



ANNUAL REPORT 1995



| Nishat Chunian Ltd

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ANNUAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 1995

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COMPANY INFORMATION

Board of Directors:

Mr. Yahya Saleem	Director / Chief Executive
Mr. Shahzad Saleem	
Mian Umer Mansha	
Mian Muhammad Omer	
Mr. S.K. Jahangir	Nominee N.I.T
Mrs. Farhat Saleem	
Mr. Muhammad Azam	
Mrs. Sheryl Anne Khan	
Mr. Rana Muhammad Mushtaq	

Corporate Secretary:

Mr. Farrukh Ifzal

Bankers to the Company:

United Bank Limited
Citibank N.A.
American Express Bank Ltd.
Deutsche Bank
Banque Indosuez
Mashreq Bank PSC
ABN AMRO Bank N.V.
Faysal Bank Ltd.
Askari Commercial Bank Ltd.

Auditors:

M. Yousuf Adil & Company
Chartered Accountants

Head Office:

4-Happy Homes,
38-A, Main Gulberg, Lahore.
Phone: 5761730-39
Telex: 47823 NISHT PK.
FAX: 042-5711340

Registered Office:

53-A, Lawrence Road,
Lahore - Pakistan.
Phone: 6367812-15
Telex: 47523 NISHAT PK.
Fax: (042)-6367414

Mills:

49th Kilometre, Multan Road,
Bhai Pheru, Tehsil Chunian,
District Kasur.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 6th Annual general meeting of the Shareholders of **NISHAT (CHUNIAN) LIMITED** will be held at the Head Office, 4-Happy Homes, 38-A, Main Gulberg, Lahore on March 31, 1996 (Sunday) at 10:00 a.m. to transact the following business:-

1. To confirm the minutes of last Meeting.
2. To receive and adopt audited account of the Company for the year ended September 30, 1995 together with Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending September 30, 1996 and fix their remuneration. The present auditors M/s. Yousof Adil and Company, Chartered Accountants, being eligible offer themselves for reappointment.

4. SPECIAL BUSINESS:

To pass the following special resolution with or without modifications:

"RESOLVED that consent of the company be and is hereby accorded to give guarantee (s) to DFI's/financial institution and banks on behalf of its Associated companies /undertakings for obtaining loans issue of letter of credit and other financial facilities.

FURTHER RESOLVED that the chief executive and any one of the directors of the company be and are hereby empowered /authorized jointly to undertaken and settle terms and condition for such guarantee transaction/decisions"

STATEMENT UNDER SECTION 160 (1) (B) OF THE COMPANIES ORDINANCE 1984

The above resolution will facilitate the associated companies to obtain loan from DFI's/Financial institution. All of the Associated Companies are public limited companies and certain directors of the company are also directors in the associated companies the memorandum and articles of association of the associated companies have been kept at head office which can be inspected from 9:00 am 11:00am up to March 30, 1996.

5. To transact any other business with the permission of the chair.

BOOK CLOSURE

The share Transfer books of the company will remain closed from March 25, 1996 to March 31, 1996 (both days inclusive).

By Order Of the Board

FARRUKH IFZAL

Corporate Secretary

March 06, 1996

Lahore

Notes:

- i) 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 by the company at head office/registered office not later than 48 hours before the time for holding the meeting in working hours.
- ii) Members are requested to immediately notify the change of address if any.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors welcomes you to the 6th Annual General Meeting of the company and are pleased to present the audited account and annual report for the years ended September 30, 1995.

The years under review proved to extremely difficult the textile sector continued to suffer for the third consecutive year primarily due to continuously poor cotton crop resulting in record high cotton prices. Despite these supply shocks, it is a matter of satisfaction that your company has maintained its unbroken string of profits for this year as well and has earned a net profit of Rs 1.576 million (compared to Rs. 58.346 million in 1994) after providing for the current year's taxation amounting to Rs. 5.225 million and depreciation amounting to Rs. 41.121 million.

The year 1994-95 also saw the company touch a record turnover of Rs. 838.915 million, an increase of 26% over the last year as exports surged by 41% to Rs. 528.199 million compared to Rs. 374.732 million last year.

At Nishat (Chunian) Limited, we have been able to sustain another difficult year primarily through effective marketing and financial planning, timely adjustment to the production mix with an eye to changing demand conditions.

We, at Nishat (Chunian) Ltd, are cautiously optimistic that our company, after successfully braving three challenging years in a row, is in a better position to take advantage of the situation when things being to look up. The new year promises a much brighter outlook starting with an improved supply situation. Abundant cotton at attractive prices after three supply deficient years, a cheaper Pak Rupee and reduced financial charges after repayment of the supplier credit in the current year, are expected to contribute towards improvement in profitability.

The success of the company is attributed to the confidence of our shareholders, hardwork and initiative of our staff and workers. To all of them we extend our gratitude and deepest appreciation.

The retiring auditors M/s M. Yousuf Adil & Company, Chartered Accountants being eligible offer themselves for reappointment.

For and on behalf of the board

YAHYA SALEEEM

Chief Executive/Director

Lahore:- March 06, 1996

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **NISHAT (CHUNIAN) LIMITED** as at September 30, 1995 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and after due verification thereof, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance 1984;
- (b) In our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and 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 changes in financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at September 30, 1995 and of the profit and the changes in the financial position for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore:- March 06, 1996

M.YOUSUF Adil & Co.

Chartered Accountants

BALANCE SHEET AS AT SEPTEMBER 30, 1995

	NOTE	1995 Rupees	1994 Rupees
SHARE CAPITAL AND RESERVES			
Authorised			
15,000,000 ordinary shares			
of Rupees 10/= each		150,000,000	150,000,000
Issued, subscribed and paid up	3	144,000,000	120,000,000
Reserves	4	62,000,000	86,000,000
Unappropriated profit		2,306,324	729,975
		208,308,324	206,729,975
 REDEEMABLE CAPITAL	 5	 30,881,750	 54,457,387
 DEBENTURES AND LONG TERM LOAN			
Debentures	6	..	1,481,554
Long term loans	7	..	28,135,581
		..	29,617,135
 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	 8	 17,877,157	 31,136,056
 DEFERRED LIABILITY - Staff gratuity		 1,897,684	 1,449,051
 CURRENT LIABILITIES			
Short term borrowings	9	138,236,974	98,813,908
Current portion of long term liabilities	10	66,451,671	62,509,093
Creditors, accrued and other liabilities	11	28,862,574	36,786,514
Taxation		8,943,140	6,935,679
		242,494,359	200,045,194
 CONTINGENCIES AND COMMITMENTS	 12	
		501,457,274	523,434,798

The annexed notes from 1 to 33 an integral part of these accounts.

CHIEF EXECUTIVE

BALANCE SHEET AS AT SEPTEMBER 30, 1995

	NOTE	1995 Rupees	1994 Rupees
FIXED CAPITAL EXPENDITURE			
Operating assets	13	290,195,940	326,640,717
Capital work-in- progress	14	9,123,213	124,345
		299,319,153	326,765,062
LONG TERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS			
	15	4,706,480	6,310,900
CURRENT ASSETS			
Stores,spares and loose tools	16	7,693,724	7,826,046
Stock-in-trade	17	35,226,979	15,152,956
Trade debts	18	34,263,169	21,348,680
Advances,deposits,prepayments	19	22,835,341	12,404,980
Due from associated undertakings	20	93,207,995	124,779,426
Other receivables		5,600	304,500
Cash and bank balances	21	4,198,833	8,542,248
		197,431,641	190,358,836
		501,457,274	523,434,798

DIRECTOR

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	NOTE	1995 Rupees	1994 Rupees
Sales	22	838,914,810	663,261,747
Cost of goods sold	23	746,093,674	500,836,121
Gross profit		92,821,136	162,425,353
Operating expenses			
Administration	24	11,883,788	10,538,163
Selling	25	29,239,050	28,755,898
Financial	26	46,220,568	52,512,633
		87,343,406	91,806,694
Operating profit		5,477,730	70,618,659
Other income	27	2,722,334	2,080,497
		8,200,064	72,699,156
Other charges	28	1,398,600	4,121,309
Profit before Taxation		6,801,464	68,577,847
Taxation	29		
For the year		5,225,115	3,718,024
Prior year's		..	6,514,079
		5,225,115	10,232,103
Profit after Taxation		1,576,349	58,345,744
Unappropriated profit brought forward		729,975	28,384,231
Profit available for appropriations		2,306,324	86,729,975
Appropriations			
Transfer to reserve for issue of bonus shares		..	24,000,000
Transfer to general reserve		..	62,000,000
		..	86,000,000
Unappropriated profit carried forward		2,306,324	729,975

The annexed notes from 1 to 33 form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	1995 Rupees	1994 Rupees
CASH FROM OPERATING ACTIVITIES		
Profit before Taxation	6,801,464	68,577,847
Adjustment for		
Depreciation	41,212,391	44,430,569
Provision for gratuity	888,048	716,606
Deferred cost amortised	520,420	463,419
Profit on disposal of fixed assets	(1,664,201)	(31,937)
Payment of gratuity	(439,415)	(311,104)
Financial charges	46,220,568	52,512,633
	93,448,275	166,358,033
Operating profit before changes in working capital		
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	132,323	(2,561,688)
Stock in trade	(20,074,023)	9,489,500
Trade debts	(12,914,789)	57,896,646
Advances, deposits and prepayments	(10,430,361)	(4,295,307)
Due from associated undertakings	31,571,431	(108,072,785)
Other receivables	298,900	(230,336)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(9,306,460)	11,384,410
	(20,722,679)	(36,389,560)
Cash generated from operations	72,725,596	129,968,473
Financial charges paid	(44,838,048)	(56,479,529)
Taxes paid	(3,217,654)	(3,296,424)
NET CASH FROM OPERATING ACTIVITIES	24,669,894	70,192,520

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	1995 Rupees	1994 Rupees
CASH FROM INVESTING ACTIVITIES		
Proceed from disposal of fixed assests	6,296,860	315,740
Fixed capital expenditure	(18,308,141)	(120,820,636)
Long term investments	..	4,182,834
NET CASH FROM INVESTING ACTIVITIES	(12,011,281)	(8,322,062)
CASH FROM FINANCING ACTIVITIES		
Share capital issued	..	20,000,000
Redeemable capital obtained	..	35,000,000
Redemption of of redeemable capital	(18,009,542)	(57,533,071)
Redemption of of debentures	(4,339,062)	(4,339,062)
Repayment of long term loans	(28,135,526)	(28,135,525)
Repayment of lease liability	(12,024,963)	(8,161,537)
Long term deposits, prepayments and deferred cost	1,084,000	2,905
Increase / (decrease) in short term borrowings	44,423,065	(12,544,263)
NET CASH USED IN FINANCING ACTIVITIES	(17,002,028)	(55,710,553)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,343,415)	6,159,905
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8,542,248	2,382,343
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4,198,833	8,542,248

CHIEF EXECUTIVE

DIRECTOR

FOR THE YEAR ENDED SEPTEMBER 30, 1995

1. STATUS AND ACTIVITIES

The company is limited by shares incorporated in Pakistan and its shares are quoted on stock exchanges and Karachi & Lahore. The principal business of the company is manufacture and sale of yarn. The Mill is located at Bhai Pheru, Tehsil Chunian, District Kasur in the province of Punjab.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under "Historical Cost Convention" except as modified by certain exchange differences as stated in Note 2.4.

2.2 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all the employees. Provision is made annually to cover the liability under the scheme.

2.3 Taxation

Current

Provision for current taxation is based on taxable income at current tax rates after taking into account tax rebates and tax credits available, if any.

Deferred

The Company accounts for deferred taxation on all material timing differences using the liability method. However, deferred tax is not provided if it can be established with reasonable probability that these differences will not reverse in the foreseeable future.

2.4 Operating assets

Operating assets, except freehold land, are stated at cost less accumulated depreciation. Freehold land is stated at cost.

Exchange differences and exchange risk coverage fee in respect of foreign currency loans obtained for acquisition of operating assets are incorporated in the cost of the relevant assets.

Depreciation is charged to income on the reducing balance method at the rates specified in the operating assets note.

Depreciation on day to day additions during the year is charged on the basis of whole year. However, depreciation for proportionate period of use is charged on capitalization of major project cost. No depreciation is charged on deletions during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets are included in current income.

FOR THE YEAR ENDED SEPTEMBER 30, 1995

2.5 Capital work in progress

All costs / expenditures related to specific assets, incurred during project implementation period are carried under this head. These are transferred to assets as and when assets are available for use.

2.6 Accounting for lease

The Company account for assets acquired under finance lease by recording the assets and related liability. Finance charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Assets are amortized over the shorter of the lease term or useful life.

2.7 Deferred costs

These are amortized to income over a maximum period of five years from the year of deferment.

2.8 Stores, spares and loose tools

These are valued at lower of moving average cost and net realizable value except stores in transit which are stated at cost accumulated upto the balance sheet date.

2.9 Stock in Trade

These are valued at lower of average cost and net realizable value applying the following basis:

Raw material	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realisable value

2.10 Trade Debts

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

2.11 Foreign Currency Transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, except those covered under forward exchange contracts which are translated at cover rate. Exchange differences, except as stated in Note 2.4, are included in current income.

2.12 Revenue Recognition

Sales are recorded on dispatch / shipment of goods.

	1995 Rupees	1994 Rupees
3. ISSUED, SUBSCRIBED AND PAID-UP		
12,000,000 Ordinary shares of Rs. 10/- each fully paid in cash	120,000,000	120,000,000
2,400,000 Ordinary shares of Rs. 10/- each fully paid as bonus shares issued during the year	24,000,000	..
	144,000,000	120,000,000

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	1995 Rupees	1994 Rupees
4. Reserves		
Capital		
Balance at the beginning of the year	24,000,000	..
Transferred from profit and loss account	..	24,000,000
	<u>24,000,000</u>	<u>24,000,000</u>
Transfer to share capital	<u>(24,000,000)</u>	..
	..	24,000,000
Revenue - General		
Balance at the beginning of the year	<u>62,000,000</u>	..
Transferred from profit and loss account	..	62,000,000
	<u>62,000,000</u>	<u>62,000,000</u>
	<u>62,000,000</u>	<u>86,000,000</u>
5. REDEEMABLE CAPITAL		
Secured- Non participatory		
Term finance certificates (5.1)	37,466,929	40,000,000
Modaraba financing		
First Prudential Modaraba	..	25,000,000
Second Prudential Modaraba	..	30,000,000
Modaraba finance (5.2)	<u>35,000,000</u>	<u>35,000,000</u>
	<u>72,466,929</u>	<u>130,000,000</u>
Payment during the year	<u>(18,009,542)</u>	<u>(57,533,071)</u>
	<u>54,457,387</u>	<u>72,466,929</u>
Payable within one year shown under current liabilities	<u>(23,575,637)</u>	<u>(18,009,542)</u>
	<u>30,881,750</u>	<u>54,457,387</u>

5.1 These have been issued to National Investment Trust. These are secured against equitable mortgage, floating charges hypothecation of the Company's present and future properties ranking pari passu with the charge created to secure finance (Refer Note 5.2) and supplier credit (Refer Note 7).

The financing has been made by purchase of assets valuing Rs. 40 million. The sale price of Rs.84.192 million is payable in 18 half yearly installments. The first two installments of Rs.3.6 million each and 16 equal installments of Rs 4.812 million each commencing from February 15,1993.

5.2 The finance is secured against equitable mortgage floating charge hypothecation of the Company's present and future properties including current assets ranking pari passu with the charge created to secure term finance certificates (Refer note 5.1) and supplier credit (Refer note 7)

The financing has been made by purchase of raw material valuing Rs. 35 million. The sale price of Rs.42.831 million is repayable at Rs. 21.918 million in 5 quarters and of Rs. 20.912 million at the end of 6th quarter commencing from September 29,1994.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	1995 Rupees	1994 Rupees
6. DEBENTURES		
Non convertible - Secured		
Opening balance	5,820,616	10,159,678
Redeemed during the year	<u>(4,339,062)</u>	<u>(4,339,062)</u>
	1,481,554	5,820,616
Payable within one year shown under current liabilities	<u>(1,481,554)</u>	<u>(4,339,062)</u>
	<u>..</u>	<u>1,481,554</u>

These represent debentures issued in favour of Collector of Customs by Nishat Mills Limited in lieu of deferred payment of custom charges on plant and machinery imported by them and sold to the Company under agreement of sale dated March 09, 1991. The debentures are secured by bank guarantees arranged by Nishat Mills Limited.

The Principal amount of debentures are redeemable after a grace period of two and a half years from the date of their issue in six half yearly equal installments.

These are subject to surcharge @ 11% per annum.

7. LONG TERM LOAN		
Supplier's credit		
Opening balance	56,271,107	84,406,633
Paid during the year	<u>(28,135,526)</u>	<u>(28,135,526)</u>
	28,135,581	56,271,107
Payable within one year shown under current liabilities	<u>(28,135,581)</u>	<u>(28,135,526)</u>
	<u>..</u>	<u>28,135,581</u>

The credit represents cost of plant and machinery imported from Tomen Corporation, Japan for the total sum of Japanese Yen 1.077 million arranged through United Bank Limited and is secured against first equitable mortgage on company's present and future properties ranking pari passu with the charge created to secure redeemable capital (Refer Note 5.1 & 5.2).

The foreign currency value has been converted into Pak Rupees @ Japanese Yen 1 = Rs. 0.153698 which is the rate booked and covered by State Bank of Pakistan against payment of exchange risk cover fee @ 6.8 % per annum.

The loan is subject to interest at the rate of 6 % per annum.

	1995 Rupees	1994 Rupees
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Secured		
Opening balance	43,161,019	51,322,556
Paid during the year	<u>(12,024,963)</u>	<u>(8,161,537)</u>
	31,136,056	43,161,019
Payable within one year shown under current liabilities	<u>(13,258,899)</u>	<u>(12,024,963)</u>
	17,877,157	31,136,056

These represent plant & machinery acquired from First Grindlays Modaraba, Orix Leasing Pakistan Limited and National Development Leasing Corporation Limited.

Other Significant financial terms & conditions are as under:

	Lease I	Lease II	Lease III	Lease IV	Lease V
Principal & financial charges (Rs.)	35,757,016	18,857,500	4,960,768	11,165,937	17,798,153
Installments payments rest	Quarterly	Quarterly	Quarterly	Quarterly	Monthly
Each Installment (Rs.)	1,775,378	935,875	246,308	544,444	293,866
Number of installments	20	20	20	20	20
Commenced from	Sept, 1992	June, 1992	Jan, 1993	Jan, 1993	Dec, 1992
Applicable rate of finance	19.51%	19.09%	19.51%	20.09%	19.33%

The future minimum lease payments to which the Company is committed as at September 30, 1995 are as under:

Year Ending September 30,	Rupees
1996	17,445,923
1997	16,432,183
1998	<u>3,010,175</u>
	36,888,281
Financial charges allocated to future period	<u>5,752,225</u>
	31,136,056

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	1995 Rupees	1994 Rupees
9. SHORT TERM BORROWINGS		
Secured - Under mark-up arrangements		
From banking companies		
Cash finance (9.1)	9,435,978	4,470,709
Export finance (9.2)	5,600,000	10,299,000
Working capital (9.3)	123,200,996	79,044,199
	<u>138,236,974</u>	<u>93,813,908</u>
9.1 These are secured against pledge of raw cotton, demand promissory notes of the Company and personal guarantee of Directors. These are subject to mark - up ranging from 15.75% to 17.50% per annum. Total credit limit is Rs. 362 million (1994: Rs. 243 million).		
9.2 These are secured against hypothecation of entire present and future current assets of the Company, lien on export bills and personal guarantee of Directors. These are subject to mark-up ranging from 15.75% to 16.50% per annum. The total credit limit is Rs.93 million (1994: Rs. 110 million).		
9.3 These are secured against hypothecation of raw material, work in process and finished goods, marketable securities and personal guarantee of Directors. These are subject to mark - up ranging from 16.50% to 17.25% per annum. The total credit limit is Rs.143 million (1994: Rs. 108 million).		
10. CURRENT PORTION OF LONG TERM LIABILITIES		
Redeemable capital	23,575,637	18,009,542
Debenture	1,481,554	4,339,062
Suppliers credit	28,135,581	28,135,526
Liabilities against assets subject to finance lease	13,258,899	12,024,963
	<u>66,451,671</u>	<u>62,509,093</u>
11. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	6,184,797	15,937,854
Accrued liabilities	10,994,392	7,774,961
Advance from customers	989,544	664,303
Retentions	1,081,523	931,524
Capital expenditure payable	247,057	227,595
Financial charges on secured:		
Redeemable capital	775,292	896,226
Debentures	60,228	236,796
Long term loan	501,281	1,002,560
Lease finance	317,718	1,276,077
Mark-up / excise duty on secured short term borrowings	7,222,860	4,083,200
Workers' profit participation fund (11.1)	378,180	3,657,890
With - holding taxes	109,702	97,528
	<u>28,862,574</u>	<u>36,786,514</u>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	1995 Rupees	1994 Rupees
11.1 Workers' Profit Participation Fund		
Opening balance	3,657,890	679,920
Mark- up on funds utilized in company's business	185,938	15,800
	3,843,828	695,720
Allocation for the year	378,180	3,657,890
	4,222,008	4,353,610
Amount paid to workers on behalf of the fund	3,843,828	695,720
	378,180	3,657,890

12. CONTINGENCIES & COMMITMENTS

Wages arrears	1,200,150	1,200,150
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The writ is pending before the Honourable Supreme Court challenging the retrospective increase in minimum wages of unskilled workers .

13. OPERATING ASSETS

PARTICULARS	Cost at 01-10-94	Additions/ (Disposal) during the year	Cost at 30-09-95	Accumulated Depreciation at 30-09-95	Written Down Value at 30-09-95	Depreciation for the Year	Rate %
Company owned							
Land	2,737,572	..	2,737,572	..	2,737,572
Building	75,784,185	79,688	75,863,873	27,250,360	48,613,513	5,401,501	10
Plant & Machinery	295,570,620	5,924,649 (4,819,931)	296,675,338	106,291,268	190,384,070	20,560,535	10
Electric installation	16,599,255	516,267	17,115,522	5,961,518	11,154,004	1,186,751	10
Tools & equipment	1,010,054	..	1,010,054	364,614	645,440	71,716	10
Furniture & fixture	1,498,393	14,700	1,513,093	472,306	1,040,787	115,643	10
Office equipment	1,025,932	980,297 (66,100)	1,940,129	375,445	1,564,684	173,854	10
Transport vehicles	6,688,121	1,793,672 (1,706,200)	6,775,593	2,584,927	4,190,666	1,047,667	20
	400,914,132	9,309,273 (6,592,231)	403,631,174	143,300,438	260,330,736	28,557,667	
Under lease							
Machinery	67,297,652	..	67,297,652	37,432,448	29,865,204	12,563,723	
1995 - Rupees	468,211,784	9,309,273 (6,592,231)	470,928,826	180,732,886	290,195,940	41,121,390	
1994 - Rupees	454,672,446	13,888,334 (348,996)	468,211,784	141,571,067	326,640,717	44,430,569	

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	1995 Rupees	1994 Rupees
13.1 Depreciation for the year has been allocated as under		
Cost of goods sold	39,784,226	43,148,604
Administration expenses	1,337,164	1,281,965
	41,121,390	44,430,569

13.2 Disposal of Fixed Assets

Description	Cost	Accumulated Depreciation	Bank Value	Proceed from Disposal	Mode of Disposal	Particulars of Purchaser
Plant & Machinery	4,819,931	1,052,933	3,766,998	5,164,360	Negotiation	Various
Office equipments	66,100	17,694	48,406	11,500	Negotiation	C/o Employees Nishat (Chunian) Ltd.
Transport vehicles	1,706,200	888,945	817,255	1,121,000	Negotiation	Various
1995 - Rupees	<u>6,592,231</u>	<u>1,959,572</u>	<u>4,632,659</u>	<u>6,296,860</u>		
1994 - Rupees	<u>348,996</u>	<u>65,192</u>	<u>283,804</u>	<u>315,741</u>		

14 CAPITAL WORK IN PROGRESS

Building:

Civil Works	9,123,213	110,000
Advance to contractors	..	14,345
	9,123,213	124,345

15 LONG TERM DEPOSIT, PREPAYMENTS AND DEFERRED COSTS

Security deposit	4,706,480	4,706,480
Prepayments	..	1,141,000
	4,706,480	5,847,480

Deferred cost

Preliminary expenses	35,364	70,728
Share issue expenses	485,056	856,111
	520,420	926,839
Amortization during the year	(520,420)	(463,419)
	..	463,420
	4,706,480	6,310,900

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	1995 Rupees	1994 Rupees
16. STORES, SPARES AND LOOSE TOOLS		
Stores	2,428,453	2,757,857
Spares	5,191,873	5,054,702
Loose tools	13,364	13,487
Store in transit	60,034	..
	<u>7,693,724</u>	<u>7,826,046</u>
17. STOCK IN TRADE		
Raw material	20,317,389	6,552,480
Work in process	4,679,907	3,756,901
Finished goods	8,080,939	4,843,016
Waste	2,148,744	559
	<u>35,226,979</u>	<u>15,152,956</u>
18. TRADE DEBTS		
Foreign - Secured	7,179,221	19,019,356
Local - Unsecured- Considered goods	27,083,948	2,329,324
	<u>34,263,169</u>	<u>21,348,680</u>
19. ADVANCES, DEPOSITS AND PREPAYMENTS		
Advances - Considered good		
Employees	530,188	283,981
Contractors	21,345	8,000
Suppliers	1,636,598	2,495,409
Excise duty	556,836	230,647
Tax deposit	9,093,951	5,690,037
Bank margin deposit	238,504	288,504
Deposits	9,310,306	1,425,834
Prepayments	1,447,613	1,982,568
	<u>22,835,341</u>	<u>12,404,980</u>
20. DUE FROM ASSOCIATED UNDERTAKINGS		
Unsecured- Considered good	93,207,995	124,779,426
It carries mark-up @ 50 paisas Per Rs. 1,000/- per day.		
21. CASH AND BANK BALANCES		
Cash in hand	285,279	536,434
Cash at bank - In current accounts	3,913,554	8,005,814
	<u>4,198,833</u>	<u>8,542,248</u>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	1995	1994
	Rupees	Rupees
22. SALES		
Yam		
Export	528,199,602	374,732,079
Local	315,276,961	294,629,278
Waste-local	<u>10,179,417</u>	<u>7,026,336</u>
	853,655,980	676,387,693
Less:		
Excise duty	<u>8,660,811</u>	<u>8,617,078</u>
Sales tax	<u>1,363,077</u>	<u>916,479</u>
Commission on:		
Export sales	<u>5,688,015</u>	<u>2,929,669</u>
Local sales	<u>857,035</u>	<u>953,493</u>
	<u>16,568,938</u>	<u>13,416,719</u>
	<u>837,087,042</u>	<u>662,970,974</u>
Doubling income	<u>1,827,768</u>	<u>290,500</u>
	<u>838,914,810</u>	<u>663,261,474</u>
23. COST OF GOODS SOLD		
Raw material consumed (23.1)	614,299,448	362,178,638
Packing material	14,413,399	12,663,169
Stores & Spares	5,002,711	6,573,156
Salaries, wages & benefits	23,469,188	22,124,736
Fuel & power	40,947,895	37,635,454
Insurance	693,823	738,498
Depreciation	39,784,226	43,148,604
Others	<u>3,389,100</u>	<u>5,020,839</u>
	<u>741,999,790</u>	<u>490,083,094</u>
Work in process		
Opening	<u>3,756,901</u>	<u>2,824,683</u>
Closing	<u>(4,679,907)</u>	<u>(3,756,901)</u>
	<u>(923,006)</u>	<u>(932,218)</u>
Cost of goods manufactured	<u>741,076,784</u>	<u>489,150,876</u>
Finished yam purchased	<u>10,402,998</u>	<u>14,046,390</u>
	<u>751,479,782</u>	<u>503,197,266</u>
Finished goods		
Opening	<u>4,843,575</u>	<u>2,482,430</u>
Closing	<u>(10,229,683)</u>	<u>(4,843,575)</u>
	<u>(5,386,108)</u>	<u>(2,361,145)</u>
	<u>746,093,674</u>	<u>500,836,121</u>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	1995 Rupees	1994 Rupees
23.1 Raw Material Consumed		
Opening stock	6,552,480	19,335,343
Purchases	<u>628,064,357</u>	<u>349,395,775</u>
	634,616,837	368,731,118
Closing stock	<u>(20,317,389)</u>	<u>(6,552,480)</u>
	<u>614,299,448</u>	<u>362,178,638</u>
24. ADMINISTRATION EXPENSES		
Directors' remuneration	600,000	600,000
Staff salaries & benefits	2,329,415	1,910,070
Printing & stationery	623,415	458,274
Vehicles running & maintenance	495,678	572,329
Travelling & conveyance	1,999,559	1,960,192
Postage & telephone	1,691,339	1,626,603
Fee & subscription	420,555	466,261
Utilities	142,055	101,800
Insurance	444,933	346,906
Office maintenance	374,496	234,719
Repairs & maintenance	425,214	438,050
Entertainment	255,459	135,563
Audit fee	45,000	45,000
Advertisement	128,925	54,332
Depreciation	1,337,164	1,281,965
Other	570,357	306,099
	<u>11,883,788</u>	<u>10,538,163</u>
25. SELLING EXPENSES		
Ocean freight	22,423,082	20,629,622
Freight & Octroi	4,351,049	3,268,680
Forwarding & others	2,464,919	4,857,596
	<u>29,239,050</u>	<u>28,755,898</u>
26. FINANCIAL CHARGES		
Mark-up on redeemable capital	6,546,743	14,329,423
Surcharge on debentures	383,951	922,090
Interest on long term loan	5,805,019	4,408,412
Finance charges on leases	6,336,468	8,365,852
Mark-up on short term borrowings	19,704,092	16,359,225
Mark-up on workers' profit participation fund	185,938	15,800
Bank charges, commission & excise duty	7,228,357	8,111,831
	<u>46,220,568</u>	<u>52,512,633</u>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED SEPTEMBER 30, 1995

	1996 Rupees	1995 Rupees
27. OTHER INCOME		
Profit on sale of investments	..	1,400,000
Gain on sale of fixed assets	1,664,201	31,937
Sale of scrap	911,513	568,420
Other	146,620	80,140
	<u>2,722,334</u>	<u>2,080,497</u>
28. OTHER CHARGES		
Amortization of deferred cost	520,420	463,419
Workers' profit participation fund	378,180	3,657,890
Donation (28.1)	500,000	..
	<u>1,398,600</u>	<u>4,121,309</u>

28.1 No director and his spouse had any interest in the donee's fund.

29. TAXATION

Current

Income tax assessments of the company have been finalized upto assessment year 1994-95 (accounting year 1992-93) resulting into assessed losses of Rs. 89.470 million. Returned profit for the assessment year 1995-96 (accounting year 1993-94) is Rs. 74.231 million. In view of available tax losses no provision for normal taxation is required. However, tax on turn over and export proceed as required under the Income Tax Ordinance, 1979 has been made.

Deferred

Tax effect of major timing differences after taking into account available tax losses comes to a debit balance for which no provision is made

30. REMUNERATION TO DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS & EXECUTIVES		TOTAL	
	1995 Rupees	1994 Rupees	1995 Rupees	1994 Rupees	1995 Rupees	1994 Rupees
Remuneration	112,000	112,000	929,765	288,000	1,041,765	400,000
House rent	50,400	50,400	417,832	129,600	468,232	180,000
Conveyance	10,800	..	10,800	..
Utilities	5,600	5,600	56,403	14,400	62,003	20,000
	<u>168,000</u>	<u>168,000</u>	<u>1,414,800</u>	<u>432,000</u>	<u>1,582,800</u>	<u>600,000</u>
No. of persons	1	1	7	3		

The Chief Executive and two directors also provided with free use of Company's cars. The monetary value of the benefits amount to Rs. 140,797/= (1994 - Rs. 162,653).

31. TRANSACTION WITH ASSOCIATED UNDERTAKINGS

The Company purchase from and sold to associated undertakings materials, goods and services in aggregate sum of Rs. 7.251 million (1994 - Rs. 16.476 million) and Rs. 105.452 million (1994 - Rs. 143.108 million) respectively.

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 154.492 million (1994 - 75.192 million).

32. PLANT CAPACITY & ACTUAL PRODUCTION

	1995	1994
Number of spindles installed	17,280	17,280
Number of spindles worked	17,280	17,280
Number of shifts per day	3	3
Installed capacity after conversion into 20 count (Kgs.)	5,525,165	5,525,165
Actual production of yarn after conversion into 20 count (Kgs.)	5,021,068	5,004,038

Under utilization of capacity is due to processing of coarser counts.

33. FIGURES

Have been rounded off to the nearest rupee.

Of prior year have been re-arranged wherever necessary for the purpose of comparison.

CHIEF EXECUTIVE

DIRECTOR

FORM - 34
THE COMPANIES ORDINANCE, 1984
PATTERN OF HOLDING OF SHARES
HELD BY THE MEMBERS AT SEPTEMBER 30, 1995,

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
72	1	100	4360
1,268	101	500	240196
1,150	501	1000	756184
261	1,001	1500	326960
43	1,501	2000	76964
89	2,001	2500	209440
31	2,501	3000	89840
9	3,001	3500	30020
30	3,501	4000	108400
12	4,001	4500	51360
17	4,501	5000	81120
7	5,001	5500	36960
39	5,501	6000	233380
1	6,001	6500	6480
2	6,501	7000	13176
16	7,001	7500	114936
3	7,501	8000	23400
6	8,001	8500	50160
3	8,501	9000	25800
2	9,001	9500	18792
3	9,501	10000	29560
28	10,001	15000	336940
14	15,001	20000	247036
8	20,001	25000	185096
2	25,001	30000	55160
3	35,001	40000	111480
1	40,001	45000	43320
4	55,001	60000	238320
1	60,001	65000	64800
1	70,001	75000	75000
1	75,001	80000	77640
2	95,001	100000	193200
1	190,001	195000	192000
1	220,001	225000	222480
1	305,001	310000	305040
1	395,001	400000	399960
1	520,001	525000	522708
1	535,001	540000	540000
1	555,001	560000	558120
2	595,001	600000	1200000
1	1,735,001	1740000	1740000
1	1,770,001	1775000	1773612
1	2,790,001	2795000	2790600
3,161			14400000

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage %
Individuals	3,137	7925940	55.04
Investment Companies	6	839748	5.83
Insurance Companies	3	406680	2.82
Joint Stock Companies	8	3108120	21.58
Financial Institutions	5	1812972	12.59
Modaraba Company	1	1500	0.02
Foreign Company	1	305040	2.12
	3,161	14400000	100.00

PROXY FORM

The Corporate Secretary

NISHAT (CHUNIAN) LIMITED

4- Happy Homes,
38-A, Main Gulberg,
Lahore.

I/We _____
of _____ being a member(s) of NISHAT

(CHUNIAN) LIMITED, and holder of _____ ordinary shares as per Share
Register Folio No. _____

here by appoint Mr. / Mrs. / Miss _____
of _____ or failing him / her Mr. / Mrs. / Miss
_____ of _____

(being member of company) as my / our Proxy to attend, act and vote for me / us and on my / our behalf at the Annual
General meeting of the Company to be held at the Head Office of the Company at 4- HappyHomes, 38-A, Main
Gulberg, Lahore on Sunday, March 31, 1996 at 10.00 a.m. and at every adjournment thereof:

As witness my hand this _____ day of _____ 1996

Signed by the said _____ in presence of

Witness

Signature



Signature

NOTES:

1. Proxies, in order to be effective, must be received at the company's Head Office/ Registered Office not less than 48 hours before the meeting duly stamped, signed and witnessed.
2. Signature must agree with the specimen signature registered with the Company.
3. No person shall act as proxy unless he is member of the Company.



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