Cooking Range	5,125	2,673	2,452	2,452	---- do --
Cooler	3,200	2,196	1,004	1,004	---- do --
Fans	2,605	2,252	353	353	---- do --
Geaser	1,550	882	668	668	---- do --
Cooking Range	4,750	2,478	2,272	2,272	--Mr. Ghulam Rasool Gill, Ex-Employee
Geaser	3,500	1,827	1,673	1,673	---- do --
Cooler	3,400	1,773	1,627	1,627	---- do --
Fans	1,335	697	638	638	---- do --
	-----	-----	-----	-----	
	346,135	291,930	57,704	57,704	3,499
	=====	=====	=====	=====	=====

### 23. PLANT CAPACITY AND ACTUAL PRODUCTION

The capacity of various units of company and their production during the year were as follows:

#### a. TEXTILE SECTION:

After allowing maintenance etc. the textile mills have a yearly capacity to produce 9,678,823 kilograms of yarn of an average count of 20s and 9,218,040 meters of cloth with average picks of 50 per inch.

The actual production during the year was 4,863,642 kilograms (1996:5,264,518 kgs.) of yarn of an average count of 20s and 5,974,309 meters (1996:7,037,648 meters) of cloth converted in average picks of 50 per inch. The efficiency achieved is satisfactory.

The spindles and looms installed were 42,912 and 312 respectively out of which 37,407 (1996: 38,743) spindles and 246 (1996: 275) looms worked during the year. The under-utilization of capacity was due to market limitations.

#### b. GINNING FACTORY:

Based on 180 working days a year the Ginning section has an optimum production capacity of 144,000 bales of cotton, but it did not operate during the year (1996: NIL). The reason for not operating was market limitations.

### 4. DETAIL OF PAYMENTS TO DIRECTORS AND EXECUTIVES

	Managing Director		Other Directors		Executives	
	1997	1996	1997	1996	1997	1996
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Meeting fee	--	--	8,000	7,000	--	--
Managerial remuneration	1,860,000	1,860,000	--	--	4,286,914	5,739,708
Reimburseable expenses	--	--	--	--	256,154	365,379
Performance Award	--	--	--	--	961,492	--
Company's contribution and Staff Provident fund	99,000	99,000	--	--	228,316	513,062

1,959,000	1,959,000	8,000	7,000	5,732,876	6,618,149
=====	=====	=====	=====	=====	=====

(a) Meeting fee was paid to 6 directors. (1996:6 directors)

(b) 23 executives (1996:32 executives) of the Company were provided with free medical treatment for self and family at Mills Hospital or outside whenever necessary. They were also entitled to use Company owned vehicle, also used by others.

**25. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS**

Aggregate value of sales and purchases to/from associated undertakings during the year was Rs. 60,199,469 and Rs. 844,180 respectively (1996: Rs. 68,387,929 and Rs. NIL). The aggregate value of services in the form of insurance etc. provided by associated undertakings was Rs. 4,342,819 (1996: Rs. 6,085,294). Maximum aggregate balance due to associated companies during the year was Rs. 23,158,343 (1996: Rs. 24 200,269) Aggregate balance due from Associated undertakings as on 30 September 1997 was Rs. 174,785 (1996: due to Rs. 12,475,915).

**26. CONTINGENCIES AND COMMITMENTS**

	1997 Rupees	1996 Rupees
(a) Contingent liabilities	2,408,042	2,898,535
(b) Commitments for capital expenditure	--	--
	-----	-----
	2,408,042	2,898,535
	=====	=====

**Pattern of Shareholdings**

Number of Shareholders	Shareholding	Total shares held
751	From 1 to 100 Shares	30,577
578	From 101 to 500 Shares	150,957
231	From 501 to 1,000 Shares	232,075
237	From 1,001 to 5,000 Shares	514,678
21	From 5,001 to 10,000 Shares	161,944
12	From 10,001 to 15,000 Shares	155,223
5	From 15,001 to 20,000 Shares	85,586
3	From 25,001 to 30,000 Shares	76,666
3	From 30,001 to 35,000 Shares	104,463
1	From 50,001 to 55,000 Shares	59,000
2	From 65,001 to 70,000 Shares	137,515
2	From 75,001 to 80,000 Shares	154,996
1	From 80,001 to 85,000 Shares	82,992
1	From 90,001 to 95,000 Shares	92,194
1	From 150,001 to 155,000 Shares	151,592

1	From	225,001	to	230,000	Shares	225,616
1	From	265,001	to	270,000	Shares	268,800
1	From	275,001	to	280,000	Shares	276,700
1	From	290,001	to	295,000	Shares	292,284
1	From	345,001	to	350,000	Shares	349,254
1	From	355,001	to	360,000	Shares	355,682
1	From	365,001	to	370,000	Shares	366,515
1	From	520 001	to	525,000	Shares	521,616
1	From	565 001	to	570,000	Shares	565,818
2	From	595 001	to	600,000	Shares	1,198,360
1	From	695 001	to	700,000	Shares	696,302
-----						-----
1,861						7,307,405
=====						=====

**CATEGORIES OF SHAREHOLDERS**

	Number of Shareholders	Shares held	Percentage
Individuals	1,803	3,339,506	45.69
Investment Companies	6	650,118	8.90
Insurance Companies	6	106,325	1.46
Joint Stock Companies	14	1,117,960	15.30
Financial Institutions	10	290,218	3.97
Business Institutions	3	3,848	0.05
Charitable Institutions	3	228,480	3.13
Co-operative Societies	1	2,008	0.03
Foreign Companies	3	1,564,875	21.41
Administrator, Abandoned Properties, Govt. of Pakistan	11	3,867	0.05
Modaraba Companies	1	200	0.01
-----			-----
1,861			7,307,405
=====			=====