

Azam Textile Mills Limited

Annual Report 2000

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Naseem Saigol (Chief Executive)
Mr. Shahid Sethi
Mr. Muhammad Ilyas Bajwa
Mr. Muhammad Asif Bajwa
Mr. Saeed Mian Ansari
Mr. Muhammad Omer Farooq
Mr. Muhammad Ayub (NIT Nominee)

COMPANY SECRETARY

Mr. Sultan Ali

AUDITORS

M/s Hameed Chaudhri & Co.
Chartered Accountants

BANKERS

Allied Bank of Pakistan Limited
AI-Faysal Investment Bank Limited
Askari Commercial Bank Limited
Faysal Bank Limited
National Bank of Pakistan
National Development Finance Corporation
Standard Chartered Bank
Union Bank Limited

REGISTERED OFFICE

06-Egerton Road, Lahore
Tel: 6306131 (5 Lines)

MILLS

51, K.M. Multan Road,
Bhai Pheru,
District Kasur

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fourteenth Annual General Meeting of Shareholders of Azam textile Mills Limited will be held on 31 st March, 2001 (Saturday) at 10' 00 a.m. at 6-Egerton Road, Lahore the Registered Office of the Company to transact the following business:

1. To confirm the minutes of the Thirteenth Annual General Meeting of the Company held on 31 March, 2000.
2. To receive and adopt the Annual Audited Accounts for the year ended 30 September, 2000 alongwith Directors' and Auditors' reports thereon.
3. To approve payment of cash dividend @ 7.5% (Re. 0.75 per share) to the entitled shareholders excluding the sponsoring shareholders of the company as recommended by the Board.

4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

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

By Order of the Board

(Sultan Ali)

Company Secretary

Lahore: March 09, 2001

Notes:

1. The Share Transfer Books of the Company will remain closed from 31 March 2001 to 06 April 2001 (both days inclusive). Transfers received in order at 06-Egerton Road, Lahore the Registered Office of the Company upto the close of Business on 30 March 2001 will be treated in time for the payment of Dividend to the Transferees..

2. The sponsoring shareholders have waived off their right to receive the cash dividend for the year ended 30 September, 2000.

3. A Member entitled to attend and vote at this meeting may appoint another member as proxy. proxies in order to be effective, must be received at the Registered Office of the Company not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.

4. Members of all recognized fiqahs may file with the Company their declaration (if any) for Non-Deduction of Zakat.

5. Members are requested to notify the Company change in their addresses, if any.

DIRECTORS' REPORT TO THE SHAREHOLDERS

It is a matter of great pleasure to present the 14th Annual Report and audited accounts for the financial year closed on September 30, 2000.

The directors recommended appropriation of profit as under:

	Rs, '000'
Profit before taxation	35,991
Provision for taxation	(2,855)

Profit after taxation	33,136
Appropriations:	
Proposed dividend @ 7.5%	
(excluding sponsoring shareholders)	(3,228)

	29,907
Accumulated Loss - Brought forward	(204,512)

Accumulated Loss - Carried to Balance Sheet	(174,604)
	=====

The year under review witnessed on overall turnaround in the textile sector mainly due to the fall in cotton prices.

The Company earned an operating profit of Rs. 93.215 million and net profit of Rs. 35.991 million which are 16.6% & 6.41% of the sales respectively.

Though the overall revenue from sales is lower by 12% as compared to last year but due to decrease in cotton prices and by controlling the production and operating cost the gross profit at Rs. 115.772 million & net profit at Rs. 35.991 million showed an increase of 157% & 233% over last year respectively. Financial charges at Rs. 65.112 million are higher by Rs. 10.420 million over last year, mainly because of buying cotton through associated undertaking at cost plus mark-up basis.

The results for the year could' have been even better if we were allowed to utilize the cash finance limits. However, during the year we have managed to reduce the debt burden to a great extent and are pleased to inform you that the bankers' have agreed to release the limits for the current year.

Nevertheless, your management has thrived hard to sustain the profit tempo of last year to some extent and is hopeful of achieving favorable results for the current fiscal.

Keeping in view the cash flows, the sponsoring shareholders voluntarily forego the right to receive dividends from the Company.

Since the last Annual General Meeting Mr. M. Azam Saigol resigned from the Board of Directors of the Company and in his place Mr. Muhammad Omer Farooq appointed as director of the Company. We wish to place on record our appreciation for the valuable contribution made by him during his tenure as director.

The auditors M/s. Hameed chaudhri & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment.

Statement showing the pattern of holding of shares held by the shareholders of Azam Textile Mills Limited as on September 30, 2000 is attached.

Your Directors are pleased to record their appreciation of the services rendered by the officers and workers of the company and hope that the same spirit will continue in the future. We are grateful to the bankers of the company who have always extended good co-operation towards the running of the company.

LAHORE:
09 MARCH, 2001

M. NASEEM SAIGOL
CHIEF EXECUTIVE

PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS AS AT 30 SEPTEMBER, 2000

NO. OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
93	1	--	100
294	101	--	500
180	501	--	1000
151	1001	--	5000
31	5001	--	10000
6	10001	--	15000
2	15001	--	20000
4	20001	--	25000
2	30001	--	35000
2	35001	--	40000
2	40001	--	45000
1	45001	--	50000
1	60001	--	65000
1	80001	--	85000
1	100001	--	105000
1	130001	--	135000
1	140001	--	145000
1	145001	--	150000
2	290001	--	295000
1	345001	--	350000
1	1165001	--	1170000
1	1415001	--	1420000
1	1430001	--	1435000
1	2050001	--	2055000
1	4325001	--	4330000
782			
			13,275,000

Note: The slabs not applicable, have not been shown,

CATEGORIES OF SHAREHOLDERS	Number	Shares Held	Percentage
Individuals	753	9,989,770	75.25
Investment Companies	3	484,645	3.65
Insurance Companies	5	235,450	1.77
Joint Stock Companies	5	185,475	1.40
Financial Institutions	8	2,136,610	16.10
Foreign Companies	3	170,500	1.28
Modaraba Companies	5	72,550	0.55
	782	13,275,000	100.00

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of AZAM TEXTILE MILLS LIMITED as at 30 September, 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, except for the contents of note 25.1, 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:

(a) in our opinion, except for the contents of note 13.4, 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, 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, except for the contents of notes 10.2, 13.2, 18.2 and 19.1 (d) and the extent to which these may affect the annexed accounts, respectively give a true and fair view of the state of the Company's affairs as at 30 September, 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

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

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

LAHORE: 09 March, 2000

BALANCE SHEET AS AT 30 SEPTEMBER, 2000

	Note	2000 Rupees	1999 Rupees
SHARE CAPITAL			
Authorised:			
15,000,000 ordinary shares of Rs, 10 each		150,000,000	150,000,000
		=====	=====
Issued, subscribed and paid-up	3	132,750,000	132,750,000
ACCUMULATED LOSS		(174,603,892)	(204,511,763)
		(41,853,892)	(71,761,763)
SURPLUS ON REVALUATION OF FIXED ASSETS	4	314,080,342	319,232,821
LONG TERM FINANCES	5	112,303,125	127,290,000

LONG TERM LOANS	6	41,329,697	38,329,697
CUSTOMS DUTIES PAYABLE	7	0	339,765
DEFERRED LIABILITY FOR GRATUITY		2,464,475	2,264,265
CURRENT LIABILITIES			
Current portion of long term liabilities	8	18,986,875	22,839,765
Short term finances	9	79,337,777	164,950,920
Creditors, accruals and other liabilities	10	168,650,044	169,313,325
Provision for taxation	11	4,269,253	8,637,345
Proposed dividend		3,227,977	0
		-----	-----
		274,471,926	365,741,355
CONTINGENCIES AND COMMITMENTS			
	12	-----	-----
		702,795,673	781,436,140
		=====	=====
FIXED CAPITAL EXPENDITURE			
Operating fixed assets	13	486,813,537	519,066,707
Capital work-in-progress	14	0	1,190,507
		-----	-----
		486,813,537	520,257,214
LONG TERM DEPOSITS AND DEFERRED COSTS	15	408,253	528,849
CURRENT ASSETS			
Stores, spares and loose tools	16	6,328,260	7,435,023
Stock-in-trade	17	76,820,000	91,742,300
Trade debtors	18	31,427,139	25,060,822
Advances, deposits, prepayments and other receivables	19	99,508,866	134,377,252
Cash and bank balances	20	1,489,618	2,034,680
		-----	-----
		215,573,883	260,650,077
		-----	-----
		702,795,673	781,436,140
		=====	=====

The annexed notes form an integral part of these accounts

DIRECTOR

CHIEF EXECUTIVE

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER, 2000**

	Note	2000 Rupees	1999 Rupees
SALES - Net	21	561,914,589	636,579,470
COST OF SALES	23	446,142,312	591,481,704
		-----	-----
GROSS PROFIT		115,772,277	45,097,766
ADMINISTRATIVE AND SELLING EXPENSES	23	22,556,628	20,784,484
		-----	-----
OPERATING PROFIT		93,215,649	24,313,282
OTHER INCOME	24	12,565,643	3,684,872
		-----	-----
		105,781,292	27,998,154
OTHER CHARGES			
Financial - Net	25	65,112,318	54,692,097
Miscellaneous	26	2,783,478	328,921
Workers' (profit) participation fund		1,894,275	0
		-----	-----
		69,790,071	55,021,018
		-----	-----

PROFIT/(LOSS) FOR THE YEAR - Before taxation		35,991,221	(27,022,864)
PROVISION FOR TAXATION	11		
- Current year		2,900,000	3,201,600
- Prior years		(44,627)	(67,529)
		-----	-----
		2,855,373	3,134,071
		-----	-----
PROFIT/(LOSS) FOR THE YEAR - After taxation		33,135,848	(30,156,935)
APPROPRIATION:			
Proposed dividend to shareholders excluding sponsoring shareholders @ 7.5% (1999: Nil)		3,227,977	0
		-----	-----
		29,907,871	(30,156,935)
ACCUMULATED LOSS - Brought forward		204,511,763	(174,354,828)
		-----	-----
ACCUMULATED LOSS - Carried to Balance Sheet		(174,603,892)	(204,511,763)
		=====	=====
EARNINGS PER SHARE	27	2.50	(2.27)

The annexed notes form an integral part of these accounts.

DIRECTOR

CHIEF EXECUTIVE

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER, 2000

	2000	1999
	Rupees	Rupees
NET CASH INFLOW FROM OPERATING ACTIVITIES (NOTE 'A')	138,763,512	5,312,316
CASH FLOW FROM FINANCING ACTIVITIES		
Associated Undertaking's loans repaid including exchange fluctuation loss - Nil (1999: Rs. 753,680)	0	(3,964,777)
Long term loans	3,000,000	0
Suppliers' credits repaid including exchange fluctuation loss - Nil (1999: Rs. 1,093,551)	0	(10,937,610)
Customs duties paid	(679,530)	(339,765)
Short term finances - net	(84,442,887)	63,017,042
Financial charges paid	(48,099,885)	(45,566,522)
Long term finances repaid	(18,500,000)	0
	-----	-----
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	(18,722,302)	2,208,368
CASH FLOW FROM INVESTING ACTIVITIES		
Tangible fixed assets acquired excluding exchange fluctuation loss - Nil (1999: Rs. 1,847,231)	(1,764,589)	(2,240,083)
Sale proceeds of fixed assets	12,217,363	225,567
Return on bank deposits	10,614	669,205
Long term deposits and deferred costs	120,596	1,671,096
	-----	-----
NET CASH INFLOW FROM INVESTING ACTIVITIES	10,583,984	325,785
NET INCREASE IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS	625,194	7,846,469
- At the beginning of the year	864,424	(6,982,045)
CASH AND CASH EQUIVALENTS		
- At the end of the year (note 'B')	1,489,618	864,424
	=====	=====
NOTE	1999	2000
FOR THE YEAR ENDED 30 SEPTEMBER, 2000	Rupees	Rupees
	35,991,221	(27,022,864)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) for the year - Before taxation		

Adjustments for:		
Depreciation	28,268,730	12,222,847
Provision for gratuity - net	200,210	(35,888)
Loss/(Gain) on disposal of fixed assets - net	(5,277,827)	12,533
Financial charges	65,122,932	55,361,302
Return on bank deposits	(10,614)	(669,205)
Revaluation surplus realised	(5,152,479)	0
	-----	-----

CASH INFLOW FROM OPERATING ACTIVITIES

- Before working capital changes	119,142,173	39,868,725
(Increase)/Decrease in current assets		
Stores, spares and loose tools	1,106,763	2,775,738
Stock-in-trade	14,922,300	(33,324,856)
Trade debtors	(6,366,317)	1,538,707
Advances, deposits, prepayments and other receivables excluding income tax	27,019,900	(80,672,188)
Increase / (Decrease) in creditors, accruals and other liabilities excluding accrued financial charges	(17,686,328)	78,289,145
	-----	-----
	18,996,318	(31,393,454)
	-----	-----

CASH INFLOW FROM OPERATING ACTIVITIES

- Before taxation	138,138,491	8,475,271
Income tax refunds received - net/(tax paid)	625,021	(3,162,955)
	-----	-----

NET CASH INFLOW FROM OPERATING ACTIVITIES

138,763,512	5,312,316
=====	=====

NOTE 'B'**CASH AND CASH EQUIVALENTS**

Cash and bank balances	1,489,618	2,034,680
Short term finances - Temporary bank overdrafts	0	(1,170,256)
	-----	-----
	1,489,618	864,424
	=====	=====

The annexed notes 'A' and 'B' form an integral part of this statement

DIRECTOR**CHIEF EXECUTIVE****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER, 2000**

	Share Capital	Accumulated loss	Total Rupees
Balance as at 30 September, 1998	132,750,000	(174,354,828)	(41,604,828)
Loss for the year	0	(30,156,935)	(30,156,935)
Balance as at 30 September, 1999	132,750,000	(204,511,763)	(71,761,763)
Profit for the year	0	33,135,848	33,135,848
Proposed dividend	0	(3,227,977)	(3,227,977)
	-----	-----	-----
Balance as at 30 September, 2000	132,750,000	(174,603,892)	(41,853,892)
	=====	=====	=====

DIRECTOR**CHIEF EXECUTIVE****NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER, 2000****1. STATUS AND NATURE OF BUSINESS**

The Company was incorporated on 10 March, 1987 as a Public Company and its shares are quoted on Stock Exchanges in Pakistan. The Company is principally engaged in manufacture and sale of yarn.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and international accounting standards as applicable in Pakistan in all material respects.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention modified by adjustments of exchange rate fluctuations, revaluation of certain fixed assets and exchange risk coverage fee capitalised in prior years as referred to in notes 2.3 and 2.6.

2.3 Foreign currency translations

Assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates ruling on the balance sheet date except where forward exchange rates have been booked which are translated at the contracted rates.

Exchange fluctuations on principal balances of loans are capitalised as part of cost of the asset acquired out of the proceeds of such loans. Exchange risk coverage fee on principal balances of loans was also capitalised during prior years as pad of cost of plant and machinery. All other exchange fluctuations are taken to Profit and Loss Account.

2.4 Staff retirement benefits

The Company operates an un-funded Gratuity Scheme for its eligible employees. Provision is made annually to cover the obligation.

2.5 Taxation**Current:**

Provision for current taxation is made at the current rates of taxation on taxable income for the year. Tax credits and brought forward losses are recognised for arriving at taxable income for the year.

Deferred:

The Company does not account for deferred taxation arising due to major timing differences due to reasons stated in note 11.5.

2.6 Tangible fixed assets and depreciation thereon.

Freehold land is stated at revalued amount. Buildings on freehold land and plant & machinery are stated at revalued amounts less accumulated depreciation. Other operating fixed assets are stated at cost less accumulated depreciation. Capital work-in-progress is stated at cost. Cost of some items of plant and machinery also include exchange risk coverage fee (capitalised during prior years) and exchange fluctuations on foreign currency loans.

Depreciation is charged to income applying reducing balance method to write-off the cost/revalued amount, capitalised exchange risk coverage fee and exchange fluctuations over estimated remaining useful life of assets. Current rates of depreciation are stated in note 13. No depreciation is provided on assets in the year of disposal/retirement whereas full year depreciation is charged in the year of purchase/commercial operations.

Gain/loss on disposal of fixed assets is taken to Profit and Loss Account.

Normal repairs and maintenance are taken to Profit and Loss Account. Major improvements and modifications are capitalised and assets replaced are retired.

2.7 Deferred costs

Expenses, the benefit of which is expected to spread over several years, are deferred and amortized over a period of not more than five years.

2.8 Stores, spares and loose tools

These are valued at moving average cost except items-in-transit which are valued at cost accumulated to the balance sheet date.

2.9 Stock-in-trade

Basis of valuation are as follows:

Particulars	Mode of valuation
Raw materials	- At lower of annual average cost and market value.
Work-in-process	- At cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At realisable value.
Purchased yarn	- At cost (FIFO).

- Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

- Net realisable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.

2. 10 Revenue recognition

- Local sales are recorded when goods are delivered to customers and invoices raised.
- Export sales are booked on shipment basis.
- Return on deposits is accounted for on receipt basis.
- Export rebate is accounted for on accrual basis.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
8,850,937 ordinary shares of Rs. 10 each	88,509,370	88,509,370
4,424,063 ordinary shares of Rs. 10 each issued by conversion of Sponsors' loans	44,240,630	44,240,630
	-----	-----
	132,750,000	132,750,000
	=====	=====

4. SURPLUS ON REVALUATION OF FIXED ASSETS

Surplus on revaluation of fixed assets on 30 September, 1999	319,232,821	319,232,821
Less: Credited to profit and loss account on disposal of revalued plant and machinery	5,152,479	0
	-----	-----
	314,080,342	319,232,821
	=====	=====

4.1 Revaluation of freehold land, buildings on freehold land and plant & machinery on 30 September, 1999 resulted in a surplus aggregating Rs. 319.233 million over the book values which was credited to this Account (note 13.1). However, surplus out of revaluation of fixed assets on 30 September, 1999, Rs. 5.152 million on disposal of revalued plant and machinery up to 30 September, 2000 has been credited to profit and loss account in the current year

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees</i>	<i>Rupees</i>
5. LONG TERM FINANCES - Secured			
Demand finance I	5.1 & 5.2	119,790,000	119,790,000
Demand finance II	5.30	11,500,000	30,000,000
		-----	-----
		131,290,000	149,790,000
		=====	=====
Less Current portion grouped under current liabilities			
- Instalment overdue		4,000,000	7,500,000
- Instalment due within following twelve months		14,986,875	15,000,000
		-----	-----
		18,986,875	22,500,000
		-----	-----
		112,303,125	127,290,000
		=====	=====

5.1 This demand finance has been obtained from National Bank of Pakistan (NBP) for repayment of short term finances. It carries mark-up @ Re.O.49 per thousand rupees per day. The finance is secured by way of an equitable mortgage on the Company's fixed assets, personal guarantees of all the directors of the Company except nominee director, general irrevocable power of attorney in favour of NBP and demand promissory note.

5.2 NBP, vide its letter no. CR: CF/280 dated 26 February, 1999 rescheduled/restructured the Company's long-term finances on the following terms and conditions:

(a) Mark-up accrued during 1996-97 amounting Rs. 34.790 million which was deferred in 1996-97 and fell due for payment in 1998-99 was capitalised in the principal of Rs. 85.0 million thus increasing the principal to Rs. 119.790 million.

(b) Principal repayment of this finance will commence from September, 2001 in 16 equal half yearly instalments. The Company is required to pay mark-up on this finance on half-yearly basis as and when due at the existing mark-up rate.

5.3 NBP, vide its letter stated in note 5.2, also created a long term demand finance of Rs. 30.0 million by transfer of equivalent balance from short term demand finances. This finance is repayable in 4 equal half-yearly instalments of Rs. 7.500 million commencing September, 1999 after the Supplier's Credits instalments have been duly paid. Mark-up is payable on half-yearly basis as and when due at the existing mark-up rate.

6. LONG TERM LOANS - Unsecured

Opening Balance	38,329,697	38,329,697
Add: Received during the year	8,000,000	0
	-----	-----
	46,329,697	38,329,697
Less: Paid during the year	5,000,000	0
	-----	-----
	41,329,697	38,329,697
	=====	=====

These represent interest-free loans provided by the Company's Chief Executive and a Director. Terms of these loans have not yet been settled. These loans, however, are being considered by the Company's management as long term.

	2000	1999
	Rupees	Rupees
7. CUSTOMS DUTIES PAYABLE- Secured		
Balance as at 30 September,	0	679,530
Less: Current portion grouped under current liabilities	0	339,765
	-----	-----
	0	339,765
	=====	=====

7.1 These represented 30% of the custom duties levied by the Customs Authorities on import of Ring Spinning Frames during the Financial Years 1989-90 and 1992-93. These carry surcharge @ 14% per annum and were repayable in 5 equal yearly instalments over the period from November, 1996 to November, 2000. However, these balances have been fully repaid during the year. These were secured against bank guarantees issued by commercial banks.

8. CURRENT PORTION OF LONG TERM LIABILITIES

Long term finances	5	18,986,875	22,500,000
Custom duties payable	7	0	339,765
		-----	-----
		18,986,875	22,839,765
		=====	=====

9. SHORT TERM FINANCES

Secured:			
Cash/Running finances	9.1	39,281,777	99,848,020
Export refinances	9.2	40,056,000	61,665,005
Demand finances	9.5	0	2,267,639
		-----	-----
		79,337,777	163,780,664
Un-secured	9.6	0	1,170,256
		-----	-----
		79,337,777	164,950,920
		=====	=====

9.1 These finances have been obtained from commercial banks on mark-up basis against facilities aggregating Rs 108.000 million (1999: Rs 108.000 million). These facilities carry mark-up @ Re. 0.495 per thousand Rupees per day. These finance facilities have expired on 30 September, 2000 and negotiations for their renewal are in process as at the balance sheet date.

9.2 These finances have been obtained from a commercial bank on mark-up basis against finance facilities aggregating Rs. 65.031 million (1999: Rs. 63.560 million). These facilities carry mark-up @ 8% per annum. These finance facilities also expiring on various dates by 15 December, 2000.

9.3 The aggregate short term finance facilities, as stated in notes 9.1 and 9.2, are secured against pledge/hypothecation of stock-in-trade, personal guarantees of the sponsoring directors, trust receipts, collaterally by way of pledge of 1,647,700 shares of Associated Undertakings owned by the directors and demand promissory notes.

9.4 Facilities available for opening letters of credit aggregate Rs. 5.0 million (1999: Rs. 5.0 million) and are secured against documents of title to goods.

9.5 This represented balance of finances obtained from National Bank of Pakistan (NBP) to meet the obligation of suppliers' credits instalments. It was secured against first charge on present and future fixed assets of the Company and carried mark-up @ Re. 0.45 per thousand Rupees per day. NBP, during the year ended 30 September, 1999, created a long term demand finance of Rs. 30.0 million by transfer of equivalent balance from these finances as detailed in note 5.3.

9.6 These temporary bank overdrafts had arisen due to issuance of cheques for amounts in excess of balances in the bank accounts. These included cheques amounting Rs. 0.900 million issued to Associated Undertakings.

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
CREDITORS, ACCRUALS AND OTHER LIABILITIES			
Due to Associated Undertakings	19.1	55,507,083	76,234,849
Creditors		45,988,283	44,443,894
Accrued expenses		12,733,499	10,443,131
Advance payments		11,002,730	14,732,084
Security deposits		10,000	10,000
Mark-up accrued on secured:			
Long term finances		35,692,659	17,451,205
Short term finances		789,643	1,922,299
Surcharge on custom duties payable		0	85,751
Workers' (profit) participation fund	10.1	1,961,627	59,868
Tax deducted at source	10.2	4,964,520	3,930,244
		-----	-----
		168,650,044	169,313,325
		=====	=====

10. 1 Workers' (profit) participation fund

Opening balance		59,868	53,216
Add: Interest for the year		7,484	6,652
		-----	-----
		67,352	59,868
Contribution for the year		1,894,275	0
		-----	-----
		1,961,627	59,868
		=====	=====

10.2 This was not deposited in the Government Treasury within the time limit prescribed by the Income Tax Ordinance, 1979.

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
11. PROVISION FOR TAXATION - Net			
Opening balance		8,637,345	12,649,905
Add: Provided during the year			
- Current year		2,900,000	3,201,600
- Prior years		(44,627)	(67,529)
		-----	-----
		2,855,373	3,134,071
		11,492,718	15,783,976
Less: Tax deducted at source adjusted against completed assessments		7,223,465	7,146,631
		-----	-----
		4,269,253	8,637,345
		=====	=====

11. 1 Income tax assessments of the Company have been completed upto the income Year ended 30 September, 1998 (Assessment Year 1999-2000).

11.2 Tax losses available for carry forward as per last Assessment Order aggregated Rs. 86.969 million. Returned losses for the income Years ended 30 September, 1999 amounting to Rs. 16.268 million making total loss of Rs 103.237 million for carry forward as at 30 September, 2000 (as per the Company's computations).

11.3 The Company has filed appeals with the Commissioner of Income Tax (Appeals) against the assessments framed by the Assessing Officer for the Assessment Years 1996-97 and 1997-98. These appeals have been partially succeeded by the company during the year. The Company has also filed appeals with the Income Tax Appellate Tribunal for the Assessment Year 1993-94 to 1995-96 against the orders of the Commissioner of Income Tax (Appeals) which are pending adjudication.

The Company during the year has filed appeals with Commissioner of Income Tax (Appeals) {CIT(A)} against the assessment framed by the assessing officer for the assessment year 1998-99 and 1999-2000 these appeals have been set aside during the year by CIT(A).

11.4 Current year taxation provision represents minimum tax leviable under section 80-D of the Income Tax Ordinance, 1979.

11.5 In view of accumulated tax losses aggregating Rs 103.237 million approximately including assessed tax losses aggregating Rs. 86.969 million, as stated in note 11.2, no provision for deferred taxation is required.

12. CONTINGENCIES AND COMMITMENTS

12.1 Counter guarantees issued by the Company to its Bankers outstanding as at 30 September, 2000 were for Rs.0.01 million (1999: Rs. 0.260 million).

12.2 Local sales for the Financial Year 1996-97 included goods sold to an Associated Undertaking for export. These sales may attract a liability of Rs. 15.0 million approximately. The Company, under an agreement, can claim this potential liability from the said Associated Undertaking in case the liability crystallises.

12.3 No commitments were outstanding as at 30 September, 2000 (1999: Nil).

13. OPERATING FIXED ASSETS - Tangible

C O S T ! R E V D E P R E C Net Book

PARTICULARS	As At 30 September 1999	Additions	Revalue- lion Adjustments	Disposals	As At 30 September 2000	Rate %	To 30 September 1999	For the Year	On disposals	To 30 September 2000	Value as at 30 September 2000
Freehold land											
- Cost	4,018,835	0	0	0	4,018,835		0	0	0	0	4,018,835
- Revaluation	3,057,165	0	0	0	3,057,165		0	0	0	0	3,057,165
	7,076,000	0	0	0	7,076,000		0	0	0	0	7,076,000
Building on freehold land											
-Cost	57,601,418	1,164.51	0	0	58,765,925	10	34,740,982	2,402,494	0	37,143.48	21,622,449
- Revaluation	22,777,864	0	0	0	22,777,564	10	0	2,277,757	0	2,277,757	20,499,807
	80,378,982	1,164.51	0	0	81,543,489		34,740,982	4,680,251	0	39,421,233	42,122,256
Plant and machinery											
-Cost	360,319,909	289,080	0	2,918,608	357,690,301	5	19,346,400	8,300,552	1,784,737	199,979,816	157,710,485
-Revaluation	293,398,092	0	0	5,152,479	288,245,613	5	0	14,412,281	0	14,412,281	273,833,332
	653,718,001	289,080	0	8,071,087	645,935,914		19,346,400	22,712,833	1,784,737	214,392,097	431,543,817
Generator and pumps	1,311,014	0	0	0	1,311,014	10	844,612	46,640	0	891,252	419,762
Furniture and fixtures	3,754,532	183,665	0	0	3,938,197	10	1,757,755.00	218,044	0	1,975,799	1,962,398
Office equipment	3,225,578	462.96	0	0	3,688,535	10	1,217,128	247,141	0	1,464,269	2,224,266
Vehicles	3,361,773	854,967	0	1,702,432	2,514,308	20	1,754,202	361,870	1,049,246	1,066,826	1,447,482
Arms	38,820	0	0	0	38,820	10	19,313	1,951	0	21,264	17,556
Rupees	752,864,700	2,955,096	0	9,773,519	746,046,277		233,797,993	28,268,730	2,833,983	259,232,740	486,813,537
1999 Rupees	431,750,225	2,896,807	319,232,821	1,015,108	752,864,700		222,352,199	12,222,847	777,053	233,797,993	519,066,707

13.1 The Company revalued its freehold land, buildings on freehold land and plant & machinery as at 30 September, 1999. The revaluation exercise was carried-out by independent valuers, M/s Razzaque Umerani & Co., Gulberg II, Lahore and certified by M. Yousuf Adil Saleem & Co., Chartered Accountants, Lahore, vide their certificate dated 04 October, 1999. The said revaluation exercise has been carried-out to replace the carrying amount of assets with the market value / depreciated market value. Surplus arisen on revaluation of fixed assets on 30 September, 1999 aggregating Rs. 319.233 million has been credited to 'Surplus on Revaluation of Fixed Assets' (note 4) to comply with the requirements of Section 235 of the Companies Ordinance, 1984.

13.2 The Company, during the year ended 30 September, 1998, revised depreciation rate of plant & machinery from 10% to 5% per annum. The said revision in depreciation rate was effected keeping in consideration the good condition of plant & machinery and the fact that no major replacements to plant & machinery are anticipated in the foreseeable future. The Company during the preceding year, in this regard, also obtained an Evaluation Report prepared by Independent Evaluators, M/s. Industrial Engineering Concern, Mechanical Engineers, Gulberg, Lahore and Certified by Manzoor Hussain Mir Associates (Pvt.) Limited, Lahore vide their certificate dated 07 September, 1999.

Had the said revision in depreciation rate not been made, profit for the year would have been lower by Rs. 20.907 million (1999: Rs. loss would have been higher by Rs. 7.867 million)

and the net book value of fixed assets as at 30 September, 2000 would have been lower by Rs. 37.921 million (1999: Rs. 17.014 million).

13.3 Additions to plant and machinery during the year ended 30 September` 1999 included exchange fluctuations loss amounting Rs. 1,847,231 paid during the year on Supplier's Credit and Associated Undertakings' loan.

13.4 Fixed assets register has not been properly maintained as per requirements of section 230 of the Companies Ordinance, 1984.

13.5 Depreciation for the year has been allocated as follows:

	<i>Note</i>	2000	1999
		<i>Rupees</i>	<i>Rupees</i>
Cost of sales		27,562,012	11,917,276
Administrative expenses		706,718	305,571
		-----	-----
		28,268,730	12,222,847
		=====	=====

13.6 Disposals of Operating Fixed Assets

PARTICULARS	<i>Cost</i>	<i>Accumulated</i>	<i>Book</i>	<i>Sale</i>	<i>Gain</i>	Sold through negotiations to:
	<i>Revaluation</i>	<i>depreciation</i>	<i>value</i>	<i>proceeds</i>	<i>(Loss)</i>	
Plant and machinery						
One Generator	8,071,087	1,784,737	6,286,350	11,250,000	4,963,650	Kohinoor Industries Ltd., Faisalabad. (An Associated Undertaking)
Vehicles						
Honda Civic car	961,700	469,310	492,390	690,000	197,610	Mst. Fakhra Khanum, 325, Riwaz Garden, Lahore.
Mitsubishi Van	383,104	318,826	64,278	150,000	85,722	Mr. Tajammal Iqbal, House No. 3, Saray Lal Singh No. 36, Mustafabad, Lahore.
Suzuki Khyber	315,433	232,743	82,690	103,363	20,673	Mr. Mohammad Nadeem, House No. 56, Street No. 6, Muslim Colony, Samanabad, Lahore.
Yamaha Motorcycle	42,195	28,367	13,828	24,000	10,172	Sheikh Ejaz, 16-G, Farooq Centre, Lahore.
	-----	-----	-----	-----	-----	
	1,702,432	1,049,246	653,186	967,363	314,177	
	-----	-----	-----	-----	-----	
Rupees	9,773,519	2,833,983	6,939,536	12,217,363	5,277,827	
	=====	=====	=====	=====	=====	

14. CAPITAL WORK IN PROGRESS

Buildings on freehold land		
- Cost of materials and labour	0	1,164,507
Office Equipment - Advance payments	0	26,000
	-----	-----
	0	1,190,507
	=====	=====

15. LONG TERM DEPOSITS AND DEFERRED COSTS

Security deposits		167,060	167,060
Deferred costs	15.1	241,193	361,789
		-----	-----
		408,253	528,849
		=====	=====

15.1 Deferred costs

ISO certification charges		361,789	482,385
Less: Amortised during the year		120,596	120,596
		-----	-----
		241,193	361,789
		=====	=====

These are being amortised over a period of five years.

	<i>Note</i>	2000	1999
		<i>Rupees</i>	<i>Rupees</i>
16. STORES, SPARES AND LOOSE TOOLS			
Stores		3,081,062	3,184,175
Spares		3,245,242	4,244,903
Loose tools		1,956	5,945
		-----	-----
		6,328,260	7,435,023
		=====	=====

=====

The Company does not hold any stores and spares for specific capitalisation.

17. STOCK-IN-TRADE

Raw materials	65,300,000	60,906,400
Work-in-process	2,350,000	4,900,000
Finished goods	9,170,000	25,935,900
	-----	-----
	76,820,000	91,742,300
	=====	=====

18. TRADE DEBTORS**FOR GOODS**

- Secured - Export Bills	5,141,970	0
- Unsecured - Considered good	12,381,203	12,644,273
	-----	-----
	17,523,173	12,644,273

FOR SERVICES

- Considered good	13,903,966	12,416,549
	-----	-----
	31,427,139	25,060,822
	=====	=====

18.1 This represents receivable from NICHIMEN Corporation - Japan amounting Japanese Yens (¥) 25,858,222 (1999: ¥ 25,858,222) which has been converted into Pak Rupees at the exchange rate prevailing on the balance sheet date i.e. 1 ¥ = Re. 0.5377 (1999:1 ¥= Re.0.480178).

18.2 The year-end balance includes debtors aggregating Rs. 15,863,048 which are outstanding for more than three years. No provision against these doubtful debtors has been made in these accounts as the management is confident to recover the major portion of this balance in the foreseeable future.

19. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances- Considered good		
- Executives	92,538	36,500
- Employees	1,346,508	813,348
- Ex-employees and executives	1,695,300	1,691,100
- Suppliers	22,639,537	16,742,764
Due form Associated Undertakings	21,787,175	54,397,076
Deposits	2,454,158	2,604,298
Prepayments	73,638	95,017
Tax deducted at source	5,694,796	13,543,282
Sales tax refundable	33,066,840	29,185,916
Export rebate receivable	10,469,545	14,505,553
Others	188,831	762,398
	-----	-----
	99,508,866	134,377,252
	=====	=====

19.1 Associated Undertakings

a) Interest has not been charged or paid on Associated Undertakings balances as these have arisen due to normal trade dealings.

b) Maximum aggregate amount due from Associated Undertakings at any month-end during the year was Rs. 110,223,061 (1999: Rs. 158,111,823).

Aggregate transactions with Associated Undertakings during the year are summarized below:

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees</i>	<i>Rupees</i>
Purchase of goods		353,486,699	203,055,109
Sale of goods		342,156,894	250,861,478
Purchase of fixed assets		0	23,400
Sale of vehicle		11,250,000	188,409
Loan's instalments, mark-up/interest and exchange risk coverage fee paid		17,694,715	4,700,184

d) As per the Company's management, the Company and below stated Associated

Undertakings combined together are treated as textile division and major activities of purchase of cotton and sale of yarn are being managed jointly. Therefore, during the course of transaction it so happened that the purchases of one Associated Undertaking was paid by another Associated Undertaking. Similarly, the sale of yarn contracts were in the name of one company but the despatches were made from other associated undertaking. In order to adjust such intra-company transactions bank remittances were made periodically.

The Company, during the year, made advances amounting Rs. 252.831 million and Rs. 153.542 million to Saritow Spinning Mills Limited and Kohinoor Industries Limited (Associated Undertakings) respectively contrary to the provisions of the Companies Ordinance, 1984. Further, no mark-up has been charged on these advances. These advances, however, were received back during the year.

19.2 Maximum aggregate amount due from the Executives at any month-end during the year was Rs. 264,856 (1999: Rs. 54,471).

20. CASH AND BANK BALANCES

Cash-in-hand		114,228	308,841
Cash at banks on:			
Current accounts	20.1	1,279,995	1,639,996
Cash at National Development Finance Corporation-On deposit account		95,395	85,843
		-----	-----
		1,489,618	2,034,680
		=====	=====

20.1 These include foreign currency balance of U.S.\$1,248 (1999: U.S.\$1,224) which has been converted into Pak Rupees at the exchange rate prevailing on the balance sheet date i.e. 1 U.S. \$ = Rs. 58.20 (1999: Rs. 51.40).

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
21. SALES- Net			
Yarn:			
Local		378,043,822	426,844,412
Export		230,174,612	268,712,688
Waste		7,055,102	4,677,557
Export rebate		255,966	3,262,721
		-----	-----
		615,529,502	703,497,378
Less:			
Sales tax		50,112,139	55,547,609
Commission		3,502,774	11,370,299
		-----	-----
		53,614,913	66,917,908
		-----	-----
		561,914,589	636,579,470
		=====	=====

22. COST OF SALES

Raw materials consumed	22.1	260,497,287	303,378,796
Packing materials consumed		9,776,569	8,235,920
Salaries, wages and benefits	22.2	23,595,074	23,503,081
Power and fuel		49,244,879	46,162,600
Stores consumed		7,654,494	9,995,192
Yarn processing charges		6,561,310	2,740,183
Repair and maintenance		2,126,099	2,249,793
Communication		35,763	114,285
Insurance		1,168,157	1,504,006
Depreciation		27,562,012	11,917,276
Other expenses		734,537	776,243
		-----	-----
		388,956,181	410,577,375
Adjustment of work-in-process			
Opening		4,900,000	3,426,000
Closing		(2,350,000)	(4,900,000)
		-----	-----
		2,550,000	(1,474,000)
		-----	-----
Cost of goods manufactured		391,506,181	409,103,375
Finished goods purchased		37,870,231	179,468,285

Adjustment of finished goods		
opening stock	25,935,900	28,845,944
Closing stock	(9,170,000)	(25,935,900)
	-----	-----
	16,765,900	2,910,044
	-----	-----
	446,142,312	591,481,704
	=====	=====

22.1 Raw materials consumed

Opening stock	60,906,400	26,145,500
Purchases	362,424,050	363,472,797
Local taxes	0	350,240
	-----	-----
	423,330,450	389,968,537
Less:		
Sales	97,929,886	25,942,001
Closing stock	65,300,000	60,906,400
	-----	-----
	163,229,886	86,848,401
	-----	-----
	260,100,564	303,120,136
Cotton cess	396,723	258,660
	-----	-----
	260,497,287	303,378,796
	=====	=====

Profit on sale of raw materials amounting Rs. 7.294 million (1999: Nil) and sale of waste amounting Rs. 11.462 million (1999: Rs. 10.049 million) have been adjusted in raw materials consumption.

22.2 These include Rs. 840,374 (1999: Rs. 784,731) in respect of staff retirement benefits.

23. ADMINISTRATIVE AND SELLING EXPENSES

Administrative:			
Salaries and benefits	23.1	4,636,060	3,483,987
Travelling and conveyance:			
Directors		522,934	412,774
Staff		59,088	214,132
Entertainment		247,538	138,493
Communication		1,107,677	726,646
Printing and Stationary		356,039	282,126
Rent, rates and taxes		18,240	48,830
Repair and maintenance		333,921	411,754
Insurance		27,885	57,468
Advertisement		63,180	41,929
Vehicles, running and maintenance		608,932	538,851
Fees and subscription		258,594	214,164
Depreciation		706,718	305,571
Deferred costs amortised		120,596	120,596
Electricity		320,881	210,150
General		62,313	156,368
		-----	-----
Selling:		9,450,596	7,363,839
Salaries and benefits		1,905,015	1,239,120
Local taxes, carriage and freight		0	25,497
Export expenses (including export development surcharge)		10,029,564	10,527,601
Communication		463,672	831,667
Printing and stationary		44,216	59,806
Repair and maintenance		35,084	92,259
Travelling and conveyance		303,338	279,705
Vehicles, running and maintenance		167,750	237,127
Insurance		19,869	27,816
Others		137,524	100,047
		-----	-----
		13,106,032	13,420,645
		-----	-----
		22,556,628	20,784,484
		=====	=====

23.1 These includes Rs. 431,017 in respect of provision for staff retirement benefits.

	<i>Note</i>	2000 <i>Rupees</i>	1999 <i>Rupees</i>
24. OTHER INCOME			
Sale of scrap		31,822	1,145
Exchange fluctuations gain - net		1,497,744	3,469,378
Gain on disposal of fixed assets		5,277,827	0
Surplus on revaluation of fixed assets-credited	4	5,152,479	0
Payable balances written-back		425,771	214,349
Balance previously written-off recovered		10,000	0
ISO certification incentive		170,000	0
		-----	-----
		12,565,643	3,684,872
		=====	=====

25. FINANCIAL CHARGES- Net

Mark-up on:			
Long term finances		29,730,153	26,178,827
Short term finances		16,758,616	26,401,832
Payable balance against cotton purchase from an Associated Undertaking	25.1	17,694,715	0
Interest on:			
Associated undertaking's loans		0	711,252
Supplier's credits		0	571,765
Workers' (profit) participation fund		7,484	6,652
Surcharge on customs duties		9,383	99,826
Exchange risk coverage fee		0	59,404
Commission on:			
Letters of credits		0	31,562
Bank guarantees		0	65,942
Bank charges		922,581	1,221,942
Zakat on deposits		0	12,298
		-----	-----
		65,122,932	55,361,302
Less: Return on bank deposits		10,614	669,205
		-----	-----
		65,112,318	54,692,097
		=====	=====

25.1 This represents mark-up charged by Kohinoor Industries Limited (an Associated Undertaking) on prorata basis on account of cotton supplied to the Company. The Auditors, could not confirm authenticity of this mark-up as well as basis of charging this in the absence of relevant underlying documents. Further, in the opinion of the auditors, no mark-up should have been debited to the Company by its Associated Undertaking as the Company has made payments during the year in excess of its normal trade transactions by Rs. 153.542 million as stated in note 19.1 (d).

26. MISCELLANEOUS CHARGES

Auditors' remuneration			
Audit fee		40,000	40,000
Out-of-pocket expenses		5,000	5,000
		-----	-----
		45,000	45,000
Legal and professional charges (other than Auditors)		296,500	188,500
Loss on disposal of fixed assets - net		0	12,533
Donations (without Director's interest)		91,900	0
Balances written-off		65,250	82,888
Sales tax	26.1	2,284,828	0
		-----	-----
		2,783,478	328,921
		=====	=====

26.1 This represents additional tax and penalties imposed under Sales Tax Act, 1990 due to late payments of sales tax of cotton ginners by the Company.

	2000 <i>Rupees</i>	1999 <i>Rupees</i>
27. EARNINGS PER SHARE (EPS)		
Profit/(Loss) for the year attributable to ordinary shareholders	33,135,848	(30,156,935)
	=====	=====

Number of Shares

Number of ordinary shares issued and subscribed at the end of the year

13,275,000 13,275,000

Rupees

Earnings/(loss) per share 2.50 (2.27)

28. NUMBER OF EMPLOYEES

Total number of employees at year-end was 541 (1999: 550).

29 FINANCIAL ASSETS AND LIABILITIES

	Interest/Mark-up bearing			Non Interest/mark-up bearing				
	Interest/ mark-up rates range % per annum	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year one year	Sub-total	Total
(Rupees)								
Financial assets								
Long term deposits and deferred cost		0	0	0	0	167,060	167,060	167,060
Trade debtors		0	0	0	31,427,139	0	31,427,139	31,427,139
Advances, deposits, prepayments and other receivables		0	0	0	24,430,164	0	24,430,164	24,430,164
Bank balances		95,395	0	95,395	1,394,223	0	1,394,223	1,489,68
		95,395	0	95,395	57,251,526	167,060	57,418,586	57,513,981
Financial liabilities:								
Long term finances	16.42% to 17.88%	18,986,875	112,303,125	131,290,000	0	0	0	131,290,000
Long term loan		0	0	0	0	41,329,697	41,329,697	41,329,697
Short term finances	8% to 18.07%	79,337,777		79,337,777	0	0	0	79,337,777
Creditors, accruals and other liabilities		0	0	0	150,721,167	0	150,721,167	150,721,167
Proposed dividend		0	0	0	3,227,977	0	3,227,977	3,227,977
		98,324,652	112,303,125	210,627,777	153,949,144	41,329,697	195,278,841	405,906,618

29.1 Foreign exchange risk management

Foreign currency risks arise mainly where receivables and payables exist due to transactions with foreign undertakings, Company's liabilities do not include any balance which exposes to foreign currency risk.

29.2 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs. 57.514 million, the financial assets which are subject to credit risk aggregated Rs. 52.162 million.

29.3 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statement approximate to their fair values.

	2000 Rupees	1999 Rupees
30. REMUNERATION OF EXECUTIVES		
Managerial remuneration	1,379,459	1,076,677
House rent	589,551	450,285
Bonus	37,238	69,975
Gratuity	152,625	209,946
Perquisites and benefits	1,472,948	843,997
	3,631,821	2,650,880
Number of persons	7	6

30.1 No meeting fee and remuneration were paid to the Directors and Chief Executive during the year (1999 :Nil).

30.2 Three (1999: Three) of the Executive are provided with free use of the Company's

maintained cars. One of the Executives is also provided with housing at Company's residential colony.

31. CAPACITY AND PRODUCTION

No. of spindles installed		18,240	18,240
No. of spindles/shifts worked		19,501,023	19,191,792
Installed capacity at 20's count based on 1,095 shifts	Kgs.	5,945,000	5,945,000
Actual production of yarn	Kgs.	4,562,150	4,094,647
Actual production converted into 20's count	Kgs.	5,743,456	5,485,651
No. of shifts worked		1,089	1,089

31.1 It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn, spindles speed, twist, raw materials used etc.

32. FIGURES

- In the accounts are rounded-off to the nearest rupee;
- of the previous year are re-arranged wherever necessary for the purpose of comparison.

DIRECTOR

CHIEF