

Burewala Textile Mills Limited

Annual Report 1998

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Company Information

Chairman AHMED DAWOOD
Chief Executive M. HUSSAIN DAWOOD
Directors KHAWAJA AMANULLAH
AMIR ABDULLAH KHAN ROKHRI
TAJ MUHAMMAD KHANZADA
D.S.O., M.C., Fakhr-e-Kashmir

SARDAR ALI KHAN
BRIG (Retd.) DR. MAZHAR-UL-HAQ
Sitara-e-Imtiaz

Company Secretary AFTAB AHMED QAISER

Auditors RAHMAN SARFARAZ & CO.
Chartered Accountants
Nawa-i-Waqt Building,
4-Shahrah-e-Fatima Jinnah,
Lahore.

Registered Office 403-405, ALFALAH,
Shahrah-e-Quaid-e-Azam,
Lahore.

Mills DAWOODABAD

Ten Years at a Glance

1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
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Capital & Reserves:

Paid up Capital	73,074	73,074	73,074	73,074	73,074	73,074	73,074	37,260	37,260	37,260
Reserves & Surplus	299,152	259,962	247,538	250,332	241,280	258,856	252,971	159,245	141,470	115,029
Shareholders equity	372,226	333,036	320,612	323,406	314,354	331,930	326,045	196,505	178,730	152,289
Break up value of										
Shares of Rs. 10 each	50.94	45.58	43.87	44.26	43.02	45.42	44.62	52.74	47.97	40.87

Sales:

Export	-	-	-	6,408	7,877	22,751	45,907	56,232	86,808	80,186
Local	360,277	445,896	475,912	273,137	344,448	297,053	502,953	535,658	469,772	444,962
TOTAL	360,277	445,896	475,912	279,545	352,325	319,804	548,860	591,890	556,580	525,148

Profit

Profit before Taxation	38,460	33,153	45,485	5,083 (18,913)		25,740	60,813	70,585	68,796	82,063
Profit after Taxation	39,190	48,961	33,743	9,052 (17,576)		16,847	44,381	43,858	48,796	60,063

Dividend

Cash %	25	50	50	-	-	15	55	70	60	70
Amount	18,269	36,537	36,537	-	-	10,961	40,191	26,082	22,356	26,082
Earning per Share	5.36	6.70	4.62	1.24	(2.41)	2.31	6.07	11.77	13.10	16.12

Notice of Annual General Meeting

Notice is hereby given that Forty Fifth Annual General Meeting of the shareholders of the Company will be held on 1999 at 3:00 p.m in Room Nos. 415-419, Alfalah Building, Shahra-e- Quaid-e-Azam, Lahore, to transact the following business:

1. Recitation from the Holy Quran.
2. To Confirm the minutes of the Forty Fourth Annual General Meeting held on 31 March 1998.

To receive and adopt the audited Accounts of the Company for the year ended 30 September 1998 together with Directors and Auditors Reports thereon.

4. To declare dividend. The Directors have recommended a cash dividend of Rs.2.50 (25%) per ordinary share.

5. To elect directors for three years in accordance with section 178(1) of the Companies Ordinance 1984. The present directors have fixed the number of directors of the Company at seven, including the Chief Executive of the Company in place of the following retiring directors:-

Mr. Ahmed Dawood
 Mr. M. Hussain Dawood
 Mr. Khawaja Amanullah
 Mr. Amir Abdullah Khan Rokhri
 Mr. Taj Muhammad Khanzada, D.S.O Fakhir-e-Kashmir
 Mr. Sardar Ali Khan
 Brig (Retd.) Dr. Mazhar-ul-Haq (Sitara-e-Imtiaz)

6. To appoint auditors and fix their remuneration.

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

BY ORDER OF THE BOARD
AFTAB AHMED QAISER

Lahore: 12 February 1999

Notes:

1. The shares transfer books of the Company will remain closed from 10 March, 1999 to 19 March, 1999 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by attorney or in case of Corporation by a representative duly authorised. The instrument of proxy duly executed should be lodged at the Registered office of the company not later than 48 hours before the time of the meeting.
3. Nomination for the election of the directors must reach the Registered office 14 days before Annual General meeting.
4. Shareholders are requested to promptly notify the company any change in their addresses.

Directors' Report

Dear Shareholders

Assalam-u-Alaikum

Your directors feel pleasure to present before you the 45th annual report together with audited accounts of the Company and the auditors report thereon for the year ended 30 September 1998. Your Company has earned a net pretax profit of Rs. 38,459,635 after charging all operational, administrative, financial and selling expenses including depreciation amounting to Rs. 15,421,923 as against pretax profit of Rs.33,153,033 in the preceding year.

Your Directors have recommended the appropriation of current year's profit as under:

	Rupees
Pretax Profit	38,459,635
Provision for taxation	
Current - for the year	(1,800,000)
- Prior years	4,243,709
Deferred	(1,713,725)

After tax profit	39,189,619
Un-appropriated profit b/f	15,220,617

Profit available for appropriation	54,410,236
	=====
Appropriation:	
Proposed Dividend @ 25%	1 8,268,513
Retained Earning	36,141,723

	54,410,236
	=====

The company is continuing its policy of concentrating on the manufacture of fine counts of yarn and fabrics

However, the imposition of Sales Tax is a major deterrent in the production of value added products. During the period under review the Company paid a sum of Rs. 45,095,584 as Sales Tax. The Sales revenue for the year in Rs. 360,276,873 as against Rs. 445,896,465 last year.

The increase in Energy and Labour costs and the imposition of Sales Tax is making it difficult for the company to keep its head above water.

The company has earned other income of Rs. 47,486,839 including dividend income of Rs. 44,075,307.

The present auditors Messrs. Rahman Sarfaraz & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.

The labour - management relations remained cordial throughout the year and your Directors feel pleasure in expressing their appreciation for the devoted services rendered by the employees of the Company.

For & on behalf of the Board

Lahore: 12 February 1999

M. HUSSAIN DAWOOD
Chief Executive

Auditors' Report to The Members

We have audited the annexed Balance Sheet of THE BURAWALA TEXTILE MILLS LIMITED AS at 30 September 1998 and the related Profit & Loss Account and Cash Flow Statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 & Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

c) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account and the Cash flow Statement, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September, 1998 and of the Profit and the Cash flow Statement for the year then ended; and

d) In our opinion, Zakat deductible at source under the Zakat and Ushr ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund.

RAHMAN SARFARAZ & CO.
 CHARTERED ACCOUNTANTS

Dated: 10 February 1999
 LAHORE

Balance Sheet as at 30 September 1998

	NOTE	1998 Rupees	1997 Rupees
CAPITAL & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorised			
15,000,000 ordinary shares of Rs. 10/- each		150,000,000	150,000,000
		=====	=====
Issued, subscribed & fully paid up			
405 ordinary shares of Rs. 10/- each	3	73,074,050	73,074,050
RESERVES & SURPLUS	4	280,883,411	259,962,305
		-----	-----
		353,957,461	333,036,355
LONG TERM LOANS & DEFERRED LIABILITIES			
Loans - secured	5	-	5,118,708
Deferred taxation		27,695,133	25,981,408
deferred liabilities	6	11,175,095	11,166,146
		-----	-----
		38,870,228	42,266,262
CURRENT LIABILITIES			
Creditors, provisions & accrued expenses	7	45,293,945	47,654,989
Provision for taxation		11,891,769	15,173,019
Dividend - unclaimed		9,427,750	6,253,163
- proposed		18,268,513	36,537,025
		-----	-----
		84,881,977	105,618,196
CONTINGENCIES AND COMMITMENTS			
	25	-	-
		-----	-----
		477,709,666	480,920,813
		=====	=====
PROPERTY AND ASSETS			
FIXED ASSETS			
Operating assets	8	145,969,934	159,628,251
INVESTMENTS	9	64,639,262	64,639,262
LONG TERM DEPOSITS		1,712,394	1,712,394
CURRENT ASSETS			
Stores and spies	10	20,310,479	20,586,143
Stock in trade	11	178,301,066	175,560,642
Book debts	12	14,658,104	18,133,305
Advances, deposits, prepayments			

and other receivables	13	13,310,417	9,418,488
Cash & bank balances	14	38,808,010	31,242,328
		-----	-----
		265,388,076	254,940,906
		-----	-----
		477,709,666	480,920,813
		=====	=====

The annexed notes 1 to 25 form an integral part of these accounts.

	RAHMAN SARFARAZ & CO.	TAJ MUHAMMAD KHANZADA	M. HUSSAIN DAWOOD
Lahore: 10 February 1999	Chartered Accountants	Director	Chief Executive

Profit and Loss Account
For The Year Ended 30 September 1998

	NOTE	1998 Rupees	1997 Rupees
Gross Sales		360,276,873	445,896,465
Brokerage		(178,903)	(228,922)
		-----	-----
NET SALES		360,097,970	445,667,543
COST OF SALES	15	338,233,590	398,252,497
		-----	-----
GROSS PROFIT		47,415,046	21,864,380
OPERATING EXPENSES:			
Administrative	16	23,639,723	24,070,780
Selling & distribution	17	4,991,457	5,667,818
Financial	18	344,776	316,761
Depreciation		553,977	836,225
Workers (Profit) Participation Fund		-	1,068,638
		-----	-----
		30,891,584	30,598,571
OPERATING PROFIT/(LOSS)		(9,027,204)	16,816,475
Other Income	19	47,486,839	16,336,558
		-----	-----
PRETAX PROFIT		38,459,635	33,153,033
PROVISION FOR TAXATION			
Current -For the year		1,800,000	7,663,061
-Prior years		(4,243,709)	(21,951,508)
Deferred		1,713,725	(1,519,956)
		-----	-----
		(729,984)	(15,808,403)
PROFIT AFTER TAX		39,189,619	48,961,436
Unappropriated profit b/f		15,220,617	2,796,206
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATION		54,410,236	51,757,642

Appropriation:		
Proposed dividend	18,268,513	36,537,025
	-----	-----
Unappropriated profit carried to Balance Sheet	36,141,723	15,220,617
	=====	=====

TAJ MUHAMMAD KHANZADA

Director

M. HUSSAIN DAWOOD

Chief Executive

Cash Flow Statement**For The Year Ended 30 September 1998**

	1998	1997
	Rupees	Rupees
Cash flow from operating activities		
Net Income after taxation	39,189,619	48,961,436
Adjustments for non cash charges		
Depreciation	15,421,923	16,791,186
Provision for gratuity	6,000,000	6,500,000
Deferred taxation	1,713,725	(1,519,956)
Profit on sale of fixed assets	(270,295)	(3,499)
	-----	-----
	22,865,353	21,767,731
Payment of gratuity	(5,991,051)	(5,006,577)
	-----	-----
	56,063,921	65,722,590
Cash provided (used) by working capital		
Stores & Spares	275,664	2,422,057
Stock in trade	(2,740,424)	961,908
Book Debts	3,475,201	(14,159,023)
Advances, deposits, prepayments etc.	(3,891,929)	(4,613,019)
Creditors, provision & accrued expenses	(2,361,044)	(1,459,025)
Provision for taxation	(3,281,250)	(16,310,660)
	-----	-----
	47,540,139	32,564,828
Cash flow from investing activities		
Sale proceeds of fixed assets	383,333	57,704
Capital expenditure	(1,876,644)	(853,935)
Long term deposits	-	446
	-----	-----
	(1,493,311)	(795,785)
Cash flow from financing activities		
Long term loans - suppliers credit	(5,118,708)	(5,118,707)
Dividend paid	(33,362,438)	(35,691,488)
	-----	-----
	(38,481,146)	(40,810,195)
	-----	-----
Increase/(decrease) in cash & cash equivalent	7,565,682	(9,041,152)
Cash & cash equivalent at the beginning of the year	31,242,328	40,283,480
	-----	-----

Cash & Cash equivalent at the end of the year	38,808,010	31,242,328
	=====	=====

TAJ MUHAMMAD KHANZADA
Director

M. HUSSAIN DAWOOD
Chief Executive

**Notes To The Accounts
For The Year Ended 30 September 1998**

1. COMPANY AND ITS OPERATIONS

The Burawala Textile Mills Limited is a public limited company listed with stock exchanges at Lahore and Karachi. The company is engaged in the manufacture of yarn and cloth and also has ginning factories.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared on historical cost convention without any adjustment for inflation or reference to current values.

(b) Retirement benefits

The company operates an unfunded gratuity scheme covering its non-management employees and the provision is made from year to year in the books of accounts. For management staff a scheme of contributory provident fund is in operation and the trust invests the funds in Defence Saving Certificates.

(c) Taxation

Provision for current taxation is based on taxable income at the current rates after taking into account rebates and credits admissible. Adequate provision is also made for deferred taxation on all major timing differences.

(d) Fixed assets

(i) Fixed assets, except freehold land, are valued at cost less accumulated depreciation. Freehold land is valued at cost.

(ii) Depreciation on fixed assets is charged to income on diminishing balance method at the rates specified in Note 8.

(iii) Full year depreciation is charged in the year of installation/operation and no depreciation is charged in the year fixed assets are disposed off or scrapped.

(iv) Normal repairs and maintenance are charged to expenses as incurred.

(v) Gains or losses on disposal or scrapping of assets are shown in the current income.

(e) Investments

All investments are shown at cost except for that in Karnaphuli Paper Mills Limited presently under foreign occupation, which is shown at nominal value of Re. 1.

(f) Stocks and stores

These are valued as under:

Stores and spares	At moving average cost
-------------------	------------------------

Raw Materials	At lower of average cost or market value
Work in process	At average cost
Wastes	At market value
Finished goods	At lower of average cost or market value

(g) Income

Interest is accounted for on maturity/receipt and rebates are accounted for when allowed.

3. SHARE CAPITAL

	1998 Rupees	1997 Rupees
Issued, subscribed & fully paid up 750,010 ordinary shares of Rs 10/- each issued for cash	7,500,100	7,500,100
749,990 ordinary shares of Rs 10/- each issued for consideration other than cash	7,499,900	7,499,900
2,226,000 ordinary shares of Rs 10/- each issued out of reserves as bonus shares	22,260,000	22,260,000
3,581,405 ordinary shares of Rs. 10/- each issued as right shares	35,814,050	35,814,050
	-----	-----
	73,074,050	73,074,050
	=====	=====

4. RESERVES AND SURPLUS

Capital Reserve	6,563	6,563
Capital reserve - Share premium	89,535,125	89,535,125
General reserve	154,200,000	154,200,000
Exchange equalization reserve	1,000,000	1,000,000
Unappropriated profit	36,141,723	15,220,617
	-----	-----
	280,883,411	259,962,305
	=====	=====

5. LOANS - SECURED

SUPPLIERS CREDIT WITH MESSRS. RIETER MACHINE WORKS LIMITED SWITZERLAND.

Loan No.	Currency and amount of Loan	Equivalent 30.09.1998 Rupees	Equivalent 30.09.1997 Rupees
S-447/94	SFR. 441,864	5,118,708	10,237,415
	Less: Current maturity included in current liabilities	(5,118,708)	(5,118,707)
		-----	-----
		-	5,118,708

=====

1. The risk of exchange rate fluctuation is covered for the entire period of the loan.
2. The loan does not bear any interest.
3. The loan is repayable in 10 equal semi-annual installments due-in February and August each year
4. The loan is secured against 10 bills of exchange equivalent to each installment on maturity date.

	1998 Rupees	1997 Rupees
6. OTHER DEFERRED LIABILITIES		
Liabilities for purchase considera	1,335,702	1,335,702
Provision for gratuity	9,839,393	9,830,444
	-----	-----
	11,175,095	11,166,146
	=====	=====

7. CREDITORS, PROVISIONS AND ACCRUED EXPENSES

Current maturity of long term loans	7,678,062	5,118,707
For goods supplied	1,966,603	1,504,552
Provisions & accrued expenses	18,736,670	22,123,124
Advances	9,146,962	10,491,404
Deposits	73,135	237,948
Workers (Profit) Participation Fund	-	1,068,638
Sales Tax	4,011,073	3,539,956
Other Payable	3,681,440	3,570,660
	-----	-----
	45,293,945	47,654,989
	=====	=====

8. OPERATING ASSETS

PARTICULARS	COST		DEPRECIATION		W.D.V. as at 30 Sep. 1998
	As at 1 October 1997	Additions/ (deletions) 0	As at 30 September 1998	Annual rate	
TANGIBLE					
Free-hold land	4,107,199	-	4,107,199	-	4,107,199
Factory buildings on free-hold land	23,701,939	-	23,701,939	10	19,076,160 4,625,779
Non factory buildings on free-hold land	15,547,598	-	15,547,598	5	10,168,413 5,379,185
Electric Installations	48,218,810	0	48,218,810	10	28,449,267 19,769,543
Plant & Machinery	267,012,106	0	267,012,106	10	160,022,905 106,989,201
Tools & Equipment	4,756,235	17,500	4,773,735	10	3,001,303 1,772,432
Furniture Fixture & Office Equipment	4,949,576	132,800 (23,270)	5,059,106	10	3,551,064 1,508,042
Vehicles	4,741,009	1,726,344 (879,917)	5,587,436	20	3,888,819 1,698,617
Hospital equipment	100,022	-	100,022	10	99,310 712
Agricultural equipment	343,542	-	343,542	10	231,218 112,324

INTANGIBLE

Trade marks	24,190	-	24,190	17,290	6,900
	-----	-----	-----	-----	-----
TOTAL	373,502,226	1,876,644	374,475,683	228,505,749	145,969,934
		(903,187)			
	=====	=====	=====	=====	=====
1997	341,796,077	32,052,284	373,502,226	213,873,975	159,628,251
		(346,1350)			
	=====	=====	=====	=====	=====

Depreciation for the year has been allocated to:

	1998	1997
	Rupees	Rupees
(a) Manufacturing account	14,585,698	16,237,209
(b) Profit & Loss account	836,225	553,977
	-----	-----
	15,421,923	16,791,186
	=====	=====

9. INVESTMENTS

	1998			1997		
	No. of Shares	Cost	Market Value	No. of Shares	Cost	Market Value
LISTED						
Dawood Hercules Chemicals Limited (Associated Company) Fully paid ordinary shares of Rs. 10/- each	3,247,224	56,315,150	289,002,936	1,623,612	56,315,150	313,357,116
Dawood cotton Mills Limited (Associated Company) fully paid ordinary shares of Rs. 10/- each*	774,446	8,319,111	15,488,920	774,446	8,319,111	14,482,140
	-----	-----	-----	-----	-----	-----
	4,021,670	64,634,261	304,491,856	2,398,058	64,634,261	327,839,256
UN-LISTED						
Karnaphuli Paper Mills Ltd. (Formerly an Associated Company now under foreign occupation) Fully paid ordinary shares of Rs. 10/- each	185,000	2,497,500	-	185,000	2,497,500	-
Value written off		(2,497,499)			(2,497,499)	
	-----	-----	-----	-----	-----	-----
Balance	185,000	1	N/A	185,000	1	N/A
Asian Co-operative Society Limited "A" class fully paid ordinary shares of Rs. 10 Each	500	5,000	N/A	500	5,000	N/A
	-----	-----	-----	-----	-----	-----

185,500	5,001	-	185,500	5,001	-
-----	-----	-----	-----	-----	-----
4,207,170	64,639,262	304,491,856	2,583,558	64,639,262	327,839,256
=====	=====	=====	=====	=====	=====

	1998	1997
	Rupees	Rupees

10. STORES AND SPARES

Stores	11,583,826	10,996,034
Spares	8,726,653	9,590,109
	-----	-----
	20,310,479	20,586,143
	=====	=====

11. STOCK IN TRADE

Raw materials	14,600,202	39,139,269
Work in process	10,318,058	7,704,652
Wastes	1,653,458	13,125,141
Finished Goods	151,729,348	115,591,580
	-----	-----
	178,301,066	175,560,642
	=====	=====

12. BOOK DEBTS - UNSECURED

Total receivables	15,208,492	18,683,693
Provision for doubtful debts	(550,388)	(550,388)
	-----	-----
Considered good	14,658,104	18,133,305
	=====	=====

13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Considered good		
Advances to employees	1,258,905	930,576
Employees provident fund trust	2,537	347,989
Advances to suppliers of goods	338,808	678,769
Deposits, prepayments and other receivables	11,710,167	7,461,154
	-----	-----
	13,310,417	9,418,488
	=====	=====

14. CASH AND BANK BALANCES

Cash in hand	174,085	212,110
Cash at banks		
Current accounts	3,000,187	11,068,243
Short notice deposits	35,595,713	20,000,000
	-----	-----
	38,595,900	31,068,243
	-----	-----
	38,808,010	31,242,328
	=====	=====

	1998	1997
	Rupees	Rupees
15. COST OF SALES		
Opening stock of finished goods	157,913,632	128,716,721
Cost of goods manufactured (Note 15-A)	362,899,675	369,055,586
	-----	-----
	491,616,396	526,969,218
Closing stock of finished goods	(153,382,806)	(128,716,721)
	-----	-----
	338,233,590	398,252,497
	=====	=====
15-A. COST OF GOODS MANUFACTURED		
Opening stock of raw materials	39,139,269	11,242,730
Purchases	152,596,289	213,109,308~
	191,735,558	224,352,038~.
Closing stock of raw materials	(14,600,202)	(39,139,269 ~
	177,135,356	185,212,769
Stores and spares consumed	21,225,995	17,474,207
Fuel and power	72,930,562	72,306,684
Salaries & Wages	58,331,983	57,092,902
Repairs & maintenance	12,646,241	12,233,431
Processing & Other manufacturing expenses	5,617,386	5,760,186
Insurance	3,039,860	3,076,662
Depreciation	14,585,698	16,237,209
	-----	-----
	365,513,081	369,394,050~
Opening work in process	7,704,652	7,366,188
	-----	-----
	373,217,733	376,760,238
Closing work in process	(10,318,058)	(7,704,652)
	-----	-----
	362,899,675	369,055,586
	=====	=====
16. ADMINISTRATIVE EXPENSES		
Salaries & Wages	13,051,435	11,501,267
Directors' remuneration	1,959,000	1,959,000
Directors' meeting fees	4,500	8,000
Rent, Rates & Taxes	1,406,250	1,302,980
Insurance	657,109	602,016
Repairs & Maintenance	1,406,100	1,147,333
Electricity	1,183,569	1,236,799
Postage, Telephone & Telegrams	804,129	1,089,303
Printing, Stationery & Periodicals	750,307	1,084,844
Advertisement	39,295	37,215
Audit fee	50,000	50,000
Legal & Professional	354,259	581,473
Transport & Traveling	1,010,581	1,364,696
Others	1,394,246	1,674,797~
	-----	-----
	24,070,780	23,639,723!
	=====	=====

	1998	1997
	Rupees	Rupees

17. SELLING AND DISTRIBUTION EXPENSES

Salaries and wages	1,747,803	1,626,862
Local sales expenses	1,855,569	1,896,416
Insurance	774,357	807,885
Advertisement	674,327	3,250
Others	615,762	657,044
	-----	-----
	5,667,818	4,991,457
	=====	=====

18. FINANCIAL EXPENSES

Interest on overdraft & Bank charges	316,761	344,776
	-----	-----
	316,761	344,776
	=====	=====

19. OTHER INCOME

Rent received	98,182	65,065
Interest received	1,926,680	3,603,034
Dividend received from		
Dawood Hercules Chemicals Limited	40,590,300	7,306,254
Dawood Cotton Mills Limited	3,485,007	1,936,115
Sale of scrap and stores	1,116,375	3,422,591
Profit on sale of fixed assets (Note 21)	270,295	3,499
	-----	-----
	47,486,839	16,336,558
	=====	=====

20. SALARIES AND WAGES INCLUDE

Salaries & wages	66,146,268	67,490,574
Bonus/Performance award	5,929,967	6,493,702
Providend fund	710,228	790,510
Gratuity	6,000,000	6,500,000
Hospital	2,541,903	2,537,826
School	243,471	184,058
Canteen	19,580	23,888
Labour welfare	4,541,210	4,164,710
Others.	304,339	385,993
	-----	-----
	86,436,966	88,571,261
	=====	=====

These have been allocated as follows:

Manufacturing:

Salaries & wages	58,331,983	57,092,902
Services and other costs	13,305,745	18,350,230
Administrative expenses	13,051,435	11,501,267
Selling & distribution expenses	1,747,803	1,626,862
	-----	-----
	86,436,966	88,571,261
	=====	=====

21. PROFIT ON SALE OF FIXED ASSETS

	1998 Rupees	1997 Rupees
Cost	903,187	346,135
Accumulated depreciation	(790,149)	(291,930)
Book Value	113,038	54,205
Sale price	383,333	57,704
Profit	----- 270,295 =====	----- 3,499 =====

21-A. DETAILS OF FIXED ASSETS SOLD

Description	Cost	Accumulated Depreciation	Book Value	Sale Price	Profit	Particulars of Purchasers (By Negotiation)
Vehicles						
LOF 1991	29,850	23,590	6,260	8,550	2,290	Mr. Mustansar Billa Employee
VRC 4852	28,000	22,128	5,872	8,400	2,528	Mr. Muhammed Siddique Employee
VRC 4853	28,000	22,128	5,872	8,400	2,528	Mr. Ghulam Ahmed Joya Employee
VRC 6075	28,000	22,128	5,872	8,400	2,528	Mr. Zahoor Ahmed Employee
VRC 6137	28,000	22,128	5,872	8,400	2,528	Mr. Mushtaq Ahmed Employee
PK 548	28,000	22,128	5,872	8,400	2,528	Mr. Muhammad Hussain Employee
LOR 9892	39,050	26,254	12,796	18,100	5,304	Mr. Muhammed Rafique Ex Employee
PK 547	28,000	22,128	5,872	8,400	2,528	Mr. Ghulam Rasul Ex Employee
STB 4330	195,700	186,644	9,056	165,000	155,944	Mr. Arshed Mahmud Chima Outsider
W.D.V. Below Rs. 5000						
Vehicles						
Various Vehicles	447,317	408,295	39,022	129,582	90,560	
Furniture & Fixtures						
Various items	23,270	12,598	10,672	11,701	1,029	
Total	----- 903,187 =====	----- 790,149 =====	----- 113,038 =====	----- 383,333 =====	----- 270,295 =====	

22. DETAIL OF PAYMENTS TO DIRECTORS AND EXECUTIVES

	Managing Director		Other Directors		Executives	
	1998 Rupees	1997 Rupees	1998 Rupees	1997 Rupees	1998 Rupees	1997 Rupees
Meeting fee	-	-	4,500	8,000	-	-
Managerial remuneration	1,860,000	1,860,000	-	-	5,140,495	4,286,914
Reimbursable expenses	-	-	-	-	613,209	256,154
Performance award	-	-	-	-	1,028,850	961,492
Company's contribution towards Staff Provident fund	99,000	99,000	-	-	239,558	228,316
	----- 1,959,000	----- 1,959,000	----- 4,500	----- 8,000	----- 7,022,112	----- 5,732,876

=====

a) Meeting fee was paid to 6 Directors. (1997: 6 Directors)

b) 23 Executives (1997: 23 Executives) of the company were provided with free medical treatment for self and family at Mills hospital or outside whenever necessary. They were also entitled to use company owned vehicle, also used by others.

23. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Aggregate value of sales and purchases to/from Associated undertakings during the year was Rs.59,260,080 and Rs. Nil respectively (1997: Rs. 60,199,469 and Rs. 844,180). The aggregate value of services in the form of Insurance etc. provided by Associated undertakings was Rs. 4,022,282 (1997: Rs.4,342,819). Maximum aggregate balance due to Associated Companies during the year was Rs. 6,566,692 (1997: Rs. 23,158,343). Aggregate balance due to Associated undertakings as on 30 September 1998 was Rs. 4,634,006 (1997: due from Rs. 174,785).

	1998	1997
	Rupees	Rupees
Contingent liabilities	2,408,042	2,408,042
	=====	=====

24. CONTINGENCIES AND COMMITMENTS

25. PLANT CAPACITY AND ACTUAL PRODUCTION

The production capacity of company (unchanged from last year) and actual production during the year was as follows:

PRODUCTS	UNIT	CAPACITY	ACTUAL PRODUCTION	
			1998	1997
Yarn - 20 Counts	Kg.	9,678,823	4,278,621	4,863,642
Fabric: 50 Picks per inch	Meter	9,218,040	5,034,438	5,974,309
Cotton	Bales	144,000	-	-

The Spindles and Looms installed were 42,912 and 312 respectively out of which 31,100 (1997: 37,407) Spindles and 171 (1997: 246) Looms worked during the year. The under-utilization of capacity was due to market limitations.

TAJ MUHAMMAD KHANZADA
Director

M. HUSSAIN DAWOOD
Chief Executive

Pattern of Shareholdings

No Of Shareholders	Size of holding of Shares		Total Shares Held
	From	To	
759	1	100	31,167
578	101	500	151,109
187	501	1,000	142,014
263	1,001	5,000	582,997
19	5,001	10,000	136,254
12	10,001	15,000	154,767
2	15,001	20,000	33,414
3	25,001	30,000	76,666

3	30,001	35,000	104,463
1	40,001	45,000	40,500
1	45,001	50,000	49,828
1	55,001	60,000	59,000
1	65,001	70,000	66,515
1	70,001	75,000	71,000
1	75,001	80,000	76,168
1	80,001	85,000	82,992
1	90,001	95,000	92,194
1	120,001	125,000	125,000
1	150,001	155,000	151,592
1	225,001	230,000	225,616
1	265,001	270,000	268,800
1	275,001	280,000	276,700
1	290,001	295,000	292,284
1	355,001	360,000	355,682
1	365,001	370,000	366,515
1	440,001	445,000	440,818
1	520,001	525,000	521,616
2	595,001	600,000	1,198,360
1	1,130,001	1,135,000	1,133,374
-----			-----
1847			7,307,405
=====			=====

CATEGORIES OF SHAREHOLDERS

	NUMBER	SHARES HELD	PERCENTAGE
Individuals	1,794	3,305,059	45.23
Investment Companies	6	616,042	8.43
Insurance companies	6	106,325	1.46
Joint Stock Companies	13	1,192,339	16.32
Financial Institution	11	290,418	3.97
Foreign Companies	3	1,564,875	21.41
Others (See below)	14	232,347	3.18
	-----	-----	-----
	1,847	7,307,405	100.00
	-----	-----	-----
Others			
Charitable institution	3	228,480	3.13
Administrator, Abandoned			
Properties, Govt. Of Pakistan	11	3,867	0.05
	-----	-----	-----
	14	232,347	3.18
	=====	=====	=====