

Dawood Cotton Mills Limited

Annual Report 2000

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Company Information

Board of Directors	Ahmed Dawood M. Hussain Dawood Shahzada Dawood Khawaja Amanullah A. Aziz Moon Haroon Mehanti Yousuf A. Deshi	Chief Executive
Secretary & G.M. (Finance)	Yousuf A. Deshi	
Auditors	Gangat & Company (Chartered Accountants)	
Bankers	Habib Bank Limited	
Registered Office	Dawood Centre, Karachi-75530	
Mills	Landhi Industrial Area, Karachi-75120	

Notice of Meeting

Notice is hereby given that the 50th Annual General Meeting of the Shareholders of the Company will Insha Allah be held on Thursday the 15th March, 2001, at 10.00 a.m. at the Registered Office of the Company at Dawood Centre, Moulvi Tamizuddin Khan Road, Karachi, to transact the following business after recitation from the Holy Quran.

ORDINARY BUSINESS:

1. To confirm the minutes of the 49th Annual General Meeting held on 14th March 2000.
2. To receive, consider and adopt the audited accounts for the year ended September, 30 2000 and reports of Directors and Auditors thereon.
3. To consider and approve payment of dividend.

4. To appoint auditors for the year 2000-2001 and to fix their remuneration. The present auditors, M/s. Gangat & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

5. To transact any other ordinary business with the permission of the Chairman.

By order of the Board

(YOUSUF A. DESHI)

Director / Secretary

Karachi January 26, 2001

NOTES:

1. The Share transfer books of the Company will remain closed from 02nd March 2001 to 15th March 2001. (both days inclusive).

Transfers received in order at the Registered Office, by the Company at the close of business on March 1st, 2001, will be treated in time for entitlement of Dividend Payment to the transferees.

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

4. Members are requested to communicate to the Company of any change in their addresses.

Directors' Report

Dear Shareholders

Assalam-o-Alaikum

Your Directors are pleased to present their 50th Annual Report together with Audited Accounts and Auditors' Report for the year ended 30th September, 2000.

As reported in the Half Yearly Report plans for the revival of the spinning units was finalized. The Management has pleasure to inform you that by the grace of Almighty Allah one of the units consisting of 15,540 spindles started production from July, 2000. The sale of existing inventory together with current production registered an increase of sale from Rs. 48.26 million to Rs. 84.41 million. The company managed to convert operating loss of Rs. 12.71 million to gross profit of Rs. 5.80 million and reduced its operating loss from Rs. 22.71 million to Rs. 7.02 million.

Your company earned dividend income of Rs. 49,946,800/= and interest of Rs. 13,937,688/= totaling Rs. 63,884,488/= on its investment which is an increase of 9.91% over previous year. In addition, the company earned profits on sale of fixed assets amounting to Rs. 158,271/= and by disposing of some of the investment in shares and F.E.B.C earned capital gains of Rs. 43,192,951/=.

After charging all administrative and selling expenses and providing for depreciation of Rs. 10,861,033/=, taxation Rs. 7,500,000/= your company earned after tax profit of Rs. 92,717,626/=. Adding thereto un-appropriated profit of Rs. 113,681,919/= brought forward from previous year a sum of Rs. 206,399,545/~ was available for appropriation. The earning per share this year is Rs. 12.49 per share.

The Management is pleased to inform you that the company has purchased second hand finishing plant for Rs. 52.10 million and negotiations are in process for purchase of other essential machinery including Generators and Shuttleless looms etc. It is expected that before the closure of current financial year, these looms will Insha Allah commence production and thus company's profitability is expected to improve further.

The Directors have proposed following appropriation of profit :-

Proposed Dividend @ Rs. 6.50 (65%) Rs. 48,253,413

per share on 7,423,602 shares of

Rs. 10/= each.

Balance carried over to next year. Rs. 158,146,132

Rs. 206,399,545

=====

The management is seeking legal advice with respect to Auditors qualification, of the balance sheet.

The retiring auditors M/s. Gangat & Company, Chartered Accountants have offered their services for the ensuing year. The Board wish to place on record appreciation of the devotion shown by all the employees of the Company and also call upon you to join us in seeking guidance and blessing of Almighty Allah

On Behalf of the Board

M. HUSSAIN DAWOOD

Chief Executive & Chairman of the meeting

January, 26, 2001

**Pattern of holdings of the shares held by the shareholders
as at September 30, 2000**

<i>NUMBER OF SHAREHOLDERS</i>	<i>TYPE OF SHAREHOLDINGS</i>		<i>TOTAL SHARES HELD</i>	
623	1	TO	100	22,044
449	101	TO	500	103,582
104	501	TO	1000	77,515
88	1001	TO	5000	174,751
8	5001	TO	10000	55,568
1	25001	TO	30000	25,415
1	30001	TO	35000	32,000
1	40001	TO	45000	40,387
1	90001	TO	95000	93,078
4	110001	TO	115000	445,651
1	135001	TO	140000	137,014
1	150001	TO	155000	152,000
1	265001	TO	270000	266,089
1	340001	TO	345000	342,587
1	350001	TO	355000	354,507
1	500001	TO	505000	500,623
1	770001	TO	775000	774,446
1	1420001	TO	1425000	1,420,263
1	2405001	TO	2410000	2,406,082
-----			-----	
1289				7,423,602
=====			=====	

**CATEGORIES OF
SHAREHOLDERS**

	<i>Number of Shareholders</i>	<i>Shares Held</i>	<i>Percentage</i>
Individuals	1249	1,471,823	19.83 %
Investment Companies	4	416	0.00%
Insurance Companies	5	732,836	9.88%
Joint Stock Companies	15	3,357,723	45.23%
Financial Institutions	8	1,436,423	19.35%
Modaraba Company	1	300	0.00%
Others (See Below)	7	424,081	5.71%
-----			-----
	1289	7,423,602	100.00%

OTHERS

Trust (Charitable Organisations)	2	394,894	5.32%
Co-Operative Societies	2	3,481	0.05%
Administrator, Abandoned Properties Organisation	1	25,415	0.34%
Administrator General of Sindh	1	285	0.00%
Kukab Agencies (Pakistan)	1	6	0.00%
	7	424,081	5.71%

Auditors' Report to the Members

We have audited the annexed Balance Sheet of DAWOOD COTTON MILLS LIMITED as at September 30, 2000 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the 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.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that --

Profit Participation Fund as required has not been provided in accounts.

Subject to the foregoing reservation 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 the 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 thereto 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 expenditures incurred during the year were for purpose of the company's business; and

(iii) the business conducted, investments made and the expenditures 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at September 30, 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

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

GANGAT & COMPANY

Chartered Accountants

Karachi: January 26, 2001.

Balance Sheet as at September 30, 2000

	<i>Note No.</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
CAPITAL & LIABILITIES			
SHARE CAPITAL			
Authorised:			
10,000,000 Ordinary Shares of Rs. 10/- each		100,000,000	100,000,000
		=====	=====
Issued, Subscribed & Paid Up:	2	74,236,020	74,236,020
RESERVES & SURPLUS:			
Revenue Reserves	3	142,000,000	142,000,000
Capital Reserve -- Share Premium	4	32,705,746	32,705,746
Unappropriated Profit		158,146,132	113,681,919
		-----	-----
		332,851,878	288,387,665
		-----	-----
CAPITAL & RESERVES		407,087,898	362,623,685
DEFERRED LIABILITIES			
Gratuity	5	24,039,469	23,808,519
Deferred Taxation		26,350,000	26,350,000
		-----	-----
		50,389,469	50,158,519
CURRENT LIABILITIES AND PROVISION			
Creditors, Accrued and Other Liabilities	6	90,819,001	89,448,086
Unclaimed Dividend		3,316,601	2,882,160
Proposed Dividend		48,253,413	44,541,612
		-----	-----
		142,389,015	136,871,858
CONTINGENT LIABILITIES AND COMMITMENTS			
	7	-----	-----
		599,866,382	549,654,062
		=====	=====
PROPERTY & ASSETS			
FIXED ASSETS			
Operating Assets	8	95,837,160	106,171,897
Capital work in progress		52,100,000	--
		-----	-----
		147,937,160	106,171,897
LONG TERM INVESTMENTS			
LONG TERM DEPOSITS	9	235,622,430	279,317,229
		6,516,430	1,430,622
CURRENT ASSETS			
Stores and Spares	10	4,737,542	4,098,114
Stock-in-trade	11	26,335,764	51,929,548
Trade Debtors	12	6,934,293	32,748,714

Loans, Advances, Deposits, Prepayments and Other Receivables (Unsecured)	13	656,064	1,369,828
Short Term Investments	14	--	5,450,000
Cash and Bank Balances	15	171,126,699	67,138,110
		-----	-----
		209,790,362	162,734,314
		-----	-----
		599,866,382	549,654,062
		=====	=====

The annexed notes form an integral part of this Balance Sheet.

Karachi: January 26, 2001.

M. HUSSAIN DAWOOD
Chief Executive

HAROON MEHANTI
Director

**Profit and Loss Accounts
for the year ended September 30, 2000**

	<i>Note No.</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
PARTICULARS			
Net Sales and Operating Revenue	16	84,406,169	77,147,394
Cost of Sales	17	(78,602,186)	(89,854,321)
		-----	-----
GROSS PROFIT/(LOSS)		5,803,983	(12,706,927)
OPERATING EXPOSES			
Administrative	18	12,016,980	9,508,359
Selling	19	659,391	367,769
Financial	20	151,894	128,374
		-----	-----
		(12,828,265)	(10,004,502)
OPERATING LOSS			
		(7,024,282)	(22,711,429)
Non-Operating Income	21	63,945,686	58,244,845
Zakat		(50,000)	(33,250)
Profit on Sale of Fixed Assets	8.1	158,271	7,358,228
		-----	-----
PROFIT FOR THE YEAR		57,029,675	42,858,394
Liabilities written back (already taxed)		--	10,788,440
Other Charges	22	(5,000)	--
		-----	-----
PROFIT BEFORE TAX		57,024,675	53,646,834
PROFIT BEFORE TAX			
		57,024,675	53,646,834
TAXATION			
Current		(7,500,000)	(8,600,000)
Deferred		--	8,600,000
		-----	-----
PROFIT AFTER TAX		49,524,675	53,646,834
Capital Gain	23	43,192,951	--
		-----	-----
		92,717,626	53,646,834
Unappropriated Profit brought forward		113,681,919	104,576,697
		-----	-----
AMOUNT AVAILABLE FOR APPROPRIATION		206,399,545	158,223,531
APPROPRIATION:			
Proposed Dividend		48,253,413	44,541,612

Balance Carried Forward		158,146,132	113,681,919
		-----	-----
		206,399,545	158,223,531
		=====	=====
Earning per share	28	12.49	7.23
		=====	=====

The annexed notes form an integral part of this Profit and Loss Account.

Karachi: January 26, 2001.

M. HUSSAIN DAWOOD
Chief Executive

HAROON MEHANTI
Director

Cash Flow Statement for the year ended September 30, 2000

PARTICULARS	<i>For the Year</i>	<i>For the Year</i>
	<i>Ended</i>	<i>Ended</i>
	<i>30-09-2000</i>	<i>30-09-1999</i>
Cash Flow From Operating Activities		
Profit before taxation	57,024,675	53,646,834
Capital Gain	43,192,951	--
	-----	-----
	100,217,626	53,646,834
Adjustments for:		
Depreciation	10,861,033	11,896,748
Profit on sale of fixed assets	(158,271)	(7,358,228)
Provision for gratuity	245,102	--
Income from investments	(63,884,488)	(58,123,595)
Sundry sales and receipts	(10,888)	(121,250)
Financial charges	151,894	128,374
Insurance Claim received	(50,310)	--
Capital Gain	(43,192,951)	--
	-----	-----
Operating Profit/(Loss) before working capital	4,178,747	68,883
Net Increase (decrease) in working capital	73,331,645	(27,465,223)
Cash used in operations	77,510,392	(27,396,340)
Payments for:		
Gratuity	(14,152)	(296,254)
Tax	(22,528,189)	(9,311,659)
Financial charges	(151,894)	(128,374)
	-----	-----
Net Cash used in Operating Activities (A)	54,816,157	(37,132,627)
	=====	=====
Cash Flow from Investment Activities		
Sales of fixed assets	505,625	11,799,000
Income from investments	63,884,488	58,123,595
Capital Gain	43,192,951	--
Sundry sales & receipts	10,888	121,250
Insurance claim received	50,310	--
Acquisition of Fixed Assets	(873,650)	--
Capital work-in-progress	(52,100,000)	--
	-----	-----
Net cash in flow from investing activities (B)	54,670,612	70,043,845
	=====	=====
Cash Flow from Financing Activities		
Dividend Paid	(44,107,171)	(29,319,851)
Long term investments (Shares)	43,694,799	(267,195,835)
Long term Deposit	(5,085,808)	--
	-----	-----
Net cash used in financing activities (C)	(5,498,180)	(296,515,686)

Net Increased/(decrease) in cash and cash equivalents (A+B+C)	103,988,589	(263,604,468)
Cash and cash equivalents at the beginning of the year	67,138,110	330,742,578
	-----	-----
Cash and cash equivalents at the end of the year	171,126,699	67,138,110
	=====	=====

Movement in Working Capital**(Increase) / Decrease in Current Assets**

Stores and Spares	(639,428)	(31,724)
Stock-in -trade	25,593,784	15,722,795
Trade Debts	25,814,421	(27,605,693)
Loans, Advances, Deposits, Prepayments and Other Receivables		
(including advance payment of income tax)	713,764	2,353,391
Short Term Investment	5,450,000	--
	-----	-----
	56,932,541	(9,561,231)

Increase/(Decrease) in Current Liabilities

Creditors, Accrued and Other Liabilities
(excluding Provision for Government Levies)

16,399,104	(17,903,992)
-----	-----

Net Increase/(Decrease) in Working Capital

73,331,645	(27,465,223)
=====	=====

Cash and Cash Equivalents

Cash and cash equivalent included in the cash
flow statement comprise of the following
balance sheet amounts

Cash in hand and balance with banks	2,299,596	1,317,629
Short term deposits with bank	168,827,103	65,820,481
	-----	-----

Cash and cash equivalents

171,126,699	67,138,110
=====	=====

Notes to the Accounts**for the year ended September 30, 2000****1. Principle accounting Policies:****1.1 Overall valuation policy**

As in previous years, the accounts are prepared in accordance with the historical cost convention without any adjustments for the effect of inflation or current values. The following is a summary of important accounting policies used by the Company.

1.2 Fixed assets**COST**

These are stated at historical cost.

PROVISION FOR DEPRECIATION

Except for Capital work in progress on which no depreciation is provided and leasehold land which is amortised on straight line basis at 1 per cent of the original cost, depreciation is provided on the diminishing balance method at the following rates:

Building on leasehold land	10%
Plant and Machinery	10%
Furniture & Fixture	10%
Office Equipments	15%
Vehicles	25%

Acquisitions during the year are depreciated for the full year irrespective of the date of purchase and no depreciation is charged on assets in the year of their disposal.

Minor renewals or replacements and maintenance and repairs are expensed. Major renewals and betterments are capitalised. Gains and losses on deleted assets are reflected in current income.

1.3 Long term investments

Except for the investment in Karanaphuli Paper Mills Limited which is stated at nominal value, all other investments are stated at cost.

Income from these investments and those on deposits with banks is credited to revenue in the year in which it is received.

1.4 Stores and spares

These are valued at average cost.

1.5 Stock in trade

Stock of raw materials and work in process are valued at average cost. Inventories of finished goods are stated at the lower of average cost and net realizable value.

1.6 Taxation

Taxation is provided at current rates on the basis of Profits reflected in the Profit and Loss Account adjusted for fiscal purposes.

The Company has fully accounted for deferred tax in respect of timing differences arising from depreciation allowances on fixed assets using the liability method.

1.7 Gratuity

Full provision is made for liability for gratuity payable to employees as per agreement with the Collective Bargaining Agent.

1.8 Commitments and Contingencies

Capital commitments and contingencies will be recognized only when they become due.

1.9 Revenue recognition

Sales are recorded on despatch of goods to customers.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
2. Issued, Subscribed & Paid-up Capital		
1,805,602 (1999; 1,805,602) Ordinary Shares of Rs. 10/- each fully paid in Cash	18,056,020	18,056,020
398,400 Ordinary Shares of Rs. 10/- each issued to PICIC as per Loan Agreement	3,984,000	3,984,000
5,219,600 Ordinary Shares of Rs. 10/- each issued as fully paid Bonus Shares	52,196,000	52,196,000
	-----	-----
	74,236,020	74,236,020
	=====	=====
3. Revenue Reserves:		
General Reserve		
At beginning of the year	142,000,000	142,000,000
	-----	-----
4. Capital Reserve - Share Premium		
At beginning of the year	32,705,746	32,705,746
	=====	=====

5. Deferred Liabilities**(i) Gratuity**

Opening Balance	23,808,519	24,104,773
Provided during the year	245,102	--
	-----	-----
Total	24,053,621	24,104,773
Paid during the year	(14,152)	(296,254)
	-----	-----
	24,039,469	23,808,519
	=====	=====

(ii) Deferred Taxation

Opening Balance	26,350,000	34,950,000
Transferred to Profit & Loss A/c	--	(8,600,000)
	-----	-----
	26,350,000	26,350,000
	=====	=====

6. Creditors, Accrued and Other Liabilities

Deposits (Note 6.1)	541,837	529,837
Creditors	18,618,057	4,180,549
Provision for Government Levies	11,807,352	26,835,541
Accrued Wages, Salaries & Bonus	12,220,103	10,385,544
Accrued Expenses	44,634,121	44,697,670
Provision for Workers' Welfare Fund	2,539,462	2,534,462
Others	458,069	284,483
	-----	-----
	90,819,001	89,448,086
	=====	=====

6.1 All deposits are re-payable on demand and no interest is payable thereon.

	2000	1999
	Rs. in Lacs	Rs. in Lacs

7. Contingent Liabilities and Commitments

Contingent Liabilities outstanding in respect of:

Guarantees and Counter-Guarantees	63.23	72.53
-----------------------------------	-------	-------

8. Fixed Assets - Operating Assets**DEPRECIATION**

Particulars	COST			Accumulated Depreciation Book Value					
	As at September 30, 1999	Additions during the Year	Deleted/ Sold during the year	As at September 30,2000	As at September 30, 1999	Provided during the Year	On Sale / deletion	upto September 30,2000	As at September 30,2000
Land (Lease Hold)	673,150	--	--	673,150	302,785	6,732	--	309,517	363,633
Building on Lease Hold Land	28,758,713	--	--	28,758,713	23,627,536	513,118	--	24,140,654	4,618,059
Plant & Machinery	318,675,000	--	(2,206,145)	316,468,855	218,671,001	9,966,427	(1,866,418)	226,771,010	89,697,845
Furniture & Fixtures	635,223	--	(86,833)	548,390	580,282	4,921	(81,104)	504,099	44,291
Office Equipment	945,774	--	(73,462)	872,312	935,695	1,436	(72,955)	864,176	8,136
Vehicles	2,672,176	873,650	(44,500)	3,501,326	2,070,840	368,399	(43,109)	2,396,130	1,105,196
	-----	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL Rupees	352,360,036	873,650	(2,410,940)	350,822,746	246,188,139	10,861,033	(2,063,586)	254,985,586	95,837,160
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Last Year's Rupees	395,948,996	--	(43,588,960)	352,360,036	273,439,579	11,896,748	(39,148,188)	246,188,139	106,171,897
	=====	=====	=====	=====	=====	=====	=====	=====	=====

8.1 DETAILS OF THE FIXED ASSETS DELETED / SOLD DURING THE YEAR ENDED SEPTEMBER 30, 2000

S.No.	Particulars	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit / (Loss)	Sold To	Mode of Sale
(1)	Obselets/scrapped Pak Gillbos winder	592,686	540,158	52,528	109,750			
(2)	Obselets/scrapped Pak Gillbos winder	390,000	342,585	47,415	54,875	57,222 M/s. Rehman Cotton Mills Ltd, Tekht-e-Bhai, Mardan.		By Negotiation
(3)	Scrapped pipe & other spare parts	60,500	53,145	7,355	10,000	7,460 M/s. Rehman Cotton Mills Ltd, Takht-e-Bhai, Mardan.		-do-
(4)	Obselete/scrapped Stenter Koyota machine	901,257	750,953	150,304	180,000	2,645 M/s. Muhammad Shahid, Shershah, Karachi.		-do-
(5)	Obselete/scrapped Sanforizing Monforts	261,702	179,577	82,125	115,000	29,696 M/s. Muhammad Arshad, Islamabad.		-do-
		-----	-----	-----	-----	32,875 M/s. Muhammad Arshad, Islamabad.		-do-
		2,206,145	1,866,418	339,727	469,625	129,898		
		-----	-----	-----	-----	-----		
(6)	Scrapped broken Furniture & Fixture	21,439	19,098	2,341	4,000	1,659 M/s. Muhammad Saleem, Shershah, Karachi.		-do-
(7)	Scrapped broken Furniture & Fixture	1,769	1,711	58	1,000	942 M/s. Muhammad Shahid, Shershah, Karachi.		-do-
(8)	Scrapped broken Furniture & Fixture	63,625	60,295	3,330	4,000	670 M/s. Muhammad Shahid, Shershah, Karachi.		
		-----	-----	-----	-----	-----		
		86,833	81,104	5,729	9,000	3,271 M/s. Muhammad Shahid, Shershah, Karachi.		-do-
		-----	-----	-----	-----	-----		
(9)	Scrapped Office Equipment	73,462	72,955	507	5,500	-----Mr. Syed Akram S/o. Syed Younus, B-30/1726, Muhajir Camp, Baldia Colony, Karachi.		-do-
		-----	-----	-----	-----	4,993 Mr. Farzand Ali Shah, Street No. 4, Main Bazar Mahmoodabad, Faisalabad.		
(10)	Suzuki Carry Reg. No. CA-3134	20,000	19,644	356	16,500	16,144		
(11)	Motor Cycle Yamaha Reg. No. FDM-663	24,500	23,465	1,035	5,000	3,965		
		-----	-----	-----	-----	-----		
		44,500	43,109	1,391	21,500	20,109		
		-----	-----	-----	-----	-----		
	GRAND TOTAL	2,410,940	2,063,586	347,354	505,625	158,271		
		-----	-----	-----	-----	-----		

2000 **1999**
Rupees **Rupees**

9. Long Term Investments:**Quoted**

Dawood Hercules Chemicals Ltd.

(Associated Undertaking)

2,585,472 (1999:2,585,472)

Ordinary Shares of Rs. 10/- each

(Market-value Rs. 219,635,846/=)

8,979,080 8,979,081

Sui Southern Gas Company Ltd.

48,096 (1999: 41,823)

Ordinary Shares of Rs. 10/= each

(Market Value Rs. 687,773/=).

698,313 698,313

Engro Chemicals Pakistan Ltd

3,603,680 (1999: 4,193,680)

Ordinary Shares of Rs. 10/= each

(Market Value Rs. 193,877,984/=)

223,501,036 267,195,835

National Investment Trust

N.I.T. Units of Rs. 10/= each

2,440,000 2,440,000

Unquoted

Karnaphuli Paper Mills Ltd.

(488,000 Ordinary Shares of Rs. 10/- each)

1 1

Asian Co-operative Society Ltd.

(Associated Undertaking)

(400 fully paid Ordinary Shares of

Rs. 10/- each

4,000 4,000

235,622,430 279,317,229

10. Stores & Spares:

Stores	952,073	932,066
Spares	3,785,469	3,166,048
	-----	-----
	4,737,542	4,098,114

11. Stock in trade:

Raw materials in hand	9,255,968	4,544,835
Work in Process	1,831,650	--
Finished Goods	15,248,146	47,384,713
	-----	-----
	26,335,764	51,929,548

12. Trade Debtors:

Trade Debtors (unsecured)	8,858,258	34,672,679
Less: Provision for Doubtful Debt s	(1,923,965)	(1,923,965)
	-----	-----
Considered Good	6,934,293	32,748,714

Trade Debtors (considered good) include amounts due from associated undertakings of Rs. Nil (1999 Rs. 18,174,628). The maximum aggregate amount due from them at the end of any month during the year was Rs. 13,149,866 (1999. Rs. 33,208,299).

2000	1999
Rupees	Rupees

13. Loans, Advances, Deposits, Prepayments, and Other Receivables (Unsecured):

Loans and Advances due from employees (considered good)	190,802	9,900
Advances to Suppliers (considered good)	167,476	261,050
Advances to others (considered good)	59,058	39,058
Security Deposits and Prepayments	41,604	74,004
Excise Duty / Sales tax Deposits	197,124	985,816
	-----	-----
	656,064	1,369,828

13.1 The Maximum amount due from associated undertaking at the end of any month during the year was Rs. 4,604 (1999 Rs. Nil).

14. Short Term Investments (At cost)

Foreign Exchange Bearer Certificates	--	5,450,000
	-----	-----
	--	5,450,000

15. Cash and Bank Balances:

In Hand	126,415	127,648
Cash In Transit	1,566,376	373,928
At Bank in Current Accounts	606,805	816,053
At Bank in Deposit Accounts	168,827,103	65,820,481
	-----	-----
	171,126,699	67,138,110

16. Net Sales and Operating Revenue:

GOODS		
Local	97,344,858	88,733,603
Sales Tax	128,140,311	11,472,693
Brokerage and Discount	124,658	113,516
	-----	-----
	(12,938,689)	(11,586,209)
	-----	-----
NET SALES	84,406,169	77,147,394
	=====	=====

17. Cost of Goods Sold:**RAW MATERIALS:**

Opening Inventory	4,544,835	13,276,710
Purchases	23,413,497	33,557,793
	-----	-----
TOTAL	27,958,332	46,834,503
Less: Closing Inventory	(9,255,968)	(4,544,835)
	-----	-----
Raw Materials Consumed	18,702,364	42,289,668

OTHERS COSTS:

Wages Salaries etc.	6,084,546	6,570,208
Stores & Spares Consumed	930,131	2,050,649
Electricity, Gas & Water Consumed	6,770,009	15,267,315
Yarn Conversion Cost	362,683	481,902
Depreciation	10,861,033	11,896,748
Insurance	1,990,146	2,051,005
Repairs & Maintenance	927,781	304,440
Rent, Rates & Taxes	775,469	1,149,768
Worker's Welfare	235,260	94,215
Other Expenses	657,847	707,483
	-----	-----
	48,297,269	82,863,401
Add: Opening Inventory in Process	--	1,875,582
Less: Closing Inventory in Process	(1,831,650)	--

COST OF PRODUCTION

	46,465,619	84,738,983
Add: Opening Inventory of Finished Goods	47,384,713	52,500,051
Less: Closing Inventory of Finished Goods	(15,248,146)	(47,384,713)
	-----	-----
	78,602,186	89,854,321
	=====	=====

OPERATING EXPENSES**18. Administrative Expenses:**

Salaries, Bonus etc.	8,731,297	7,736,145
Printing & Stationery	160,161	150,262
Rent	339,108	338,084
Electricity	142,605	108,134
Conveyance and Travelling	191,324	84,399
Communications	471,250	367,978
Legal & Professional Charges (Note 18.1)	1,165,513	143,500
Fees & Subscription	454,897	308,382
Other Miscellaneous Expenses	360,825	271,475
	-----	-----
	12,016,980	9,508,359
	=====	=====

18.1 Legal & Professional Charges includes, interalia, Auditors' Remuneration in respect of the auditors' services for Statutory Audit

	85,000	75,000
	=====	=====

19. Selling Expenses:

Storage and Forwarding Charges	1,364	--
Terminal Tax and Transportation Cost	635,296	358,381
Advertisement	608	608
Others	22,123	8,780
	-----	-----
	659,391	367,769
	=====	=====

20. Financial Expenses:

Bank Charges	151,894	128,374
	-----	-----
	151,894	128,374
	=====	=====

21. Non Operating Income**(i) Dividend Income**

Dawood Hercules Chemicals Ltd. (Quoted) (Associated undertakings)	25,854,720	19,606.50
Engro Chemicals Pakistan Ltd. {Quoted}	23,982,080	18,014,700
Dividend on NIT Units	110,000	154,000
	-----	-----
	49,946,800	37,775,196

(ii) Profit/Interest Income:

Profit/Interest on Call/Time/Security Deposits	13,845,398	20,256,109
Interest on Deposits with KESC/GAS Co	92,290	92,290
	-----	-----
	13,937,688	20,348.40
Sundry Sales and Receipts	10,888	121,250
Insurance Claim received	50,310	--
	-----	-----
	63,945,686	58,244,845
	=====	=====

22. Other Charges:

Workers' Welfare Fund	5,000	--
	-----	-----
	5,000	--
	=====	=====

23. Capital Gain:

Engro Chemicals Pakistan Ltd.	36,342,201	--
Foreign Exchange Bearer Certificate	6,850,750	--
	-----	-----
	43,192,951	--
	=====	=====

23.1 Represents Capital Gain on sale of Shares of Engro Chemicals Pakistan Ltd and Foreign Exchange Bearers Certificates.

24. Trading Results:

The Profit and Loss Account includes the following operational results of goods purchased/sold.

Gross Sales	--	33,221,168
Less:Sales -tax	--	(4,333,196)

		-- 28,887,972
Less: Cost of Sales	--	(28,830,858)

Profit	--	57,114
		=====

25. Directors, Chief Executive's and Executives' Remuneration:

The aggregate amount charges in the accounts for the year for payments to the Directors, Chief Executive and Executives of the Company were as follows:

Particulars	2000			1999		
	Directors	Executive and Adviser to Chief Executive	Executives	Directors	Executive	Executives
Remuneration	--	1,200,000	1,448,994	--	1,200,000	599,144
House Rent	--	540,000	554,732	--	540,000	251,364
Utilities (Water, Gas and Electricity Charges)	--	120,000	144,892	--	120,000	23,400
Conveyance	--	120,000	24,864	--	120,000	59,913
Allowance						
Others	--	--	73,065	--	--	41,988
Bonus	--	--	93,207	--	--	54,622
		-----	-----		-----	-----
Total:	--	1,980,000	2,339,754	--	1,980,000	1,030,431
		-----	-----		-----	-----
Number of persons	--	1	9	--	1	5
		=====	=====		=====	=====

26. Transaction with Associated undertaking.

The Company purchased from and sold to associated undertakings goods, materials and services in the aggregate sum of Rs. 106,071 (1999: Rs. 2,550,149) and Rs. 3,183,257 (1999 :Rs. 3,320,168) respectively.

27. Capacity and Actual Production:

	UNIT	CAPACITY	ACTUAL	CAPACITY	ACTUAL
Cloth	Sq. Mtr.	7,649,000	--	7,649,000	--
Yarn Converted in 20s	Kgs.	6,988,000	648,167	6,988,000	389,967
No. of Spindles installed/worked		53,724	15,322	53,724	4,848
No. of Shifts worked per day		Three		Three	

The capacity figures are based on capacity assessed by the government under Excise Duty Capacity Rule 1968 and adjusted on the basis of 300 working days and number of actual spindles & looms installed. The reduction in production is attributed to unfavourable operating conditions.

28. Earning per share

Net Profit for the year	49,524,675	53,646,834
Add: Capital Gain	43,192,951	--
	-----	-----
Average ordinary shares in issue	92,717,626	53,646,834
	=====	=====
during Sept. 30, 2000: 7,423,602 (1999: 7,423,602)		
Earning per share	12.49	7.23
	=====	=====

29. General:

29.1 Previous year's figures have been re-stated and re-arranged wherever necessary, for the purposes of comparison.

29.2 Figures have been rounded off to the nearest rupee.

Ten Years at a glance

PARTICULARS	(Rupees in thousand)									
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Paid up Capital	74,236	74,236	74,236	74,236	74,236	74,236	74,236	74,236	74,101	49,744
Reserves & Surplus	332,852	288,388	279,282	255,127	269,761	222,652	202,539	194,252	175,890	148,966
Share Holders Equity	407,088	362,624	353,518	329,363	343,996	296,888	276,775	268,488	249,991	198,710
Break up value of Shares of Rs. 10/- each	54.84	48.85	47.62	44.37	46.34	39.99	37.28	36.17	33.74	39.95
SALES (NET)										
Export	--	--	--	--	--	--	2,022	1,579	141,137	68,151
Local	84,406	77,147	73,687	70,378	173,149	282,624	329,834	410,707	531,079	526,948
Profit before taxation	57,025	53,647	68,850	51,434	42,609	31,913	24,910	46,184	74,699	58,463
Profit after taxation	49,525	53,647	53,850	35,084	42,609	20,113	15,710	36,584	54,099	42,063
Earnings per share	12.94	7.23	7.25	4.73	5~74	2.71	2.12	4.93	7.29	5.67
Dividend										
Amount	48,253	44,542	29,694	33,406	18,559	--	7,424	18,559	44,542	12,436
Percentage	65	60	40	45	25	--	10	25	60	25
BONUS SHARES (%)	--	--	--	--	--	--	--	--	--	25
RIGHT SHARE (%)	--	--	--	--	--	--	--	--	--	25