

**JUBILEE SPINNING & WEAVING MILLS LTD**  
**ANNUAL REPORT 1997**

*IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL*

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**BOARD OF DIRECTORS**

Ahsan M. Saleem  
Mazhar Karim (Chairman).  
Mohammad Arshad  
Mohammad Rafi (Chief Executive)  
Shams Rafi  
Shaukat Shafi  
Zahid Bashir

**Secretaries**

Zaheer A. Shaikh  
Rashid Sadiq

**Auditors**

Rahim Jan & Company  
Chartered Accountants

**Internal Auditors**

M. Yousuf Adil & Co.  
Chartered Accountants

**Legal Advisers**

A. K. Brohi & Co.  
Ghani Law Associates

**Bankers**

Bank of America NT & SA  
Habib Bank Limited  
Citibank N.A.  
Habib Credit & Exchange Bank Limited  
Muslim Commercial Bank Limited  
National Bank of Pakistan

**Registered Office**

83-Babar Block, New Garden Town, Lahore.

**Mills**

8-28, S.I.T.E., Karachi.

**Head Office**

3rd Floor, Finlay House,  
I. I. Chundrigar Road, Karachi.

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Twenty Third Annual General Meeting of the shareholders of JUBILEE SPINNING & WEAVING MILLS LIMITED will be held on Monday the March 30, 1997 at 9:00 a.m. at Registered Office. 83-Babar Block, New Garden Town, Lahore to transact the following business.

1. To receive and adopt the Audited Accounts of the Company for the year ended September 30, 1997 together with the Director's and Auditor's Reports thereon.
2. To approve as recommended by the Directors, the issue of Bonus shares in the ratio of one Bonus share for every ten existing shares (i.e.@ 10%)
3. To appoint Auditors of the Company for the next financial year and fix their remuneration. The present Auditors M/s. Rahim Jan & Company. Chartered Accountants retire and being eligible, offer themselves for reappointment.

**PARTICIPATION IN THE ANNUAL GENERAL MEETING :**

A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her behalf. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time of holding the meeting.

**BOOK CLOSURE:**

The Share Transfer Books of the Company will remain closed from March 25, 1998 to March 31, 1998 (both days inclusive). Transfers received at the Registered Office, 83-Babar Block. New Garden Town, Lahore at the close of business on March 24, 1998 will be treated in time for the purpose of issue of Bonus shares to the transferees.

ON BEHALF OF THE BOARD

**ZAHEER A. SHAIKH**  
**CORPORATE SECRETARY**

**REGISTERED OFFICE:**

83-Babar Block, New Garden Town,  
LAHORE:  
Phone No. (042) 5881974-75  
Fax No. (042) 5881976

Dated March 06, 1998

**DIRECTOR'S REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in placing before you the 24rd Annual Report together with the audited accounts of the Company for the year ended September 30,1997.

Your company's trading for the year resulted in pre-tax profit of Rs. 653,145 after meeting all operational, administrative, financial and other expenses. After charging Taxation, Profit available for appropriation

comes to Rs. 14,102,599. Your Directors recommended appropriation of profit as follows:

	<b>Rupees</b>
Profit before taxation	653,145
Provision for taxation	3,825,897
	-----
	4,479,042
Add : Unappropriated profit brought forward	9,623,557
	-----
	14,102,599
<b>APPROPRIATION:</b>	
Reserve for proposed issue of 1 Bonus share against 10 existing ordinary shares i.e. (10%)	6,378,970
	-----
Unappropriated Profit carried forward	7,723,629
	=====

The present Auditors Messrs Rahim Jan & Co. retire and eligible, offer themselves for reappointment.

Information required under section 236(2) of the Companies Ordinance 1984 follows as "Review" on the next page.

Management express their appreciation to all categories of employees for their deligent performance, display of harmony and their continued efforts to improve the efficiency all round.

#### **CHIEF EXECUTIVE'S REVIEW**

It gives me pleasure to welcome you to the 24th Annual General Meeting of the Company.

The net sale of the Company rose by 16% to Rs. 577.9 million as compared to 497.0 million in the previous year. Export sale were Rs. 58.0 million as compared to Rs. 31.0 million in the previous year their by registering an increase of 87%.

The Company had installed high speed looms in the last quarter of the year under review in line with its policy towards value addition. This results in increase in value added export by 6 times as compared to previous year. The achievements encouraged us to continue our efforts and in subsequent financial year further investment in this regard will be done. We hope that the coming year will be the year of realisation of Company's efforts. Sales in the domestic market rose by 8.6% to reach 530 million as compared to 487 million in the previous year.

Operating expenses are in line with enhanced operating activities of the Company. As a percentage of sale operating expenses work out to 3-8% in the current year as compared to 3.0% in the previous year. Liquidity problem in the domestic market and the high interest rates resulted in sharp increase in financial expenses.

Our pre tax profit for the year under review shows a decline over the previous year. The earning per share has increased from Rs. 0.05 to Rs. 0.70.

We are confident that inshallah despite adverse circumstances prevailing in the domestic and international market our Company will come out of the crises in the coming year.

#### **SELECTED FINANCIAL AND OPERATIONAL DATA**

##### **Application of Revenue Earned:**

1997	1996	1995	1994	1993
------	------	------	------	------

SALE (Rupees in thousand)	577,916	497,059	496,138	405,868	367,541
	=====	=====	=====	=====	=====
	%	%	%	%	%
(IN TERM OF PERCENTAGE)	100.00	100.00	100.00	100.00	100.00
Cost of Sales	84.42	88.32	84.38	82.40	80.62
	-----	-----	-----	-----	-----
GROSS PROFIT	15.58	11.68	15.62	17.60	19.38
	-----	-----	-----	-----	-----
Administrative expenses	2.67	2.15	2.75	2.25	3.61
Selling & Distribution expenses	1.13	0.83	3.17	3.02	4.34
	-----	-----	-----	-----	-----
	3.80	2.98	5.92	5.27	7.95
	-----	-----	-----	-----	-----
OPERATING PROFIT	11.78	8.70	9.70	12.33	11.43
Other Income	1.23	2.34	6.55	2.10	1.57
	-----	-----	-----	-----	-----
	13.01	11.04	16.25	14.43	13.00
	-----	-----	-----	-----	-----
Financial expenses	12.84	10.43	11.13	9.39	11.69
Non-operating expenses	0.06	0	0.06	0.47	0.14
	-----	-----	-----	-----	-----
	12.90	10.43	11.19	9.86	11.83
	-----	-----	-----	-----	-----
PROFIT BEFORE TAXATION	0.11	0.61	5.06	4.57	1.17
Taxation	0.66	(0.55)	(0.74)	(0.72)	(0.77)
	-----	-----	-----	-----	-----
PROFIT AFTER TAXATION	0.77	0.06	4.32	3.85	0.40

#### SALES FIGURES BY MAJOR PRODUCT GROUPS

COTTON YARN	Quantities in thousands - KGs.				Amount in thousands - Rupees			
	Coarse	Medium	Fine	Total	Coarse	Medium	Fine	Total
1992-93								
Local Sales	-	977	-	977	-	45,173	-	45,173
Export	-	3,286	-	3,286	-	172,817	-	172,817
	-----	-----	-----	-----	-----	-----	-----	-----
Total	-	4,263	-	4,263	-	217,990	-	217,990
	-----	-----	-----	-----	-----	-----	-----	-----
1993-94								
Local Sales	-	1,468	-	1,468	-	96,219	-	96,219
Export	-	2,096	-	2,096	-	146,237	-	146,237
	-----	-----	-----	-----	-----	-----	-----	-----
Total	-	3,564	-	3,564	-	242,456	-	242,456
	-----	-----	-----	-----	-----	-----	-----	-----
1994-95								
Local Sales	258	887	7	1,152	17,094	78,772	1,128	96,994
Export	-	2,010	108	2,118	-	201,258	10,671	211,929
	-----	-----	-----	-----	-----	-----	-----	-----
Total	258	2,897	115	3,270	17,094	280,030	11,799	308,923
	-----	-----	-----	-----	-----	-----	-----	-----
1995-96								
Local Sales	545	2,554	46	3,145	30,509	240,280	6,502	277,291
Export	-	166	110	276	-	16,105	12,226	28,331

Total	545	2,720	156	3,421	30,509	256,385	18,728	305,622
1996-97								
Local Sales	244	3,001	297	3,542	13,170	315,673	66,492	395,335
Export	-	284	47	331	-	31,458	6,280	37,738
Total	244	3,285	344	3,873	13,170	347,131	72,772	433,073

Quantities in thousands

Amount in thousands

COTTON FABRICS	L. METERS			SQ. METERS			RUPEES		
	Grey	Finished	Total	Grey	Finished	Total	Grey	Finished	Total
1992-93									
Local Sales	2,413	2,763	5,176	3,843	2,777	6,620	31,788	95,798	127,586
Export	583	772	1,355	933	1,174	2,107	12,854	16,841	29,695
Total	2,996	3,535	6,531	4,776	3,951	8,727	44,642	112,639	157,281
1993-94									
Local Sales	1,042	3,330	4,372	1,649	3,372	5,021	15,361	129,043	144,404
Export	15	650	665	18	1,242	1,260	297	21,479	21,776
Total	1,057	3,980	5,037	1,667	4,614	6,281	15,658	150,522	166,180
1994-95									
Local Sales	1,496	3,219	4,715	2,349	3,204	5,553	32,858	129,914	162,772
Export	533	512	1,045	989	826	1,815	14,534	14,731	29,265
Total	2,029	3,731	5,760	3,338	4,030	7,368	47,392	144,645	192,037
1995-96									
Local Sales	1,263	4,682	5,945	2,013	4,737	6,750	29,231	179,513	208,744
Export	55	54	109	88	80	168	1,493	1,582	3,075
Total	1,318	4,736	6,054	2,101	4,817	6,918	30,724	181,095	211,819
1996-97									
Local Sales	953	2,423	3,376	1,584	2,442	4,026	24,997	100,840	125,837
Export	132	241	373	179	552	731	5,592	13,587	19,179
Total	1,085	2,664	3,749	1,763	2,994	4,757	30,589	114,427	145,016

FINANCIAL RATIOS AT 30TH SEPTEMBER

		1997	1996	1995	1994	1993
Gross Profit to Sales	%	15.58	11.68	15.62	17.60	19.38
Operating Profit to Sales	%	11.78	8.70	9.70	12.33	11.43
Pre-tax Profit to Sales	%	0.11	0.61	5.06	457	1.17
Pre-tax Profit to Capital	%	1.02	5.28	49.86	51.50	13.11
Pre-tax Profit to capital employed	%	0.51	2.46	20.26	18.07	4.93
Earning per share	Rs.	0.70	0.05	4.25	4.34	0.45
Dividend to capital	%		0.00	0.00	0.00	0.00
Bonus issue to capital	%	10.00	10.00	15	40.00	10.00
Break up value per share	Rs.	20.21	21.46	24.61	28.50	26.58

Debt/Equity Ratio	20/80	20/80	22/78	18/82	25/75
	-----	-----	-----	-----	-----
Current ratio	1.01:1	1.09:1	1.03:1	0.94:1	0.98:1
	=====	=====	=====	=====	=====

**BREAKUP OF SALARIES & BENEFITS**

(RUPEES IN THOUSANDS)

	1997	1996	1995	1994	1993
Salaries & Wages	1,271	46,050	42,359	38,860	32,242
Bonus	3,439	4,407	3,547	3,674	5,040
Gratuity provision	7,375	5,758	6,144	2,525	5,209
Social Security	1,792	1,823	1,724	1,611	1,367
Old Age Benefits	1,361	1,382	1,324	1,249	920
Education Cess	163	111	174	112	87
Group Insurance	582	305	634	620	280
Medical Expenses	4	400	320	256	173
Canteen subsidy	653	666	603	540	540
Other welfare charges	1,207	1056	1,101	974	396
	-----	-----	-----	-----	-----
Total Benefits	17,076	15,908	15,571	11,561	14,012
	=====	=====	=====	=====	=====
Total Salaries, Wages & benefits	68,347	61,958	57,930	50,421	46,254
	=====	=====	=====	=====	=====

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Jubilee Spinning & Weaving Mills Limited as at September 30, 1997 and the related profit and loss account and cash flow statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied:

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the cash flow statement, together with the notes forming part thereof, give the information required by 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, 1997 and of the profit and the cash flow statement for the year then ended; and:

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

**BALANCE SHEET AS AT SEPTEMBER 20, 1997**

<b>CAPITAL &amp; LIABILITIES</b>	<b>Note</b>	<b>1997 Rupees</b>	<b>1996 Rupees</b>
<b>SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
10,000,000 Ordinary Shares of Rs. 10/- each		200,000,000	100,000,000
		=====	=====
Issued, subscribed & Paid-up	3	63,789,700	57,990,640
<b>RESERVES &amp; SURPLUS</b>			
Reserves	4	57,390,970	56,811,060
Unappropriated Profit		7,723,629	9,623,557
		-----	-----
		65,114,599	66,434,617
		-----	-----
<b>SHARE HOLDERS' EQUITY</b>		128,904,299	124,425,257
<b>LONG TERM LOANS</b>	5	0	4,905,262
<b>LIABILITIES AGAINST ASSETS</b>			
<b>ACQUIRED UNDER FINANCE LEASE</b>	6	32,341,867	25,260,546
<b>DEFERRED LIABILITIES</b>			
Gratuity	7	31,517,766	28,209,885
Taxation	8	12,976,944	19,972,000
		-----	-----
		44,494,710	48,181,885
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current portion of long term liabilities	9	21,237,834	18,999,744
Short-term running finance-secured	10	308,214,685	187,829,910
Creditors, accrued and other liabilities	11	93,831,968	100,564,241
Provision for taxation	12	3,169,159	5,192,563
		-----	-----
		426,453,646	312,586,458
<b>CONTINGENCIES &amp; COMMITMENTS</b>	13	-	-
		-----	-----
		632,194,523	515,359,408
		=====	=====

**NOTE:** the above Balance Sheet and annexed Profit and Loss Account should be read in conjunction with the Notes to the accounts annexed hereto, which form an integral part of these accounts.

**PROPERTY & ASSETS****FIXED ASSETS - Tangible**

At Cost-Less Depreciation	14	134,913,451	118,544,599
Capital Work-in-Progress - At cost	15	0	1,370,371
		-----	-----
		134,913,451	119,914,970
<b>LONG TERM DEPOSITS</b>		7,491,533	4,988,223
<b>INVESTMENT - At Cost</b>	16	80,207,218	70,207,218
<b>LONG TERM LOANS</b>	17	1,803,324	1,029,804

**CURRENT ASSETS**

Stores and spares	18	20,124,383	20,579,104
Stock-in-trade	19	195,652,917	149,802,858
Trade debtors	20	61,817,253	34,435,888
Bills receivable	21	4,267,515	865,406
Loans and advances	22	22,622,505	7,434,065
Deposits, prepayments and other receivables	23	68,743,780	77,280,845
Short-term investments	24	33,184,737	26,184,737
Cash and bank balances	25	1,365,907	2,636,290
		-----	-----
		407,778,997	319,219,193
		-----	-----
		632,194,523	515,359,408
		=====	=====

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED SEPTEMBER 30, 1997**

	Note	1997 Rupees	1996 Rupees
Sales (Net)	26	577,915,922	497,059,022
Cost of Sales	27	487,876,720	438,992,779
		-----	-----
<b>GROSS PROFIT</b>		90,039,202	58,066,243
		-----	-----
Administrative expenses	28	15,448,744	10,709,426
Selling and Distribution Expenses	29	6,521,752	4,126,767
		-----	-----
		21,970,496	14,836,193
		-----	-----
<b>OPERATING PROFIT</b>		68,068,706	43,230,050
Other Income	30	7,117,389	11,654,739
		-----	-----
		75,186,095	54,884,789
		-----	-----
Financial expenses	31	74,174,350	51,820,150
Non-operating expenses	32	358,600	-
		-----	-----
		74,532,950	51,820,150
		-----	-----
<b>PROFIT BEFORE TAXATION</b>		653,145	3,064,639
<b>PROVISION FOR TAXATION</b>	33	3,825,897	(2,743,290)
		-----	-----
<b>PROFIT AFTER TAXATION</b>		4,479,042	321,349
Unappropriated profit from previous year		9,623,557	15,101,268
		-----	-----
		14,102,599	15,422,617
<b>APPROPRIATIONS:</b>			
Proposed Bonus shares issue		6,378,970	5,799,060
		-----	-----
<b>UNAPPROPRIATED PROFIT CARRIED TO</b>		-----	-----
<b>BALANCE SHEET</b>		7,723,629	9,623,557
		=====	=====



**CASH FLOW STATEMENT****FOR THE YEAR ENDED SEPTEMBER 30, 1997**

	<b>1997</b>	<b>1996</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b>A-CASH FROM OPERATING ACTIVITIES</b>		
Profit before taxation	653,145	3,064,639
Adjustment for	-----	-----
Depreciation	15,606,081	13,778,568
Provision for gratuity	7,374,723	5,757,962
Payment for gratuity	(4,066,842)	(1,877,777)
(Gain) / Loss on disposal of fixed assets	(2,391,842)	76,937
Capital gain on long term Investments	-	(4,705,405)
Rental income	(2,511,657)	(5,023,813)
Dividend income	(1,175,134)	(1,169,289)
Taxes paid	(11,348,670)	(1,394,552)
Financial Charges	741,743.50	51,820,150
	-----	-----
	75,661,009	57,262,781
	-----	-----
Operating profit before working capital change	76,314,154	60,327,420
Changes in working capital		
(Increase)/Decrease in Current Assets		
Stores and spares	454,721	3,346,404
Stock-in-trade	(45,850,059)	25,515,621
Trade debtors	(27,381,365)	(3,184,520)
Bills receivable	(3,402,109)	9,809,509
Loans and advances	(15,188,440)	(930,993)
Deposits, prepayments and other receivables	14,693,172	(5,401,687)
Increase/(Decrease) in Current Liabilities		
Creditors accrued and other liabilities	(5,587,337)	24,443,883
	-----	-----
	(82,261,417)	53,598,217
	-----	-----
Cash generated from operations	(5,947,263)	113,925,637
Financial charges paid	(75,319,285)	(49,860,303)
	-----	-----
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(81,266,548)</b>	<b>64,065,334</b>
	-----	-----
<b>B- CASH FROM INVESTING ACTIVITIES</b>		
Proceeds of fixed assets sold	31,630,575	16,388,500
Proceeds of Investment sold	-	9,610,828
Rental Income	2,511,657	5,023,813
Dividend income	1,175,134	1,169,289
Fixed Capital Expenditure	(59,843,295)	(33,845,306)
Investment purchased	(17,000,000)	(5,600,000)
Long term deposit	(2,503,310)	(1,636,800)
Long term loans	(773,520)	(147,917)
	-----	-----
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(44,802,759)</b>	<b>(9,037,593)</b>
<b>C- CASH FROM FINANCING ACTIVITIES</b>		
Fund from Finance lease	24,600,000	16,348,000
Payment of long term loans	(8,869,000)	(7,747,000)
Payment of lease liability	(11,316,851)	(7,840,091)

Increase/(Decrease) in short term running finance	120,384,775	(54,047,940)
	-----	-----
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>124,798,924</b>	<b>(53,287,031)</b>
	-----	-----
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(1,270,383)	1,740,710
Cash and cash equivalents at beginning of the year	2,636,290	895,580
	-----	-----
Cash and cash equivalents at end of the year	1,365,907	2,636,290
	=====	=====

**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED SEPTEMBER 30, 1997**

The following notes form integral part of the accounts presented herewith:

**1. THE COMPANY AND ITS OPERATION:**

The company was incorporated in Pakistan as a public limited company and its shares are quoted on stock exchanges in Pakistan. The principal activity of the company is to manufacture and sale of textile products,

**2. ACCOUNTING POLICIES:****2.1 Provision for Gratuity:**

The company operates an unfunded gratuity scheme covering all its employees. Provision at the balance sheet date is made annually to cover the liability on the basis of agreement with the bargaining agent and rules.

**2.2 Fixed Assets:**

Fixed Assets are valued at cost less accumulated depreciation except leasehold land and capital work-in-progress which are valued at cost,

Depreciation is provided on written down value of the Fixed Assets at not less than the prescribed rates.

Depreciation on additions is charged for the full year and no depreciation is charged on disposals in the year of sale. Repairs and maintenance of Fixed Assets are charged to expenses as and when incurred.

Major renewals and replacements are capitalized.

Gains or losses on disposal of assets are transferred to profit and loss account.

**2.3 Assets subject to finance lease:**

These are stated at the lower of present value of minimum lease payments under the lease agreements or the fair value of assets acquired on lease. Aggregate amount of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so Acquired are amortized over their respective useful lives.

Finance charge is allocated to accounting period in a manner so as to provide a constant periodic rate charge on the outstanding liability.

Amortization of leased assets is charged to current year's income as part of depreciation.

**2.4 Investment:**

Investments are valued at cost and no provision for temporary diminution in the value is recognized. Dividend income is accounted for on receipt basis,

**2.5 Stores, Spares and Stock-in-trade:**

Stores and Spares are valued at average cost.

Raw Materials, Finished Goods, Work in process, Waste and Cut Pieces are valued at lower of market value or average cost including production overheads but excluding fixed overheads.

Goods in transit are valued at cost.

**2.6 Foreign Currency:**

Assets and Liabilities in foreign currencies are translated into Pak rupees at the rate of exchange ruling on the transaction date. Exchange gains or losses are included in income currently.

**2.7 Taxes:**

Taxes payable currently are accounted for on the basis of current year's taxable income.

The company accounts for deferred taxation on all major timing differences using liability method.

**2.8** Revenue is recognized on the basis of despatch of goods to customers which is invoice date

**2.9 Cost:**

There accounts are prepared under historical cost convention.

	1997 Rupees	1996 Rupees
<b>3. ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL:</b>		
700 Ordinary Shares of Rs 10/- each issued for cash	7,000	7,000
1,500,000 Ordinary Shares of Rs. 10/- each issued for consideration other than cash	15,000,000	15,000,000
4,878,270 Ordinary Shares of Rs 10/- each issued as bonus shares	48,782,700	42,983,640
----- (1996:4,298,364)	=====	=====
6,378,970	63,789,700	57,990,640
=====		

**4. RESERVES AND SURPLUS:**

Revenue:		
Balance as on October 1st	56,811,060	58,575,990
Transferred to Share Capital as Bonus Shares	(5,799,060)	(7,563,990)
	-----	-----
	51,012,000	51,012,000
Proposed Bonus Share Issue	6,378,970	5,799,060
	-----	-----
	57,390,970	56,811,060
	=====	=====

**5. LONG TERM LOANS - Secured**

**From Financial Institutions:**

PICIC Loan No.1	(5.1)	6,592,337	10,299,337
-----------------	-------	-----------	------------

Less: Installments paid		4,244,000	3,707,000
		-----	-----
		2,348,337	6,592,337
Less: Shown under current maturity (Note 9)		2,348,337	4,244,000
		-----	-----
		-	2,348,337
		-----	-----
PICIC Loan No.2	(5.2)	7,181,925	11,221,925
Less: installments paid		4,625,000	4,040,000
		-----	-----
		2,556,925	7,181,925
Less: Shown under current maturity (Note 9)		2,556,925	4,625,000
		-----	-----
		-	2,556,925
		-----	-----
		-	4,905,262
		=====	=====

Loans from Pakistan Industrial Credit and Investment Corporation Limited have been obtained for balancing and modernization of machinery and secured by:

First charge by way of equitable mortgage of all its immovable properties hypothecation of all its plant and machinery and a floating charge on all other assets and a demand promissory note.

These loans carry interest at the rate of 14 percent per annum.

In case of default in Payment of any installment penal interest at the rate of 5% per annum above bank rate will be charged for the period of default.

5.1 This loan is payable in 20 semi annual installment which commenced from July 01, 1988.

5.2 This loan is payable in 18 semi annual installments which commenced from July 01, 1989.

	<b>1997</b>	<b>1996</b>
	<b>Rupees</b>	<b>Rupees</b>

**6. LIABILITIES AGAINST ASSETS  
ACQUIRED UNDER FINANCE LEASE:**

Opening Balance	35,391,290	26,883,381
Lease assets acquired during the year	24,600,000	16,348,000
	-----	-----
	59,991,290	43,231,381
Lease installments paid during the year	11,316,851	7,840,091
	-----	-----
	48,674,439	35,391,290
lease installments due within one year shown under current liabilities (Note No. 9)	16,332,572	10,130,744
	-----	-----
	32,341,867	25,260,546
	=====	=====

The purchase option is available to the company after payment of last installment and on surrender of deposit at the end of the lease periods.

The total lease rentals due under the lease agreements aggregate Rs. 63,179,182 (1996:Rs. 44,661,293)

and are payable in equal monthly, quarterly and half yearly installments under various lease agreements latest by 2001. Taxes, repairs an insurance costs are to be borne by the lessee. In case of termination of agreement the lessee is to pay entire rent for unexpired period. Financing rates of approximately 10 to 14.78 per cent per annum have been used as discounting factor.

The future minimum payments to which the company is committed as at September 30, 1997 are as under:

Year ending September 30,	Rupees	Rupees
1997	-	14,760,244
1998	23,424,646	14,515,424
1999	18,461,633	9,552,410
2000	14,742,437	5,833,215
2001	6,550,466	-
	-----	-----
	63,179,182	44,661,293
Financial charges allocated to future periods	14,504,743	9,270,003
	-----	-----
	48,674,439	35,391,290
	=====	=====

The liabilities are partly secured by deposit of Rs. 7,181,358 shown in long term deposits (1996: Rs. 4,818,798).

#### 7. PROVISION FOR GRATUITY

Opening balance	28,209,885	24,329,700
Less: Payments during the year	4,066,842	1,877,777
	-----	-----
	24,143,043	22,451,923
Add: Provision for the year	7,374,723	5,757,962
	-----	-----
	31,517,766	28,209,885
	=====	=====
	<b>1997</b>	<b>1996</b>
	<b>Rupees</b>	<b>Rupees</b>

#### 8. DEFERRED TAXATION:

12,976,944	19,972,000
=====	=====

The deferred tax liability on account of net timing differences due to accelerated depreciation amounts to approximately Rs. 12.977 million and therefore a sum of Rs. 6.995 has been transferred to provision for taxation account. (See Note 33)

#### 9. CURRENT PORTION OF LONG TERM LIABILITIES:

Long Term Loans (Note No. 5)	4,905,262	8,869,000
Liabilities against Assets Acquired under Finance Lease (Note No. 6)	16,332,572	10,130,744
	-----	-----
	21,237,834	18,999,744
	=====	=====

**10. SHORT TERM RUNNING FINANCE:****Secured:**

Under mark up arrangements:

From Banking Companies	308,214,685	187,829,910
	=====	=====

Short term running finances obtained from banking companies form part of total credit facilities of Rupees 521 million (1996: Rupees 549 million). Mark-up is paid quarterly & annually at the rate paisas 42 to 58 per Rupees 1,000 per day. These finances are secured against hypothecation / pledge of inventories, post shipment documents, store and stocks, Cotton Yarn and Cloth meant for export under L/Cs, and marketable shares. Credit facilities have scheduled to expired on September 30, 1997 however it has been renewed for another one year.

Export refinance has been obtained from banking companies under State Bank of Pakistan's export refinance scheme on which a service charge @ 11% per annum is payable.

**11. CREDITORS, ACCRUED & OTHER LIABILITIES:**

Creditors	1,828,414	11,110,978
Utilities Bills Payable	22,136,449	21,966,800
Salaries, Wages and Benefits	6,653,880	6,469,051
Others	17,104,955	14,269,789
Advances from Customers	686,902	1,485,329
Due to Associated Undertakings	37,369,782	34,111,550
Mark-up on secured Loans	3,707,955	6,744,786
Workers profit participation fund (Note 11.1)	199,125	231,777
Unclaimed dividend	599,658	600,142
Miscellaneous	309,371	338,562

**Government Demands:**

Excise Duty	2,441,675	2,441,675
Export Duty - Guarantees	793,802	793,802
	-----	-----
	3,235,477	3,235,477
	-----	-----
	93,831,968	100,564,241
	=====	=====

<b>1997</b>	<b>1996</b>
<b>Rupees</b>	<b>Rupees</b>

**11.1 Workers' Profit Participation Fund:**

Opening Balance	231,777	635,594
Less: Payments during the year	62,546	468,658
	-----	-----
	169,231	166,936
Add: Interest for the year	29,894	64,841
5% Contribution on current year's profit	-	-
	-----	-----
	29,894	64,841
	-----	-----
	199,125	231,777
	=====	=====

The above amount remained available to the company for its business operation and carries interest

at prescribed rates.

12. The company has filed appeal against the assessment order for the year 1989-90, 1992-93 and 1993-94 to 1996-97. The Return for the assessment year 1997-98 is pending with Income Tax authorities.

**13. CONTINGENCIES AND COMMITMENTS:**

i) Letters of Credit other than for Capital expenditure Rs. 0.420 million (1996: Rs. 14.977 million).

ii) Commitments in respect of Capital expenditure Rs. 20.382 million (1996: RS. 17.294).

iii) An award for USS 140,878.29 has been declared against the Company by the Technical Appeal Committee of Liverpool Cotton Association Limited, U.K. which has not been accepted by the Company and is contesting the award.

PARTICULARS	COST				Rate %	DEPRECIATION				Written down value as at September 30, 1997
	As at September 30, 1996	Additions	Sales/ Adjustment	As at September 30, 1997		As at September 30, 1996	During the Year	Sales/ Adjustment	As at September 30, 1997	
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	
<b>Company Owned:</b>										
Building on Lease-hold Land	15,940,565	6,438,812	-	22,379,377	10	10,370,715	1,200,866	-	11,571,581	10,807,796
Plant and Machinery	178,504,441	27,879,694	33,902,793	172,481,342	10	111,031,653	6,674,857	5,298,882	112,407,628	60,073,714
Electric Installation and Equipment	3,092,069	-	318,405	2,773,664	10	1,898,557	107,016	195,048	1,810,525	963,139
Gas Installation	162,387	-	-	162,387	10	123,957	3,843	-	127,800	34,587
Factory Tolls and Equipment	533,075	-	-	533,075	15	383,718	22,404	-	406,122	126,953
Vehicles	5,133,388	2,097,411	1,095,500	6,135,299	20	3,088,278	631,114	108,548	3,610,844	2,524,455
Office Equipment	389,195	165,000	-	554,195	15	330,397	33,570	-	363,967	190,228
Furniture and Fixture	1,228,604	108,610	-	1,337,214	10	779,262	55,795	-	835,057	502,157
Telephone Installation	369,802	59,378	-	429,180	10	171,658	25,752	-	197,410	231,770
Guns	2,608	-	-	2,608	10	2,218	39	-	2,257	351
Office Machine and Electrical Appliances	3,605,967	839,120	-	4,445,087	15	2,280,474	324,692	-	2,605,166	1,839,921
	208,962,101	37,588,025	35,316,698	211,233,428		130,460,887	9,079,948	5,602,478	133,938,357	77,295,071
<b>Under Lease:</b>										
Machinery	45,512,584	24,600,000	-	70,112,584	10	7,297,391	6,281,519	-	13,578,910	56,533,674
Vehicles	2,175,359	-	974,359	1,201,000	20	772,167	180,864	475,487	477,544	723,456
Office Machine & Electrical Appliance	500,000	-	-	500,000	15	75,000	63,750	-	138,750	361,250
	48,187,943	24,600,000	974,359	71,813,584		8,144,558	6,526,133	475,487	14,195,204	57,618,380
1997	257,150,044	62,188,025	36,291,057	283,047,012		138,605,445	15,606,081	6,077,965	148,133,561	134,913,451
1996	240,027,700	33,845,306	16,722,962	257,150,044		125,084,402	13,778,568	257,525	138,605,445	188,544,599

**14.1 DISPOSAL OF FIXED ASSETS:**

Description	Cost	Accumu- lated Depre- ciation	Written down value	Sale Process	Profit/ (Loss)	Sold to	Mode of Sale
-------------	------	------------------------------	--------------------	--------------	----------------	---------	--------------

	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>PLANT AND MACHINERY</b>						
Plant and Machinery	1,052,379	704,028	348,351	303,150	{45,201} Muhammad Iqbal Cheema, Faisalabad	Negotiation
Plant and Machinery	1,419,489	949,620	469,869	500,700	30,831 Naseer Ahmed, Faisalabad	Negotiation
Plant and Machinery	1,223,697	818,638	405,059	423,810	18,751 Mr. Naseem, Faisalabad	Negotiation
Plant and Machinery	832,114	556,673	275,441	272,340	(3,101) Mr. Hanif Faisalabad	Negotiation
Plant and Machinery	679,200	506,557	172,643	192,405	19,762 Muhammad Ali Kabadia, Faisalabad	Negotiation
Plant and Machinery	299,000	183,161	115,839	133,215	17,376 Saco Tex Industries (Pvt) Ltd. Plot No. F-98, S.I.T.E., Karachi	Negotiation
Plant and Machinery	299,000	183,161	115,839	207,254	91,415 M/s. Textile Fort (Pvt) Ltd. Plot No. 22, Sec. 29, Korangi Ind. Area, Karachi.	Negotiation
Plant and Machinery	23,000,000	-	23,000,000	23,000,000	0 Faysal Bank Limited	Sale & Leaseback
Plant and Machinery	829,600	508,196	321,404	360,000	38,596 M/s. Lucky Tex, House No: 20-D, Mohammadi Housing Society, Miran Mohammad Shah Road, Karachi.	Negotiation
Plant and Machinery	4,268,314	888,848	3,379,466	5,400,000	2,020,534 M/s. Crescent Textile Mills Ltd. Faisalabad	Negotiation
<b>ELECTRICAL INSTALLATION &amp; EQUIPMENT</b>						
Electrical Equipment	318,405	195,048	123,357	135,301	11,944 M/s. Shabbir Electric Works, Sher Shah Kahafi Market, Karachi.	Negotiation
<b>VEHICLES</b>						
Vehicle	59,000	57,672	1,328	2,000	672 Mr. Abdul Manan Nasir - Employee	Negotiation
Vehicle	371,800	287,071	84,729	275,000	190,271 Mr. Shaikh Ali Asghar S/o. Sheikh Yaqoob All, Napier Road, Karachi.	Negotiation
Vehicle	664,700	239,292	425,408	425,400	(8) M/s. Bisma Textile Mills Ltd. B-2, Shafiq Plaza, 25,9A, Sarwar Shaheed Road, Karachi.	Negotiation
1997	35,316,698	6,077,965	29,238,733	31,630,575	2,391,842	
1996	16,722,962	257,525	16,465,437	16,388,500	(76,937)	

1997  
Rupees

1996  
Rupees

**15. CAPITAL WORK-IN-PROGRESS:**

Project examination and related cost	-	1,370,371
--------------------------------------	---	-----------

**16. INVESTMENT -AT COST:**

Name of Company	Ordinary Shares each Rupees	1997		1996	
		No. of Shares	Cost Rupees	No. of Shares	Cost Rupees
<b>Quoted:</b>					
<b>Associated Undertakings</b>					
Crescent Jute Products Ltd. (Equity held 11.42 %)	10	1716683	13,733,415	1716683	13,733,415
Crescent Boards Ltd.	10	154585	1,476,530	154585	1,476,530
The Crescent Textile Mills Limited	10	136832	1,047,295	124393	1,047,295
Shams Textile Mills Limited	10	174033	2,155,275	174033	2,155,275
Shakarganj Mills Limited	10	816865	7,234,349	742605	6,234,349
Elite Textiles Mills Limited	10	94080	510,935	94080	510,935



The Premier Insurance Co. of Pakistan Ltd.	5	46846	35,140	46846	34,140
Crescent Steel and Allied Products Limited	10	230000	1,388,400	200000	1,388,400
Crescent Investments Bank Limited	10	2071906	24,363,200	2071906	24,363,200
			-----		-----
			51,944,539		51,944,539
<b>Others</b>					
Crescent Spinning Mills Limited	10	40000	400,000	40000	400,000
			-----		-----
			52,344,539		52,344,539
			-----		-----
<b>Unquoted:</b>					
<b>Associated undertakings</b>					
Crescent Ventures International Ltd. (NOTE 16.1)	10	150000	1,500,000	150000	1,500,000
Crescent Group Services (Pvt) Ltd. (NOTE 16.2)	10	110000	1,100,000	110000	1,100,000
Taxmac Services (Pvt) Ltd. (NOTE 16.3)	10	52000	520,000	52000	520,000
Crescent Greenwood Ltd. (NOTE 16.4)	10	414267	4,412,679	414267	4,142,679
Jubilee Enegrty (Pvt) Ltd. (NOTE 16.5)	10	1060000	10,600,000	10,600,000	10,600,000
Crescent Industrial Chemicals Ltd. (NOTE 16.6)	10	1000000	10,000,000		-
			-----		-----
			27,862,679		17,862,679
			-----		-----
			80,207,218		70,207,218
			=====		=====

Market value on September 30, 1997 of quoted companies was Rs. 58,009,613 (1996: Rs. 53,914,633)

16.1 Last available audited accounts dated 30th June 1997 value of investments on the basis of break-up value of shares Rs. 1,679,895. Equity held 30.03% (Chief Executive, Anjum M. Saleem).

16.2 Last available audited accounts dated 30th June 1997 value of investments on the basis of break-up value of shares Rs. (9,163,429). Equity held 4.104% (Chief Executive, Mr. Humayun Mazhar Karim).

16.3 Last available audited accounts dated 30th June 1997 value of investments on the basis of break-up value of shares Rs. 558,324. Equity held 26% (Chief Executive, Mr. Kazuo Kamio).

16.4 Last available audited accounts dated 30th September 1996 value of investments on the basis of break-up value of shares Rs. 1,764,777. Equity held 30% (Chief Executive, Mr. Nasir Shafi).

16.5 Last available audited accounts dated 30th June 1997 value of investments on the basis of break-up value of Shares Rs.12,642,620. Equity held 13.64% (Chief Executive, Mr. Salman Rafi)

16.6 Last available audited accounts dated 31st December 1997 value of investments on the basis of break-up value of shares Rs. 10,000,000. Equity held 1.45% (Chief Executive, Mr. Tariq Shafi).

	1997	1996
	Rupees	Rupees

**17. LONG TERM LOANS:**

**CONSIDERED GOOD - Interest Free:**

Loan to employees - Secured (Note 17.1)	3,798,083	2,608,892
Less: Current maturity (Note 22)	2,052,698	1,656,453
	-----	-----
	1,745,385	952,439
Loan to employees Motor Vehicles - Secured (Note 17.2)	83,363	109,765
Less: Current Maturity (Note 22)	25,424	32,400

-----	-----
57,939	77,365
-----	-----
1,803,324	1,029,804
=====	=====

17.1 This represents loans to employees for their domestic needs and are secured against their accumulated gratuity.

17.2 The vehicles are registered in the name of company and the loan is recovered in installments.

**18. STORES AND SPARES:**

Stores	10,271,963	9,799,807
Spares	9,643,736	10,748,554
Loose tools	204,776	30,743
In-transit	3,908	0
-----	-----	-----
20,124,383	20,579,104	
=====	=====	

**19. STOCK-IN-TRADE:**

Raw Materials	25,317,414	18,708,509
Work-in-process	93,920,170	65,929,570
Finished goods	76,190,661	65,156,523
Waste and cut pieces	224,672	8,256
-----	-----	-----
195,652,917	149,802,858	
=====	=====	

**20. TRADE DEBTORS - Unsecured  
(Considered good)**

Sundry debtors	61,817,253	34,435,888
-----	-----	-----

**21. BILLS RECEIVABLE:**

Export bills receivable - secured against L/Cs	4,267,515	865,406
-----	-----	-----

<b>1997</b>	<b>1996</b>
<b>Rupees</b>	<b>Rupees</b>

**22. LOANS AND ADVANCES:**

**Considered good-secured:**

Loan to employees - Motor vehicles (Note 17)	25,424	32,400
Advance to employees	732,000	732,000
Loan to employees (Note 17)	2,052,698	1,656,453
-----	-----	-----
2,810,122	2,420,853	

**Considered good-unsecured:**

Advance to suppliers and others	19,812,383	5,013,212
-----	-----	-----
22,622,505	7,434,065	
=====	=====	

**23. DEPOSITS, PREPAYMENTS AND  
OTHER RECEIVABLES:**

**Considered good-unsecured:**

Other deposits	10,893,773	13,328,818
Prepayments	232,264	537,981
Due from associated undertakings	37,072,925	49,950,278
Advance tax	6,156,107	--
Other receivable	10,383,975	9,835,810

**Due from Government:**

Export and Excise Rebate	3,456,677	2,418,002
Others	15,593	677,490
	-----	-----
	3,472,270	3,095,492

## Others:

Mark-up/Insurance claims	532,466	532,466
	-----	-----
	68,743,780	77,280,845
	=====	=====

The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 49,859,268 (1996: Rs. 49,950,525).

**24. SHORT TERM INVESTMENTS**

Name of Company	Ordinary Shares each Rupees	1997		1996	
		No. of Shares	Cost Rupees	No. of Shares	Cost Rupees
<b>Quoted:</b>					
<b>Associated Undertakings</b>					
Crescent Sugar Mills and Distillery Limited	10	418062	3,190,550	363533	3,190,550
Crescent Investment Bank Limited	10	208000	16,016,000	208000	16,016,000
Crescent Steel and Allied Products Limited	10	644000	3,897,600	560000	3,897,600
PIC1C	10	82313	580,587	82313	580,587
			-----		-----
			23,684,737		23,684,737
			=====		=====
<b>Others</b>					
Crescent Spinning Mills Limited	10	250000	2,500,000	250000	2,500,000
			-----		-----
			26,184,737		26,184,737
			=====		=====
<b>Unquoted:</b>					
<b>Associated undertakings</b>					
<b>Advance against shares</b>					
Jubilee Energy (Pvt) Ltd.			49,000,000		-
Crescent Group Services (Pvt) Ltd.			1,100,000		-
Crescent Modaraba Management Co. Ltd.			1,000,000		-
			-----		-----
			7,000,000		-
			-----		-----
			33,184,737		26,184,737
			=====		=====

Market value on September 30, 1997 of quoted companies was Rs. 26,859,846 (1996: 26,429,643)

	1997	1996
	Rupees	Rupees
<b>25. CASH AND BANK BALANCES:</b>		
Cash in hand	314,756	2,298,553
With Bank - Current Account	1,051,151	337,737
	-----	-----
	1,365,907	2,636,290
	=====	=====

**26. SALES:**  
**Local**

Yarn	395,334,655	277,291,879
Fabric	125,837,035	208,743,782
Waste	8,416,106	1,348,966
	-----	-----
	529,587,796	487,384,627

**Export**

Yarn	37,737,827	28,330,715
Fabric	19,178,948	3,074,609
	-----	-----
	56,916,775	31,405,324
Add: Rebate on exports	1,305,809	126,599
	-----	-----
	58,222,584	31,531,923
	-----	-----

Excise & Export duty/Sales tax	587,810,380	518,916,550
	737,487	7,547,840
	-----	-----
	587,072,893	511,368,710
	-----	-----

Less: Cash discount on local sale	4,776,791	10,378,000
Less: Commission on local sale	2,328,848	2,848,248
Less: Commission on export sale	2,051,332	1,083,440
	-----	-----
	9,156,971	14,309,688
	-----	-----
	577,915,922	497,059,022
	=====	=====

**27. COST OF SALES:**

Finished stock opening	65,164,779	67,472,692
Add: Cost of goods manufactured (Note 27.1)	457,895,789	429,354,752
	-----	-----
	523,060,568	496,827,444

Less: Finished stock closing (including waste and Cut Pieces)	76,415,333	65,164,779
	-----	-----

Add: Finished goods purchased	446,645,235	431,662,665
	41,519,115	7,558,437
	-----	-----

	488,164,350	439,221,102
Less: Free supplies and own use of cloth	287,630	228,323
	-----	-----

	487,876,720	438,992,779
	=====	=====

**27.1 Cost of goods manufactured:**

Raw material consumed (Note: 27.2)	307,735,005	256,746,973
Dyes and Chemicals	12,395,980	20,218,220
Packing materials	5,880,425	4,807,113
Processing & weaving charges	5,419,974	-
Salaries, wages and benefits	58,911,232	55,396,252
Stores and spares	15,183,996	11,275,147
Repairs and maintenance	1,483,306	1,503,978
Rent, rates and taxes	1,728,046	1,545,861
Power and Fuel	56,004,031	56,597,478
Insurance	3,305,219	3,810,658
Depreciation	14,843,458	13,034,164
Other manufacturing expenses	2,995,717	2,329,853
Work-in-process:		
Opening	65,929,570	68,018,625
Closing	(93,920,170)	(65,929,570)
	-----	-----
	(27,990,600)	2,089,055
	-----	-----
	457,895,789	429,354,752
	=====	=====

**27.2 Raw material consumed:**

Stock-Opening	18,708,509	39,827,162
Add: Purchases	314,343,910	235,628,320
	-----	-----
	333,052,419	275,455,482
Less: Closing	25,317,414	18,708,509
	-----	-----
	307,735,005	256,746,973
	=====	=====

**28. ADMINISTRATIVE EXPENSES:**

Salaries, allowances and benefits	9,435,651	6,561,672
Directors meeting fee	4,000	5,000
Travelling, conveyance and entertainment	2,017,080	829,433
Rent, rates and taxes	38,500	138,000
Printing and stationary	569,231	518,995
Postage, telegrams, telephones and telex	715,642	610,434
Electricity and gas	242,000	256,341
Insurance	122,885	92,329
Subscription and periodicals	233,060	129,542
Repairs and maintenance	181,150	159,242
General expenses	15,264	21,374
Organization shares	22,680	22,680
Auditors remuneration (Note: 28.1)	49,500	49,500
Legal & Professional charges	1,055,862	590,996
Depreciation	746,239	723,888
	-----	-----
	15,448,744	10,709,426
	=====	=====

**28.1 Auditor's Remuneration:**

Statutory audit	45,000	45,000
Workers' Profit Participation fund audit	4,500	4,500
	-----	-----

49,500 49,500  
 =====

**29. SELLING AND DISTRIBUTION EXPENSES:**

**Local Sales:**

Advertisement 2,015,045 1,964,295

**Export Sales:**

Freight 3,237,840 1,343,448

Forwarding 597,939 375,358

Bank Charges 670,928 443,666

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4,506,707 2,162,472

-----

6,521,752 4,126,767

=====

**30. OTHER INCOME:**

(Loss)/Profit on sale of fixed assets 2,391,842 (76,937)

Profit on sale of Investment - 4,705,405

Rental Income 2,511,657 5,023,813

Dividend Income from associated undertakings:

Crescent Steel & Allied Products Ltd. 1,140,000 1,140,000

The Premier Insurance Co. of Pakistan Ltd. 35,134 29,289

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1,175,134 1,169,289

Miscellaneous 1,038,756 833,169

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7,117,389 11,654,739

=====

**31. FINANCIAL EXPENSES:**

Interest/mark up on:

Bank borrowings 62,179,640 38,973,015

Workers' profit participation fund 29,894 64,841

Long Term Loans 1,318,101 2,479,821

Lease Expenses & Interest 5,851,759 4,469,251

Bank charges, Excise commission and others 4,794,956 5,833,222

-----

74,174,350 51,820,150

=====

**32. NON-OPERATING EXPENSES:**

Donations

Prime Minister N.D.R.P. Fund. 352,400 -

Others (32.1) 6,200 -

-----

358,600 -

=====

32.1 The directors or their spouses have no interest in the donee companies.

**33. PROVISION FOR TAXATION**

Minimum tax/presumptive tax (3,169,159) (2,743,290)

Deferred tax	6,995,056	-
	-----	-----
	3,825,897	(2,743,290)
	=====	=====

**34. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS DURING THE YEAR:**

Services rendered	62,712,202	35,812,668
Services obtained	19,964,355	11,064,630
Purchase of goods and power	95,764,916	26,721,145
Sale of property and assets	50,078,486	36,793,496
Insurance premium	4,122,238	4,168,084
Rent paid	1,800,000	1,800,000
Interest received	16,072,825	15,061,959
Interest paid	6,273,735	4,994,561

Purchases/sales of goods and services are made at prevailing market prices.

**35. REMUNERATION OF DIRECTORS & EXECUTIVES:**

	1 9 9 7			1 9 9 6		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	-----	-----	-----	-----	-----	-----
Managerial remuneration	2,622,240	-	2,321,928	2,458,188	-	1,586,088
Provision for gratuity	1,201,296	-	300,085	936,369	-	139,232
Rent and Utilities	600,847	-	55,850	560,804	-	-
	-----	-----	-----	-----	-----	-----
Rupees:	4,424,383	-	2,677,863	3,955,361	-	1,725,320
	=====	=====	=====	=====	=====	=====
Member	1		5	1	-	3
	=====	=====	=====	=====	=====	=====

In addition they are provided with free use of Company cars and residential telephones.

The aggregate amount charged in the accounts for the year as meeting fee to Directors Rs. 4000 (1996: Re

		1997	1996
<b>36. PLANT CAPACITY AND PRODUCTION</b>			
<b>Spinning:</b>			
Total number of spindles installed	No.	26,660	26,660
Total number of spindles worked	No.	26,660	26,660
Rated capacity converted at 20 counts	Kg.	8,137,674	8,137,674
Production converted at 20 counts	Kg.	7,323,907	7,184,224
Number of shifts worked per day	No.	3	3
Total number of shifts worked during the year	No.	1,083	1,044
<b>Weaving:</b>			
Total number of looms installed	No.	218	386
Total number of looms worked	No.	153	286
Rated capacity converted at 50 picks	Sq. Mtr.	13,263,201	19,008,111
Production converted at 50 picks	Sq. Mtr.	6,511,945	11,053,315
Number of shifts worked per day	No.	3	3

Total number of shifts worked during the year No. 1,083 1,062  
 Sulzer looms were not fully operative during the year.

**37. FIGURES:**

- a) In these accounts, figures have been rounded off to the nearest rupee.
- b) Previous year's figures have been re-arranged wherever necessary to facilitate comparison.

**Form '34'**

**PATTERN OF HOLDING OF SHARES**

**HELD BY THE SHAREHOLDERS AS AT 30TH SEP 1997**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
372	1	100	15920
413	101	500	100848
122	501	1000	83855
176	1001	5000	370487
31	5001	10000	231161
16	10001	15000	203384
19	15001	20000	341709
9	20001	25000	203409
11	25001	30000	299579
3	30001	35000	100168
8	35001	40000	295724
4	40001	45000	165854
2	45001	50000	94844
5	50001	55000	264720
2	55001	60000	112700
4	60001	65000	253090
5	65001	70000	346722
1	70001	75000	73300
1	75001	80000	75896
2	80001	85000	164979
2	85001	90000	175181
1	90001	95000	91162
1	100001	105000	100592
1	105001	110000	106021
1	110001	115000	113384
1	120001	125000	120008
1	160001	165000	163809
1	165001	170000	166027
1	180001	185000	181042
1	255001	260000	259416
1	325001	330000	325431
1	345001	350000	347345
1	430001	435000	431203
-----	-----	-----	-----
1220			6378970
=====	=====	=====	=====

Categories of Shareholders	Number	Share Held	Percentage
Individuals	1177	4340573	68.04



Investment Companies	1	69890	1.10
Insurance Companies	4	259129	4.06
Joint Stock Companies	26	1022868	16.03
Financial Institutions	9	677846	10.63
Others	3	8664	0.14
	-----	-----	-----
TOTAL	1220	6378970	100.00
	=====	=====	=====
Abandoned Property	2	366	0.01
Modaraba	1	8298	0.13
	-----	-----	-----
TOTAL	3	8664	0.14
	=====	=====	=====