

Samin Textiles Limited

Annual Report 1998

Contents

Notice of Meeting
Directors' Report
An Overview of Marketing Strategy
Certification of ISO-9002
F&J Top 10 Textile Weaving Companies
Profile of Associated Companies
Kohinoor Genertek Limited
Security General Insurance Co. Ltd.
Views of Leading Financial Analysts
Auditors' Report
Balance Sheet
Profit and Loss Account
Statement of Changes in Financial Position
Notes to the Accounts
Pattern of Shareholding

Notice of Meeting

Notice is hereby given that the Ninth Annual General Meeting of the Company will be held on Saturday, 27th March, 1999 at 12.30 P.M. at the Registered Office of the Company, 42-Lawrence Road, Lahore to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on March 28, 1998.
2. To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 1998 together with the Directors' and Auditors' Report thereon.
3. To approve the payment of dividend as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration. The retiring Auditors M/s Anjum Asim Shahid & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

Special Business:

5. (i) To consider and pass if deem fit, the following resolutions with/without modification(s).

Resolved that the Company's approval be and is hereby accorded U/S 208 of the Companies Ordinance, 1984 to make investment to the extent of Rs. 10.00(M) (Rupees ten million only) in Metro Bus Service Limited, an associated undertaking by way of equity participation or as a loan and disinvest the same as and when deemed proper in the interest of the share holders of the Company. Resolved further that the Chief Executive of the Company be and is hereby authorised to take any and all actions on behalf of the company as may be deemed necessary to invest /disinvest the above mentioned investment.

ii) Resolved that the Company's approval be and is hereby accorded U/S 208 of the Companies Ordinance, 1984 to make further investment to the extent of Rs. 5.00 (M) (Rupees five million only) in Security General Insurance Company Limited, an associated undertaking by way of equity participation or as a loan and disinvest the same as and when deemed proper in the interest of the share holders of the Company. Resolved further that the Chief Executive of the Company be and is hereby authorised to take any and all actions on behalf of the company as

may be deemed necessary to invest/disinvest the above mentioned investment.

6. Any other business with the permission of the Chair.

By Order of the Board

Lahore:
March 06, 1999

Safder Hussain Tariq
Company Secretary

Notes:

1. The share transfer books of the Company will be closed from March 20, 1999 to March 29, 1999 (both days inclusive).
2. A member eligible to attend and vote at the meeting is entitled to appoint a proxy. Proxies in order to be effective must be received at 42, Lawrence Road, Lahore, the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting and must be duly stamped, signed and witnessed.
3. Shareholders are requested to promptly notify the Company of any change in their addresses.

Statement Under Section 160(1)(B) of the Companies Ordinance, 1984

1. M/s Metro Bus Service Limited was established by Group of renowned Industrialists including Nishat, Saigols, Monnoo and Samin Group. The Directors of Samin Textiles Limited, namely Mr. Sarmad Amin, Mr. Aamir Fayyaz Sheikh and Safder Hussain Tariq are also the Directors on the Board of Metro Bus Service Limited. The transport facility in urban areas are very scarce and the Metro Bus Service intends to provide 'A' class transport facilities in urban areas. The Company by going into transport business with Professional Management expects to yield substantial Capital Gain/Dividend on above investment.
2. Security General Insurance Company Limited was established by the Group of renowned industrialists including Nishat, Elahi, Kohinoor (Pindi) & Samin Group. The director of Samin Textiles Limited, namely Mr. Daniyal B. Ali is also the director on the board of Security General Insurance Company Limited. As the Security General Insurance Company Limited has earned substantial profit, the company by making further investment expects to yield substantial dividend /capital gains.
3. The directors of the Company have no interest in the above companies except that they are shareholders/common directors.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company welcome you to the Ninth Annual General Meeting and place before you their report together with Audited Accounts of the Company for the year ended September 30, 1998.

OBITUARY

It is with deep sorrow, we inform our shareholders that our founder member and Chairman of the Company Mr. Mohammad Amin expired on January 23, 1998. Please pray that almighty Allah to bless the departed soul and grant fortitude to the bereaved family to sustain this loss. With his sad demise the company is deprived of his valued administrative and professional experience. His able guidance brought the company out of accumulated losses and set the trend of earning profits and declaring dividend.

OPERATING & FINANCIAL RESULTS

We feel proud to inform you that during the year under review the company has earned the following major achievements:-

* The Company has been awarded ISO 9002 certificate by M/S AOI3C Moody International Limited, Germany. This certificate will enable the company to meet the challenges of export market and to further improve the working/quality of the products.

* The Company has qualified for Export Merit Trophy for the year 1998. This is the third consecutive year for which the Company will receive this prestigious trophy.

* The Company has achieved the targeted turnover landmark of rupees One Billion for the financial year.

* On the basis of Financial Results for the year ended September 30, 1997 the company has been ranked at No. 4 among the Top 10 Textile Weaving Companies in Pakistan. However, as regards earning per share, the company has recorded an improvement of 3,506%, which is the highest in the textile sector.

* The Company has announced cash dividend @ 12.5% to it's shareholders for the financial year September 30, 1998.

In addition to the aforementioned achievements, the company has earned an after tax profit of Rs. 70.673(M) and after appropriations has carried over a net profit of Rs. 60.643(M) to Balance Sheet..

The salient features of the financial results for the year under review are:-

	1998	1997
	Rupees	Rupees
· Sales	1,023,781,121	923,214,355
· Profit for the year after taxation	70,673,441	72,278,447
· Accumulated profit carried to balance sheet	60,643,225	6,674,784
· Gross profit ratio	18.55%	19.67%
· Net profit ratio	6.90%	6.99%
· Current ratio	1.21:1	1.4:1
· Debt/Equity ratio	42:58	56:44
· Dividend pay out	12.50%	-

The following factors were responsible for the above mentioned achievements:-

- Maintenance of optimum production efficiency/level.
- Exploration/development in the new international markets.
- Implementation of ISO 9002 resulted in improvement in the quality of production and optimum utilization of human resources.
- Steady and stable prices of raw materials in the local market
- Steady and stable prices of finished product in the international market

It is hoped that if the government's policies remain supportive, as were during the year under review, the Company will be able to keep up the existing profitability.

SPONSORS' LOAN/SHARE DEPOSIT MONEY

The sponsors of the company have provided additional funds to the company in the shape of Share Deposit Money amounting to Rs. 22.000(M) and Sponsors' Loan amounting to Rs. 11.200(M), in the interest of the company, so as to charge the bank borrowings and increase the profitability, the sponsors have very generously decided not to charge interest on the additional working capital provided by them from their own sources.

MARKETING STRATEGY

The company is successful in diversifying its export base from the Far-East and expanding in Australia, Europe and USA. For this purpose substantial investment has been made for purchase of Quota. So far this policy has yielded better results and it is hoped that a strong base in Europe and America will be established in near future.

FUTURE PROSPECTS

During the year under review the governments' policies towards export based industries were quite favourable. Your company has benefited due to these policies in the following manners:-

1) Grant of Certificate of Special Registration under SRO No. 826(1)98 dated July 21, 1998. This certificate has entitled us to purchase our raw materials for production without payment of Sales Tax. This has resulted reduction in blockade of working capital funds under the head Sales Tax Receivable. Consequently, the liquidity has improved and so is the financial cost.

2) The company has been rated under Gold Category as enunciated under Customs Notification No. SRO 905(1)/98 dated August 12, 1998. This has entitled the company to receive claims of duty draw back from The Collector of Customs within seventy two hours from the date of submission of our claim. Its usefulness is the same as described at the foot of Para (1) above.

3) The government has pertained the exposers to realize their export sale proceeds in the ratio of 80:20 for interbank floating rate and official rate. Earlier this ratio was 50:50 and the revised policy will have a healthy impact on export volume and profitability both.

The management of the company is optimistic about the future growth of the company. The company intends to deploy the surplus liquidity gained out of accumulated profits under the following heads:-

i) Premature Retirement of Long Term Debts: During the past two years the company has redeemed its long term debts to the extent of Rs. 4 7.000(M), whereas this obligation was due in the year 2003 & 4.

ii) Expansion plans of Samin Textile Limited: The company is seriously considering different options for expansion of its existing production facilities. This will enable the company to spread/reduce its fixed cost.

iii) Further Investment in other portfolios or to increase its existing investment in the associated companies.

iv) To build adequate reserves for maintenance of a steady rate of dividend pay out.

The following figures reveal that the company's turnover is increasing every year with an average growth rate of 32%. The company is putting its all efforts to keep up this growth rate.

Year Ending

**Turnover Growth Rate
(Rs. in Million) (As a
percentage of
preceding year)**

i) September 30, 1994	344.01	First Year
ii) September 30, 1995	515.46	49.84%
iii) September 30, 1996	728.30	41.29%

iv) September 30, 1997	923.21	26.76%
v) September 30, 1998	1,023.78	10.89%

INVESTMENTS

Presently the company has the following investments:-

Sr.#	Name of the Company	No. of Shares	Face Value	Total Amount,
1.	Kohinoor Genertek Ltd.	2,156,000	Rs. 10/-	Rs. 21,560,000
2.	Security General Insurance Co. Ltd.	1,000,000	Rs. 10/-	Rs. 10,000,000
			Total	Rs. 31,560,000

The company feels satisfied about the aforementioned investments as both of them have shown fruitful results.

1. The salient advantages derived by the company from investment in Kohinoor Genertek Limited are as under:-

i) Cash dividend of 30% amounting to Rs. 6.468(M) received during the year ended September 30, 1997.

ii) Cash dividend of 17.50% amounting to Rs. 3.773(M) announced during the year 1998. However, it will be accounted for in the financial statements for the year 1998-99.

iii) A net reduction of 10% in our electricity cost, as compared to WAPDA's tariff resulting in annual saving of Rs. 6.000(M).

2. Investment in Security General Insurance Company Limited has also resulted in reduction in cost of insurance expenses. The financial statements of the company have shown healthy results and as such the break-up of the share is more than Rs. 10/- per share.

The company intends to have an equity participation to the extent of Rs. 10(M) in Metro Bus Service Limited. This is a transport company and will be engaged in passenger transportation in urban areas of Punjab. A conservative feasibility study of the project shows that this investment will yield as good results as derived from investments in Kohinoor Genertek Limited and Security General Insurance Company Limited.

ACKNOWLEDGEMENT

We reaffirm our commitment of "excellence through continuous improvement". The contribution from an individual worker to senior management executive has resulted in the award of ISO 9002 certification. The company is now heading towards Total Quality Management and has signed an agreement with a renowned firm of management consultants for Change management re-engineering and MIS development. The management expects substantial improvement in human behaviour and information technology with the introduction of Total Quality Management System.

We also take this opportunity to record our thanks to our bankers for their valued support and a note of appreciation for the devotion and hard work of all the employees of the company.

For and on behalf of the Board

Lahore:
February 27, 1999

Sarmad Amin
Chief Executive

Marketing Strategy

The Grey Fabric of Morality

The foreseeable economic turmoil in the world had its adverse effects on Pakistan too during the last quarter of 1997 and in 1998.

Two years ago we had access to markets of eleven countries only. This year, being aware of the manipulations in the financial markets with unpredictable repercussions, we further diversified our consumer base from sixteen nations last year to twenty-two nations, mainly towards the West thereby increasing our export volume. We moved towards the West with caution as how often their love for the mundane has led them to turn business to their advantage by intertwining it with concave propagations of "Emancipation", Human Rights" and "Freedom", words most often dilated upon another by our nation upon in the twentieth century to conceal the truth rather than to convey it.

Our efforts paid off and your Company managed to more or less repeat the same profitability as last year though under more difficult circumstances.

The years ahead would be fraught with even more difficulties and chaos. Avarice and selfishness has taken full sway of the world on one hand and acute economic interdependence between geographical regions on the other. Economic equilibrium can never be sustained except for a very short span of time if it is built upon a foundation of greed and selfishness of human beings so conveniently disguised in self righteousness and vanity which they miscall "Morality". What counts is the effect and not the appearance of a thing. We at Samin Textiles would be striving to not only further diversity our marketing but to appreciably reduce our dependence upon borrowings and to improve our financial liquidity to be able to survive the looming global economic and consequential political instability.

Economic laws are entirely dependent upon the moral barometer of human beings. Our optimism rests in the hope that this imminent chaos and conflagration would facilitate the emergence of a civilized human race who with their integrity and righteousness would in reality strive to usher in an era of relative peace and tranquillity. Sometimes one wonders why do we seek more knowledge when we pay no heed to what we know already?

Daniyal B. Ali
Director

CERTIFICATION OF ISO 9002

MESSAGE FROM

Mr. Mohammad Ishaq Dar

(Federal Minister of Finance, Commerce & Industries)

It gives me great pleasure to congratulate Samin Textiles Limited on achieving ISO 9002 Certification.

Sammin Textiles Limited being an export oriented Company, has increased its potential to earn more foreign exchange for Pakistan by acquiring ISO Certification. This achievement will also enhance confidence of their buyers abroad.

I am confident that Samin Textiles, who have already won two export merit trophies consecutively for the last two years, can now further expand their export and successfully compete in the international markets.

It is indeed gratifying to note that Pakistani exporters are aware of the international standardization trends and

are endeavouring to acquire ISO Certifications before deadlines set by European Union etc.

I wish the Company all success in future.

MESSAGE FROM

Mr. Geoff Lester

(World-wide Managing Director - AOQC Moody International)
on Samin Textiles Limited ISO-9002 Certification Award Ceremony

It give me immense pleasure to be present here on such an important occasion and award ISO-9002 Certificate to Samin Textiles Limited. I wish to congratulate the management, staff and employees of this wonderful organization on the successful achievement of ISO-9002 Certification.

The Certificate is in fact internationally recognized endorsement of M/s. Samin Textiles' Commitment to Excellence. It gives me satisfaction that the management of Samin Textiles, believes and has constantly worked to attain highest standards.

It has been observed with great pleasure that management encourages every employee to participate in improving systems. The management has been successful in creating an environment which enables them to progress.

I, on behalf of AOQC Moody International like to felicitate Samin Textiles on this occasion, hoping that they will keep their standards high and improve the systems to achieve even higher objectives in the future.

F&J TOP 10 TEXTILE WEAVING COMPANIES

EPS (Face Value Adjusted to Rs 10/-)*	Rank 1997	Rank 1996	Name of Companies	% Change from Previous year	Rank
6.02	1	6	Kohinoor Weaving Mills Limited	223.66	5
5.74	2	4	Kohinoor Raiwind Mills Limited	168.22	6
5.54	3	3	Reliance Weaving Mills Limited	82.24	10
5.41	4	12	Samin Textiles Limited	3,506.67	1
4.96	5	2	Prosperity Weaving Mills Limited	61.56	14
4.74	6	1	Artistic Demin Mills Limited	48.59	16
4.39	7	8	Yousaf Weaving Mills Limited	281.74	4
3.96	8	9	Shahtaj Textile Limited	300.00	3
2.53	9	10	ICC Textiles Limited	308.06	2
1.85	10	7	Towellers Limited	35.04	18

Profile of Kohinoor Genertek Limited

Kohinoor Genertek Limited (KGL) was established in 1995 to generate and supply power primarily to its sponsoring companies i.e. Samin Textiles Limited, Kohinoor Weaving Mills Limited and Kohinoor Raiwind Mills Limited. Having some spare capacity KGL signed a Non-Licence Agreement with Government of Punjab allowing KGL to sell electric power to some surrounding industries also.

KGL is now successfully selling electric power to 11 companies including the three sponsoring units for the last 3 years and by the grace of God enjoys an immaculate reputation for being a dependable, stable and uninterrupted electric power supplier in the area.

Due to the good reputation being enjoyed by KGL, the prospects of selling electric power to the surrounding Mills have improved considerably and only because of that Board of KGL has approved expansion of present KGL capacity by one more engine. KGL hopes to have the 4th engine installed and commissioned by early year 2000.

Even after addition of 4th engine KGL could sell another 7 to 8 MWs of electric power in the surrounding area and go in for expansion by another 2 engines in due course of time.

Profile of Security General Insurance Company Limited

SGI was incorporated as a public limited company in 1995, with an authorised capital of Rs. 60 million. The company was registered with the controller of Insurance and after finalisation of re-insurance treaties with international re-insurers, it commenced commercial operations in October 1996.

Syed Jawad Gillani, a veteran in the insurance business, who has served in senior management positions in Adamjee Insurance Co., and Central Insurance Co. Ltd., is the Chief Executive Officer of SGL. Other professional staff of the company is also highly experienced and well trained in this field.

SPONSORS OF SGI

SGI has been sponsored by Nishat, Kohinoor (Rawalpindi), Elahi, Samin and Fidelity Investment Bank which are managing a wide range of business very successfully and bring with them rich experience in Textiles, Cement, Banking, Construction, Energy, etc.

CAPITAL STRUCTURE OF SGI

The company started its operation with paid-up capital of Rs. 25(M) which has been enhanced to Rs. 50(M) through 100% Right Issue. The offered shares were fully subscribed which shows a confidence of shareholder in the company.

BUSINESS GROWTH

For the year 1998, SGI has set itself to achieve a target of Rs. 60 million gross premium income, which is 100% increase of the target for 1997. Against this target the achievement upto November 1998 prospects of surpassing the projected target by the end of the year.

BRANCHES

SGI has set up a branch network during the year 1998. Seven branches have been established and they have started their operation. The results of the branches are very encouraging so far and they are expected to produce even better results in the future.

PROSPECTUS

With the enhanced paid-up capital, improved treaty arrangement, newly established branch-net-work and the management policy to go for only quality business will produce an excellent business figures for the year 1998 and the years to come.

Textile Weaving

Samina Textiles Limited

year ended September 30, 1997

Overview

Last year the company had turned table by striking break-even with nominal after tax profit at Rs. 2.0 million but the shareholders equity had remained impaired. This year the improved financial results and large net profit at Rs.

72.3 million completely wiped off the accumulated losses of yester years and brought forward profit restored the equity base. The year under review saw massive competition from India in the export market because their valued lower currency made export products cheaper. Credit goes to the company that it surmounted these difficulties and exported products to highly discriminating countries in terms of both price and quality. The company's export amounted to US dollar 21.3 million to 16 countries in three continents. These countries are Japan, Hong Kong, Korea, Bangladesh, Indonesia, Philippines, Sri Lanka, Taiwan, China, Finland, Germany, Malaysia, USA Egypt, Turkey and Portugal. Since commercial production started in 1994 the company sales at Rs. 923.214 million in 1997 surged 2.7 times from 1997 and posted annual growth of 39%. The company is posed to cross Rs. one billion mark in the forthcoming year 1997-98. In the next financial year, the company is likely to be certified ISO 9002. The company has invested substantially in its sister concerns, Kohinoor Genertek Ltd., and Security General Insurance Company. It saved 10% from WAPDA Tariff and received 30% Cash Dividend from Kohinoor Genertek.

In the 8th AGM of the shareholders of Samin Textiles Ltd. Chairman Muhammad Amin presented the Annual Report with the happiest news that the company is now on its road to success.

The financial results exhibit the realization of optimum which the previous annual report had correctly foreseen. He rightly mentioned in his review that 8th AGM was the auspicious occasion.

Everything was right during the year under review. The marketing strategist of the company, Director Daniyal B. Ali recalled the cross currents which the company encountered during its infancy. He affirmed that these difficult cross currents have been left far behind. His conviction of a brighter future has been perceived in his expression. "The future of your company is bright because of our beliefs. In a volatile world with innumerable variables, in which we find ourselves today, our sincerity, good intentions and honesty to our faith provides us the beacon which makes us in harmony with cosmic beat that flows like an undercurrent in the world and ensures that our projections for our success in our futures becomes a reality."

Chief Executive, Sarmad Amin deserves a warm congratulation for a brilliant feat in publishing such a beautiful Annual Report with abundant information.

The company was incorporated in 1989 at Lahore. Its manufacturing facilities are located in Distt Kasur at 8km Manga Raiwind Road. It was listed at the stock exchange in 1994 with the paid-up capital of Rs. 133.64 million.

During 1995 and 1996 its equity base had eroded due to massive accumulated losses. Even then the sponsors had tried to revitalise the company and made large infusion of interest free loan and share deposit money.

During the year under review the company generated large after tax profit of Rs. 72.28 million compared to Rs. 2.0 million in the previous year. Accumulated losses have been wiped off and shareholders equity base has been fully restored. Hence book value per 10 rupee share at Rs. 6.74 in 1996 soared to Rs. 12.14 in 1997.

The sponsors loan is quasi-equity because it is interest free. Hence on this basis the debt to equity because it is interest free. Hence on this basis the debt to equity ratio improved to 53:47 from 64:36 in the preceding year. The current ratio on SBP criteria made healthy movement at 1.39 from 1.17 in the preceding year. These ratios reflect excellent debt/coverage position and comfortable liquidity level. The situation is likely further improve as the management is continuously making premature reduction in bank borrowings for clipping the financial charges.

The management envisages to undertake further premature retirement of long term loan Rs. 20 million in addition to Rs. 12 million loan already retired.

The company has fixed asset base of Rs. 275 million. It is a weaving unit equipped with 120 airjet looms imported from Tsudakoma of Japan. The machinery and equipment has been imported from Japan, Germany, Switzerland and the USA. The project was completed at a total capital outlay of Rs. 380 million. It started commercial production since January 1994. It was financed by NBP through World Bank line of credit and NBP term loan. The project is mainly export-oriented and the machinery has been selected to produce finest quality of grey cloth of international standard.

The management hopes to be certified as ISO-9002 before the end of next financial year for which the company is implementing prerequisite guidelines step by step.

This would facilitate in meeting the tough demand of export market for quality products.

During the year under review the output of cloth was 17.82 million running meters attaining 92.54% utilization of capacity compared to 91.83% in the preceding year. "The reason for shortfall in production (capacity utilization) includes factors like manufacturing different qualities of cloth and maintenance of equipments etc". The notes annexed to accounts mentioned.

The major reasons for upturn in the operating results and rise in profitability indicators have been assigned to four important factors. These factors are "increase in production efficiency-reduction of 'B' grade production-improvement in the quality of production as well as the productivity of work-force and use of better professional management techniques and strict monitoring of cost effectiveness of production and human resources."

During the year under review the company generated sales at Rs. 923.31 million (1996: Rs. 728.30 million), Gross Profit at Rs. 181.64 million (1996: Rs. 107.19 million) and operating profit at Rs. 139.41 million (1996: Rs. 74.04 million) which posted growth of 26.8%, 69.5% and 88.3% respectively. In spite of double digit inflation and rise in production input cost such as price of yarn, services, electricity, the company's gross and operating margins improved by 5 and 5.5 percentage points respectively. EPS registered salutary rise at Rs. 5.41 from Rs. 0.15 of the preceding year's.

However, marketing does appear to be increasingly depending on credit sales as can be seen from trade debts which moved upto 29 days from 69 days which means additional liquidity tide in inventory.

The rise in inventory balance is in line with the sales projections to cross the rupee one billion threshold in the ensuing financial year. The 8.27% rupee devaluation in October 1997 has provided substantial support to export marketing

effects. On the devaluation date the company had contracts/LCs/shipments in hand amount in to US dollar 8.5 million.

The share in the company is trading at Rs. 4.75 at massive discount against its face value. The P/E ratio is placed at 0.9X and Price/Book Value ratio works out to 0.4X.

Performance Statistics

September 30	(Million Rupees)	
	1997	1996
Capital & Liabilities		
Paid-up Capital	133.64	133.64
reserves &		
Profit/(Loss)	28.67	(43.60)
Equity	162.31	90.04
Sponsors loan	26.20	36.23
L.T. Debts	210.56	224.68
Current Liabilities	323.88	236.72
Assets		
Fixed Capital		
Expenditure	275.30	298.34
L.T. Investments	26.96	26.56
Other Non		
Current Assets	13.87	19.16
Current Assets	406.82	243.61
Total Assets	722.95	587.67
Sales, Profit & Payout		
Sales	923.21	728.30
Gross Profit	181.64	107.19
Operating Profit	139.41	74.04
Depreciation	27.06	28.97
Financial Charges	78.27	68.30
Other Income	6.86	0.11
Profit Before		
Taxation	64.59	5.55
Net Profit	72.28	2.00
Profit/(Loss) C/F	6.67	65.60
Financial Ratios		
Share		
Price (Rs) 21/1.98	4.75	-
Book Value		
Per Share (Rs)	12.14	6.74
Price/Book		
Value Ratio	0.39	-
Debt/Equity Ratio	59.41	74.26
Debt/Equity Ratio (Sponsor		
Loan-Equity)	53.47	64.36
Current Ratio	1.26	1.03
Current Ratio (SBP)	1.39	1.17
Asset Turnover Ratio	1.28	1.24
Days Receivables	29	24
Days Inventory	76	69

Gross Profit

Margin (%)	19.67	14.71
Operating		
Margin (%)	15.10	9.61
Net Profit		
Margin (%)	7.82	0.27
EPS (Rs)	5.41	0.15
Price/Earning Ratio	0.89	-
R.O.E. (%)	44.53	2.22
R.O.A. (%)	10.00	0.34
R.O.C.E. (%)	18.11	0.57

**Plant Capacity & Production
(Million Running Meters)**

A) Rated Capacity	19.253	19.547
Production	17.817	17.984
Capacity		
Utilization (%)	92.54	91.83
b) No. of Looms		
Installed & Operated	120	120
C) Shifts per day	3	3
D) Shifts actually worked	360	360

Company Information:

Chairman

Mohammad Amin:

Chief Executive:

Sarmad Amin:

Directors:

Tariq Sayeed Saigol; Aamir Fayyaz
Shaikh; Asad Fayyaz Shaikh;
Usman Said; Daniyal B. Ali;

Company Secretary:

Safdar Husain Tariq:

Registered Office:

42-Lawrence Road, Lahore (Punjab);

Head Office:

H. No. 50-C, 50-Main Gulberg, Lahore.

Factory:

8th Kilometre, Manga Raiwind Road
Distt Kasur (Punjab).

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed balance sheet of SAMIN TEXTILE LIMITED as at September 30, 1998 and the related profit and loss account and statement of changes in financial position, 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 the 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 statement of changes in financial position, 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 September 30, 1998 and of the profit and changes in the financial position for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore:
February 27, 1999

Anjum Asim Shahid & Co.,
Chartered Accountants

BALANCE SHEET AS AT SEPTEMBER 30, 1998

	1998	1997
Note	Rupees	Rupees
CAPITAL AND LIABILITIES		
Share capital		
Authorised:		
20,000,000 (1997: 20,000,000) ordinary shares		

of Rs. 10/- each		200,000,000	200,000,000
		=====	=====
Issued, subscribed & paid-up capital:			
13,364,000 (1997: 13,364,000) ordinary shares of Rs. 10/- each fully paid in cash		133,640,000	133,640,000
SHARE DEPOSIT MONEY		22,000,000	22,000,000
ACCUMULATED PROFIT		60,643,225	6,674,784
		-----	-----
		216,283,225	162,314,784
SPONSORS' LOAN	3	11,200,454	26,200,454
LONG TERM LOANS	4	127,903,195	194,848,327
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	5	7,394,983	15,708,779
DEFERRED LIABILITIES			
Staff retirement benefits		4,268,260	-
CURRENT LIABILITIES			
Current portion of long term liabilities	6	32,986,464	31,300,679
Short term running finances	7	380,589,595	237,309,852
Creditors, accrued and other liabilities	8	61,121,206	55,263,628
Proposed cash dividend		16,705,000	-
		-----	-----
		491,402,265	323,874,159
CONTINGENCIES AND COMMITMENTS		-	-
		-----	-----
		858,452,382	722,946,503
		=====	=====

	Note	1998 Rupees	1997 Rupees
PROPERTY AND ASSETS			
FIXED CAPITAL EXPENDITURE			
Operating fixed assets- tangible	10	225,464,010	241,389,395
Assets subject to finance lease	11	29,513,833	32,793,148
Capital work in progress		-	1,121,913
		-----	-----
		254,977,843	275,304,456
LONG TERM INVESTMENTS	12	31,560,000	26,960,000
LONG TERM DEPOSITS AND DEFERRED COST	13	23,201,776	13,865,665
CURRENT ASSETS			
Stores, spares and loose tools	14	12,302,303	11,548,412
Stock in trade	15	168,876,410	153,985,445
Current portion of long term investments/receivables		400,000	12,925,570
Trade debtors	16	283,716,353	73,720,611
Advances, deposits, prepayments and other receivables	17	66,763,519	132,414,283
Cash and bank balances	18	16,654,178	22,222,061
		-----	-----
		548,712,763	406,816,382

 858,452,382 722,946,503
 =====

The annexed notes form an integral part of these accounts.

Safder Hussain Tariq
 General Manager (Finance)

Sarmad Amin
 Chief Executive

Daniyal B. Ali
 Director

Anjum Asim Shahid & Co.
 Chartered Accountants

PROFIT AND LOSS ACCOUNT
for the year ended September 30, 1998

	Note	1998 Rupees	1997 Rupees
SALES	19	1,023,781,121	923,214,355
COST OF SALES	20	833,881,528	741,577,877
		-----	-----
GROSS PROFIT		189,899,593	181,636,478
OPERATING EXPENSES			
Administrative	21	10,368,535	6,630,247
Selling and distribution	22	43,934,222	35,600,011
		-----	-----
		54,302,757	42,230,258
		-----	-----
OPERATING PROFIT		135,596,836	139,406,220
OTHER INCOME	23	803,905	6,855,612
		-----	-----
		136,400,741	146,261,832
OTHER CHARGES	24	65,727,300	81,668,314
		-----	-----
PROFIT FOR THE YEAR BEFORE TAXATION		70,673,441	64,593,518
TAXATION	25	-	7,684,929
		-----	-----
PROFIT FOR THE YEAR AFTER TAXATION		70,673,441	72,278,447
ACCUMULATED PROFIT/(LOSS)			
BROUGHT FORWARD		6,674,784	(65,603,663)
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATION		77,348,225	6,674,784
APPROPRIATION			
Proposed cash dividend @ 12.5% (1997: Nil)		16,705,000	-
		-----	-----
ACCUMULATED PROFIT CARRIED TO BALANCE SHEET		60,643,225	6,674,784
		=====	=====

The annexed notes form an integral part of these accounts.

Safder Hussain Tariq
 General Manager (Finance)

Sarmad Amin
 Chief Executive

Daniyal B. Ali
 Director

Anjum Asim Shahid & Co.

STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended September 30, 1998

	1998	1997
	Rupees	Rupees
Profit for the year before taxation	70,673,441	64,593,518
Adjustment for:		
Depreciation	25,245,027	27,056,729
Amortization of assets subject to finance lease	3,279,315	3,643,683
Profit on sale of fixed assets	(15,320)	(8,570)
Provision for gratuity	4,268,260	-
Amortization of deferred costs	5,759,496	3,147,453
Other charges	65,727,300	81,668,314
	-----	-----
	104,264,078	115,507,609
	=====	=====
	174,937,519	180,101,127
 (Increase)/decrease in current assets:		
Stores, spares and loose tools	(753,891)	(3,803,021)
Stock in trade	(14,890,965)	(36,037,967)
Trade debts	(209,995,742)	(25,828,351)
Advances, deposits, prepayments & other receivables	65,561,297	(92,768,580)
	-----	-----
	(160,079,301)	(158,437,919)
 Increase in current liabilities:		
Creditors, accrued and other liabilities	10,230,259	4,476,699
	-----	-----
Cash flow from operations:	25,088,477	26,139,907
 Other charges paid	(70,099,981)	(72,527,430)
Taxes (paid)/refunded	89,467	(578,848)
	-----	-----
	(70,010,514)	(73,106,278)
	-----	-----
Net cash flow from operating activities	(A) (44,922,037)	(46,966,371)
	=====	=====
 CASH FLOW FROM INVESTING ACTIVITIES		
Long term deposits and deferred costs	(15,095,607)	(5,781,257)
Long term investments	(5,000,000)	(400,000)
Long term receivables - unsecured	12,925,570	2,500,000
Sale proceed of fixed assets	355,000	870,000
Fixed capital expenditure	(8,537,409)	(8,525,163)
	-----	-----
Net cash flow from investing activities	(B) (15,352,446)	(11,336,420)
	=====	=====
 CASH FLOW FROM FINANCING ACTIVITIES		
Short term running finances	143,279,743	76,315,949

Sponsors' loan - unsecured	(15,000,000)	(10,027,078)
Long term loans - secured	(66,854,961)	(6,834,797)
Liabilities against assets subject to finance lease	(6,718,182)	(5,256,843)
	-----	-----
Net cash flow from financing activities	(c) 54,706,600	54,197,231
	=====	=====
Net Decrease in cash and bank balances	(A+B+C) (5,567,883)	(4,105,560)
Cash and bank balances at the beginning of the year	22,222,061	26,327,621
	-----	-----
Cash and bank balances at the end of the year	16,654,178	22,222,061
	=====	=====

Sarmad Amin
Chief Executive

Daniyal B. Ali
Director

NOTES TO THE ACCOUNTS for the year ended September 30, 1998

1. STATUS AND OPERATION

The Company was incorporated on November 27, 1989 as a public limited company and is listed on the Lahore and Karachi stock exchanges in Pakistan. The exclusive activity of the company is manufacture and sale of cloth.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention except modification made on account of foreign currency transactions as mentioned in note 2.9 to the accounts.

2.2 Staff retirement benefits

The company operates an unfunded gratuity scheme covering all its employees. Provision is made annually to cover the obligations.

2.3 Fixed Assets and depreciation

- Owned

Operating fixed assets are stated at cost less accumulated depreciation except freehold land and capital work in progress which are stated at cost. Cost of tangible fixed assets consists of historical cost, borrowing cost pertaining to the erection/construction period and other directly attributable cost of bringing the assets to working condition. Pre-production expenses and trial run operation results are capitalized.

Depreciation is charged to income applying the reducing balance method, so as to write off the cost of operating fixed assets over their expected useful life.

Full year's depreciation is charged on addition, except for Plant & Machinery on which depreciation is charged beginning with the month in which commercial production is commenced. No depreciation is charged on assets deleted during the year.

Gain/(Loss) on disposal of fixed assets is reflected in the income currently.

Normal repairs and maintenance is charged to income as and when incurred, Major renewals

and improvements are capitalised.

- Leased

Assets held under finance leases are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of assets acquired on lease. Aggregate amount of related obligations under the lease less financial charges allocated to future payments are shown as liability. The financial charges are calculated at the interest rate implicit in the lease and are charged to income currently.

Assets acquired under finance lease are amortized over the useful life of the assets applying reducing balance method. Amortization of leased assets is charged to income currently.

2.4 Stores and spares

These are valued at moving average cost.

2.5 Stock in trade

Stock in Trade is valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost of major items of stock-in-trade have been determined as follows:

Raw materials	Annual average cost
Work-in-process & finished goods	Prime cost plus appropriate production overheads determined on annual average basis.

Net Realizable Value

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sales.

2.6 Deferred Costs

Expenses the benefits of which is expected to spread over several years are deferred and amortized over their useful life not exceeding five years from the year when these incurred.

2.7 Long term investments

These are stated a cost.

2.8 Taxation

The provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax, rebates and credits. The company accounts for deferred taxation, using the liability method on all major timing differences. However, deferred tax is not provided if it can be established with reasonable probability that these differences will not reverse in the foreseeable future.

2.9 Foreign Currencies

All assets and liabilities in foreign currency are translated at exchange rate ruling at the balance sheet date except for foreign currency long term loans which are translated at the rates covered under State Bank of Pakistan exchange risk cover scheme. All other exchange differences are account for in current income.

2.10 Revenue Recognition

Export sales are accounted for on shipment basis and exchange difference if any on

account of export proceeds are adjusted in the period of realization. Local sales are recorded on despatch of goods to customers. Rebate income is recognized on accrual basis. Dividend income is recognized when realized. Interest income is recognized on receipt basis.

	1998 Rupees	1997 Rupees
3. SPONSOR'S LOAN - unsecured	11,200,454	26,200,454
	=====	=====

It is an interest free loan from sponsors of the company.

4. LONG TERM LOANS - secured

	Refer Note	Sanctioned Limit (Million)	Out Standing Amount 1998	Out Standing Amount 1997	No. of installments	Date of Commencement of Repayment	Interest rate
-IBRD credit line	4.1	J.Y 782.156	83,339,539	101,859,435	16 semi annual	Mar. 15, 1995	15% p.a. including exchange risk fee
- Demand finance	4.1	Rs. 46.906	34,146,359	40,208,961	32 equal quarterly	Mar. 31, 1995	45 paisa per 1000 per day
- Demand finance-1	4.1	Rs. 77.363	35,089,965	77,362,428	06 semi annual	May 15, 2003	48 paisa per 1000 per day
			=====	=====			
			152,575,863	219,430,824			
Less: current portion	6		24,672,668	24,582,497			
			-----	-----			
			127,903,195	194,848,327			
			=====	=====			

4.1 These facilities are secured against first charge by way of equitable mortgage of land, building, machinery and other present and future fixed assets of the company, personal guarantees of chairman/chief executive of the Company and demand promissory note.

	1998 Rupees	1997 Rupees
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	15,708,779	22,426,961
Less: current portion	(Note 6) 8,313,796	6,718,182
	-----	-----
	7,394,983	15,708,779
	=====	=====

The value of minimum lease rental payments has been discounted at implicit interest rate of 21.5% to arrive at their present value. The balance rental due under the lease agreements aggregate to Rs. 14,259,662 (1997: Rs. 24,410,606) and are repayable in 30 equal monthly installments. Taxes, repairs and insurance costs are to be born by the lessee. The lease agreements are renewable at the option of the lessor and on such terms as may be agreed upon. These liabilities are partly secured by deposit of Rs. 3,500,000 (1997: Rs. 3,500,000) included in long term deposits and deferred costs under Note 13 to the accounts.

	1998 Rupees	1997 Rupees
6. CURRENT PORTION OF LONG TERM LIABILITIES		

Long term loans	(Note 4)	24,672,668	24,582,497
Liabilities against assets subject to finance lease	(Note 5)	8,313,796	6,718,182
		-----	-----
		32,986,464	31,300,679
		=====	=====

7. SHORT TERM RUNNING FINANCES

	Refer Note	Sanctioned Limit (Million)	Outstanding Amount 1998	Outstanding Amount 1997	Mark-up/ Interest Rate
Commercial Banks-Secured	7.1				
- Pre-shipment		280.000	237,979,595	237,309,852	6.5% to 11% per annum
- Post-shipment			142,610,000		-15% to 16.5% per annum
			-----	-----	
			380,589,595	237,309,852	
			=====	=====	

7.1 These are secured against second pari passu charge on current and fixed assets of the company, registered pledge/hypothecation of stocks, lien on confirmed export orders and finished goods and personal guarantees of the Chairman/Chief Executive of the Company.

	1998 Rupees	1997 Rupees
8. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors-for goods	10,153,852	9,225,806
-for supplies	5,269,091	6,403,920
Accrued expenses	14,648,037	10,393,904
Advances from customers	4,936,830	2,595,114
Markup on long term loan-secured	4,726,380	14,100,122
Markup on short term running finances	7,477,931	6,657,985
Due to associated undertakings	4,035,526	402,339
Security deposit	1,045,651	870,727
Tax deducted at source	955,114	922,032
Workers' profit participation fund	7,872,794	3,691,679
	-----	-----
	61,121,206	55,263,628
	=====	=====

9. CONTINGENCIES AND COMMITMENTS

9.1 The company is contingently liable for demand created by income tax department amounting to Rs. 149,449 and Rs. 1,685,436 for the assessment year 1993-94 and 1997-98 respectively. The company has filed an appeal before the income tax Appellate Tribunal which is pending for adjudication.

9.2 There was no capital commitment as at the balance sheet date (1997: Nil).

10. OPERATING FIXED ASSETS-Tangible

Description	COST			Rate	DEPRECIATION		Written down value as on Sep 30, 1998
	As on Oct. 01, 1997	Addition/ (deletion)	As on Sep. 30, 1998		As on Oct. 01, 1997	For the year	
					Adjustment		

	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Land	4,125,295	-	4,125,295	-	-	-	-	-	4,125,295
Building	45,119,560	4,973,317	50,092,877	10	14,259,082	-	3,583,380	17,842,462	32,250,415
Plant & machinery	281,774,944	1,849,165	283,624,109	10	90,755,640	-	19,286,847	110,042,487	173,581,622
Furniture & fixture	1,808,106	438,790	2,246,896	10	469,937	-	177,696	647,633	1,599,263
Office equipment	3,187,496	1,189,019	4,376,515	10	741,372	-	363,514	1,104,886	3,271,629
Vehicles	7,129,561	1,209,031	7,553,283	20	2,132,399	-	1,173,303	2,860,073	4,693,210
		(785,309)				(445,629)			
Electric Installation	9,401,151	-	9,401,151	10	3,043,065	-	635,809	3,678,874	5,722,277
Tubewell	357,498	-	357,498	10	116,429	-	24,107	140,536	216,962
Arms & ammunition	5,500	-	5,500	10	1,792	-	371	2,163	3,337
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
1998 Rupees	352,909,111	9,659,322	361,783,124		111,519,716	(445,629)	25,245,027	136,319,114	225,464,010
		(785,309)							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
1997 Rupees	347,058,390	7,403,250	352,909,111		85,154,086	(691,099)	27,056,729	111,519,716	241,389,395
		(1,552,529)							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

1998 **1997**
Rupees **Rupees**

10.1 Depreciation for the year has been allocated as under:

Cost of sales	(Note 20)	23,530,514	25,386,961
Administrative	(Note 21)	1,714,513	1,669,768
		-----	-----
		25,245,027	27,056,729
		=====	=====

11. ASSETS SUBJECT TO FINANCE LEASE

Description	COST			Rate %	AMORTISATION		Written down value as on	
	As on Oct. 01, 1997	Addition/ (deletion)	As on Sep. 30, 1998		As on Oct. 01, 1997	For the Period	As on Sep. 30, 1998	Sep. 30 1998
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees
Plant & machinery	40,485,368	-	40,485,368	10%	7,692,220	3,279,315	10,971,535	29,513,833
-----	-----	-----	-----	-----	-----	-----	-----	-----
1997 Rupees	40,485,368	-	40,485,368	10%	4,048,537	3,643,683	7,692,220	32,793,148
=====	=====	=====	=====	=====	=====	=====	=====	=====

11.1 Amortisation for the year has been charged to cost of sales (Note 20 to the accounts).

1998 **1997**
Rupees **Rupees**

12. LONG TERM INVESTMENT - AT COST

Investments in associated undertaking	(Note 12.1)	31,560,000	26,560,000
PM Debt Retirement Scheme - Account # 3	(Note 12.2)	400,000	400,000
Less: Current portion due within next twelve months		400,000	-
		-----	-----
		-	400,000
		-----	-----
		31,560,000	26,960,000
		=====	=====

12.1 Investments in associated undertakings

Particulars	No. of Shares		Equity held		Cost		Market value	
	1998	1997	1998	1997	1998 Rupees	1997 Rupees	1998 Rupees	1997 Rupees
Quoted								
Kohinoor Genertek Ltd.	2,156,000	2,156,000	13.23%	13.23%	21,560,000	21,560,000	18,110,400	18,865,000
Net worth per share: Rs. 20.84 (1997: Rs. 17.98) Chief Executive: Mr. Sarmad Amin								
Unquoted								
Security General Insurance Company Limited	1,000,000	500,000	20.00%	20.00%	10,000,000	5,000,000	10,330,000	4,966,444
Net worth per share: Rs. 10.33 (1997: Rs. 9.93) Chief Executive: Mr. Syed Jawad Gillani								
	-	-	-	-	31,560,000	26,560,000	28,440,400	23,831,444
	=====	=====	=====	=====	=====	=====	=====	=====

12.2 It carries profit @ 7.5% and is deposited for the period of two years.

	1998 Rupees	1997 Rupees
13. LONG TERM DEPOSITS AND DEFERRED COSTS		
Security deposits	3,500,000	3,500,000
Deferred costs (Note 13.1)	19,701,776	10,365,665
	-----	-----
	23,201,776	13,865,665
	=====	=====
13.1 Deferred costs		
Preliminary expenses	175,029	262,557
Public issue expenses	2,049,081	3,073,617
Export quota	23,237,162	10,176,944
	-----	-----
	25,461,272	13,513,118
Less: Amortization for the year	5,759,496	3,147,453
	-----	-----
	19,701,776	10,365,665
	=====	=====
14. STORES, SPARES & LOOSE TOOLS		
Stores & spares	12,026,923	11,235,655
Loose tools	275,380	312,757
	-----	-----
	12,302,303	11,548,412
	=====	=====
15. STOCK IN TRADE		
Raw materials	35,370,566	44,569,678
Work in process	4,218,356	3,129,194
Finished goods (Note 15.1)	129,287,488	106,286,573
	-----	-----

	168,876,410	153,985,445
	=====	=====

15.1 It includes goods in transit amounting to Rs. 11,247,434
(1997: Rs. 16,077,572)

16. TRADE DEBTS - Considered goods

Export- secured against export documents	279,524,387	71,293,818
Local- unsecured	4,191,966	2,426,793
	-----	-----
	283,716,353	73,720,611
	=====	=====

	1998	1997
	Rupees	Rupees

17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - Considered good		
- to suppliers	18,369,080	17,652,464
- to staff	61,900	102,518
- to executives (Note 17.1)	420,000	463,000
- to directors (Note 17.1)	385,000	-
Advance income tax	3,354,452	3,444,009
Due from associated undertakings (Note 17.2)	27,784	762,613
Fixed deposits	-	64,767,200
Letters of credit	117,691	-
Security deposit	652,744	381,403
Prepayments	49,469	445,911
Sales tax receivables	21,996,388	21,000,273
Other receivables	3,033,889	1,390,200
Export rebate receivable	13,927,666	17,637,326
Excise duty receivable (Note 17.3)	4,367,366	4,367,366
	-----	-----
	66,763,519	132,414,283
	=====	=====

17.1 The maximum aggregate amount due from the executives and directors of the company at the end of any month during the year was Rs. 1,006,300 (1997: Rs. 580,000).

17.2 The maximum aggregate amount due from associated undertaking at the end of any month during the year was Rs. 482,118 (1997: 762,613).

17.3 The company has obtained stay order against the levy of central excise duty on advances and the amounts so far deducted by the banks/financial institutions are treated as excise duty receivable from these deducting authorities.

	1998	1997
	Rupees	Rupees

18. CASH AND BANK BALANCES

Cash in hand	405,418	400,099
Cash at bank: - Current accounts	8,031,000	16,342,625
- PLS account	3,897,632	5,290,971
- Deposit account	4,053,903	48,430
- Escrow account	437	195
- Foreign currency account	265,788	139,741

		-----	-----
		16,654,178	22,222,061
		=====	=====
		1998	1997
		Rupees	Rupees
19. SALES			
Export			
Cloth		951,242,210	859,030,697
Rebate		16,284,041	23,769,380
		-----	-----
		967,526,251	882,800,077
Local			
Cloth		69,328,471	54,268,142
Waste		3,893,952	2,039,418
		-----	-----
		73,222,423	56,307,560
		-----	-----
		1,040,748,674	939,107,637
Less: Commission		16,967,553	15,893,282
		-----	-----
		1,023,781,121	923,214,355
		=====	=====
20. COST OF SALES			
Raw materials consumed	(Note 20.1)	697,033,766	620,669,023
Power and fuel		59,436,528	52,175,618
Store, spares and loose tools consumed		38,954,404	29,920,547
Salaries, wages and other benefits		18,302,559	16,170,736
Provision for gratuity		2,326,165	-
Repair and maintenance		1,944,979	2,144,552
Communication		454,429	291,297
Insurance		1,702,551	2,452,660
Depreciation	(Note 10.1)	23,530,514	25,386,961
Amortization of assets subject to finance	(Note 11)	3,279,315	3,643,683
Travelling & conveyance		726,554	416,987
Other expenses		10,279,841	1,991,210
		-----	-----
		857,971,605	755,263,274
		=====	=====
Adjustment of work in process			
Opening stock		3,129,194	3,291,812
Closing stock		(4,218,356)	(3,129,194)
		-----	-----
		(1,089,162)	162,618
		-----	-----
		856,882,443	755,425,892
Adjustment of finished goods			
Opening stock		106,286,573	92,438,558
Closing stock		(129,287,488)	(106,286,573)
		-----	-----
		(23,000,915)	(13,848,015)
		-----	-----
		833,881,528	741,577,877
		=====	=====

	1998	1997
	Rupees	Rupees
20.1 Raw materials consumed		
Opening stock	44,569,678	22,217,108
Add: Purchases	687,834,654	643,021,593
	-----	-----
	732,404,332	665,238,701
Less: Closing stock	(35,370,566)	(44,569,678)
	-----	-----
	697,033,766	620,669,023
	=====	=====

21. ADMINISTRATIVE

Salaries, wages and other benefits	3,495,481	2,290,664
Provision for gratuity	1,562,386	-
Rent, rate and taxes	40,000	-
Repair and maintenance	162,196	153,118
Insurance	148,597	187,669
Printing and stationery	304,900	271,563
Communication	442,681	126,265
Electricity, gas and water	317,442	268,690
Travelling and conveyance	247,694	111,464
Entertainment	294,843	289,955
Fee and subscription	237,891	239,350
Legal and professional	114,000	159,500
Vehicle running and maintenance	183,482	188,352
Auditors' remuneration (Note 21.1)	150,000	130,000
Depreciation (Note 10.1)	1,714,513	1,669,768
Donations (Note 21.2)	78,600	266,912
Miscellaneous	873,829	276,977
	-----	-----
	10,368,535	6,630,247
	=====	=====

21.1 Auditors' remuneration

Audit fee	65,000	55,000
Consultancy charges	20,000	20,000
Tax consultancy charges	65,000	55,000
	-----	-----
	150,000	130,000
	=====	=====

21.2 None of the director or their spouses had any interest in the donees' fund.

	1998	1997
	Rupees	Rupees
22. SELLING AND DISTRIBUTION		
Salaries and other benefits	3,678,793	3,001,714
Provision for gratuity	1,349,500	-
Outward freight	27,558,654	24,002,293
Cloth export expenses	490,968	553,836
Deferred cost amortized (Note 13.1)	5,759,496	3,147,453
Travelling and conveyance	1,796,854	1,525,991
Electricity	15,998	63,878

Communication	1,941,935	2,031,442
Advertisement	23,500	7,000
Vehicle running and maintenance	326,874	370,890
Other selling expenses	991,650	895,514
	-----	-----
	43,934,222	35,600,011
	=====	=====

23. OTHER INCOME

Profit on sales of fixed assets	(Note 23.1)	15,320	8,570
Profit on PLS and deposit account		788,585	379,042
Dividend income		-	6,468,000
		-----	-----
		803,905	6,855,612
		=====	=====

23.1 Profit on sales of fixed assets

Particulars	Cost RS.	Book Value RS.	Same proceeds RS,	Profit Rs.	Mode of disposal	Particulars of buyer
Suzuki Margala	390,188	169,810	175,000	5,190	Negotiation	Ambreen Safder - 440 A. Revenue Housing Society, Lahore,
Suzuki Mehran	197,171	100,952	105,000	4,048	Negotiation	Mohammad Munawar- 1-PakRoad, F8/2, Islamabad,
Suzuki Mehran	197,950	68,918	75,000	6,082	Negotiation	Affan Rashid - 3-C, Canal Bank Extension, Mughalpura, Lahore,
	-----	-----	-----	-----		
1998 Rupees	785,309	339,680	355,000	15,320		
	=====	=====	=====	=====		
1997 Rupees	1,552,529	861,430	870,000	8,570		
	=====	=====	=====	=====		

	1998 Rupees	1997 Rupees
24. OTHER CHARGES		
Financial charges	(Note 24.1)	62,007,645
Workers' Profit Participation Fund		78,268,655

		65,727,300

		81,668,314
		=====

24.1 Financial charges

Mark-up on long term loans-secured	28,251,050	36,396,164
Mark-up on short term running finance	24,269,266	32,964,106
Lease finance charges	3,432,762	4,531,566
Interest on workers' profit participation fund	461,460	-
Bank charges and others	5,593,107	4,376,819
	-----	-----
	62,007,645	78,268,655
	=====	=====

25. TAXATION

Current year (1997: Prior years - reversal of provision made in earlier years)	-	7,684,929
	=====	=====

The company has been granted exemption under clause 118(d) of 2nd schedule of the Income Tax Ordinance, 1979 for the period of five year upto December 31, 1998. The company is also not liable to pay minimum tax u/s 80(d) of the Ordinance as per the decision of the Supreme Court of Pakistan regarding applicability of the provision of section 80(d).

	1998 Rupees	1997 Rupees
26. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS DURING THE YEAR		
Investment	5,000,000	-
Dividend received	-	6,468,000
	-----	-----
Supply of electricity	53,907,483	46,668,848
	=====	=====

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	1998			1997		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
Remuneration	-	671,100	2,385,515	-	420,000	1,515,450
Utilities	-	264,000	764,620	-	40,000	211,650
House rent	-	53,850	346,185	-	180,000	585,000
Allowances	-	7,200	141,780	-	20,000	36,000
	-----	-----	-----	-----	-----	-----
	-	996,150	3,638,100	-	660,000	2,348,100
	=====	=====	=====	=====	=====	=====
No. of Persons	1	2	16	1	1	10
	=====	=====	=====	=====	=====	=====

	1998	1997
28. PLANT CAPACITY AND PRODUCTION		
NO. of looms installed	120	120
No. of looms worked	120	120
Shift per day	3	3
No. of days actually worked	360	360
Rated capacity (Running metres) per annum	19,547,604	19,253,623
Actual production (Running metres)	17,807,108	17,817,303

It is difficult to determine precisely the production capacity in textile mills since it fluctuate widely depending on various factors such as speed, width and construction of the cloth etc. The reason for shortfall in production includes factors like manufacturing different qualities of cloth and maintenance of equipments etc.

29. GENERAL

- Figures have been rounded off to the nearest rupee.
- Corresponding figures have been rearranged wherever considered necessary for the purpose of comparison.

Safder Hussain Tariq
General Manager (Finance)

Sarmad Amin
Chief Executive

Daniyal B. Ali
Director

Anjum Asim Shahid & Co.
Chartered Accountants

PATTERN OF HOLDING OF SHARES
held by the shareholders as at September 30, 1998

No. of Shareholders	Shareholding From	To	Total Shares Held
24	1	100	2400
1710	101	500	853900
4	501	1000	4000
13	1001	5000	58100
2	5001	10000	19100
3	45001	50000	150000
1	90001	95000	95000
3	145001	150000	450000
1	150001	155000	152400
1	195001	200000	200000
2	245001	250000	500000
1	280001	285000	284100
1	645001	650000	650000
1	900001	905000	905000
1	1295001	1300000	1300000
1	1345001	1350000	1349700
1	1395001	1400000	1398400
1	1495001	1500000	1500000
1	1555001	1560000	1556400
1	1935001	1940000	1935500
-----			-----
1773			13364000
=====			=====

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	1763	7822500	58.534
Investment Companies	2	500000	3.741
Insurance Companies	1	200000	1.496
Joint Stock Companies	3	1107400	8.286
Modaraba Companies	1	1500000	11.224
Others	3	2234100	16.717
-----		-----	-----
Total	1773	13364000	100.000
=====		=====	=====

Others	Number	Shares Held	Percentage
Non -Resident	1	650000	4.863
Foreign Company	1	1300000	9.727
Trust	1	284100	2.125
-----		-----	-----
Total	3	2234100	16.717
=====		=====	=====