

Nishat Mills Limited

(Annual Report for the year ended September 30, 1996)

Company Information

BOARD OF DIRECTORS:

Mrs. Naz Mansha Chief Executive
Mr. Yusuf H. Shirazi
Mian M. Iqbal Saigol
Mian Gulzar Ahmad
Mian Tanveer A. Sheikh
Mr. Muhammad Bashir Tariq
Rana Muhammad Mushtaq
Mr. Asad Ali Sheikh (PICIC)

ADVISER:

Mian Muhammad Mansha

COMPANY SECRETARY:

Mr. Mohammad Azam

AUDITORS:

Riaz Ahmad & Company
Chartered Accountants

LEGAL ADVISER:

Mr. M. Aurangzeb Khan, Advocate,
Chamber No.6, District Court,
Faisalabad.

BANKERS TO THE COMPANY:

ABN AMRO Bank
Allied Bank of Pakistan Limited
American Express Bank Limited
Askari Commercial Bank Limited
Bank of America
Banque Indosuez
Citibank N.A.
Crescent Investment Bank Limited
Emirates Bank International Limited
Faysal Bank Limited

Habib Bank Limited
Habib Bank A.G. Zurich
National Bank of Pakistan
Schon Bank Limited
Standard Chartered Bank
Societe Generale - The French
and International Bank
The Bank of Punjab
Union Bank Limited
United Bank Limited

MILLS:

Nishatabad, Faisalabad

*(Spinning, Weaving, Processing
and stitching units)*

12 K.M. Faisalabad Road, Sheikhpura.

(Weaving II)

REGISTERED OFFICE:

Nishatabad, Faisalabad
Tel: 041-754809-16
Fax: 041-753105, 754817

LIAISON OFFICE:

1st Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.
Tel: 021-2414721-23
Fax: 021-2412936

BRANCH OFFICE:

Nishat House,
53-A, Lawrence Road, Lahore.

Tel: 042-6367812-16

Fax: 042-6367414

SHARES OFFICE:

28-Main Gulberg, Lahore.

Tel: 042-5763916, 5769918

Fax: 042-5769918

Notice of Annual General Meeting

NOTICE is hereby given that 48th Annual General Meeting of the shareholders of NISHAT MILLS LIMITED will be held on March 31, 1997 (Monday) at 10.30 a.m. at the Registered Office, Nishatabad, Faisalabad to transact the following business:-

1. To confirm the minutes of the last General Meeting.
2. To receive and adopt the audited accounts for the year ended September 30, 1996 together with the Auditors' and Directors' reports thereon.
3. To appoint auditors for the year ending September 30, 1997 and fix their remuneration. The present Auditors M/s. Riaz Ahmad & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

4. SPECIAL BUSINESS:

To pass the following Special Resolution with or without modification to increase the authorized capital of the Company:

RESOLVED THAT the authorized capital of the Company be and is hereby increased from Rs. 1,000,000,000 divided into 100,000,000 ordinary shares of Rupees 10/- each to Rs. 1,500,000,000 divided into 150,000,000 ordinary shares of Rupees 10/- each and new shares so issued shall rank pari passu with the existing shares in all respects and clause "V" of the Memorandum of Association of the Company will be amended to read as follows:

"The authorized capital of the Company shall be Rs.1,500,000,000 (one billion five hundred million) divided into 150,000,000 (one hundred fifty million) ordinary shares of Rupees 10/- each. The Company shall have the power to increase, reduce or reorganize the said capital and divide shares in the capital for the time being in several classes in accordance with the provisions of the Companies Ordinance, 1984".

STATEMENT UNDER SECTION 160(I)(b) OF THE COMPANIES ORDINANCE 1984.

It is proposed to increase the authorized capital of the Company as above to enable the issue of shares as and when deemed necessary.

5. To transact any other business that may be brought forward with the permission of the chair.

BOOKS CLOSURE

The Share Transfer Books of the company will remain closed from March 31,1997 to April 06, 1997 (both days inclusive).

BY ORDER OF THE BOARD

Lahore:
March 05, 1997.

(MOHAMMAD AZAM)
COMPANY SECRETARY

NOTES:

- 1) 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. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the time for holding the meeting, during working hours.
- 2) Members are requested to immediately notify the change in address, if any.

Chief Executive's Review

On behalf of the Board of Directors of NISHAT MILLS LIMITED, it is my pleasure to welcome you all to the 48th Annual General Meeting of the Company, and to present the financial statements for the year ended 30 September 1996. By the grace of Almighty Allah "Nishat" was able to earn a net profit after taxation of Rs. 135.209 million, against Rs. 29.886 million during the last year. Sales for the year were recorded at Rs. 6.748 billion, against Rs. 6.158 billion in the preceding year, recording an increase of 9.58%. Export sales touched Rs. 4.850 billion, showing an increase of 13.29% against last year's Rs. 4.281 billion. With these exports, we have maintained our position of being the largest textile exporter in the country for the year under review. The federation of Pakistan Chamber of Commerce and Industry has decided to award the FPCCI President of Pakistan Trophy to our company for the year 1994-95 in recognition of the company's outstanding performance in the export of Fabrics, Yarn and comber noil.

These remarkable results are attributed to timely purchase of raw cotton at cheaper rates, continuous monitoring, adjustment of our production mix in view of changing market conditions and aggressive marketing and financial planning.

The Management is relentlessly following the policy of keeping up with the latest technology so as to have better quality. It is hoped that your company will continue to progress (Inshallah).

I would like to place on record appreciation for the hardwork and cooperation of both staff and officers of the company towards achieving the targets set and progress of the company.

(MRS. NAZ MANSHA)
CHIEF EXECUTIVE

Directors' Report

The Directors of the Company feel pleasure in submitting their report together with the audited accounts of the Company for the year ended 30 September 1996.

(RUPEES IN THOUSAND)
1996 1995

Profit and appropriations		
Profit before taxation	145,787	4,301
Current taxation	(10,578)	25,585
	-----	-----
Profit after taxation	135,209	29,886
Unappropriated profit brought forward	33,994	4,108
Profit available for appropriation	169,203	33,994
	-----	-----
Appropriation		
Transferred to general reserve	169,000	--
	-----	-----
Unappropriated profit	203	33,994
	=====	=====

Auditors

The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retire, and being eligible, offer themselves for reappointment.

Pattern of Shareholdings

The pattern of shareholdings as referred by Section 236 of the Companies Ordinance, 1984 is enclosed. The Directors place on record their appreciation for the efforts put in by the executives, staff members and workers of the Company.

FOR AND ON BEHALF OF THE BOARD

Lahore:
05 March, 1997

(MRS. NAZ MANSHA)
CHIEF EXECUTIVE

Auditors' Report to the Members

We have audited the annexed balance sheet of NISHAT MILLS LIMITED as at 30 September 1996 and the related profit and loss account and statement of sources and application of funds, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of sources and application of funds, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 1996 and of the profit and the changes in sources and application of funds for the year then ended; and

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

Faisalabad '
23 February, 1997

(RIAZ AHMAD & COMPANY)
CHARTERED ACCOUNTANTS

Balance Sheet as at September 1996

(RUPEES IN THOUSAND)

	NOTE	1996	1995
SHARE CAPITAL AND RESERVES			
Authorised share capital			
100,000,000 ordinary shares of Rs. 10/- each			
		1,000,000	1,000,000
		=====	=====
Issued, subscribed and paid up share capital	3	869,149	847,710
Capital reserves	4	911,878	890,440
Revenue reserves	5	1,324,965	1,155,965
Unappropriated profit		203	33,994
		-----	-----
		3,106,195	2,928,109
SURPLUS ON REVALUATION OF TANGIBLE FIXED ASSETS			
REDEEMABLE CAPITAL	6	12,118	12,118
DEBENTURES AND LONG TERM LOANS		830	10,535
Custom debentures	7	2,024	5,103
Long term loans	8	534,535	671,182
		-----	-----
		536,559	676,285

LIABILITIES AGAINST ASSETS			
SUBJECT TO FINANCE LEASE	9	163,231	230,200
DEFERRED LIABILITIES			
Taxation		--	29,000
Gratuity		2,748	3,585
		-----	-----
		2,748	32,585
CURRENT LIABILITIES			
Current portion of long term liabilities	10	239,584	270,935
Short term running finances	11	1,656,464	1,752,253
Creditors, accrued and other liabilities	12	940,925	1,077,436
Workers' participation fund	13	7,792	384
Provision for taxation		100,085	60,507
Dividend payable		917	928
		-----	-----
		2,945,767	3,162,443
CONTINGENCIES AND COMMITMENTS	14	--	--
		-----	-----
		6,767,448	7,052,275
		=====	=====

The annexed notes form an integral part of these accounts.

TANGIBLE FIXED ASSETS			
Operating fixed assets	15	2,275,622	2,484,805
Assets subject to finance lease	16	343,557	343,954
Capital work -in-progress	17	182,314	179,414
		-----	-----
		2,801,493	3,008,173
LONG TERM INVESTMENTS	18	1,973,776	1,973,776
LONG TERM LOANS, DEPOSITS, PREPAYMENTS AND DEFERRED COSTS	19	50,604	73,821
CURRENT ASSETS			
Stores, spare parts and loose tools	20	336,984	352,814
Stock-in-trade	21	740,193	913,434
Trade debts	22	248,788	200,049
Advances, deposits and prepaymerits	23	270,476	180,611
Other receivables	24	332,421	294,254
Cash and bank balances	25	12,713	55,343
		-----	-----
		1,941,575	1,996,505
		-----	-----
		6,767,448	7,052,275
		=====	=====

**Profit and Loss Account
for the year ended 30 September 1996**

		(RUPEES IN THOUSAND)	
	NOTE	1996	1995
SALES	26	6,748,089	6,157,932
COST OF GOODS SOLD	27	5,712,460	5,510,724
		-----	-----
GROSS PROFIT		1,035,629	647,208
ADMINISTRATIVE, SELLING AND GENERAL EXPENSES	28	361,359	336,698
		-----	-----

OPERATING PROFIT		674,270	310,510
OTHER INCOME	29	49,279	197,174
		-----	-----
		723,549	507,684
FINANCIAL AND OTHER CHARGES	30	570,012	502,999
WORKERS' PARTICIPATION FUND		7,750	384
		-----	-----
		577,762	503,383
PROFIT BEFORE TAXATION		145,787	4,301
PROVISION FOR TAXATION	31	(10,576)	25,585
		-----	-----
PROFIT AFTER TAXATION		135,209	29,886
UNAPPROPRIATED PROFIT BROUGHT FOWARD		33,994	4,108
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATION		169,203	33,994
APPROPRIATION			
Transfer to general reserve		169,000	--
		-----	-----
UNAPPROPRIATED PROFIT		203	33,994
		=====	=====

The annexed notes form an integralpart of these accounts.

**Statement of Sources and Application of Funds
for the year ended 30 September 1996**

(RUPEES IN THOUSAND)
1996 1995

CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		145,787	4,301
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation and amortization		281,593	290,803
Gain on disposal/adjustment of operating fixed assets		(10,178)	(22,481)
Provision/adjustment of gratuity		(284)	1,151
Operating fixed assets discarded/adjusted		3,618	14,054
Amortization of deferred cost		5,082	5,082
Profit on sale of equity investments		(3,263)	(12,755)
Financial charges		569,900	499,655
		-----	-----
Cash flows from operating activities before working capital changes		992,255	779,810
CASH FLOWS FROM WORKING CAPITAL CHANGES			
(Increase)/decrease in current assets			
Stores, spare parts and loose tools		15,830	(110,152)
Stock-in-trade		173,241	(191,299)
Trade debts		(48,739)	49,141
Advances, deposits and prepayments		(24,571)	(15,027)
Other receivables		(38,167)	(108,970)
Increase/(decrease) in current liabilities			
Short term running finances		(95,789)	708,027
Creditors, accrued and other liabilities		(131,414)	81,836
Workers' participation fund		7,408	(5,533)
Net cash flows from working capital changes		(142,201)	408,023
		-----	-----
Cash flows from operating activities		850,054	1,187,833

Financial charges paid	(574,997)	(531,073)
Taxes paid	(65,294)	(62,497)
Gratuity paid	(553)	(277)

Net cash flows from operating activities	209,210	594,046
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CASH FLOWS FROM INVESTING ACTIVITIES

Long term loans, deposits and prepayments	18,135	(11,983)
Quota purchased	--	(25,409)
Proceeds from disposal of operating fixed assets	80,625	157,014
Proceeds from sale of equity investments	3,263	65,157
Short term investment made	--	(796,585)
Fixed capital expenditure	(92,106)	(289,864)
Leased assets acquired	(56,872)	(124,846)

Net cash flows from investing activities	(46,955)	(1,026,516)
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CASH FLOWS FROM FINANCING ACTIVITIES

Share capital and reserves	42,877	187,163
Redemption of redeemable capital	(12,265)	(12,042)
Custom debentures issued	2,529	--
Redemption of custom debentures	(14,548)	(6,359)
Repayment of long term loans	(139,527)	(334,261)
Liabilities against leased assets	24,428	76,749
Repayment of liabilities against leased assets	(108,368)	(91,151)
Dividend paid	(11)	(6)

Net cash flows from financing activities	(204,885)	(179,907)
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Net increase(decrease) in cash and cash equivalent	(42,630)	(612,377)
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Cash and cash equivalent at the beginning of the year	55,343	667,720
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Cash and cash equivalent at the end of the year	12,713	55,343
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Notes to the Accounts for the year ended 30 September 1996**1. THE COMPANY AND ITS OPERATIONS**

Nishat Mills Limited is a public company incorporated in Pakistan under the Companies Act, 191:~ (Now Companies Ordinance, 1984) and listed on Stock Exchanges in Pakistan. The company is engaged in the business of textile manufacturing and of spinning, combing, weaving, bleaching, dyeing, printing, stitching, buying, selling and otherwise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, synthetic fibre and cloth.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting Convention**

These accounts have been prepared under the historical cost convention as modified by capitalization of exchange differences (Note 2.4) and revaluation of freehold land which was made by the independent valuer in 1976.

2.2 Staff Retirement Benefits

The Company operates a funded provident fund scheme covering all permanent employees. Monthly contribution at the rate of 6.25 percent of basic pay of employees is made to the fund. The company has also provided the liability for gratuity in respect of all employees according to the West Pakistan

Industrial and Commercial Employment (Standing Orders) Ordinance, 1968 upto the period when there was no provident fund scheme inforce.

2.3 Taxation

Charge for current taxation is based on taxable income at current tax rates after considering the rebates and tax credits available, if any. Deferred tax is accounted for on all major timing differences by using the liability method, to the extent that liability can be estimated for foreseeable future.

2.4 Foreign currency

Assets and liabilities in foreign currency are translated into Pak Rupee at the exchange rates ruling at the balance sheet date or rates fixed under Exchange Risk Absorption Scheme of State Bank of Pakistan. Exchange gain or loss on translation of foreign currency loans are adjusted against the cost of fixed assets acquired from the proceeds of loans. Exchange risk fee is charged to current year's income. Exchange gain or loss on translation of foreign bills under collection at the year end is charged to current year's income.

2.5 Tangible fixed assets and depreciation

Operating fixed assets are stated at cost less accumulated depreciation except freehold land. Capital work-in-progress is stated at cost and freehold land is stated at cost/appreciated value.

Cost of tangible fixed assets consists of historical cost, applicable exchange differences, appreciation in value and directly attributable cost of bringing the assets to working condition. Borrowing cost pertaining to the construction/erection period is also capitalized as part of historical cost.

Depreciation is charged to income applying the reducing balance method at the rates given in Note 15 to write off the cost of operating fixed assets including the related exchange differences over their expected useful life. No depreciation is charged on the fixed assets deleted during the year. Full year's depreciation is charged on additions except major additions or extensions to production facilities which are depreciated on pro-rata basis for the period of use during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of operating fixed assets is recognised in current year's income.

2.6 Assets subject to finance lease

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligation relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are amortized over their expected useful life at the rates mentioned in note 15.

2.7 Investments

Long term investments are stated at cost and short term investments are stated at the lower of cost and market value determined on aggregate portfolio basis.

2.8 Stores, Spare parts and loose tools

These are valued at cost calculated on moving average basis except goods in transit which are valued at cost.

2.9 Stock-in-Trade

Raw materials, work-in-process and finished goods are valued at the lower of average cost and net realizable value except waste/rags which are valued at contract prices. Average cost and net realizable value are defined as under:

Average cost

For raw materials	Annual average basis
For work-in-process and finished goods	Average manufacturing cost including a proportion of production overheads.
Net realizable value	Selling prices in the ordinary course of business less selling expenses incidental to sales.

2.10 Trade Debts

Known bad debts are written off and provision is made against debts considered doubtful.

2.11 Revenue Recognition

Revenue from sales is recognised on delivery of goods to customers. Dividend income and profit on sale of equity investments are accounted for on receipt basis.

(RUPEES IN THOUSAND)

1996 1995

ISSUED, SUBSCRIBED AND PAID UP
SHARE CAPITAL

57,024,087 ordinary shares of
Rupees 10 each fully paid up in cash 570,241 570,241

780,000 fully paid ordinary shares of Rs. 10 each
issued for consideration other than cash 7,800 7,800

29,110,763 ordinary shares of
Rupees 10 each issued as fully paid bonus shares 291,108 291,108

869,149 869,149

Less: 2,143,855 right shares not
subscribed by members upto 30 September, 1995 -- 21,439

869,149 847,710
=====

CAPITAL RESERVES

Premium on issue of right shares
Balance as at 01 October 890,440 796,032
Add: Premium on right shares issued/
subscribed during the year 21,438 115,846

911,878 911,878

Less: Premium on 2,143,855 right shares not
subscribed by members upto 30 September, 1995 -- 21,438

911,878 890,440

For issue of bonus shares
Balance as at 01 October -- 98,580
Nominal value of shares issued -- 98,580

911,878 890,440

5. REVENUE RESERVES

General
Balance as at 01 October 1,155,865 1,155,865
Add: Transferred From profit and loss account 169,000 --

1,324,865 1,155,865
Dividend equalization 100 100

1,324,965 1,155,965
=====

6. REDEEMABLE CAPITAL

Long term running finances utilized under mark up arrangements are made up as under:

**National Development Finance
Corporation (Note 6.1)**

Finance No. 1	1,336	2,127
Finance No. 2	1,000	1,530
National Bank of Pakistan (Note 6,2)	8,168	19,112
	-----	-----
	10,504	22,769
Less: Current portion (Note 10)	9,674	12,234
	-----	-----
	830	10,535
	=====	=====

6.1 Finances from National Development Finance Corporation are secured against guarantees given by Emirates Bank International P.J.S.C. which are secured as per note 8.2. These are repayable in 10 half yearly insraiments commencing from 15 August 1993. Finances No. 1 and 2 carry mark up at the rate of 9.60 and 19.00 percent per annum respectively.

6.2 This is secured against first charge by way of registered mortgage for Rupees 1.000 million and equitable mortgage for the balance amount on entire assets of the company ranking pari passue with the first charge holders. This is repayable in 22 equal quarterly insraiments commencing from 15 January 1992 and carries mark up at the rate of paisas 45 per Rupees 1000 per day.

7. CUSTOM DEBENTURES

Secured	7,632	19,651
Less: Current portion (Note 10)	5,608	14,548
	-----	-----
	2,024	5,103
	=====	=====

Custom debentures have been issued in favour of Collector of Customs to cover the deferred element of custom duty on import of plant and machinery. Debentures carry surcharge at the rate of 11 and 14 percent per annum and are redeemable in five equal yearly instalments/lump sum payments commencing from 02 October, 1996. These debentures will be fully redeemed until 05 November 2000. These are secured against bank guarantees issued by various banks, which are secured against pledge of company's equity investment in associated undertakings having face value of Rupees 2.987 million (Note 18.2) (1995: Rupees 12.710 million), and registered mortgage on book debts in favour of American Express Bank Limited.

8. LONG TERM LOANS

Description	Currency	Balance due in foreign currency (In thousand)	(RUPEES IN THOUSAND)	
			1996	1995
Pakistan Industrial Credit and Investment Corporation Limited (Note 8.1)				
Loan No. ADB/775- 776/PAK/SF	Pak Rupee		72,169	80,436
Loan No. ADB/878- 879/PAK/SF	Pak Rupee		83,191	95,748
Loan No. ADB/996/PAK	Pak Rupee		172,399	183,904
Supplier's credit (Note 8.2)				
Loan No. 1	Austrian Schilling	3,901	13,561	17,351
Loan No. 2	Japanese Yen	30,400	5,147	7,720
Loan No. 3	Japanese Yen	100,417	18,859	25,145

Loan No. 4	Japanese Yen	210,000	52,189	65,236
Loan No. 5	U.S. Dollar	494	18,384	19,175
Loan No. 6	Japanese Yen	172,800	50,765	60,917
Loan No. 7	Japanese Yen	201,267	36,271	48,261
Loan No. 8	Japanese Yen	549,234	109,837	146,450
Loan No. 9	Japanese Yen	101,175	19,813	26,418
Loan No. 10	Japanese Yen	111,825	22,460	28,878
Loan No. 11	Japanese Yen	--	--	5,566
USAID-Citibank	Pak Rupee	--	--	3,267
			-----	-----
			675,045	814,572
Less: Current portion (Note 10)			140,510	143,390
			-----	-----
			534,535	671,182
			=====	=====

The loans from Pakistan Industrial Credit and Investment Corporation Limited are secured against:

- first charge by way of equitable mortgage on all immovable properties of the company;
- first charge by way of hypothecation on plant and machinery and a first floating charge on all other assets of the company; and
- demand promissory note.

The loans carry interest at the rate of 14 and 16 percent per annum and penal interest in case of default in any payment at the rate of 5 percent per annum above the bank rate or normal rate of interest whichever is higher. Loans are repayable as under:

LOAN NO.	NO. OF INSTALMENTS (HALF YEARLY)	REPAYMENT COMMENCING FROM
ADB/775-776/PAK/SF	24 Unequal	01 July 1990
ADB/878-879/PAK/SF	20 Unequal	01 July 1991
ADB/996/PAK/19	20 Unequal	01 July 1994

8.2 Securities and other features of suppliers' credit are given below:

Loan No.	Brief description of Securities	No. of Instalments (Equal Half Yearly)	Repayment Date of First Instalment	Rate of Interest (Percent Per annum)	Rate of Exchange Risk Fee (Percent per annum)	Conversion Rate Equivalent to Rupees 100
1.	Guarantees/letters of credit established by United Bank Limited which are secured against first equitable mortgage on properties including all existing and future buildings and plant and machinery of the company ranking pari passu with the charges already held by Pakistan Industrial Credit and Investment Limited, hypothecation of all stocks and demand promissory note.	14	30 April 1992	6.00	-- Austrian Schilling 28.77	
2.	-do-	12	24 December 1992	7.60	6.00 Japanese Yen 590.66	

3.	-do-	12	31 March 1994	7.60	7.50 Japanese Yen 532.46
4.	-do-	12	30-Jan-95	7.60	7.40 Japanese Yen 402.39
5.	-do-	13	28 February 1995	7.50	--United States Dollar 2.6887
6.	-do-	12	01 February 1996	7.60	10.00 Japanese Yen 340.40
7.	Letter of Credit established by Emirates Bank International P.J.S.C. which is secured against first exclusive charge and hypothecation of machinery imported under this credit.	12	31 October 1993	7.60	5.60 Japanese Yen 554.90
8.	Letter of credit established by National Bank of Pakistan which is secured against first equitable mortgage ranking pari passu with the charge already held by Pakistan Industrial Credit and investment Corporation Limited on land, first exclusive charge on all existing and future fixed assets of unit No. 6, floating charge on book debts of the company, hypothecation of plant and machinery and all other movable assets of the company and demand promissory note.	12	15 March 1994	7.60	6.60 Japanese Yen 500.04
9.	Letter of credit established by Allied Bank of Pakistan Limited which is secured against first specific charge by way of equitable mortgage on machinery imported under this credit.	12	15 March 1994	7.60	7.50 Japanese Yen 510.65
10.	Letter of credit established by Faysal Bank Limited, which is secured against first registered exclusive charge on plant and machinery imported under this credit and company's equity investment in associated undertaking having face value of Rupees 3.430 million (1995: Rupees 4.480 million) (Note 18.2).	12	28 July 1994	7.60	7.40 Japanese Yen 497.88

(RUPEES IN THOUSAND)
1996 1995**9. LIABILITIES AGAINST ASSETS
SUBJECT TO FINANCE LEASE**

Present value of minimum lease payments	247,023	330,963
Less: Current portion (Note 10)	83,792	100,763
	-----	-----
	163,231	230,200
	=====	=====

9.1 Present value of minimum lease payments has been discounted at an implicit interest rate. Rentals are paid in monthly/quarterly equal instalments and in case of default of any payment, an additional charge at the rate of 2 to 6 percent per month shall be paid. Taxes, repairs and insurance costs are to be borne by the company. The company shall have no right to terminate the lease agreements and if the lease agreements are terminated, the company shall pay entire amount of rentals for unexpired period of lease agreements. Lease agreements are renewable at the option of lessors on such terms as may be agreed upon. Liabilities are secured against pledge of company's equity investment in associated undertakings having face value of Rupees 12.827 million (Note 18.2) (1995: Rupees 12.827 million), personal guarantee of directors, demand promissory notes and deposits of Rupees 51.155 million (Note 19 and 23) (1995: Rupees 52.397 million).

9.2 Approximate rate of interest and balance rentals payable under lease agreements are as under:

DESCRIPTION	BALANCE RENTALS OUTSTANDING AS AT 30 SEPTEMBER 1996 (Rupees in thousand)	APPROXIMATE RATE OF INTEREST %	NO. OF INSTALMENTS OUTSTANDING
National Development Leasing Corporation Limited	2,494	19	07 Monthly
Pakistan Industrial Leasing Corporation Limited	89,390	20	41 Monthly
ORIX Leasing Pakistan Limited	35,241	19 & 20	12 Quarterly
ORIX Leasing Pakistan Limited	1,277	20	08 Monthly
First Grindlays Modaraba	3,209	19	01 Quarterly
Standard Chartered Mercantile Leasing Company Limited	13,138	19 & 20	20 Monthly
Standard Chartered Mercantile Leasing Company Limited	15,612	20	08 Quarterly
First Crescent Modaraba	3,199	19 & 21	17 Monthly
AI-Ata Leasing Modaraba	242.90	20	16 Monthly
Asian Leasing Corporation Limited	15,894	20 & 21	08 Quarterly
Pakistan Kuwait Investment Company (Pvt) Limited	8,037	20	16 Monthly
Pak Libya Holding Company (Pvt) Ltd.	5,498	20	05 Quarterly
Bankers Equity Limited	8,232	20	06 Quarterly
Askari Leasing Limited	22,710	20	28 Monthly
Lease Pak Limited	310	21	02 Monthly
Inter Asia Leasing Company Limited	714	20	02 Monthly
Union Leasing Limited	17,700	20	34 Monthly
Pacific Leasing Company Limited	8,850	20	34 Monthly

(RUPEES IN THOUSAND)
1996 1995**10. CURRENT PORTION OF LONG
TERM LIABILITIES**

Redeemable capital	9,674	12,234
Custom debentures	5,608	14,548

Long term loans	140,510	143,390
Liabilities against assets subject to finance lease	83,792	100,763
	-----	-----
	239,584	270,935
	=====	=====
SHORT TERM RUNNING FINANCES		
From banking companies		
Secured (Note 11.1)	1,381,161	1,604,207
Unsecured	164,450	1,194
From financial institutions		
Secured:		
Crescent Investment Bank Limited (Note 11.2)	80,853	116,852
Pakistan Industrial Credit and Investment Corporation Limited (Note 11.3)	30,000	30,000
	-----	-----
	1,656,464	1,752,253
	=====	=====

11.1 These are secured against hypothecation/pledge of stock of raw materials, work-in-process, finished goods, stores, and lien on letters of credit and book debts ranking pari passu with securities on such assets as stated against long term loans (Note 8), pledge of company's equity investment in associated undertakings having face value of Rupees 497.507 million (Note 18.2) (1995: Rupees 351.227 million) and personal guarantee of directors. These form part of total credit facility of Rupees 2,741 million (1995: Rupees 2,570.853 million). Mark up is paid at the rate of paisas 46 to 58 per Rupees 1,000 per day and profit on export refinance at the rate of 13 percent per annum.

11.2 This represents promote discount facility obtained from Crescent Investment Bank Limited at face value of pro-note amounting to Rupees 125.335 million. This is secured against pledge of company's equity investment in associated undertaking having face value of Rupees 38.970 million (Note 18_2) (1995: Rupees 38.970 million) and is repayable on 16 December 1996 and 10 February 1997.

11.3 Finance carries mark up at the rate of paisas 48 per Rupees 1,000 per day and is repayable on:~1 December 1996. It is secured against hypothecation of inventories and a first charge on fixed assets of the company as mentioned in note 8.1.

(RUPEES IN THOUSAND)
1996 1995

12. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		
Trade	412,802	524,564
Others	103,358	40,358
Due to associated undertakings	249,846	332,568
.Due to Chief Executive	--	15,441
Employees' provident fund trust	1,210	1,354
Securities from contractors-Interest free, repayable on completion of contracts	1,530	697
Custom duty and surcharge	25,379	10,615
Sales tax	--	5,501
Income tax deducted at source	350	489
Mark up accrued on redeemable capital - Secured	328	881
Surcharge on secured custom debentures	492	639
Interest, mark up and exchange risk fee on long term loans and short term running finances - Secured	63,138	67,535
Workers' welfare fund	7,582	7,582
Other accrued liabilities	74,910	69,212
	-----	-----
	940,925	1,077,456
	=====	=====

13. WORKERS' PARTICIPATION FUND

Balance as at 01 October	384	5,917
Interest accrued thereon	42	605
Add: Profit allocated for the year	7,750	384
	-----	-----
	8,176	6,906
Less: Payments made to trust	384	6,522
	-----	-----
	7,792	384
	=====	=====

The company retains workers' participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Act on funds utilized by the company till the date of allocation to workers (Note 30).

14. CONTINGENCIES AND COMMITMENTS

Contingencies

The Company is contingently liable for Rupees 64.204 million (1995: Rupees 43.045 million) on account of central excise duty not acknowledged as debt as the case is pending before Supreme Court of Pakistan_

Commitments:

- i) Contracts for capital expenditure are approximately amounting to Rupees 31.557 million (1995: Rupees 21.321 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 105.849 million (1995: Rupees 108.337 million).

15. OPERATING FIXED ASSETS

Description	RE-ASSESSED VALUE/COST		As at 30 September 1996	Accumulated Depreciation as at 30 Sep-96	Book Value as at 30 September 1996	(Rupees in thousand DEPRECIATION	
	As at 01 October 1995	Addition/ (Deletions & adjustment)				Charge for the Year	Rate %
Freehold land (Note 15.1)	49,727	--	49,727	--	49,727	--	--
Buildings on freehold land	662,788	14,166 (54,920)	622,034	250,016	372,018	41,335	10
Plant and machinery	2,862,213	78,594 (44,268)	2,896,539	1,185,030	1,711,509	187,568	10
Electric installations	99,723	2,185 (6)	101,902	40,844	61,058	6,784	10
Factory Equipments	42,308	2,798 (1)	45,105	18,971	26,134	2,904	10
Vehicles	39,677	8,884 (4,205)	44,356	21,313	23,043	5,761	20
Furniture, fixtures and Office equipments	45,020	6,177 (1,562)	49,635	17,502	32,133	3,570	10
1996-Rupees	3,801,456	112,804 (104,962)	3,809,298	1,533,676	2,275,622	247,922	
1995-Rupees	3,590,804	382,563 (171,911)	3,801,456	1,316,651	2,484,805	262,022	
	=====	=====	=====	=====	=====	=====	

15.1 Freehold land was revalued in 1976 and stated appreciated value. Had there been no revaluation on that date, the value of freehold land would have been lower by Rupees 12.118 million (1995: Rupees 12.1 18 million) at balance sheet date.

15.2 Included in additions to plant and machinery is an amount of Rupees 4.741 million (1995: Rupees 11.989 million) which represents net exchange loss on translation of foreign currency loans utilized for the acquisition of these assets.

15.3 Borrowing cost amounting to Rupees 15.636 million (1995: Rupees 33.988 million) has been capitalized

during the year under the heads "Building" and "Plant and Machinery".

15.4 Depreciation charge for the year has been allocated as follows:

	(RUPEES IN THOUSAND)	
	1996	1995
Cost of goods sold (Note 27.2)	238,591	253,203
Administrative, selling and general expenses (Note 28)	9,331	8,819
	-----	-----
	247,922	262,022
	=====	=====

15.5 Disposal of operating fixed assets

Description	Cost	Accumulated Depreciation	Book Value	(Rupees in thousand)		
				Proceeds from disposal	Mode of Disposal	Particulars of Purchaser
BUILDING						
Colony building, mill building, godowns	54,920	10,435	44,485	50,000	Negotiation	Nishat Fabrics Limited, 53-A, Lawrence Road, Lahore. (Associated undertaking).
PLANT AND MACHINERY						
Simplex machine	93	53	40	135	-do-	Saleem Mughal, Godown No. 271, Barul Ahsan Town, Samundri Road, Faisalabad.
Sulzer looms	5,349	2,861	2,488	1,800	-do-	Ch. Kashif Karlre, P-838, Liaquat Road, Faisalabad.
Sulzer looms	5,249	2,666	2,583	1,680	-do-	Messrs National Fabcon (Pvt) Limited, Olf Jaranwala Road, Faisalabad.
Ring spinning frames	3,790	1,350	2,440	2,700	-do-	Sultan Textile Mills Limited, S.I.T.E. Karachi.
Rotary printing machine and cloth inspection machine	8,308	4,689	3,619	4,849	-do-	Messrs Magna International Limited, P-15, Rail Bazar, Faisalabad.
Conveyor belt	50	23	27	30	-do-	Qayum Rashid Textile Mills (Pvt) Limited, Sargodha Road, Faisalabad.
Simplex machine	93	53	40	105	-do-	Dr. Muhammad Saleem, Darul Ehsan Town, Samundri Road, Faisalabad.
Manual Winder	1,303	680	623	650	-do-	Textile Care Corporation, 114 115, Gullstan Market, Railway Road, Faisalabad.
Generators	10,943	2,079	8,864	10,000	-do-	Nishat Fabrics Limited, 53-A, Lawrence Road, Lahore. (Associated undertaking)
Generators	5,472	1,040	4,432	4,700	-do-	Nishat Tek Limited, Nishatabad, Faisalabad, (Associated

undertaking).

ELECTRIC INSTALLATION

S. Tube Light D-65-361	6	1	5	5	Insurance claim	Adamjee Insurance Company Limited, Bilal Road, Faisalabad.
---------------------------	---	---	---	---	--------------------	---

FACTORY EQUIPMENT

Drill machine and measuring tape	1	--	1	1	Negotiation	Barkat All (Company's ex-employee)
-------------------------------------	---	----	---	---	-------------	---------------------------------------

**FURNITURE, FIXTURE AND
OFFICE EQUIPMENTS**

Table and chair	4	1	3	3	Insurance claim	Adamjee Insurance Company Limited, Bilal Road, Faisalabad.
-----------------	---	---	---	---	--------------------	---

Misc. furniture and fixture	591	189	402	402	Negotiation	Nishat Tek Limited, Nishatabad, Faisalabad. (Associated undertaking).
--------------------------------	-----	-----	-----	-----	-------------	---

Easy chair and pipe cot	1	--	1	1	-do-	Abdul Wahid (Company's ex-employee)
-------------------------	---	----	---	---	------	--

Single bed with foam and easy chair	5	3	2	2	-do-	Muhammad Yaqoob Butt, (Company's ex-employee)
--	---	---	---	---	------	--

Digital communication telephone exchange	886	339	547	125	-do-	Adil Hospital, Jail Road, Lahore.
---	-----	-----	-----	-----	------	--------------------------------------

Photo copier	75	35	40	20	-do-	Office Automation Group, 30- Davis Road, Aftab Centre, Lahore.
--------------	----	----	----	----	------	--

VEHICLES

Car No. LOS-7215	288	104	184	184	-do-	Nishat Fabrics Limited, 53-A, Lawrence Road, Lahore, (Associated undertaking)
------------------	-----	-----	-----	-----	------	---

Jeep No. LOF-5252	850	415	435	750	-do-	Mr. Muhammad Shafiq, 89- Garden Town, Lahore.
-------------------	-----	-----	-----	-----	------	--

Car No. LOH-6122	148	87	61	61	-do-	Mrs. Sheryal Khan, (Company's ex-employee).
------------------	-----	----	----	----	------	--

Car No. LOE-9948	164	110	54	146	-do-	Sohail Abbas Khan, 13-A, New Officers Colony, Lahore Cantt.
------------------	-----	-----	----	-----	------	--

Car No. LOP-9707	671	327	344	410	-do-	Modern Motors, Gulistan Colony, Millat Road, Faisalabad.
------------------	-----	-----	-----	-----	------	--

Car No. FDN-6505	354	238	116	410	-do-	Mr. Muhammad Asiare, Chak, No.89, G.B, Teh Jaranwala, District Faisalabad.
------------------	-----	-----	-----	-----	------	--

Car No. LOJ-6039	166	98	68	68	-do-	Syed Tajamal Hussain (Company's ex-employee)
Car No. LOH-8900	543	321	222	324	-do-	International Sales and Distribution (Pvt) Limited, 600-Jinnah Colony, Faisalabad.
Car No. LOE-2654	300	202	98	235	-do-	Mr. Khawar Shafiq, C/O Zahid Traders, Sheikhpura Road, Hajiabad, Faisalabad.
Car No. LOH-9416	161	58	103	170	-do-	Mr. Muhammad Bashir Tariq, (Company's employee)
Car No. LOG-7486	335	225	110	260	-do-	Mr. Noor Muhammad s/o Mehmood Abroad, P-890, Street No.6, Mohalla Garden, Faisalabad.
Car No. LHN-6130	225	155	70	400	-do-	Zahid Traders, Sheikhpura Road Hajiabad, Faisalabad.

16. ASSETS SUBJECT TO FINANCE LEASE

Rupees in thousand)

Description	C O S T		As at 30 September 1996	Accumulated Amortization as at 30 September 1996	Book Value as at 30 September 1996	Amortization Charged for the Year (Note 27.2)
	As at 01 October 1995	Addition/ (Deletion)				
Plant and machinery	466,047	56,872 (48,220)	474,699	131,142	343,557	33,671
1995	381,715	124,846 (40,514)	466,047	122,093	343,954	28,781
	=====	=====	=====	=====	=====	=====

16.1 Deletion represents the assets purchased at the expiry of lease term and transferred to operating fixed assets.

(RUPEES IN THOUSAND)
1996 1995

17. CAPITAL WORK-IN-PROGRESS

This comprises of:

Leased assets - Plant and machinery	28,248	56,872
Buildings on freehold land	17,362	37,996
Plant and machinery	120,337	71,955
Letters of credit against machinery	1,212	302

Advances against:

Buildings	14,336	8,564
Furniture, fixtures and office equipments	819	1,109
Vehicles	--	2,616
	-----	-----
	182,314	179,414
	=====	=====

17.1 Borrowing cost amounting to Rupees 6.299 million has been capitalized during the year (1995: Rupees 9.599 million).

LONG TERM INVESTMENTS

QUOTED

Associated undertaking

D.G. Khan Cement Company Limited

42,992,563 fully paid ordinary shares

of Rupees 10 each. Equity held

32.47% (1995: 39.50%)

1,702,317 1,702,317

Umer Fabrics Limited

5,386,758 fully paid ordinary shares

of Rupees 10 each. Equity held 22.44%

55,430 55,430

Nishat (Chunian) Limited

222,480 fully paid ordinary shares

of Rupees 10 each.

1,854 1,854

Nishat Tek Limited

6,209,087 fully paid ordinary shares

of Rupees 10 each. Equity held 30.05%

145,780 145,780

Nishat Fabrics Limited

7,210,100 fully paid ordinary shares

of Rupees 10 each. Equity held 34.33%

64,576 64,576

Fidelity Investment Bank Limited

381,915 fully paid ordinary shares

of Rupees 10 each.

3,819 3,819

1,973,776 1,972,776

=====

18.1 Market value of quoted investment was Rupees 492.290 million (1995: Rupees 2115.910 million) as at 30 September 1996 and Rupees 1,101.772 million as on 23 February, 1997.

18.2 Investments having face value of Rupees 555.721 million (1995: Rupees 420.214 million) are pledged against liabilities as referred to in Notes 8.2, 9.1, 11.1, 11.2 and guarantees given by various banks on behalf of the company to custom authorities against payment of custom duty and surcharge as referred in Note 7.1.

**19. LONG TERM LOANS, DEPOSITS,
PREPAYMENTS AND DEFERRED COST**

Loans to employees (Note 19.1) 2,332 1,253

Deposits:

Securities against leased assets 32,516 48,712

Other securities 680 2,697

Margin against bank guarantees 221 37

33,417 51,446

Prepayments:

Commission on bank guarantees 394 759

Rent 1,196 1,088

1,590 1,847

Deferred costs - Export quota (Note 19.2) 15,245 20,327

52,584 74,873

Less: Current portion:

Loans to employees 909 312

Commission on bank guarantees 252 384

Rent	819	356
	-----	-----
	1,980	1,052
	-----	-----
	50,604	72,821
	=====	=====

19.1 These are unsecured and interest free loans to company's employees which include loan amounting to Rupees 1.644 million (1995: Rupees 1.093 million) given to executives of the company for house building. Including therein a balance of Rupees 0.390 million (1995: Rupees 1.093 million) outstanding for period exceeding three years. Maximum debit balance due from executives at the end of any month during the year was Rupees 2.380 million (1995: Rupees 1.510 million). Loan is recoverable in equal monthly instalments.

19.2 This represents the cost of export quota purchased during the year which will be amortized over the period of five years commencing from 1995.

20. STORES, SPARE PARTS AND LOOSE TOOLS

Stores (in transit Rupees 10.455 million)		
(1995: Rupees 12.613 million)	282,531	315,888
Spare parts	53,715	36,237
Loose tools	63	14
Discarded machinery held for disposal	675	675
	-----	-----
	336,984	352,814
	=====	=====

21. STOCK-IN-TRADE

Raw materials	204,994	186,336
Work-in-process	288,134	324,575
Finished goods	224,787	390,625
Waste/rags	22,278	11,898
	-----	-----
	740,193	913,434
	=====	=====

22. TRADE DEBTS

Considered good:

Unsecured	19,730	30,101
Secured (Against letters of credit)	229,058	169,948
	-----	-----
	248,788	200,049
	=====	=====

23. ADVANCES, DEPOSITS AND PREPAYMENTS

Advances

Considered good:

Employees-Interest free	2,354	2,453
Associated undertakings	10,891	26,647
Suppliers	16,666	9,683
Contractors	3,454	773
Letters of credit	1,193	1,157
Income Tax	154,314	89,020
Others	9,324	5,901
	-----	-----
	198,196	135,634
	=====	=====

Considered doubtful:

Others	108	108
Less: Provision for doubtful	108	108
	-----	-----
	-	-

	-----	-----
	198,196	135,634
Deposits		
Securities against leased assets	25,706	3,685
Other securities	728	2,858
Margin against bank guarantees	773	2,005
Excise duty/sales tax	34,753	27,583
Margin againstr letters of credit	--	620
	-----	-----
	61,960	36,751
Short term prepaymerits	10,320	8,226
	-----	-----
	270,476	180,611
	=====	=====
OTHER RECEIVABLES		
These are made up as under:		
Considered good		
Export rebates and claims	146,283	180,175
Sales tax receivable	38,288	--
Import licence fee	958	2,238
Excise duty	--	43
Accrued interest	3	82
Income Tax	299	299
Others	146,590	111,417
	-----	-----
	332,421	294,254
Considered doubtful (Assets in Bangladesh Rupee 1)	--	--
	-----	-----
	332,421	294,254
	=====	=====
25. CASH AND BANK BALANCES		
Cash with banks on		
Current Accounts	9,736	52,656
Profit and loss sharing account	108	245
Fixed deposits accounts	119	1,442
	-----	-----
	9,963	54,242
Cash in hand	2,750	1,000
	-----	-----
	12,713	55,343
	=====	=====
26. SALES		
Export	4,849,607	4,281,191
Local	1,960,160	1,928,237
Processing income	23,457	34,059
	-----	-----
	6,833,224	6,243,487
Less: Commission to selling agents	85,135	85,555
	-----	-----
	6,748,089	6,157,992
	=====	=====
27. COST OF GOODS SOLD		
Raw material consumed (27.1)	2,982,425	3,107,192
Cloth and yarn purchased	915,814	1,012,678
Processing charges	16,585	28,228
Salaries, wages and other benefits	278,434	279,332
Stores, spare parts and loose tools	389,994	354,026

Packing materials	112,254	112,148
Repair and maintenance	16,079	22,935
Fuel and power	471,579	430,608
Insurance	5,509	5,088
Excise duty	40,694	59,358
Other factory overheads	18,932	6,040
Depreciation and amortization (Note 27.2)	272,262	281,984
	-----	-----
	5,520,561	5,699,617
Work-in-process:		
Opening stock	324,575	263,751
Closing stock	288,134	324,575
	-----	-----
	36,441	(60,824)
	-----	-----
Cost of goods manufactured	5,557,002	5,638,793
Finished goods:		
Opening stock	402,523	274,454
Closing stock	247,065	402,523
	-----	-----
	155,458	(128,069)
	-----	-----
	5,712,460	5,510,724
	=====	=====
27.1 RAW MATERIALS CONSUMED		
Opening stock	186,336	183,930
Add: Purchases	3,001,083	3,109,598
	-----	-----
	3,187,419	3,293,528
Less: Closing stock	204,994	186,336
	-----	-----
	2,982,425	3,107,192
	=====	=====
27.2 DEPRECIATION AND AMORTIZATION		
Depreciation (Note 15.4)	238,591	253,203
Amortization (Note 16)	33,671	28,781
	-----	-----
	272,262	281,984
	=====	=====
28. ADMINISTRATIVE, SELLING AND GENERAL EXPENSES		
Salaries, wages and other benefits	40,166	42,062
Outward freight and distribution	207,857	183,856
Sales tax	16,035	28,013
Amortization of deferred cost	5,082	5,082
Packing and clearing	40,641	23,107
Rent, rates and taxes	1,920	2,783
Legal and professional	1,749	1,545
Insurance	1,492	1,079
Travelling and conveyance	7,323	2,254
Vehicles' running	6,167	6,315
Entertainment	1,240	838
Auditors' remuneration:		
Audit fee	400	360
Reimbursable expenses	10	10
	-----	-----
	410	370
Advertisement	783	382
Postage, telephone and telegrams	13,736	12,507
Electricity and sui gas	171.30	1,159

Printing and stationery	1,937	2,714
Repair and maintenance	1,272	2,567
Fee and subscription	1,051	2,116
Miscellaneous	1,454	9,130
Depreciation (Note 15.4)	9,331	8,819
	-----	-----
	361,359	336,698
	=====	=====

29. OTHER INCOME

Gain on disposal/adjustment of operating fixed assets	10,178	22,481
Profit on sale of equity investments	3,263	12,755
Sale of scrap, empties and inventories	13,225	9,918
Sale of export quota	10,786	103,445
Mark up on advances to associated undertakings	--	7,575
Dividend from Associated undertaking:		
Nishat Tek Limited	9,314	--
D.G. Khan Cement Company Limited	--	35,263
Profit on fixed deposit accounts	418	1,054
Rental	2,074	1,991
Miscellaneous	21	2,692
	-----	-----
	49,279	197,174
	=====	=====

30. FINANCIAL AND OTHER CHARGES

Financial		
Interest/surcharge on:		
Custom debentures	1,427	2,398
Long term loans	83,334	107,853
Employees' provident fund trust	1,075	1,643
Workers' participation fund (Note 13)	42	605
Mark up/interest on:		
Redeemable capital	2,559	4,453
Short term running finances	328,680	241,870
Advances from associated undertakings	61,577	40,844
Finance charges on liabilities against assets subject to finance lease	40,997	39,340
Lease agreement fee and charges	--	740
Bank charges, commission and exchange risk fee	50,209	57,101
Central excise duty	--	2,808
	-----	-----
	569,900	499,655
Zakat	39	--
Donation (There is no interest of any director or his spouse in donees fund)	73	3,344
	-----	-----
	570,012	502,999
	=====	=====

31. PROVISION FOR TAXATION

Current:		
For the year	(39,578)	(34,219)
Prior years	--	(9,516)
	-----	-----
	(39,578)	(43,735)
Deferred	29,000	69,320
	-----	-----
	(10,578)	25,585

=====

31.1 Current provision for the year represents the minimum tax due under the Income Tax Ordinance 1979. No provision for current and deferred taxation except the minimum tax is required due to accumulated losses of Rupees 117.789 million (1995: Rupees 95.423 million).

32. CHIEF EXECUTIVE'S AND EXECUTIVES REMUNERATION

Aggregate amount charged in the accounts for the year for remuneration and allowances, including all benefits to Chief Executive and Executives of the company is as follows:

(Rupees in thousand)

DESCRIPTION	1996		1995	
	Chief Executive	Executives	Chief Executive	Executives
Managerial remuneration	--	12,659	192	6,808
Bonus/Exgratia	--	480	--	565
Allowances				
Cost of living allowance	--	111	--	87
Housing	--	899	86	780
Conveyance	--	361	--	322
Medical	--	494	--	237
Servant	--	196	12	138
Utility	--	--	12	--
Entertainment	--	--	4	--
Rest and recreation	--	230	--	108
Special	--	107	--	76
Company's contribution to provident fund trust	--	753	--	338
Leave encashment	--	452	--	292
Reimbursable expenses	--	--	454	--
	-----	-----	-----	-----
	--	16,742	760	9,751
	=====	=====	=====	=====
Number of persons	1	50	1	38
	=====	=====	=====	=====

32.1 Chief Executive and twenty eight Executives of the company have been provided free maintained vehicles and thirty one Executives are also provided free housing facility with utilities.

32.2 No remuneration was paid to directors as meeting fee during the year and in the previous year.

33. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The company purchased from and sold to associated undertakings materials, goods and services in aggregate sum of Rupees 603.194 million (1995: Rupees 563.209 million) and Rupees 2,77.864 million (1995: Rupees 656.728 million) respectively. Purchases/sales of materials, goods and services were made at market prices. Moreover, fixed assets were also purchased from and sold to. associated undertakings at market prices in aggregate sum of Rupees 0.994 million (1995: Rupees 1.403 million) and Rupees 6,5.286 million (1995: Rupees 24.062 million) respectively.

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 15.830 million (1995: Rupees 40.573 million).

Mark up is charged/paid from/to associated undertakings on outstanding balances at the rate of paisas 50 per Rupees 1,000 per day (Notes 29 and 30).

34. PLANT CAPACITY AND ACTUAL PRODUCTION

(FIGURES IN THOUSAND)

1996 1995

Spinning

100% plant capacity converted to 20s count
based on 3 shifts per day for 1,098 shifts
(1995: 1,095 shifts)

Kgs	54,166	53,016
-----	--------	--------

Actual production converted to 20s count
based on 3 shifts per day for 1,098 shifts
(1995: 1,095 shifts)

Kgs	52,992	51,708
-----	--------	--------

Weaving

100% plant capacity at 50 picks based
on 3 shifts per day for 1,098 shifts
(1995: 1,095 shifts)

Sq. Mt.	76,786	69,551
---------	--------	--------

Actual production converted to 50 picks
based on 3 shifts per day for 1,098 shifts
(1995:1,095 shifts)

Sq. Mr.	69,082	61,512
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34.1 Reasons for low production

Under utilization of available capacity is due to normal maintenance.

35. COMPARATIVE FIGURES

Previous year's figures have been re-arranged, wherever necessary, for the purpose of comparison.

CHIEF EXECUTIVE

DIRECTOR

**Pattern of Holding of Shares Held by the Shareholders of
NISHAT MILLS LIMITED as at 30 September 1996**

FORM - 34

THE COMPANIES ORDINANCE, 1984
(Section 236)

No. of Share Holders	S h a r e h o l d i n g s		Total Shares Held
	From	To	
669	1	100 Shares	25363
801	101	500 Shares	210320
414	501	1000 Shares	299326
818	1001	5000 Shares	1852035
182	5001	10000 Shares	1303148
62	10001	15000 Shares	761057
29	15001	20000 Shares	493543
16	20001	25000 Shares	357194
12	25001	30000 Shares	328121
4	30001	35000 Shares	132216
5	35001	40000 Shares	189091
5	40001	45000 Shares	209371
7	45001	50000 Shares	334577
4	50001	55000 Shares	208085
2	55001	60000 Shares	114540
4	65001	70000 Shares	267240
1	70001	75000 Shares	75000
1	75001	80000 Shares	75469
3	85001	90000 Shares	265741
4	90001	95000 Shares	373522
2	95001	100000 Shares	194515
1	100001	105000 Shares	101881
2	110001	115000 Shares	226504
1	125001	130000 Shares	129527
2	130001	135000 Shares	263962
2	135001	140000 Shares	275885

