

Dewan Musthaq Textile Mills Limited

(Annual Report 1996)

CONTENTS

Company Information
Notice of the Meeting
Statement Under Section 160
Director's Report
Auditors' Report to the Members
Balance Sheet
Profit & Loss Account
Cash Flow Statement
Notes to the Accounts
Pattern of Share Holding

COMPANY INFORMATION

BOARD OF DIRECTORS

DEWAN ZIAUR REHMAN FAROOQUI	<i>Chairman</i>
DEWAN GHULAM MUSTAFA KHALID	<i>Vice Chairman</i>
DEWAN MUHAMMAD AYUB KHALID	<i>Managing Director/Chief Executive</i>
DEWAN MOHAMMAD YOUSUF FAROOQUI	<i>Deputy Managing Director</i>
DEWAN ABDUL REHMAN FAROOQUI	
DEWAN ASIM MUSHFIQ FAROOQUI	
MR. AZHAR KHAWAJA	

AUDITORS

MESSRS. FARUQ ALI & CO.
Chartered Accountants
Habib Square,
M. A. Jinnah Road,
Karachi, Pakistan.

BANKERS

HABIB BANK LIMITED

REGISTERED OFFICE

DEWAN CENTRE
3-A, Lalazar,
Beach Hotel Road,
Karachi - 74000,
Pakistan.

MILLS

A-30, S. I. T. E.,
Hyderabad (Sindh).

NOTICE OF THIRTY FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Fifth Annual General Meeting of Dewan Mushtaq Textile Mills Limited will be held on Saturday, 28 June 1997 at 6.00 p.m. at Dewan Centre, 3-A Lalazar Beach Hotel Road, Karachi, to transact the following business:

ORDINARY BUSINESS:

1. Recitation from HOLY QURAN.
2. To read and confirm the minutes of the Thirty Fourth Annual General Meeting held on 31st March, 1996.
3. To receive, consider and adopt the annual audited accounts for the year ended 30th September 1996, together with the Directors' and Auditors Report thereon.
4. To approve the declaration of 20% Cash Dividend.
5. To appoint Auditors of the Company for the year ending 30th September 1997 and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and approve short-term loans and advances out of surplus funds available with the Company to Dewan Sugar Mills Limited in compliance with the provisions of Section 208 of the Companies Ordinance, 1984.

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

For and on behalf of Board of Directors

Karachi: 06 June, 1997.

(DEWAN MOHAMMAD AYUB KHALID)

Place : Karachi.

Managing Director/Chief Executive

NOTES:

1. The Share Transfer Books of the Company will remain closed from 15th June, 1997 to 28th June, 1997 (Both days inclusive).

A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be member of the company.

3. An instrument of proxy and a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney in order to be valid must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.

4. Members are requested to notify the Company any change in their addresses immediately.

"Statement under Section 160 of the Companies Ordinance, 1984 attached with the Annual Report circulated to the members of the company."

STATEMENT UNDER SECTION 160

OF THE COMPANIES ORDINANCE, 1984

This statement is annexed to the Notice of Thirty Fifth Annual General Meeting of Dewan Mushtaq Textile Mills Limited to be held on 28th June, 1997 and sets out the material fact concerning the Special Business to be transacted at the Meeting.

The Board of Directors considers to advance temporary short term financing to an associated company-Dewan Sugar Mills Limited, out of the surplus funds available with the Company. The Directors of the Company have no other vested interest in Dewan Sugar Mills Limited except that some of them are also Shareholders and Directors of Dewan Sugar Mills Limited.

In this regard following resolution is proposed to be passed as a "SPECIAL RESOLUTION".

"RESOLVED that the Chief Executive of the Company be and is hereby authorised to make temporary short term loans/advances to DEWAN SUGAR MILLS LIMITED being an associated company upto a maximum limit of Rs. 25 Million at 1% above the Mark-up rate on which Dewan Textile Mills Limited has made its own borrowings".

"FURTHER RESOLVED that these temporary loans/advances shall be adjusted as and when required by the Company and shall not exceed 12 (Twelve) months period".

DIRECTORS' REPORT

Your Directors take pleasure in presenting to you the 35th Annual Report of the Company together with the audited accounts for the financial year ended on September 30, 1996.

Alhamdulillah, this year again the results of the Company remained satisfactory, despite many negative factors. Although the cotton prices remained at lower level than last year, the same was countered by instability in yarn prices and upsurge in conversion cost, particularly power.

By grace of Almighty Allah, your Company has earned a Net Profit of Rs. 26.934 million as compared with Net Profit of Rs. 8.15 million of last year. Current year's Profit includes Cash Dividend Income of Rs. 25.6 million from Dewan Salman Fibre Ltd. The significant dividend income has once again provided a helping hand to your Company's cash flow under the prevalent grim situation of the industry.

We humbly gratefully bow our heads before Almighty Allah, the most gracious and merciful, who has rewarded and blessed your Company with His bounties.

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

Your Directors are pleased to propose appropriation of profit in the following manner:

Profit for the year 1996	Rs.	26,934,483
Profit brought forward from previous year	Rs.	5,106,282

Total amount available for appropriation	Rs.	32,040,765
		=====
Appropriation		
Proposed cash dividend @ 20%	Rs.	3,524,400
Un-appropriated profit carried forward	Rs.	28,516,365

Total	Rs.	32,040,765
		=====

REVIEW ON ACCOUNTS

The Company has earned a Net Profit of Rs. 26.934 million, after charging Depreciation of Rs. 2.708 million and making a provision for Taxation of Rs. 4.3 million. The earning per share of the Company for the year under review works out to Rs. 15.28. The financial obligations of the Company are being met timely. Alhamdulillah, the Company has been able to exhibit satisfactory results in an overall distressing situation of textile sector.

The Textile Industry, during the year, under review, remained under grave crisis. The cotton crop once again failed miserably for the fourth consecutive year and cotton prices remained at high level during the year. The average price of raw cotton remained around Rs. 2,100/- per maund, excluding 18% sales tax.

FUTURE PROSPECTS

The Textile Industry of Pakistan is still suffering from successive cotton crop failures. The future is entirely dependent on sizable cotton crop and serious consideration by the Government to restore this industry. Although the caretaker and the present Government did announce certain packages for this sector in order to put it back on the track, the current situation requires revolutionary corrective measures to arrest the decline in fortune of the industry over the last few years. This has brought some optimism and some of the closed units also started operating, but now short capacity in weaving sector has become a bottleneck for textile spinning industry. Expansion in weaving capacity is expected as the situation of weaving sector is improving. The expansion of weaving sector is inevitable for the survival of spinning sector and Textile Industry as a whole.

Current year is again a difficult one and we do not see any mitigation in this situation as the financial crisis is not over and in such circumstances, we can only pray to Almighty Allah to help our Textile Industry to come out of this dilemma.

NOTE OF THANKS

The Board expresses its thanks for the valuable services, loyalty and laudable efforts rendered by the executives, staff members and workers of the Company, during the year under review, and wish to place on record its appreciation for the same.

AUDITORS

The Auditors of your Company, M/s. Faruq Ali & Company, Chartered Accountants, retire and offer their services for re-appointment for the ensuing year on the same remuneration.

CONCLUSION

In conclusion, we bow, beg and pray to Almighty Allah, Rehman-o-Rahim, in the name of our beloved prophet, Muhammad, peace be upon him, for continued showering of His Blessings, Guidance, Strength, Health and Prosperity to us, our Company, Country and Nation; and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, Ameen, Summa-Ameen.

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)

For and on behalf of Board of Directors
Dewan Mohammad Ayub Khalid
 Managing Director/Chief Executive

Karachi: May 21, 1997

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of Dewan Mushtaq Textile Mills Limited, as at 30 September, 1996 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:

(i) the balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement, together with the Notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 1996 and of the profit and the Cash Flow for the year then ended and

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

Faruq Ali & Company

Chartered Accountants

Karachi:

Date: 21 May, 1997

BALANCE SHEET AS ON 30 SEPTEMBER, 1996

CAPITAL AND LIABILITIES

	Notes	1996 Rupees	1995 Rupees
Share Capital			
Authorized			
10,000,000 (1995: 10,000,000)			
Ordinary shares of Rs. 10 Each		100,000,000	100,000,000
		=====	=====
Issued, Subscribed & Paid up	3	17,622,000	17,622,000
Reserves and Surplus	4	73,516,365	50,106,282
		-----	-----
		91,138,365	67,728,282
Deferred Liability	5	8,530,853	5,975,978
Current Liabilities			
Short Term Running Finances	6	106,407,558	213,119,145
Creditors, Accrued Expenses & Other Liabilities	7	50,164,895	24,933,922
Provision for Taxation		13,250,641	8,950,641
Dividend Payable	8	3,681,083	3,674,591
		-----	-----
		173,504,177	250,678,299
Contingent Liabilities and Commitments	9		
		-----	-----
		273,173,395	324,382,559
		=====	=====

PROPERTY AND ASSETS

Fixed Assets (at cost less accumulated depreciation)	10	22,948,265	25,087,774
Long Term Investment	11	40,003,000	40,003,000
Long Term Deposits	12	55,736	47,736
Current Assets			
Stores and Spares	13	11,088,437	9,917,332
Stock in Trade	14	133,912,182	199,643,226
Trade Debts - unsecured (Considered good)		51,077,549	35,052,317
Advances, Deposits, Prepayments and Other Receivables	15	12,848,613	12,903,169
Cash and Bank Balances	16	1,239,613	1,728,005
		-----	-----
		210,166,394	259,244,049
		-----	-----
		273,173,395	324,382,559
		=====	=====

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER, 1996**

	Notes	1996 Rupees	1995 Rupees
Sales - Net	17	368,893,002	349,775,726
Less: Excise Duty & Sales Tax		7,368,677	9,052,068
		-----	-----
		361,524,325	340,723,658
Cost of Sales	18	339,102,269	319,566,361
		-----	-----
Gross Profit		22,422,056	21,157,297
Operating Expenses			
Administrative & General	19	3,959,448	3,946,949
Selling & Distribution	20	4,520,449	3,787,613
		-----	-----
		8,479,897	7,734,562
		-----	-----
Operating Profit		13,942,159	13,422,735
Other Charges			
Financial Expenses	21	7,817,457	7,210,400
Workers' Profit Participation Fund		306,235	310,617
Workers' Welfare Fund		184,003	185,496
		-----	-----
		8,307,695	7,706,513
		-----	-----
		5,634,464	5,716,222
Other Income	22	25,600,019	5,634,572
		-----	-----
Profit before Taxation		31,234,483	11,350,794
Taxation			
Current Year		4,300,000	3,200,000
		-----	-----
Profit after Taxation		26,934,483	8,150,794
Unappropriated profit brought forward		5,106,282	479,888
		-----	-----
		32,040,765	8,630,682
Appropriation			
Transferred to General Reserve		--	--
Proposed Cash Dividend : @ 20% (1995: 20%)		352,440	3,524,400
		-----	-----
		3,524,400	3,524,400
		-----	-----
Unappropriated profit carried forward		28,516,365	5,106,282
		=====	=====

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

	1996 Rupees	1995 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	31,234,483	11,350,794
Adjustment to reconcile profit to cash generated in operating activities:		
Depreciation	2,708,734	2,954,831
Provision for gratuity	2,554,875	2,114,275
(Gain) on sale of fixed assets	--	(301,102)
	-----	-----
	5,263,609	4,768,004
	-----	-----
	36,498,092	16,118,798
(Increase) / Decrease in Stores and Spares	(1,171,105)	387,169
(Increase) / Decrease in Stock in Trade	65,731,044	(20,603,272)
(Increase) / Decrease in Trade Debts	(16,025,232)	(34,762,459)
(Increase) / Decrease in Advances, Deposits, Prepayments and Other Receivables	54,556	59,530
Increase / (Decrease) in Creditors, Accrued Expenses and Other Liabilities	25,230,973	(711,758)
Increase / (Decrease) in Short Term Running Finances	(106,711,587)	47,715,804
	-----	-----
	(32,891,351)	(7,914,986)
	-----	-----
	3,606,741	8,203,812
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for Taxes	--	3,246,267
Payments for Dividend	3,517,908	4,652,794
	-----	-----
	3,517,908	7,899,061
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditure	569,225	1,163,000
Sale of Fixed Assets	--	(450,000)
Payments of Long Term Deposits	8,000	--
	-----	-----
	577,225	713,000
	-----	-----
Net Increase/(Decrease) in Cash	(488,392)	(408,249)
Cash and Bank Balances as on 01 October 1995	1,728,005	2,136,254
	-----	-----
Cash and Bank Balance as on 30 September 1996	1,239,613	1,728,005
	=====	=====

**NOTES TO THE ACCOUNTS
THE YEAR ENDED 30 SEPTEMBER 1996**

1. STATUS AND NATURE OF BUSINESS

Dewan Mushtaq Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and is listed on Karachi Stock Exchange. The Principal activity of the Company is manufacturing and sale of yarn.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement benefits

The Company operates an unfunded gratuity scheme. Annual provisions are made in the financial statements to cover obligations under this scheme.

2.3 Taxation

Provision for current taxation is based on current rates of tax after taking into account tax credits available, if any.

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

2.4 Tangible Fixed Assets and Depreciation

The Fixed Assets are stated at cost less accumulated depreciation except for lease hold land and Capital Work-in-Progress which are stated at cost.

Depreciation is provided on reducing balance method and the rates applied are in no case less than the rates prescribed by the Central Board of Revenue.

Full years depreciation is charged in the year of acquisition, while no depreciation is charged in the year of their disposal.

Major repairs and renewals are capitalized.

Profit or Loss on disposal of Fixed Assets is included in the current year income.

2.5 Stores and Spares

These are valued at average cost except for those in transit which are valued at cost.

2.6 Stock-in-Trade

These are valued as follows:

Raw Material	:	At average cost
Finished Goods	:	At lower of Cost or Net Realizable Value
Waste	:	At selling price
Work-in-Process	:	At average cost
Stock in Transit	:	At cost
Stock at Fair Price Shop	:	At cost calculated on the basis of First-in-first-out method of valuation.
Packing Material	:	At average cost.

Cost of finished goods comprises of prime cost and appropriate portion of production overheads.

Net Realizable Value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

2.7 Foreign currencies

Transactions in Foreign currencies are recorded using the rates of exchange ruling at the date of transaction.

Assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing on the Balance Sheet date except for those foreign currency loans which have been converted in to Pak Rupees at the rate prevailing on the date of disbursement of loan and repayment of which is to be made in Pak Rupees.

2.8 Investments

Investments are valued at lower of cost or market value. Dividends are reflected in the profit & loss account on receipt basis.

2.9 Revenue Recognition

Revenue from sales is recognized on despatch of goods to customers.

2.10 Trade Debts

Debts considered bad by the management are provided for or written off. But no general provision is made for bad and doubtful debts.

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	Note	1996 Rupees	1995 Rupees
690,000 Ordinary shares of Rs. 10 each fully paid in cash		6,900,000	6,900,000
1,072,200 Ordinary shares of Rs. 10 each issued as fully paid bonus shares		10,722,000	10,722,000
-----		-----	-----
1,762,200		17,622,000	17,622,000
=====		=====	=====

4. RESERVES AND SURPLUS

General Reserve

Balance as at 01 October	45,000,000	45,000,000
Transfer from profit & loss account	--	--
	-----	-----
Closing Balance	45,000,000	45,000,000
Unappropriated profit carried forward	28,516,365	5,106,282
	-----	-----
	73,516,365	50,106,282
	=====	=====

5. DEFERRED LIABILITIES

Gratuity	8,530,853	5,975,978
	=====	=====

6. SHORT TERM RUNNING FINANCES

This represents short term finances obtained from Commercial Banks against available facilities of Rs. 100 million (1995: Rs. 200 million) at a mark-up rate of 43 paisa per Rs. 1000 per day. These facilities are secured against hypothecation of stock and stores and are generally for a period of twelve months renewable at the end of the period.

7. CREDITORS, ACCRUED EXPENSES & OTHER LIABILITIES

Creditors for goods	21,881,527	5,000,283
Accrued Expenses	27,189,922	19,043,300
Advance, against sale	62,754	39,268
Workers' Profit Participation Fund	7.1 306,235	310,617
Workers' Welfare Fund	724,457	540,454
	-----	-----
	50,164,895	24,933,922
	=====	=====

7.1 Workers' profit participation fund

Opening balance as on 01 October	310,617	379,706
Add: Provision for the year	306,235	310,617
	-----	-----
	616,852	690,323
Less: Paid during the year	310,617	379,706
	-----	-----
	306,235	310,617

8. DIVIDEND PAYABLE

Unclaimed Dividend	156,683	150,191
Proposed Cash Dividend	3,524,400	3,524,400
	-----	-----
	3,681,083	3,674,591
	=====	=====

9. CONTINGENT LIABILITIES AND COMMITMENTS

Letter of Guarantee issued by Commercial Bank	158,993	158,993
	=====	=====

10. FIXED ASSETS-(at cost less accumulated depreciation)**COST DEPRECIATIO RUPEES**

Particulars	As at 01 October 1995	Additions (Deletions) during the year	As at 30 September 1996	Rate Percent	As at 01 October 1995	For the year (On disposals)	As at 30 September 1996	Written Down Value as at 30 September
Lease hold Land	730,000	--	730,000	--	--	--	--	730,000
Factory Building	6,658,902	--	6,658,902	10%	5,094,237	156,467	5,250,704	1,408,198
Non Factory Building	1,219,053	--	1,219,053	5%	852,997	18,303	871,300	347,753
Labour Quarters	6,823,847	--	6,823,847	25%	6,348,211	118,909	6,467,120	356,727
Plant and Machinery	75,948,370	--	75,948,370	10%	56,085,751	1,986,262	58,072,013	17,876,357
Factory Equipment	1,393,365	55,000	1,448,365	10%	959,940	48,843	1,008,783	439,582
Vehicles	3,604,837	448,224	4,053,061	20%	2,423,162	325,980	2,749,142	1,303,919

Furniture & Fixtures	1,333,259	66,000	1,399,259	10%	859,560	53,970	913,530	485,729
1996	97,711,633	569,224	98,280,857		72,623,858	2,708,734	75,332,592	22,948,265
1995	97,116,633	1,163,000 (568,000)	97,711,633		70,088,130	2,954,831 (419,102)	72,623,859	25,087,774
					1996	1995		
					Rupees	Rupees		

10.1 Depreciation has been allocated as follows

Cost of Sales	2,328,784	2,606,779
Administrative	379,950	348,052
	2,708,734	2,954,831

10.2 Disposal of Fixed Assets

Serial No.	Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	(Gain) / Loss	Mode of Disposal	Disposed To
1996		--	--	--	--	--		
1995		568,000	419,102	148,898	450,000	(301,102)		

11. LONG TERM INVESTMENT

Shares in Dewan Salman Fibre Ltd. (An associated company listed on the Stock Exchanges) 7,359,998 (1995: 6,133,332) Fully paid Ordinary Shares of Rs. 10/- each (These are valued at cost)	40,000,000	40,000,000
Others	3,000	3,000
Aggregate Market Value as at 30 September	Rs. 0.166 Billion	Rs. 0.544 Billion
Percentage of equity held	6.06%	6.14%

12. LONG TERM DEPOSITS

Utilities	17,048	17,048
Karachi Cotton Association	10,000	10,000
Others	28,688	20,688
	55,736	47,736

13. STORES AND SPARES

Spares	8,178,607	7,252,774
Stores	2,092,170	2,039,245
Packing material	817,660	625,313
	11,088,437	9,917,332

14. STOCK-IN-TRADE

Raw Material	11,976,799	91,721,848
Work in Process	8,490,023	8,427,978
Finished Goods	109,140,570	96,553,618
Waste	4,304,790	2,939,782
	133,912,182	199,643,226

15. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances		
-- to Staff	391,200	379,816
-- Income Tax	10,206,297	9,238,527
-- against Imports	120,611	34,036
Deposits	264,709	303,163
Prepayments	195,080	22,600
Other Receivables	1,670,716	2,925,027
	-----	-----
	12,848,613	12,903,169
	=====	=====

16. CASH AND BANK BALANCES

Cash in hand	446,145	1,240,280
Cash at Bank-Current Account	793,468	487,725
	-----	-----
	1,239,613	1,728,005
	=====	=====

17. SALES

Yarn Local	369,042,699	348,559,120
Waste	2,970,636	3,702,972
	-----	-----
	372,013,335	352,262,092
Less: Selling Commission	3,120,333	2,486,366
	-----	-----
	368,893,002	349,775,726
	=====	=====

18. COST OF SALES

Raw Material Consumption		
Opening stock	91,721,848	92,486,182
Purchases	177,816,001	250,382,617
Less: Closing Stock	(11,976,799)	(91,721,848)
	-----	-----
	257,561,050	251,146,951
Packing Material Consumed	4,699,979	4,553,716
Stores & Spares Consumed	6,768,875	7,635,547
Salaries, Wages & Other Benefits	37,974,748	35,236,175
Fuel, Power & Water	41,768,288	38,135,026
Rent, Rates & Taxes	236,688	139,208
Repairs and Maintenance	819,981	631,505
Insurance	563,309	651,559
Vehicle Expenses	394,572	197,501
Depreciation	2,328,784	2,606,779
	-----	-----
	353,116,274	340,933,967
Add: Work in process Opening	8,427,978	4,461,825
Less: Work in process (Closing)	(8,490,023)	(8,427,978)
	-----	-----
Cost of goods manufactured	353,054,229	336,967,814
Add: Finished Goods Opening	99,493,400	82,091,947
Less: Finished goods (Closing)	(113,445,360)	(99,493,400)
	-----	-----
	339,102,269	319,566,361
	=====	=====

19. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, Allowances & Other Benefits (including Directors' Remuneration amounting to Rs. 600,000. 1995: Rs. 696,000)	1,601,974	1,349,527
Communication	146,089	178,274
Vehicle Expenses	201,707	251,320
Legal and Professional	97,559	132,025
Auditors Remuneration	19.10 42,500	32,500
Printing and Stationery	297,722	90,754
Charity and Donation	24 86,946	216,721
Subscription	141,600	147,074

Entertainment	119,270	86,435
Travelling and Conveyance	69,024	63,844
Rent, Rates and taxes	54,050	93,514
Repairs & Maintenance	277,935	527,095
Advertisement	98,580	111,814
Cartage General	344,042	318,000
Depreciation	379,950	348,052
Miscellaneous	500	--
	-----	-----
	3,959,448	3,946,949
	=====	=====

19.1 AUDITORS REMUNERATION

Audit Fees	35,000	25,000
Other Services	7,500	7,500
	-----	-----
	42,500	32,500
	=====	=====

20. SELLING AND DISTRIBUTION EXPENSES

Cartage, Freight & Octroi	4,483,495	3,750,659
Insurance	36,954	36,954
	-----	-----
	4,520,449	3,787,613
	=====	=====

21. FINANCIAL EXPENSES

Mark-up and Excise Duty on Running Finance	7,735,478	7,145,089
Bank Charges	81,979	65,311
	-----	-----
	7,817,457	7,210,400
	=====	=====

OTHER INCOME

Profit on Sale of Fixed Assets	10.2	--	301,102
Dividend Income		25,600,019	5,333,470
		-----	-----
		25,600,019	5,634,572
		=====	=====

23. DIRECTORS REMUNERATION

Particulars	1996			1995		
	Chief Executive	Director	Rupees Total	Chief Executive	Director	Rupees Total
Managerial Remuneration	400,000	--	400,000	400,000	26,667	426,667
House Rent Allowance	180,000	--	180,000	180,000	12,000	192,000
Utilities	20,000	--	20,000	20,000	1,333	21,333
Meeting Fees	--	--	2,000	--	3,500	3,500
Total	600,000	--	602,000	600,000	43,500	643,500
No. of Persons	1	0	1	1	1	2

24. DONATION

None of the Directors or their spouse have any interest in the donee fund.

25. TAXATION

The Income Tax Assessment of the Company have been finalized upto and including assessment year 1996-97. However, certain appeals are pending with the Income Tax Authorities in respect of various assessment years. The appeals are related to the disallowances of expenses etc.

The deferred tax liability amounting to Rs. 942,254 (1995: Rs. 2,660,723) have not been provided in these accounts as the management of the company feels that this liability is arising due to timing differences which are not likely to reverse in the foreseeable future.

26. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

During the year aggregate transactions made by the company with the Associated Companies were purchases of Rs. 122.6 million (1995: Rs. 160 million) and Sales of Rs. Nil (1995: Rs. Nil million).

27. PLANT CAPACITY AND PRODUCTION

PARTICULARS	1996		1995	
	KGS	AVERAGE COUNT	KGS	AVERAGE COUNT
Actual Production at actual average count	3,411,735	31.40	3,576,503	29.64
Actual production converted to 20 count	5,722,438	20.00	5,647,842	20.00
Attainable capacity	3,579,449	20.00	3,579,449	20.00
Number of spindles installed	27,400	--	27,400	--
Worked during the year	27,400	--	27,400	--
Number of shifts worked during the year	1,068	--	1,059	--

28. GENERAL

28.1 Figures have been rounded off to the nearest rupee.

28.2 Previous year's figures have been re-arranged, wherever necessary, to facilitate comparison.

DEWAN ABDUL REHMAN FAROOQUI

Director

DEWAN M. AYUB KHALID

Managing Director/Chief Executive

**PATTERN OF SHAREHOLDING
AS ON 30 SEPTEMBER, 1996**

No. of Shareholders	Share Holdings			Total Share Held
368	From 1	to 100	Shares	17,581
110	From 101	to 500	Shares	24,136
12	From 501	to 1,000	Shares	8,403
17	From 1,001	to 5,000	Shares	36,089
8	From 5,001	to 10,000	Shares	56,633
2	From 10,001	to 20,000	Shares	25,858
2	From 20,001	to 30,000	Shares	55,440
5	From 30,001	to 40,000	Shares	188,557
1	From 40,001	to 50,000	Shares	41,797
2	From 50,001	to 75,000	Shares	145,945
5	From 75,001	to 100,000	Shares	406,482
4	From 100,001	to 150,000	Shares	505,227
1	From 250,001	to AND ABOVE	Shares	250,052
----- 537 ----- =====	TOTAL			----- 1,762,200 ----- =====

Categories of Shareholding	Number of Shareholders	Share Held	Percentage
Individuals	521	1,448,679	82.209
Investment Companies	3	293,349	16.647
Insurance Companies	3	19,021	1.079
Joint Stock Companies	2	526	0.030
Others	8	625	0.035
TOTAL	----- 537 ----- =====	----- 1,762,200 ----- =====	----- 100% ----- =====