

**GULISTAN TEXTILE MILLS LIMITED**

29th Annual Report 1995

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**BOARD OF DIRECTORS**

GULISTAN TEXTILE MILLS LIMITED

CHIEF EXECUTIVE	Abdul Shakoor
DIRECTORS	Naseer Ahmed Tanveer Ahmed Mohammad Abdullah Mohammad Younus Riaz Ahmed N.R. Siddiqui
SECRETARY	Zamir Q. Siddiqui
AUDITORS	Hameed Chaudhri & Co. Chartered Accountants
MANAGEMENT CONSULTANTS	M. Yousuf Adil & Co. Chartered Accountants
TAX Consultants	Mushtaq & Co. Chartered Accountants
BANKERS	United Bank Limited
REGISTERED OFFICE	2nd Floor, Finlay House, 1. 1. Chundrigar Road, Karachi.
MILLS AT	
Unit I	Samasatta
Unit II & III	Tibba Sultanpur
Unit IV	Feroz Watwan

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**NOTICE OF THE ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT THE 29TH ANNUAL GENERAL MEETING OF THE SHARE HOLDERS OF GULISTAN TEXTILE MILLS LIMITED WILL BE HELD ON 2nd May, 1996 at 11.00 A.M. AT FINLAY HOUSE. 1.1. CHUNDRIGAR ROAD, KARACHI TO TRANSACT THE FOLLOWING BUSINESS:

(1) to confirm the minutes of the preceding meeting of the share holders of the Company.

(2) to receive and adopt the audited accounts and balance sheet for the year ended 30.9.1995 alongwith the Directors and Auditors Report thereon.

(3) to appoint the Auditors of the Company for the year ending 30.9.1996 and to fix their remuneration. The present auditors of the Company M/s. Hameed Choudhri & Company, Chartered Accountants, being eligible for appointment offered themselves for reappointment.

(4) Any other matter with the permission of the Chairman.

**By order of the Board**  
Company Secretary

Karachi

Dated: 11th April, 1996

**NOTES:**

1 ) The share transfer book of the Company will remain closed from 1st May, to 5th May, 1996 (both days inclusive).

2) Proxies in order to be effective must be received in the Company at the Registered Office not less than 48 hours before the time for holding the meeting.

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**DIRECTORS' REPORT TO THE  
SHARE HOLDERS**

Dear Share-holders,  
Assalam-o-Alaikum.

It is a matter of pleasure to welcome you on 29th Annual General Meeting of the Company and to report the performance of the Company alongwith Auditors Report thereon for the year ended 30.9.1995. During the year under review sales revenue of the Company amounted to Rs. 1,752,642,091 recording an increase of about 31 %.

It is really disappointing that inspite of increased sales the profitability has unfortunately decreased. The main cause of low profitability is the failure of cotton crop, its price hike in domestic and international markets, coupled with increase in fuel tariff and the increase in production cost adversely effected the cost of production which could not be absorbed in the falling prices of yarn in the home and foreign markets. The vast disparity between the cost and sale prices left no margin for the local spinners and hence inspite of increased turn over the profitability has deteriorated. Still the company had repaid Rs. 173.92 millions (Rs. 109.24 millions as principal with Rs. 64.68 millions as mark-up) towards long term liabilities.

The Directors recommend to make the following appropriation of accounts:

	RUPEES
1.Profit for the year before taxation	15,851,250
2.Provision for taxation (Prior Years)	1,367,838
3.Profit after taxation	15,714,462
4.Unappropriated Profit brought forward	64,862,271
5.Unappropriated Profit Retained	80,576,733

Your Company paid the exchange risk fee to avoid exchange losses as our currency is fluctuating very rapidly. Exchange loss is an allowable capital expenditure hence any expenditure incurred to avoid this loss should also be treated accordingly. Without the exchange booking the loss of exchange fluctuation would have been much more hence we have capitalized exchange risk fee in the respective assets accounts according to our past accounting policy.

**DIVIDEND:**

In view of the present circumstances your Directors do not propose payment of any dividend for the year under review as they are of the firm view that only a financially stable company can assure a promising future for its investors.

**FUTURE OUTLOOK/EXPANSION/DEVELOPMENT:**

The cotton crop size this year is safely expected to meet the demand of local industry. Since your company have purchased the cotton of its requirements and the prices of yarn are also presently stable therefore, we are optimistic of better results in the current year. The Government's present policy to allow unlimited export of cotton need revision. We suggest that only as much cotton be allowed for export as is realistically in excess of the requirements of local industry.

**POWER GENERATION:**

Your Directors have the pleasure to announce that your associated Co. Gulistan Power Generations Ltd. had installed power generation sets which are regularly supplying the power to your Unit No. IV in Ferozewatwan. We are no more dependent for this Unit on the supply of power by WAPDA. Action is being taken to ensure that we have our own power supply arrangements for the remaining units in Samasatta and Tibba Sultanpur.

**BALANCING MODERNIZATION & REPLACEMENT:**

The Company has established L/C for the import of 14880 spindles from China for the replacement of the old machinery to ensure better production results. We assure you that your Directors are fully alive to equip your Units with the latest technology in the textile world. It is apparent from our increasing production and sales.

**PRODUCTION CAPACITY:**

The present installed capacity of all the 4 operative Units is 77,336 spindles and 1696 Rotors. On achieving the optimum production on this capacity the production of yarn (converted in to 20s) during the year is 26,278,175 kgs. as against 23,376,369 kgs. in the preceding year an increase of 12.50% approximately.

**PATTERN OF SHAREHOLDING:**

Statement showing pattern of shareholding as on 30.9.95 is enclosed to this report.

**APPOINTMENT OF AUDITORS:**

The Auditors of the Company M/s. Hameed Choudhri and Company Chartered Accountants, retire and re offer their services for the year to come being eligible for such appointment.

**THANKS:**

On behalf of the Board of Directors profound appreciation and thanks are placed on record for dedicated services rendered by the employees, assistance/cooperation extended by the Banks and financial institutions.

Karachi:

I 0th April, 1996.

FOR & ON BEHALF OF THE BOARD  
(ABDUL SHAKOOR)  
CHIEF EXECUTIVE

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed ,balance sheet of GULISTAN TEXTILE MILLS LIMITED as at 30 September, 1995 and the related profit and loss account and cash flow statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all, the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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:

(1) 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 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 the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and except for the fact that Exchange risk Fee amounting to Rs. 5,015,505 has been capitalised (notes 15.4 and 16.1) and to the extent which this may affect the annexed accounts, respectively give a true and fair view of the state of the Company's affairs as at 30 September, 1995 and the profit and the cash flows for the year then ended, and

(d) in our opinion, no Zakat was deductible a source under the Zakat and Ushr Ordinance 1 980

**HAMEED CHAUDHRI & CO.**  
Chartered Accountants

Karachi.  
10th April, 1996

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**BALANCE SHEET**

	NOTE	1995 RUPEES	1994 RUPEES
<b>SHARE CAPITAL &amp; RESERVES</b>			
SHARE CAPITAL			
Authorised			
15,000,000 Ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed 8t paid up	3	126,360,000	84,240,000
Right Shares Subscribed	3.2	—	36,573,080
<b>RESERVES</b>			
Share Premium	3.3	379,080,000	329,157,720
General Reserves	4	203,921,394	203,921,394
Unappropriated Profit		80,576,733	64,862,271
		<b>663,578,127</b>	<b>597,941,385</b>
		789,938,127	718,754,465
<b>REDEEMABLE CAPITAL</b>	5	90,901,030	115,060,120
<b>LONG TERM LOANS</b>	6	102,398,541	145,032,394
<b>DEBENTURES &amp; DEFERRED CUSTOM DUTY</b>		—	311,728
<b>OBLIGATION UNDER FINANCE LEASES</b>	8	61,534,246	104,714,993
<b>DEFERRED LIABILITY</b>			
Provision for gratuity		13,616,631	11,768,129
Custom Duties Payable		6,710,227	6,710,227
<b>CURRENT LIABILITIES</b>			
Short term loans	9	523,137,686	426,930,448
Current maturity of long term liabilities	10	107,845,089	94,812,516
Creditors, Provisions, accrued charges & other liabilities	11	339,806,387	221,192,687
Workers profit participation fund	12	1,263,511	3,620,645
Workers welfare fund		1,892,899	1,892,899
Provision for taxation		1,349,124	1,349,124
DIVIDEND	13	51,759	290,515
		<b>975,346,455</b>	<b>750,088,874</b>

<b>CONTINGENT LIABILITIES/COMMITMENTS</b>	14	—	—
		-----	-----
		2,040,445,257	1,852,440,930
		-----	-----

The annexed notes form an integral part of these accounts.

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**AS AT 30 SEPTEMBER, 1995**

	NOTE	1995 RUPEES	1994 RUPEES
<b>FIXED ASSETS</b>			
At cost less depreciation	15	638,458,340	591,097,220
<b>CAPITAL WORK IN PROGRESS</b>	16	54,410,899	138,192,563
<b>INVESTMENTS — SHARES</b>	17	353,778,202	369,799,125
<b>INVESTMENTS—IMMOVABLE PROPERTY</b>	18	33,155,359	—
<b>DEFERRED COST</b>	19	4,388,393	2,226,426
<b>CURRENT ASSETS</b>	20		
Stores & stocks	21	234,388,486	203,395,982
Trade debts/bills receivables			
Unsecured considered good		202,141,364	141,389,906
Rebate receivable		11,335,562	12,887,931
Advances, deposits, prepayments & Other receivables	22	345,497,864	288,620,165
Short Term Investments	23	96,009,941	60,451,257
Margin deposits with banks		12,009,185	1,148,852
Cash & bank balances	24	54,871,662	43,231,503
		-----	-----
		956,254,064	751,125,596
		-----	-----
		2,040,445,257	1,852,440,930
		=====	=====

**ABDUL SHAKOOR**  
CHIEF EXECUTIVE.

**NASEER AHMED**  
DIRECTOR

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER, 1995**

	NOTE	1995 RUPEES	1994 RUPEES
SALES (Net)	25	1,752,642,091	1,340,072,418
COST OF SALES	26	1,560,242,621	1,052,620,423
		-----	-----
GROSS PROFIT		192,399,470	287,451,995
<b>OPERATING EXPENSES</b>			
Administrative	27	20,857,856	16,731,887
Selling	28	37,086,859	44,420,203
		57,944,715	61,152,090
		-----	-----
OPERATING PROFIT		134,454,755	226,299,905

MISCELLANEOUS REVENUE.	29	33,819,868	15,336,190
		-----	-----
FINANCIAL & OTHER CHARGES			
Financial	30	148,119,345	170,484,358
Other Charges	31	4,304,028	5,973,441
		-----	-----
		152,423,373	176,457,799
		-----	-----
PROFIT FOR THE YEAR BEFORE TAXATION		15,851,250	65,178,296
PROVISION FOR TAXATION-PRIOR YEAR		136,788	316,025
		-----	-----
PROFIT FOR THE YEAR AFTER TAXATION		15,714,462	64,862,271
UNAPPROPRIATED PROFIT BROUGHT FORWARD		64,862,271	-
		-----	-----
UNAPPROPRIATED PROFIT CARRIED TO BALANCE SHEET		80,576,733	64,862,271
		=====	=====

The annexed notes form an integral part of these accounts.

ABDUL SHAKOOR  
CHIEF EXECUTIVE

NASEER AHMED  
DIRECTOR

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**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER,1995**

	NOTE	1995 RUPEES	1994 RUPEES
<b>Net cash inflow from operating activities</b>	<b>A</b>	194,676,269	295,321,881
<b>Returns on investments and servicing of finance</b>			
Markup/interest paid		161,796,205	175,143,840
Finance charges on leased assets		25,137,134	30,082,123
Zakat paid		42,883	15,914
Dividend paid		238,756	3,992,844
Interest received on advances to associated undertakings		33,217,363	55,226,203
Interest paid on advances to associated undertakings		27,118,763	28,437,075
Interest income others		2,219,659	
Dividend received		988,884	3,859,106
Profit/return on deposits & investments		2,615,779	2,623,519
<b>Net cash out flow from investments and servicing of finance</b>		175,292,056	175,962,968
<b>Taxation:</b>			
Taxes paid (including deducted at source)		27,245,849	9,185,787
<b>Investing activities:</b>			
Fixed capital expenditure		8,407,137	49,961,298
Sale proceeds of fixed assets		1,846,200	136,000
Investments		31,151,545	299,438,358
Sale proceeds of investments		46,130,165	12,850,100
		-----	-----
<b>Net cash inflow / (outflow) from investing activities</b>		8,417,683	336,413,556
		-----	-----
<b>Net cash inflow/(outflow) before financing activities</b>		556,047	226,240,430
		-----	-----
<b>Financing activities:</b>			
Issue of right shares including share premium		55,469,200	365,730,800

Share issue expenses	939,632	2,783,033
Increase/(decrease) in short term finances	96,532,797	35,137,094
Redeemable capital & loans received	-	34,635,000
Repayment of redeemable capital & loans	49,596,526	37,322,088
Repayment of obligation under finance leases	59,652,105	62,686,401
	-----	-----
<b>Net cash inflow from financing activities</b>	41,813,734	262,437,184
Increase in cash & cash equivalents	-----	-----
	42,369,781	36,196,754
	=====	=====

**ABDUL SHAKOOR**                                  **NASEER AHMED**  
CHIEF EXECUTIVE                                  DIRECTOR

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A. NET cash inflow from operating activities		
Operating profit before taxation	15,851,250	65,178,296
Depreciation	61,543,980	66,282,656
Profit on sale of investments	31,030,165	12,850,100
Dividend income	988,884	2,121,947
Profit on sale of fixed assets	888,956	37,632
Profit / (Loss) on sale & lease back of assets	662,251	197,021
Exchange (gain) / loss	196,261	362,137
Provision for gratuity (net)	1,848,502	1,158,739
Provision for diminution in value of investments	-	24,310
Deferred cost amortised	961,065	556,607
Financial expenses	122,939,328	142,462,717
Finance charges on leased assets	25,137,134	28,005,727
Zakat	42,883	15,914
	-----	-----

Profit before working capital changes                                  194,557,625                                  289,185,825

(Increase)/decrease in current assets

Stores and stocks	30,992,504	8,630,422
Trade Debts	60,751,458	8,639,901
Rebate receivable	1,552,369	3,892,124
Loans, advances, deposits, prepayments & other receivable	67,191,313	71,283,773
Margin deposit with banks	10,860,333	759,043
Increase/(decrease) in current liabilities		
Creditors, provisions accrued charges & other liabilities	172,902,417	67,998,273
Workers' profit participation fund	2,357,134	1,966,261
Workers welfare fund	-	2,776,351
Corporate Asset Tax	-	1,000,000
	-----	-----

2,302,044                                  6,136,056

Quota purchase                                  2,183,400                                  -

Net Cash inflow from operating activities                                  194,676,269                                  295,321,881

196,261

**B. Changes in cash & cash equivalents**

Balance as at 30 September, 1994	68,342,626	32,508,009
Exchange gain/(Loss)	196,261	362,137
Increase in cash & cash equivalents	42,369,781	36,196,754
	-----	-----

Balance as at 30 September, 1995                                  110,908,668                                  68,342,626

**C. Analysis of cash & cash equivalents**

Cash & Bank balances	54,871,662	43,231,503
Short term investments	56,660,993	26,060,709
	-----	-----

	111,532,655	69,292,212
Less short term finances (unsecured)	623,987	949,586
	-----	-----
Cash & cash equivalents	110 908 66R	68,342,626
	=====	=====

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NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1995

**1. THE COMPANY AND ITS OPERATIONS**

The Company was incorporated on 2nd February, 1966 as a private limited company and was converted into public company on 11th April, 1966. The shares of the company are listed on Karachi stock Exchange. The company is principally engaged in the manufacture and sale of yarn.

**2. ACCOUNTING POLICIES**

2.1. The accounts have been prepared under historical cost convention as modified by adjustments of exchange rate fluctuations.

**2.2. Provision for Gratuity**

The company operates an unfunded gratuity scheme for its employees. Provision has been made in the accounts to cover the obligation under the scheme.

**2.3. Taxation**

Provision for current Taxation is made on the taxable income, if any, after taking into account tax credit and export rebates.

The company does not account for deferred taxation. The extent of deferred tax, not accounted for, is disclosed in note 32.

**2.4. Fixed assets.**

Fixed assets are stated at cost less depreciation except freehold land lease hold land, and capital work in progress which are stated at cost. Cost of plant and machinery consist of historical cost and adjustments for exchange gain or loss/exchange risk fee in respect of foreign currency loans utilised for acquisition thereof.

Fixed assets (including assets acquired under finance leases) other than land and capital work in progress are depreciated on reducing balance method without considering extra shift workings, at the annual rates of 10% to 20% of written down values, depending upon the class of assets. No depreciation is charged on the fixed assets deleted during the year. Full year's depreciation is charged on additions except major additions or extension to production facilities which are depreciated on a pro-rata basis for the period of the use during the year. Normal repairs and maintenance are charged to expenses as and when incurred. Major repairs and renewals are capitalised.

Gain or loss on disposal of fixed assets is included in the profit and loss account.

**2.5. Stores and spares**

Stores and spares are valued at average cost.

**2.6. Stocks**

Stocks are valued at lower of average cost and net realisable value. Cost in relation to work in process and finished goods represents cost of direct materials and appropriate manufacturing overheads. Waste is valued at realisable value.

**2.7. Investments**

Long term investments are valued at cost. Provision is made for permanent diminution in value of investments, if any. Short term investments are valued at lower of cost and realisable value.

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**2.8. Translation of foreign currencies.**

Foreign currency liabilities and receivables are translated into rupees at the exchange rates prevailing on the balance sheet date and differences on exchange on foreign currency liabilities utilised for the acquisition of assets are transferred to relevant assets. All other



exchange difference are included in the profit and loss account.

**2.9. Accounting for leased assets.**

The Company accounts for assets acquired under finance lease by recording the assets and related liability. Finance charge is allocated to accounting periods in a manner so as to produce a constant periodic rate of charge on the outstanding liabilities.

Gain or loss on sale/lease back of assets is deferred and recognised/amortised over lease period. Gain or loss on sale/leaseback of assets acquired during the year by the company is included in the profit and loss account.

**2.10. Deferred Costs**

Deferred Costs are amortised over a period of five years.

**2.11. Revenue recognition.**

Sales are recorded on dispatch of goods.

**2.12. Presentation**

Figures in these accounts have been rounded off to the nearest rupee. Figures of the previous year have been re-arranged, whenever necessary, for the purposes of comparison.

**3. SHARE CAPITAL**

	1995 Rupees	1994 Rupees
<b>3.1. Issued, Subscribed &amp; Paidup</b>		
4,771,715 (1994-559,715) ordinary shares of Rs. 10/- each fully paid up in cash.	47,717,150	5,597,150
7,864,285 (1994-7,864,285) Ordinary shares of Rs. 10 each issued out of reserves as fully paid bonus shares	78,642,850	-
-----	-----	-----
12,636,000	126,360,000	5,597,150
=====	=====	=====

**3.2 Right shares subscribed**

(1994- 3,657,308) Ordinary shares of Rs.  
10/- each.

12,636,000	36,573,080
=====	=====

**3.3 Share Premium Account**

This represents share premium received on 4,212,000 ordinary shares of Rs. 10/- each issued at premium of Rs. 90 per share.

3.4 Industrial Development Bank of Pakistan (IDBP) has the right to subscribe at per value and to the preferential allotment to the issue of shares made by the company during the subsistence of the financial assistance. However, the number of shares taken by IDBP shall not exceed twenty percent of the financial assistance.

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	NOTE	1995 RUPEES	1994 RUPEES
<b>4. GEIYERAL RESERVE</b>			
Balance as at 30 September, 1994		203,921,394	203,921,394
Transfer from /(to) profit & loss Account.		-	-
		-----	-----
Balance as at 30 September, 1995		203,921,394	203,921,394
		=====	=====
<b>5. REDEEMABLE CAPITAL</b>			
Long term finances mark up basis			
IDBP	(note 5.1)	-	192,494

IDBP	(note 5.2)	567,818	886,173
IDBP	(note 5.3)	92,840	144,725
RDFC	(note 5.4)	15,102,598	20,932,604
NIT	(note 5.5)	32,461,774	37,904,124
AMERICAN EXPRESS BANK	(note 5.6)	42,676,000	55,000,000

-----	-----
90,901,030	115,060,120
=====	=====

**5.1. IDBP**

Balance as at 30 September, 1994	560,871	910,791
Less: Repaid during the year	368,345	349,920
	-----	-----
	192,526	560,871
Less: Installments due within the following twelve months	192,526	368,377
	-----	-----
	-	192,494
	=====	=====

5.1.1. The company has arranged finance on mark up basis from IDBP. The ultimate repurchase of Rs. 3,268,742 is payable in sixteen half yearly installments of Rs. 204,297 each commencing from 30 September, 1988. The rate of mark up is 7.50 paisas per rupee per annum.

5.1.2. The finance is secured against equitable mortgage of company's present and future immovable properties and a first charge by way of hypothecation on all other assets both present and future.

	1995 Rupees	1994 Rupees
<b>5.2 IDBP</b>		
Balance as at 30 September, 1994	1,163,896	1,409,938
Less: repaid during the year	277,723	246,042
	-----	-----
	886,173	1,163,896
Less installments due within the following twelve months	318,355	277,723
	-----	-----
	567,818	886,173
	=====	=====

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5.2.1. The company has arranged finance on mark up basis from IDBP. The ultimate repurchase of Rs. 3,470,058 is payable in sixteen half yearly installments of Rs. 217,066 each commencing from 30 September, 1990. The rate of mark up is 15 paisas per rupee per annum.

5.2.2. The finance is secured against equitable mortgage of company's present and future immovable properties and a first charge by way of hypothecation on all other assets both present and future.

	1995	1994 Rupees
<b>5.3 IDBP</b>		
Balance as at 30 September,	190,021	229,701
Less: Repaid during the year	45,126	39,680
	-----	-----
	144,725	190,021
Less: Installments due within the following twelve months	52,055	45,296
	-----	-----
	92,840	144,895

=====

5.3.1. The company has arranged finance on mark up basis from IDBP. The ultimate repurchase of Rs.569,162 is payable in sixteen half yearly installments of Rs. 35,573 each commencing from 30 September, 1990. The rate of mark up is 15 paisas per rupee per annum.

5.3.2. The finance is secured against equitable mortgage of company's present and future immovable properties and a first charge by way of hypothecation on all other assets both present and future.

	1995 Rupees	1994 Rupees
<b>5.4. RDFC</b>		
Balance as at 30 September,	25,850,877	30,000,000
Less: Repaid during the year	4,918,273	4,149,123
	-----	-----
	20,932,604	25,850,877
Less: Installments due within the following twelve months	5,830,006	4,918,273
	-----	-----
	15,102,598	20,932,604
	=====	=====

5.4.1. The company has entered into sale/purchase agreement with Regional Development Finance Corporation (RDFC). In terms of agreement RDFC has agreed to purchase certain assets at a price of Rs. 30,000,000 and the company has agreed to buy back the said assets at a price of Rs. 48,823,620 subject to a rebate of Rs. 2,334,470

5.4.2. The finance is secured against guarantees of Crescent Investment Bank Limited and directors.

5.4.3. The finance is repayable in ten half yearly installments commencing on 31 March, 1994

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	1998 Rupees	1994 Rupees
<b>5.5 NIT</b>		
Balance as at 30 September, 1994	42,570,071	46,570,377
Less: Redeemed during the year	4,665,947	4,000,306
	-----	-----
	37,904,124	42,570,071
Less: Installments due within the following twelve months	5,442,350	4,665,947
	-----	-----
	32,461,774	37,904,124
	=====	=====

5.5.1. The company has entered into sale/purchase agreement with National Investment Trust Limited (NIT). NIT has agreed to purchase the investment property of Rs. 50 million and the company has agreed simultaneously to repurchase the investment property at a price of Rs. 94,380,880. The company has issued Term Finance Certificates (TFCs) for the repurchase price. The mark up works out at 16% per annum.

5.5.2. TFCs are redeemable in 16 half yearly installments commencing from 1 April, 1993 and ending on 1 October, 2000.

5.5.3. TFCs are secured against an equitable mortgage, floating charge and deed of hypothecation ranking pari passu with charges already created in favour of other

creditors over all existing and future movable and immovable assets of the company located at Distt Bhawalpur and Distt Sheikhpura.

#### 5.6 American Express Bank Limited

	1998 Rupees	1994 Rupees
Balance as at 30 September,	55,000,000	49,648,000
Disbursed during the year	—	5,352,000
	-----	-----
	55,000,000	55,000,000
Less: Installment due within following twelve month	12,324,000	—
	-----	-----
	42,676,000	55,000,000
	=====	=====

5.6.1. The company has arranged term finance under mark up on price basis from American Express Bank Limited.

5.6.2. The term finance carries mark up at the rate of 45.61 and 45.62 paisas per Rs. 1,000 per day and is payable quarterly.

5.6.3. The term finance is repayable as under:

Rs. 5,352,000 in two semi annual installments commencing from 18 April, 1996.  
 Rs. 7,200,000 in two semi annual installments commencing from 2 February, 1996.  
 Rs. 40,000,000 in two semi annual installments commencing from 9 March, 1997.  
 Rs. 2,448,000 in two semi annual installments commencing from 19 October, 1995.

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5.6.4 The term finance is secured against:

(a) hypothecation and/or pledge of goods or other immovable properties of the company, whether sold to or repurchased from the bank by the company or not.

(b) hypothecation of debts and receivables of the company, whether sold to or repurchased from the bank by the company or not.

(c) mortgage of or charge on immovable properties of the company, whether sold to or repurchased from the bank by the company or not.

(d) personal guarantees of the directors.

(e) demand promissory note made out in favour of the bank.

#### 6. LONG TERM LOANS

	1995 Rupees	1994 Rupees
IDBP loans (note 6.1)	2,136,081	6,169,162
Suppliers credits (note 6.2)	11,357,927	15,901,105
LMM loans (note 6.3)	—	342,000
NBP loan (note 6.4)	5,202,916	14,326,344
NBP loan (note 6.5)	24,755,780	27,258,946
PICIC loan (note 6.6)	36,596,043	41,240,043
PICIC loan (note 6.7)	22,345,794	23,194,794
Citibank (note 6.8)	—	16,600,000
	-----	-----
	102,398,541	145,032,394
	=====	=====

#### 6.1 IDBP loan

1995	1994
------	------

	Rupees	Rupees
Loan No.		
T-5/N-3	11	11
S-9/1-9	478,162	717,243
V-9/H-3	2,117	2,117
Y-0	39,484	1,252,508
H-2	5,697,322	9,600,690
	-----	-----
	6,217,096	11,572,569
Less: Installments due within the following twelve months	4,081,015	5,405,407
	-----	-----
	2,136,081	6,169,162
	=====	=====

6.1.1 The loans are secured by a first mortgage of company's present and future immovable properties and first charge by way of hypothecation of all other assets both present and future.

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6.1.2. Rate of interest and repayment.

Particulars		Rate of interest %	Exchange Risk Fee	Number of half yearly Installments	Commen cing From
T-5/N-3	(2)	11.0	3.0	20	28-04-1984
S-9/L-9	(1)	11.0	3.0	20	31-12-1983
V-9/11-3		9.5		12	31-03-1983
Y-0	(3)	11.0	3.0	20	15-10-1985
H-2	(3)	11.0	3.0	16	15-07-1989

6.1.3 The loans have been converted into Rupees at the exchange rate prevailing on:

in case of (1) 27 January, 1991, (2) 2 August, 1987 and (3) disbursement dates. The loans are repayable in rupees.

	1995 Rupees	1994 Rupees
--	----------------	----------------

**6.2. Suppliers' credit**

Balance as at 30 September,	20,444,283	24,987,461
Less: paid during the year	4,543,178	4,543,178
	-----	-----
Less installments due within the following twelve months	15,901,105	20,444,283
	4,543,178	4,543,178
	-----	-----
	11,357,927	15,901,105
	=====	=====

(a) The suppliers' credit has been obtained from Nichimen Europe B.V., London Branch.

(b) In order to execute payment, the seller has drawn twelve bills of exchange through letter of credit opening bank. These bills have been accepted by the company and endorsed by Muslim Commercial Bank Limited, letter of credit opening bank. The endorsement by the bank is secured against agreement to create registered mortgage of the fixed assets of the company.

(c) The suppliers' credit carries interest at the rate of 7.6% and exchange risk fee of 6.6% per annum payable half yearly.

(d) The suppliers' credit is repayable in twelve half yearly installments commencing

from 30 September, 1993.

(e) The suppliers' credit has been translated into rupees at the average of the exchange rates prevailing on the dates of opening of letters of credit.

19	1995 Rupees	1994 Rupees
<b>6.3. LMM Loan</b>		
Balance as at 30 September 1994	684,000	1,026,000
Less: repaid during the year	342,000	342,000
	-----	-----
	342,000	684,000
Less: Installments due within the following twelve month	342,000	342,000
	-----	-----
	-	342,000
	=====	=====

(a) The loans have been obtained from United Bank Limited under LMM Refinance Scheme of State Bank of Pakistan.

(b) The loans carries mark up at the rate of 8% per annum and is repayable in ten half yearly installments commencing from 31 March 1992 and ending on 30 September 1996

(c) The loans is secured against first charge on present and future fixed assets of the Company (unit 2) of the company and personal guarantee of the directors.

19	1995 Rupees	1994 Rupees
<b>6.4 NBP Loan</b>		
Balance as at 30 September, 1994	21,972,360	28,380,211
Less: Repaid during the year	7,646,016	6,407,851
	-----	-----
	14,326,344	21,972,360
Less: Installments due within the following twelve months	9,123,428	7,646,016
	-----	-----
	5,202,916	14,326,344
	=====	=====

(a) The loan is secured against:

(i) First charge by way of equitable mortgage ranking pari passu with other senior creditors on the present and future fixed and other assets of the company.

(ii) Floating charge on all other assets including book debts.

(iii) Guarantees of the directors of the company.

(iv) Promissory note executed by all the directors.

(b) The loan carries interest at the rate of 16.425% per annum and is repayable in ten half yearly installments commencing from 31 December, 1992.

20	1995 Rupees	1994 Rupees
<b>6.5. NBP LOAN</b>		

Balance as at 30 September 1994	29,283,000	-
Disbursed during the year	-	29,283,000
	-----	-----
	29,283,000	29,283,000
Less: Repaid during the year	2,024,054	-
	-----	-----
Less: Installments due within the following twelve months	2,503,177	2,024,054
	-----	-----
	24,755,780	27,258,957
	=====	=====

(a) The loan is secured against:

1. First charge by way of equitable mortgage ranking pari passu with other senior creditors on the Present and Future Fixed assets of the company
2. Floating charge on the other assets including book debts of the company.
3. Guarantees of the directors of the company.
4. Promissory note executed by all the directors

(b) The loan carries interest at the rate of 48 paisas per thousand per day per annum (17.52%) and is repayable in fourteen half yearly Installments commencing from 31,Dec. 1994.

	1995 Rupees	1994 Rupees
<b>6.6. PICIC Loan</b>		
Balance as at 30 September, 1994	45,259,043	48,737,043
Less: Repaid during the year	1,937,000	3,478,000
	-----	-----
	43,322,043	45,259,043
Less: Installments due within the following twelve months	6,726,000	4,019,000
	-----	-----
	36,596,043	41,240,043
	=====	=====

6.6.1 The loan is secured against:

(a) a first legal mortgage ranking parry pass with charges already created in favour of PICIC and other long term creditors on the company's present and future immovable properties wherever situated including all buildings, fixed plant, machinery and fixtures (including trade fixtures).

(b) a first charge by way of hypothecation in respect of all the machinery of the company, both present and future ranking parry pass with charges already created in favour of PICIC and other long term creditors.

(c) a first floating charge ranking parry pass with charges already created in favour of PICIC and other long term creditors on all other assets of the company both present and future.

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(d) a demand promissory note for the amount of the loan renewable every three years.

6.6.2 Pending completion, execution and registration of mortgage deed referred above, the loan is secured by:

(a) a first charge by way of equitable mortgage, on company's immovable

properties both present and future as and when acquired by deposit of title deed with PICIC, ranking parry pass with existing charges created in favour of IDBP and other creditors.

(b) an irrevocable general power of attorney in favour of PICIC.

6.6.3 The loan carries interest at the rate of 15% including exchange risk fee of 5% per annum and is repayable in twenty half yearly installments commencing from 1 January, 1992 and ending on 1 July, 2001. The loan has been converted into Rupees at the exchange rates prevailing on the opening of letters of credit dates.

	1995 Rupees	1994 Rupees
<b>6.7 PICIC loan</b>		
Balance as at 30 September, 1994	23,903,794	24,214,794
Less: Repaid during the year	339,000	311,000
	-----	-----
	23,564,794	23,903,794
Less: Installments due within the following twelve months.	1,215,000	709,000
	-----	-----
	22,349,794	23,194,794
	=====	=====

6.7.1 The loan is secured against:

(a) a first legal mortgage ranking parry pass with charges already created in favour of PICIC and other long term creditors on the company's present and future immovable properties wherever situated including all building, fixed plant, machinery and fixtures (including trade fixtures)

(b) a first charge by way of hypothecation in respect of all the machinery of the company, both present and future ranking parry pass with charges already created in favour of PICIC and other long term creditors.

(c) a first floating charge ranking parry pass with charges already created in favour of PICIC and other long term creditors on all other assets of the company, both present and future.

(d) a demand promissory note for the amount of the loan renewable every three years.

6.7.2 Pending completion, execution and registration of mortgage deed referred above, the loan is secured by:

(a) a first charge by way of equitable mortgage, on company's immovable properties both present and future as and when acquired by deposit of title deed with PICIC, ranking pari passu with existing charges created in favour of IDBP and other creditors.

(b) an irrevocable general power of attorney in favour of PICIC.

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6.7.3 The loan carries interest at the rate of 18.2% including exchange risk fee of 5% per annum and is repayable in twenty half yearly installments commencing from 1 July, 1994 and ending on 1 January, 2006. The loan has been converted into Rupees at the exchange rates prevailing on the opening of letter of credit date.

6.8. CITIBANK N.A.

	1995 Rupees	1994 Rupees
--	----------------	----------------



Balance as at 30 September,1994	16,600,000	20,000,000
Less repaid during the year	16,600,000	3,400,000
	-----	-----
	-	16,600,00
	=====	=====

6.8.1 The company has repaid long term finance during the year.

DEBENTURES DEFERRED CUSTOMS DUTY

	1995	1994
	<u>Rupees</u>	Rupees
Balance as at 30 September, 1994	1,658,951	2,523,878
Less: Payments/adjustment during the year	534,402	864,927
	-----	-----
Less: Installments due within the following twelve months	1,124,549	1,658,951
	1,124,549	1,347,223
	-----	-----
	-	311,728
	=====	=====

7.1 These represent deferred customs duty which is collaterally secured against issue of debentures/bank guarantees.

7.2 The debentures have been secured in pursuance of an undertaking given by the company whereby no particular asset is specifically charged by the company However, the company has agreed inter alia to maintain its existence and keep the property and assets in proper order

7.3 The debenture/deferred customs duty carry interest at the rate of one percent above bank rate, presently 11 % per annum.

7.4 The debentures are redeemable in half yearly installments over a period commencing from November, 1987 and ending in December, 1996.

23	1995	1994
	<u>Rupees</u>	Rupees
8. OBLIGATORY UNDER FINANCE LEASES		
Balance as at 30 September, 1994	163,218,015	172,003,090
Assets acquired during the year	11,995,786	53,901,326
	-----	-----
Less: Payments during the year	175,213,801	225,904,416
	59,561,696	163,218,015
Less: rentals due within the following twelve months	54,027,450	58,503,022
	-----	-----
	61,534,246	104,714,993
	=====	=====

(a) The company has entered into lease agreements with leasing companies/modarabas/financial institutions for lease of plant and machinery, office equipment and motor vehicles. The lease rentals which include finance charges ranging between 15.12% to 22.28% per annum are payable in monthly installments by August, 1999.

(b) The future lease payments to which the company is committed under lease agreements are due as follows:

Year ending 30 September,	-	82,829,941
1995	70,142,573	65,307,924
1996	37,153,359	32,472,195
1997	38,244,561	33,655,286
1998-1999	-----	-----

	145,540,493	214,265,346
Less: Finance charge not yet due	29,978,797	51,047,331
	-----	-----
	115,561,696	163,218,015
	=====	=====
Classified as under:	61,534,246	104,714,993
Long term obligation	54,027,450	58,503,022
Current obligation	-----	-----
	115,561,696	163,218,015
	=====	=====

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## SHORT TERM LOANS

From banks:		
Secured	422,780,877	340,788,902
Unsecured (temporary)	923,987	949,586
From Financial institutions / Modarabas	99,732,85,92,00	
	=====	=====
	523,137,686	429,930,488
	=====	=====

9.1 The company has borrowing facilities upto an aggregate of Rs. 669.93 millions (1994 Rs. 914.90 millions) which are secured against hypothecation of stocks and export bills receivables.

422,780,877 340,788,902  
623,987 949,586  
99,732,822 85,192,000

9.2 Short term loans from financial institutions/Modarabas are secured against bank guarantees and carry mark up at the rate of 13% to 21.5% (1994,12.25% to 22.63%) per annum.

## 10. CURRENT MATURITY OF LONG TERM LIABILITIES

Redemable capital	24,159,292	10,275,616
IDBP loans	4,081,015	5,403,407
PICIC loan	7,941,000	4,728,000
LMM loan	342,000	342,000
Suppliers' credit	4,543,178	4,543,178
Debentures/Deferred customs duty	1,124,549	1,347,223
National Bank of Pakistan Loan	11,626,605	9,670,070
Obligation under finance leases	54,027,450	58,503,022
	-----	-----
	107,845,089	94,812,516
	=====	=====

## 11. CREDITORS. PROVISIONS, ACCRUED CHARGES &amp; OTHER LIABILITIES

Due to Director	-	6,484,087
Due to Associated Persons	-	1,338,743
Due to Associated undertakings	25,842,677	10,506,590
Creditors	35,298,758	28,610,642
Accrued expenses	206,217,684	109,471,115
Advances from customers	42,992,692	15,136,211
Advance from others	3,000	335,121
Interest/markup on secured loans and debentures / custom duty	28,000,980	31,832,821
	1,339,185	17,289,245
Interest on associated undertakings balances	-	145,397
Interest payable others	111,411	42,715
Tax deductions	-----	-----
	339,806,387	221,192,687
	=====	=====

12. WORKERS PROFIT PARTICIPATION FUND		
Balance as at 30 September, 1994	3,620,645	1,654,384
Less paid during the year	3,364,641	1,651,090
	-----	-----
Add: Interest credited	256,004	3,294
Contributions for the year ~ 5°'^	166,030	175,278
	841,477	3,442,073
	-----	-----
Balance as at 30 September, 199	1,263,511	3,620,645
	-----	-----

12.1 The Company has utilised the allocation to the fund for its operation till its payment.

	1995	1994
	<u>Rupees</u>	<u>Rupees</u>
13. DIVIDEND		
Unclaimed dividend	51,051	289,807
Bonus coupons	708	708
	-----	-----
	51759	290515
	=====	=====

	1995	1994
	<u>Rupees</u>	<u>Rupees</u>

14. CONTINGENT LIABILITIES/COMMITMENTS

14.1 Custom duty payable (secured against Bank guarantees)	9,199,563	4,838,176
---	-----------	-----------

14.2 The Income tax assessments of the company have been finalised upto the accounting year 30 September, 1993 (assessment year 1994-95). The assessing officer has raised demands aggregating Rs. 14,824,048, being minimum tax payable under section 80 D of Income Tax ordinance, 1979, in respect of assessment years 1991-92 to 1994-95 (accounting years ended 30 September, 1991 to 30 September, 1993) out of which the company has paid Rs. 5,832,633 under protest. No provision has been made in these accounts for amount of tax assessed.

No provision has been made in these accounts for the minimum tax payable for the accounting years ended 30 September, 1994 and 30 September, 1995 amounting to Rs. 15,937,212. However taxes deducted at source during the years from 30 September, 1991 to 30 September, 1995 amounting to Rs. 30,925,733 are included in Advances, deposits, prepayments and other receivables.

The company has filed constitutional petition against the levy of Turn Over Tax under section 80 D in the High Court of Sindh which is pending.

14.3. On a petition filed by the company, the High Court of Sindh has granted stay against the deduction of tax under section 80 CC by the banks from export proceeds subject to the condition that the company furnishes bank guarantee for the amount of each deduction. The tax deducted and deposited by the banks amounting to Rs. 4,255,155 (1994 RS. 1.069.626) is included in Tax deducted at source.

14.4 The High Court of Sindh has granted stay against Central Excise Duty on loans from banks/ financial institutions. The total excise duty not charged by banks/financial institutions upto 30 September, 1995 amounted to RS. 15,011,214 (1994-Rs. 13,086,853) for which no provision has been made in the accounts.

14.5 Additional surcharge imposed by WAPDA on supply of electricity amounting to Rs. 31.73 million on electricity bills from December, 1994 to September, 1995 has not been provided in these accounts. The company disputes the claim and filed appeal with the Lahore High Court, which was decided against the company. However, subsequent to the balance sheet date, the company has filed petition with the Supreme Court of Pakistan. The Supreme Court has stayed the recovery of the additional surcharge during pendency of the petition against furnishing of indemnity bonds.

## 15. FIXED ASSETS.

C	O	S	T	D	E	P	R	E	C	I	A	T	I	O	N
P A R T I C U L A R S At	As At	Disposals/	As At	%	As At	For the	Disposals/	As At	Written down						
30.09.94	Additions	Adjustments	30-09-95	Rate	30.09.1994	YEAR	adjustment	30-09-95	value As At						
											30 Sept. 95				
<b>A. OWN ASSETS</b>															
Land:															
Freehold	2,615,375	1,917,824	-	4,533,199					4,533,199						
Leasehold	150,000	-	-	150,000					150,000						
Buildings on:															
Freehold Land	99,827,055	4,469,518	-	104,296,573	10	29,222,368	7,060,469	-	36,282,837	68,013,736					
Leasehold Land	27,763,958-	-	-	27,763,958	10	16,267,041	1,149,692	-	17,416,733	10,347,225					
Office/improvement on															
Leased Premises	177,724	-	-	177,724	10	93,498	8,423	-	101,921	75,803					
Plant & Machinery	391,600,562	145,511,075	-	537,111,637	10	162,880,221	23,562,843	44,072,583	230,515,647	306,595,990					
Electric Installation	29,145,033	308,932	-	29,453,965	10	13,718,326	1,573,563	-	15,291,889	14,162,076					
Electric Equipment	3,948,837	-	-	3,948,837	10	1,679,212	226,962	-	1,906,174	2,042,663					
Office Equipment	6,572,190	1,563,670	-	8,135,860	10	2,644,080	457,776	314,332	3,416,188	4,719,672					
Mill Equipment	22,265,868	192,085	-	22,457,953	10	6,848,108	1,560,985	-	8,409,093	14,048,860					
Furniture & Fixture	3,618,955	316,925	-	3,935,880	10	1,497,159	243,872	-	1,741,031	2,194,849					
Air Conditioners	1,512,167	38,181	-	1,550,348	10	736,128	81,422	-	817,550	732,798					
Fire Fighting Equipment	227,975	-	-	227,975	10	22,798	20518	-	43,316	184,659					
Vehicles	7,035,167	4,312,641	536,000	10,811,808	20	3,486,640	816,483	1,828,147	6,131,270	4,680,538					
<b>1995 Rupees</b>	<b>596,460,866</b>	<b>158,630,851</b>	<b>536,000</b>	<b>754,555,717</b>		<b>239,095,579</b>	<b>36,763,008</b>	<b>46,215,062</b>	<b>322,073,649</b>	<b>432,482,068</b>					
<b>1994 Rupees</b>	<b>468,690,220</b>	<b>127,991,646</b>	<b>221,000</b>	<b>596,460,866</b>		<b>199,325,369</b>	<b>39,892,842</b>	<b>122,632</b>	<b>239,095,579</b>	<b>357,365,287</b>					
<b>LEASED ASSETS:</b>															
Plant & Machinery	299,519,870	47,994,310	95,722,542	251,791,638	10	78,644,933	22,721,871	44,072,583	57,294,221	194,497,417					
Office Equipment	914,020	677,600	914,020	677,600	10	247,700	134,392	314,332	67,760	609,840					
Electric Equipment	3,718,407-	-	-	3,718,407	10	1,030,278	268,813	-	1,299,091	2,419,316					
Electric Installation	7,201,606-	-	-	7,201,606	10	720,161	648,145	-	1,368,306	5,833,300					
Motor Vehicles	7,468,928	2,752,886	4,992,741	5,229,073	20	4,447,826	1,007,751	2,842,903	2,612,674	2,616,399					
<b>1995 Rupees</b>	<b>318,822,831</b>	<b>514,247,96</b>	<b>101,629,303</b>	<b>268,618,324</b>		<b>85,090,898</b>	<b>24,780,972</b>	<b>47,229,818</b>	<b>62,642,052</b>	<b>205,976,272</b>					
<b>1994 Rupees</b>	<b>305,536,101</b>	<b>44,286,792</b>	<b>31,000,062</b>	<b>318,822,831</b>		<b>70,654,570</b>	<b>26,389,814</b>	<b>11,953,486</b>	<b>85,090,898</b>	<b>233,731,933</b>					
<b>TOTAL 1995 Rupees</b>	<b>915,283,697</b>	<b>210,055,647</b>	<b>102,165,000</b>	<b>1,023,174,041</b>		<b>324,186,477</b>	<b>61,543,980</b>	<b>1,014,756</b>	<b>384,715,701</b>	<b>638,458,340</b>					
<b>TOTAL 1994 Rupees</b>	<b>774,226,321</b>	<b>172,278,438</b>	<b>31,221,062</b>	<b>915,282,900</b>		<b>269,979,939</b>	<b>66,282,656</b>	<b>12,076,118</b>	<b>324,186,477</b>	<b>591,097,220</b>					

15.1 Depreciation for the year has been apportioned as follows:

	1995 Rupees	1994 Rupees
Cost of goods manufactured	58,793,862	63,798,415
Administrative & general expenses	2,750,118	2,484,241
	<b>61,543,980</b>	<b>66,282,656</b>

15.2 Disposal of assets (other than sale/leaseback) through negotiation.

	Cost	Depreciation	Written down value	Sale Proceeds
1. Suzuki Swift (J-3836)	213,500	157,532	55,968	135,000
2. LHO 6382	265,000	156,456	108,544	200,000
3. Pajero LOP 8633	1,436,000	700,768	735,232	1,453,200
4. M/Cycle CG-125	57,500	—	57,500	58,000
	-----	-----	-----	-----
—	1,972,000	1,014,756	957,244	1,846,200
	-----	-----	-----	-----

## 15.2.1 Particulars of Purchasers

1. Mr. Kwasjee Kheswala  
Parsi Colony, Karachi. (Ex-employee)
2. Mr. Hussain Can Company (Pvt) Ltd.  
105 km Shaikhupura Road, Lahore.
3. Adamjee Insurance Company, Karachi. (insurance claim)
4. Adamjee Insurance Company, Karachi. (insurance claim)

## 15.2.2 Profit on sale of assets.

Cost	1,972,000
Less depreciation	1,014,756
Written down value	957,244
Less sale proceeds	1,846,200
	-----
Profit	888,956
	-----

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15.3 Addition to Plant & Machinery include Exchange Risk Fee amounting to Rs. 3,775,310 (1994 Rs. 2,994,526) capitalised during the year in accordance with the past practice. International Accounting Standards and a Technical Release issued by the Institute of Chartered Accountants of Pakistan do not permit capitalisation of Exchange Risk Fee. Had the Exchange Risk Fee capitalised during the year been charged to Profit and Loss Account, profit for the year would have been lower by Rs. 3,775,310.

15.4 Freehold land includes Rs. 762,400 being 50% of cost of land purchased jointly with ex associated company. The land is registered in the joint names.

	1995 <u>Rupees</u>	1994 <u>Rupees</u>
16. CAPITAL WORK IN PROGRESS		
Buildings	13,404,198	14,530,918
Plant & machinery		
leased	—	35,271,857
owned	27,971,211	60,932,254
Machinery in transit	813,554	498,565
Finance charges on leased assets	—	2,076,396
Interest capitalised	9,675,198	17,136,392
Unallocated expenses	—	3,452,642
Exchange Risk Fee	2,546,738	4,293,539
	-----	-----
	54,410,899	138,192,563

16.1 Capital work in progress include Exchange Risk Fee amounting to Rs. 1,240,195 (1994: Rs. 2,885,274) which is capitalised in accordance with past practice. International Accounting Standards and a Technical Release issued by the Institute of Chartered Accountants of Pakistan do not permit capitalisation of Exchange Risk Fee. Had the Exchange Risk Fee capitalised during the year been charged to Profit and Loss Account, profit for the year would have been lower by Rs. 1,240,195.

29	1995 Rupees	1994 Rupees
<b>17. INVESTMENTS IN SHARES</b>		
Associated undertakings	337,188,202	353,209,125
Others	16,590,000	16,590,000
	-----	-----
	353,209,125	369,799,125
	=====	
Associated undertakings quoted		
Prime Commercial Bank Ltd.		
1,000,000 Ordinary Shares of Rs. 10/- each	-	15,100,000
Gulshan Spinning Mills Limited		
4,048,369 (1994-2,551,325)		
Ordinary Shares of Rs. 10/- each	132,810,913	87,899,593
875,420 right shares subscribed	-	26,262,600
	-----	-----
(note 17.1)	132,810,913	114,162,193
Paramount Spinning Mills Limited		
1,641,183		
ordinary shares of Rs. 10 each.		
(note 17.2)	10,826,584	10,826,584
Gulistan Spinning Mills Limited		
2,842,875 (1994 - 2,528,975)		
ordinary shares of Rs. 10 each (note 17.3)	62,578,432	55,034,007
National Development Leasing Corporation Limited		
948,139 (1994-399,736) ordinary shares of Rs. 5 each	31,831,273	24,583,921
	-----	-----
	238,047,202	219,706,705
	=====	
Associated undertakings unquoted		
Gulistan Weaving Mills Limited		
3,927,600 (1994: 1,127,600)		
ordinary shares of Rs. 10/- each (note 17.4)	39,276,000	11,276,000
2,800,000 right shares subscribed	-	28,000,000
	-----	-----
	39,276,000	39,276,000
Gulshan Weaving Mills Limited		
2,882,100 (1994- 1,001,100)		
ordinary shares of Rs. 10/- each (note 17.5)	28,821,000	10,011,000
1,881,000 right shares subscribed	-	18,810,000
	-----	-----
	28,821,000	28,821,000
Gulistan Fibres Limited		
981,755(1994-981,755) ordinary shares of Rs. 10 each (note 17.6)	7,326,000	7,326,000
shares deposit	-	34,361,420
	-----	-----
	7,326,000	41,687,420
Gulistan Power Generation Limited		
2,371,800 ordinary shares of Rs. 10/- each (Note 17.7)	23,718,000	-
Deposit for shares	-	23,718,000
	-----	-----

	23,718,000	23,718,000
	-----	-----
	99,141,000	133,502,420
	-----	-----
<b>TOTAL</b>	337,188,202	353,209,125
	=====	=====

Break up value of quoted and unquoted  
investments (associated undertakings)  
(Market value of quoted companies

	375,426,491	227,435,685
	=====	=====

**30**

17.1 Gulshan Spinning Mills Ltd.		
Percentage of holding	32.00	23.19
Mr. Naseer Ahmed-Chief Executive		
Market Value per Share	Rs. 18.25	30.00
17.2 Paramount spinning Mills Limited		
Percentage of holding	16.41	16.41
Mr. Tanveer Ahmed Chief Executive		
Market value per share	Rs. 16.00	23.00
17.3 Gulshan Spinning Mills Ltd.		
percentage of holding	28.43	25.29
Mr. Tanveer Ahmed Chief Executive		
Market value per share	Rs. 9.40	24.00
17.4 National Development Leasing Corporation Ltd.		
Market value per share	Rs. 22.80	45.75
17.5 Gulistan weaving mills limited		
Net assets value per share on the basis of accounts for the year ended 30 Sep, 1994	Rs 12.27	7.99
percentage of holding	49.01	28.19
Mr. Naseer Ahmed Chief Executive		
17.6 Gulistan weaving mills limited		
Net assets value per share on the basis of accounts for the year ended 30 Sep, 1994	Rs 11.82	14.05
percentage of holding	48.44	28.60
Mr. Tanveer Ahmed Chief Executive		
17.7 Gulistan Fibres Limited		
Net assets value per share on the basis of accounts for the year ended 30, Sep. 1994, Rs.	14.08	14.95
percentage of holding	49.41	49.41
Mr. Tanveer Ahmed Chief Executive		
17.8 Gulistan Power Generation Limited		
Net assets value per share on the basis of accounts for the year ended 30, June ,1995	Rs. 17.14	10.00
percentage of holding	37.72	-
Mr. Tanveer Ahmed Chief Executive		
17.9 Other Quoted		
Sapphire Fibres Limited		
420000 ordinary shares of Rs.10 each	16,590,000	16,590,000
(Market value Rs. 10,395,000) (1994-Rs.23,520,000)		

17.10 Shares of National Development Leasing Corporation Limited are pledged with banks against facilities.

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**18. INVESTMENT - IMMOVABLE PROPERTY  
(OFFICE PREMISES)**

Sub lease for the office premises was registered in the name of the company subsequent to the balance sheet date.

	1995 <u>Rupees</u>	1994 <u>Rupees</u>
<b>19. DEFERRED COST</b>		
Right Issue expenses	2,421,526	2226426
Quota purchased	1,966,867	
	-----	-----
	4,388,393	2,226,426
	=====	=====
<b>19.1 Right issue expenses</b>		
Underwriting commission	2,379,632	1,800,000
Other expenses	786,426	983,033
	-----	-----
	3,166,058	2,783,033
Less: amortised during the year	744,532	556,607
	-----	-----
	2,421,526	2,226,426
	=====	=====

**19.2 Quota purchased**

Quota purchased	2,183,400	-
Less Amortised during the year	216,533	-
	-----	-----
	1966867	-
	=====	=====

Quota purchased is being amortised on the basis quota availed during the year.

**20. STORES & STOCKS**

Stores (20.1)	23,043,286	21,437,455
Stocks (note 20.2)	211,345,200	181,958,527
	-----	-----
	234,388,486	203,395,982
	=====	=====
<b>20.1 Stores</b>		
General stores (note 20.1.1)	7,855,221	9,026,680
Spare part & accessories	13,699,241	10,374,875
In transit at cost	1,488,824	2,035,902
	-----	-----
	23,043,286	21,437,455
	=====	=====

20.1.1 General stores include Rs. 1,149,263(1994:Rs. 1,251,440) construction materials. These can be used for construction or repairs and maintenance. It is not practicable to distinguish until the time of actual usage.

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	1995 <u>Rupees</u>	1994 <u>Rupees</u>
<b>20.2 Stocks</b>		



Raw materials (Average Cost)	83,176,283	91,263,631
Work in process (Average Cost)	15,367,575	15,083,511
Finished goods (Average Cost)	59,525,045	71,695,110
Waste (Realisable Value)	851,621	768,934
In transit	52,424,676	3,147,341

	-----	-----
	211,345,200	181,958,527
	=====	=====

Trade debts/bills receivable include Rs.16,326,668(1994:Rs.Nil) due from associated undertaking.

22. ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES  
UNSECURED CONSIDERED GOOD

Due from associated undertakings	71,438,634	135,259,827
Due from Associated Persons	119,288	1,478,878
Advances to staff & workers	2,202,977	1,512,431
Advances to suppliers	71,796,409	30,173,378
Advances to contractors	28,382,905	25,343,713
Advance for expenses to employees & others	1,973,408	157,213
Trade deposits	4,022,111	3,992,566
Excise deposits	264,415	984597
Tax Paid u/s 80-D Under protest	5,832,633	-
Tax deducted at source paid	36,997,288	15,720,860
Advances for Land	2,071,979	2,137,826
Sundry advances/receivable	11,448,376	5,619,852
Claims receivable	3,851,743	3,294,044
Deposits	22,074,077	22,756,477
Interest receivable from associated undertakings	27,665,962	28,144,975
Prepaid expenses	26,628,901	765,819
Interest accrued	14,736,758	9,106,828
Interest receivable-others	-	2170881
Advance for Purchase of Shares (Associated undertaking)	13990000	-

	-----	-----
	345,497,864	288,620,165
	=====	=====

22.1 Following were the maximum debit, balances at the end of any month:

	1995	1994
	<u>Rupees</u>	<u>Rupees</u>
Associated undertakings	244,691,710	281,425,681

22.2 Interest at the rate of 55 paise per thousand rupees per day has been charged to associated undertakings.

22.3 Prepaid expenses include Rs. 26,191,689(1994 Rs. Nil) advance paid to associated undertaking for energy charges.

33	1995	1994
	<u>Rupees</u>	<u>Rupees</u>

23. SHORT TERM INVESTMENTS

FEBC	33,880,165	3,557,645
NDFC Bearer Certificates	850,000	850,000
Cres Bank Bearer Certificates	7,790,000	7,790,000
Cres Bank Deposit Certificates	12,231,479	12,231,479

Al Faysal Bank certificate of investment	111,103	100,000
IDBP Bearer Certificates	400,000	400,000
NDFC-Certificate of deposit	898,246	631,585
PICIC - Certificate of deposit	500,000	500,000
Investment in Shares (Quoted Companies) note 22.2	39,348,948	34,390,548
	-----	-----
	96,009,941	60,451,257
	=====	=====

23.1 The short term investments are pledged with banks/leasing companies/financial institutions against deposit margin / guarantee margin and facilities.

23.2. Investment in shares quoted

Muslim Commercial Bank Limited 1,039,326 (1994- 680,000) ordinary shares of Rs. 10/- each.	37,753,448	33,158,048
Pakistan International Airline 30,082 (1994-22,100) shares (A) GD of Rs. 10/- each	221,000	221,000
PTC Vouchers 175 vouchers of is. 3,000 each	1,011,500	1,011,500
Dhan Fiber Limited 20,000 Ordinary Shares of Rs. 10/- each	363,000	-
	-----	-----
	39,348,948	34,390,548
	-----	-----
Market Value	43,740,698	65,359,425
	=====	=====

24. CASH & BANK BALANCES

Cash in hand	7,139,219	927,504
Cash at banks		
On current accounts	18,268,343	18,645,656
On deposit accounts (note 24.1)	29,459,445	23,653,982
On Foreign Currency A/c.	-----	-----
US \$ 147.69 (1994 US \$ 142.42)	4,655	4,361
	-----	-----
	54,871,662	43,231,503
	=====	=====

24.1 Fixed deposits are under lien with the banks against guarantees.

24.2 Fixed deposits includes deposit in foreign currency US \$ 659,652,49 equivalent to Rs. 20,791,257 (1994 US \$ 682,181.95 equivalent to Rs. 20,888,002)

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	<b>1995</b>	1994
	<u>Rupees</u>	<u>Rupees</u>

25. SALES

Local Sales	1,161,188,955	784,224,232
Export sales	619,144,980	570,671,753
Waste & other sales	11,852,464	7,068,984
Rebate	12,929,240	20,281,948
	-----	-----
	1,805,115,639	1,382,246,917
	=====	=====

**Less:**

Excise duty	31,775,806	25,037,790
Commission & discount	19,131,643	15,864,390
Sales tax	1,566,099	1,272,319
	-----	-----
	52,473,548	42,174,499
	-----	-----
	172,642,091	1,340,072,418
	=====	=====

25.1 Commission includes Rs . 30,989 (1994: Rs. 432,715 ) net received / paid to associated undertakings.

**26. COST OF SALES**

Stocks opening	72,464,044	50,537,616
Cost of goods manufactured (note 26.1)	1,548,155,243	1,074,546,851
	-----	-----
	1,620,619,287	1,125,084,467
Less stocks as at 30 September, 1995	60,376,666	72,464,044
	-----	-----
	1,560,242,621	1,052,620,423
	=====	=====

**26.1. Cost of Goods Manufactured )**

Work in process opening	15,083,511	13,278,696
Raw materials consumed (note 26.2)	1,221,582,176	753,510,729
Salaries, wages &: benefits	82,683,784	86,234,241
Stores consumed	19,256,654	21,089,114
Packing materials consumed	23,119,087	24,066,209
Fuel 8t power	131,052,051	118,731,170
Repairs & maintenance	2,097,966	1,178,795
Insurance	4,084,499	5,316,378
Traveling, conveyance &: entertainment	433,763	452,048
Postage ~ telex	42,845	48,337
Telephone	512,527	307,000
Legal 8t professional	29,499	140,756
Printing 8< stationery	30,054	53,580
Motor vehicle expenses	866,594	617,433
Knitting 8t dyeing charges	2,024,207	63,798,415
Depreciation	58,793,862	15,083,511
Other expenses	1,829,739	807,461
	-----	-----
	1,563,522,818	1,089,630,362
Less: work in process as at 30 September, 1995.	15,367,575	15,083,511
	-----	-----
	1,548,155,243	1,074,546,851
	=====	=====

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<b>1995</b>	1994
<u>Rupees</u>	<u>Rupees</u>

**26.2. RAW MATERIALS CONSUMED**

Stocks opening	91,263,631	51,991,949
Purchases (net)	1213494828	792,782,411
	-----	-----
	1,304,758,459	844,774,360
Less: stocks as at 30 September, 1995.	83,176,283	91,263,631
	-----	-----

1,221,582,176      753,510,729  
=====

**27. ADMINISTRATIVE EXPENSES**

Directors' remuneration	288,000	288,000
Salaries & benefits	6,585,190	4,791,774
Rent & utilities	757,083	392,512
Postage & telex	372,995	269,424
Telephones	2,163,445	1,357,866
Printing & stationery	439,931	352,556
Repairs & maintenance	171,559	143,991
Travelling, conveyance & entertainment	1,264,397	1,545,221
Motor vehicle expenses	358,713	144,158
Auditors' remuneration Audit Fee	55,000	55,000
Legal & professional charges	912,367	939,696
Fees & subscription	91,304	494,845
Advertisement	64,923	134,303
Donations	513,000	755,000
Depreciation	2,750,118	2,484,241
Insurance	1,294,070	924,135
Computer Expenses	270,975	188,936
Deferred Cost Amortised	744,532	556,607
Other expenses	1,760,254	913,642
	-----	-----
	20,857,856	16,731,887
	=====	=====

27.1 Donations include Rs. 513,000 (1994-755,000) paid to Haji Jamaluddin Trust in which directors are Interested.

**28. SELLING EXPENSES**

Salaries & benefits	388,304	344,280
Freight & handling charges	29,872,590	38,584,421
Rent	-	24,476
Postage, telegrams & telex	338,168	465,906
Travelling, conveyance & entertainment	51,611	28,016
Repairs & maintenance	350	600
Printing & stationery	32,580	313
Export development surcharge	1,470,596	1,440,488
Samples	84,424	81,225
Adhesive stamps	1,937,673	1,159,145
Quota purchase expenses	218,033	463,081
Other expenses	2,692,530	1,828,252
	-----	-----
	37,085,995	44,420,203
	=====	=====

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**29. MISCELLANEOUS REVENUE**

	1995	1994
	Rupees	Rupees
Dividend income associated undertaking	988,884	2,121,947
Profit / (Loss) on sale/leaseback of assets	662,251	197,021
Profit on sale of fixed assets	888,956	37,632
Gain on sale of investment (ex associated undertaking)	29,900,000	-
Rent received	249,612	499,222
Sale of right allotment letters	1,130,165	12,850,100
Diminution in value of investment written back	-	24,310
	-----	-----
	33,8189,868	15,336190

29.1 Interest charged to associated undertakings refer note 30.

29.2 Interest on deposit/bonds certificates refer note 30.

### 30. FINANCIAL EXPENSES

Mark up/interest on		
Long term loans	45,347,695	41,583,633
Short term loans	102,917,052	118,653,909
Debentures/Deferred Custom duty	136,806	221,097
Workers profit participation fund	166,030	175,278
Bank & other financial charges	9,396,780	11,618,117
Finance charges leased assets	25,137,134	28,005,727
Zakat deducted at source	42,883	15,914
	-----	-----
	183,144,380	200,273,675
<b>Less:</b>		
Charged to associated undertakings (net)	21,569,646	10,855,730
Charged to others (net)	194,175	2,025,484
Capitalised - Exchange Risk fee	5,015,505	9,827,912
	-----	-----
	26,779,326	22,709,126
Interest on deposits/bonds and certificates	8,245,709	7,080,191
	-----	-----
	35,025,035	29,789,317
	-----	-----
	148,119,345	170,484,358
	=====	=====

### 31. OTHER CHARGES

Provision for gratuity	3,658,812	2,236,044
Workers profit participation fund	841,477	3,442,073
Exchange Gain / Loss	196,261	362,137
Workers welfare fund	-	66,813
	-----	-----
	4,304,028	5,973,441
	=====	=====

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### 32. TAXATION:

32.1 No provision has been made in these accounts for deferred tax as the timing differences are not likely to reverse in the foreseeable future. Deferred tax liability if provided would amount to Rs. 79.0 million (1994 Rs. 91.8 million).

32.2 While framing the assessment for the year ended 30 September, 1990, the Deputy Commissioner of Income Tax has not considered the claim for tax credit under section 106 and 107 Income Tax Ordinance and has taxed profit on sale/lease back of assets. The Deputy Commissioner has created a demand of Rs. 24,232,198, which include worker, welfare fund amounting to Rs. 1,0()5,392 interest amounting to Rs. 3,310,085 and penalties amounting to Rs. 421,262. The liability was subsequently reduced to Rs. 20,205,035 (including workers welfare fund Rs. I ,001,963) after appeal effect. The company has paid Rs. 8,619,645 against the demand. The appeal filed with the Income Tax Tribunal by the company is pending. The company has also filed constitutional petition in the High Court of Sindh against the tax on profit from sale/leaseback of assets which is also pending. No provisio for the liability has been made in these accounts.

	1995 Rupees	1994 Rupees
<b>33. REMUNERATION OF DIRECTORS</b>		
Chief executive ( Note 33.1)		
Remuneration	288,000	288,000
Perquisites		
Gas & electricity	205,626	169,126

33. I The chief executive was also provided with car maintained by the company and telephone at residence.

	1995 Rupees	1994 Rupees
<b>34. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS</b>		
Sales on behalf of associated undertakings	6,197,660	96,770,892
Commission paid	-	51,335
Commission received	30,989	484,050
Sales	25,920,562	10,414,870
Purchases	14,269,652	
Interest charged to	32,738,350	28,144,975
Interest charged by	11,168,703	17,289,245
Expenses charged to	10,293,462	16,178,463
Expenses Charged by	9,536,391	4,654,204
Rent Received	249,612	499,222
Sales of investment (associated undertaking)	1,135,000	-
Purchase of investment	7,247,352	274,708,858

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<b>35. PLANT CAPACITY &amp; ACTUAL PRODUCTION</b>	1995	1994
Total number of spindles installed	77,336	77,336
Average number of spindles worked	76,101	68,057
Total number of rotors installed	1,696	1,696
Average number of rotors worked	1,605	1,606
Number of shifts worked per day	3	3
Installed capacity after conversion into 20's (kgs)	26,639,660	22,201,300
Actual production after conversion into 20's (Kgs)	26,278.175	23,576,369

<b>ABDUL SHAKOOR</b>	<b>NASEER AHMED</b>
CHIEF EXECUTIVE.	DIRECTOR

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**PATTERN OF SHARE HOLDING AS AT 30-09-1995**

NUMBER OF SHARE HOLDER	SHARE HOLDING		TOTAL SHARE HELD	
38	1	-	100	1,285
78	101	-	500	15,988
61	501	-	1000	40,356
42	1001	-	5000	100,653
7	5001	-	10000	50,081
4	10001	-	15000	48,779
5	15001	-	20000	82,334
1	30001	-	35000	30,280

1	40001	-	45000	41,893
1	60001	-	65000	60,616
1	75001	-	80000	75,784
1	90001	-	95000	90,525
2	95001	-	100000	191,928
1	120001	-	125000	123,604
1	130001	-	135000	130,593
1	140001	-	145000	144,000
2	150001	-	155000	303,136
1	165001	-	170000	169,956
2	175001	-	180000	359,619
1	180001	-	185000	180,264
1	395001	-	400000	400,000
1	410001	-	415000	413,991
1	415001	-	420000	416,526
1	450001	-	455000	453,177
1	485001	-	490000	487,700
1	490001	-	495000	495,000
1	740001	-	745000	742,907
1	990001	-	995000	992,659
1	1090001	-	1095000	1,092,835
1	95001	-	1100000	1,097,430
1	10,001	-	1775000	1,772,601
1	2,025,001	-	2030000	2,029,500
-----				-----
263				12,636,000

S.No..	CATEGORIES OF SHARE HOLDER	NO. OF SHARE HOLDER	SHARE HELD	PERCENTAGE
	INDIVIDUALS	243	6,150,712	48.67%
	FINANCIAL INSTITUTION	5	510,587	4.04%
	INSURANCE COMPANY	1	90,525	0.72%
	INVESTMENT COMPANIES	2	1,001,024	7.92%
	JOINT STOCK COMPANIES	9	2,282,868	18.07%
	FOREIGN INVESTMENT	2	2,524,500	19.98%
	LEASING COMPANIES	1	75,784	0.60%
-----				-----
		263	12,636,000	100.00%
=====				=====