



Third Quarter Report
For the period Ended 31 March 2007



Nishat Mills Limited

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COMPANY INFORMATION

BOARD OF DIRECTORS:

Mrs. Naz Mansha	Chief Executive/Chairperson
Mian Raza Mansha	
Mian Hassan Mansha	
Mr. Muhammad Nawaz Tishna (NIT)	
Ms. Nabiha Samad	
Mr. Khalid Qadeer Qureshi	Chief Financial Officer
Mr. Muhammad Azam	
Rana Muhammad Mushtaq	

AUDIT COMMITTEE:

Ms. Nabiha Samad	Chairperson/Member
Mian Hassan Mansha	Member
Mr. Muhammad Azam	Member

COMPANY SECRETARY:

Mr. Khalid Mahmood Chohan

AUDITORS:

Riaz Ahmad & Company	Chartered Accountants
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LEGAL ADVISOR:

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

BANKERS TO THE COMPANY:

ABN AMRO Bank	KASB Bank Limited
Albaraka Islamic Bank B.S.C (E.C)	Meezan Bank Limited
Allied Bank of Pakistan Limited	National Bank of Pakistan
Askari Commercial Bank Limited	NIB Bank Limited
Bank Alfalah Limited	PICIC Commercial Bank Limited
Citibank N.A.	Standard Chartered Bank (Pakistan) Ltd.
Crescent Commercial Bank Ltd.	The Hong Kong & Shanghai
Deutsche Bank	Banking Corporation Limited
Faysal Bank Limited	United Bank Limited
Habib Bank Limited	
Habib Metropolitan Bank Ltd.	

MILLS:

Nishatabad, Faisalabad	(Spinning and Stitching units & Power Plant)
12 K.M. Faisalabad Road, Sheikhpura.	(Weaving units & Power Plant)
21 K.M. Ferozepur Road, Lahore.	(Stitching unit)
5 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	(Weaving, Dyeing & Finishing unit, Processing unit and Power Plant)
20 K.M. Sheikhpura Faisalabad Road, FerozeWatwan	(Spinning unit)

REGISTERED OFFICE & SHARES DEPARTMENT

Nishat House,
53 - A, Lawrence Road, Lahore.
Tel: 042-6367812-16
Fax: 042-6367414

HEAD OFFICE:

7, Main Gulberg, Lahore.
Tel: 042-5716351-9
Fax: 042-5716349-50
E-mail: nishat@nishatmills.com
Website: www.nishatmills.com

LIAISON OFFICE:

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

DIRECTORS' REPORT

Operating Results

We are pleased to present Un-Audited Financial statements for the nine months ended March 31, 2007. The company has earned an after tax profit of Rs 1,168.80 million as compared to Rs 1,132.55 million in the corresponding period ending March 31, 2006, resulting in net increase of 3.20 %. This increase in profitability is mainly due to increase in other income by Rs. 88.981 million (2007: Rs 264.054 million, 2006: Rs 175.073 million). The increase in other income is on account of increase in dividend income on investment held in MCB Bank Limited. Share of profit in associated companies increased by 122.390 million (2007: Rs 475.601 million, 2006: Rs 353.211 million). However, finance cost increased by Rs 79.162 million (2007: Rs 626.077 million, 2006: Rs 546.915 million) and selling, admin and general expenses increased by Rs. 111.858 million (2007: Rs 808.424 million, 2006: Rs 696.566 million).

During the period under review, the operating results of the company were as follows:

Financial Highlights	Nine months ended March 31		Variance %age
	2007	2006	
Net Sales ('000' Rs)	12,991,134	12,321,682	5.43
Gross Profit ('000' Rs)	2,096,367	2,082,117	0.68
Pre-tax Profit ('000' Rs)	1,330,800	1,303,552	2.09
After Tax Profit ('000' Rs)	1,168,800	1,132,552	3.2
Gross Profit (%)	16.14	16.89	
After Tax Profit (%)	8.99	9.19	
Earning Per Share (Rs)	7.31	7.09	

Market Review & Future Prospects

Spinning

During the third quarter of year 2006-2007, cotton prices kept moving upward and increased by 8 % i.e. from Rs.2500 to Rs.2700/maund. Although by the end of second quarter it was expected that cotton prices would be stable but needy spinners kept on buying to meet the demand for the export consignments, resulting in a continuous raise in cotton prices. During this quarter, cotton market played uncertain movements as prices underwent quick dip and then jumped up for no visible reason and remained at Rs.2700/maund by the end of third quarter.

Yarn	July - March		Variance	
	2007	2006	Total	%age
Sales - '000' Kgs	17,867	20,910	(3,043)	(14.55)
Rate / Kg	143.01	141.37	1.64	1.16
Sales - '000' Rs.	2,555,208	2,956,043	(400,835)	(13.56)

Cotton Consumption rates	July - March		Variance	
	2007	2006	Total	%age
Local Cotton (Rs. / Mnd)	2,484	2,334	150	6.43
Imported Cotton (Rs. / Mnd)	3,435	3,189	246	7.71

At Nishat Mills, the demand of 100% grey cotton yarn remained consistent specifically for carded yarn and we tried to maintain the prices to keep the spinning division in profits. However, further increase in cotton prices from the last quarter, medium quality cotton, regional rivalry

and customers' resistance to pay good prices were the biggest threats during this quarter. We are trying to develop some new products made of organic cotton and compact yarn in different markets, especially Far East, to keep us competitive in world market.

Weaving

The third quarter of financial year 2007 followed the same bullish trend in the cotton market. This caused an upsurge in the yarn prices which the weaver had to bear without subsequent increase in fabric price. There was sale pressure on the narrow width looms whereas the latter half of third quarter saw some improvement in the wider width business. Wider width Greige market showed signs of revival in commodity items though with minimum margins. Rise of cotton prices was followed by an extreme shortage in Lycra / Spandex fibers resulting in an increase of 20% in the stretch yarns. Again weaver had to bear the brunt of this phenomenal raise. On the customer front, we managed to increase our sales in the European market though we have been facing immense price pressure due to big competition from Pakistani weavers.

Grey Cloth	July - March		Variance	
	2007	2006	Total	%age
Sales - '000' Mtrs	45,992	41,248	4,744	11.50
Rate / Mtr	87.02	80.38	6.64	8.26
Sales - '000' Rs.	4,002,065	3,315,362	686,703	20.71

To summarize, the third quarter was difficult for weaving owing to bullishness in raw material prices. Nishat weaving managed to maintain its profit margins due to diversified product and big customer base especially in the European market.

Printing, Dyeing and Stitching

The quarter under review has been slow since we were running on short capacities due to the fact that we are passing through a period where our production unit has been shifted from Faisalabad to Lahore. The increasing trend of energy and associated costs have also put negative pressure on the pricing which made us uncompetitive against the strong competitors in this region like China, India and Bangladesh. However, despite all these hard-hitting economic conditions Nishat Home Textile Unit has not only maintained the existing business but has also been successful to add new clientele especially from Europe. Business with well renowned brands has been established which is growing and giving us good margins. In addition to this we are also focusing on USA and trying to hit the bedding market to capture our share in new product categories and expecting that it will become a core business for us in coming months.

Made-ups	July - March		Variance	
	2007	2006	Total	%age
Sales - '000' Mtrs	14,186	17,800	(3,614)	(20.30)
Rate / Mtr	142.16	133.67	8.49	6.35
Sales - '000' Rs.	2,016,676	2,379,252	(362,576)	(15.24)

Processed Cloth	July - March		Variance	
	2007	2006	Total	%age
Sales - '000' Mtrs	2,361	2,977	(616)	(20.69)
Rate / Mtr	112.24	95.84	16.40	17.11
Sales - '000' Rs.	265,000	285,313	(20,313)	(7.12)

As the expansion and modernization phase has been completed and this has brought all processing operations under one roof, we strongly believe that the future outlook is encouraging.

Nishat Dyeing & Finishing (NDF)

Nishat Dyeing & Finishing started the quarter with a lot of enthusiasm. Heavy investments earlier made have proved fruitful. The plant capacity now stands at 4.2 million meters / month. This has made us the largest dedicated dyeing & finishing plant in the region. The new machines are operational since July 2006 and are packed to the capacity. We are very excited with the prospects of becoming the most successful and well respected manufacturing facility of Pakistan.

Processed Cloth	July - March		Variance	
	2007	2006	Total	%age
Sales - '000' Mtrs	30,014	25,130	4,884	19.43
Rate / Mtr	122.21	118.59	3.62	3.05
Sales - '000' Rs.	3,668,144	2,980,308	687,836	23.08

Besides, NDF invested very heavily in increasing the finishing capabilities. This was necessary to compete with good European manufacturers of similar products. The new knife coating machine is helping us achieve excellent finishes with better margins. At the same time the Lafer peaching machines have helped us significantly in reducing our process costs.

Change in Board of Directors and Audit Committee

Mr. Faisal Ehsan Ellahi has resigned from the Board of Directors and Audit Committee and Ms. Nabiha Samad has been appointed in his place to fill the casual vacancy.

Acknowledgement

The Board is pleased about the efforts of the management, staff and workers leading to a sound base, expanded business and higher profits.

For and on behalf of the Board

Chief Executive / Chairperson
April 25, 2007

BALANCE SHEET
AS AT 31 MARCH 2007

	Note	Unaudited 31 March 2007 (Rupees in thousand)	Audited 30 June 2006
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 178,470,000 (30 June 2006: 178,470,000) ordinary shares of Rupees 10 each		<u>1,784,700</u>	1,784,700
Issued, subscribed and paid up share capital	4	1,597,857	1,452,597
Reserves		<u>24,116,283</u>	19,659,812
		25,714,140	21,112,409
NON-CURRENT LIABILITIES			
Long term finances	5	2,035,584	2,982,353
Liabilities against assets subject to finance lease		9,267	33,031
		2,044,851	3,015,384
CURRENT LIABILITIES			
Trade and other payables		1,064,255	960,436
Accrued markup		117,505	151,236
Short term finances		6,404,595	4,315,708
Current portion of long term liabilities		1,378,726	1,342,771
Provision for taxation		443,382	281,382
		9,408,463	7,051,533
CONTINGENCIES AND COMMITMENTS	6	-	-
		<u>37,167,454</u>	<u>31,179,326</u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

	Note	Unaudited 31 March 2007 (Rupees in thousand)	Audited 30 June 2006
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	10,677,277	10,611,353
Long term investments		13,758,386	10,793,026
Long term loans		10,167	6,377
Long term deposits, prepayments and deferred cost		9,483	10,130
		24,455,313	21,420,886
CURRENT ASSETS			
Stores, spare parts and loose tools		459,970	471,520
Stock-in-trade		3,986,062	3,003,174
Trade debts		956,769	1,026,884
Short term Investments		6,148,256	4,350,146
Loans and advances		537,594	418,794
Short term deposits and prepayments		35,626	30,525
Other receivables		338,269	407,147
Cash and bank balances		249,595	50,250
		12,712,141	9,758,440
		37,167,454	31,179,326

DIRECTOR

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2007
(UN-AUDITED)**

					(RUPEES IN THOUSAND)			
	Note	Jul-06 to Mar-07	Jul-05 to Mar-06	Jan-07 to Mar-07	Jan-06 to Mar-06			
SALES		12,991,134	12,321,682	4,282,602	4,224,558			
COST OF GOODS SOLD	8	10,894,767	10,239,565	3,630,288	3,567,240			
GROSS PROFIT		2,096,367	2,082,117	652,314	657,318			
DISTRIBUTION AND SELLING COST		579,692	502,117	178,564	213,731			
ADMINISTRATIVE AND GENERAL EXPENSES		228,732	194,449	74,170	67,057			
OTHER OPERATING EXPENSES	9	70,721	63,368	17,730	7,530			
		879,145	759,934	270,464	288,318			
		1,217,222	1,322,183	381,850	369,000			
OTHER OPERATING INCOME		264,054	175,073	68,469	18,682			
OPERATING PROFIT		1,481,276	1,497,256	450,319	387,682			
FINANCE COST		626,077	546,915	213,375	208,038			
		855,199	950,341	236,944	179,644			
SHARE OF PROFIT IN ASSOCIATED COMPANIES		475,601	353,211	107,993	196,452			
PROFIT BEFORE TAXATION		1,330,800	1,303,552	344,937	376,096			
PROVISION FOR TAXATION		162,000	171,000	51,617	55,000			
PROFIT AFTER TAXATION		1,168,800	1,132,552	293,320	321,096			
EARNINGS PER SHARE- BASIC (RUPEES)	10	7.31	7.09	1.84	2.01			

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2007
(UN-AUDITED)**

	31 March 2007 (Rupees in thousand)	31 March 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,330,800	1,303,552
Adjustments for non cash charges and other items.		
Depreciation	729,777	599,889
Gain on disposal of operating fixed assets	(7,002)	(13,430)
Gain on sale of investment	-	(48,824)
Share of profit in associated companies	(475,601)	(353,211)
Amortization of deferred cost	472	1,024
Finance cost	626,077	546,915
CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	2,204,523	2,035,915
CASH FLOW FROM WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	11,550	(45,170)
Stock-in-trade	(982,888)	(789,717)
Trade debts	70,115	(35,169)
Loans and advances	(28,436)	(265,394)
Short term deposits and prepayments	(7,334)	(13,884)
Other receivables	68,878	17,298
Increase / (decrease) in current liabilities		
Trade and other payables	104,360	178,721
Short term finances	2,088,887	459,208
NET CASH GENERATED FROM/ (USED IN) WORKING CAPITAL CHANGES	1,325,132	(494,107)
CASH GENERATED FROM OPERATING ACTIVITIES	3,529,655	1,541,808
Finance cost paid	(659,808)	(504,367)
Income tax paid	(90,661)	(147,445)
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,779,186	889,996

31 March 31 March
2007 2006
(Rupees in thousand)

CASH FLOWS FROM INVESTING ACTIVITIES

Long term loans	(3,493)	(1,726)
Long term deposits, prepayments and deferred cost	2,408	1,495
Proceeds from disposal of operating fixed assets	37,463	34,905
Proceeds from sale of equity investment	-	54,593
Dividend from associated companies	108,565	86,852
Investment made	(745,613)	(271,095)
Fixed capital expenditure	(826,162)	(1,622,117)
NET CASH USED IN INVESTING ACTIVITIES	(1,426,832)	(1,717,093)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances	-	1,400,000
Repayment of long term finances	(913,436)	(608,920)
Repayment of finance lease liabilities	(21,142)	(34,876)
Dividend paid	(218,431)	(357,928)
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	(1,153,009)	398,276

NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS

199,345 (428,821)

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD

50,250 520,999

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

249,595 92,178

CHIEF EXECUTIVE OFFICER

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2007 (UN-AUDITED)

(Rupees in thousand)

	Share capital	Premium on issue of right shares	Fair value reserve	Hedging reserve	Capital redemption reserve	General reserve	Unappropriated profit	Shareholders' equity
Balance as on 30 June 2005- restated	1,452,597	1,517,886	3,278,573	(93,649)	61,418	6,135,132	454,157	12,806,114
Dividend @ Rupees 2.50 per share	-	-	-	-	-	-	(363,149)	(363,149)
Fair value gain adjusted on sale of investment	-	-	(40,640)	-	-	-	-	(40,640)
Fair value gain for the period	-	-	3,603,388	-	-	-	-	3,603,388
Share of increase in reserves of associated companies under equity method	-	-	1,386,325	48,121	13,942	-	(13,942)	1,434,446
Net profit for the period	-	-	-	-	-	-	1,132,552	1,132,552
Balance as on 31 March 2006	1,452,597	1,517,886	8,227,646	(45,528)	75,360	6,135,132	1,209,618	18,572,711
Fair value gain for the period	-	-	538,357	-	-	-	-	538,357
Reserves adjusted against sale of investment in associated companies	-	-	-	-	-	-	(1,073)	(1,073)
Share of increase in reserves of associated companies under equity method	-	-	1,456,572	45,528	6,971	-	(6,971)	1,502,100
Profit for the period	-	-	-	-	-	-	500,314	500,314
Balance as on 30 June 2006	1,452,597	1,517,886	10,222,575	-	82,331	6,135,132	1,701,888	21,112,409
Dividend @ Rupees 1.50 per share	-	-	-	-	-	-	(217,890)	(217,890)
Bonus shares issued during the period	145,260	-	-	-	-	-	(145,260)	-
Transfer to general reserve	-	-	-	-	-	1,269,000	(1,269,000)	-
Fair value gain for the period	-	-	3,251,326	-	-	-	-	3,251,326
Share of increase/ (decrease) in reserves of associated companies under equity method	-	361,111	38,384	-	20,912	-	(20,912)	399,495
Net profit for the period ended 31 March 2007	-	-	-	-	-	-	1,168,800	1,168,800
Balance as on 31 March 2007	1,597,857	1,878,997	13,512,285	-	103,243	7,404,132	1,217,626	25,714,140

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CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2007
(UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Nishat Mills Limited is a public company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on Stock Exchanges in Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. 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, and to generate, accumulate, distribute and supply electricity.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are unaudited and are being submitted to share holders as required u/s 245 of Companies Ordinance, 1984. These have been prepared in accordance with the International Accounting Standard No.34 "Interim Financial Reporting" as applicable in Pakistan and notified by Securities and Exchange Commission of Pakistan (SECP).

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of these financial statements are the same as applied in the preparation of the preceding annual published financial statements of the company for the year ended 30 June 2006.

	31 March 2007	30 June 2006
	(Rupees in thousand)	
4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
67,762,264 (30 June 2006: 67,762,264) ordinary shares of Rupees 10 each fully paid up in cash (Note 4.1)	677,623	677,623
37,252,280 (30 June 2006: 37,252,280) fully paid ordinary shares of Rupees 10 each issued for consideration other than cash	372,522	372,522
54,771,173 (30 June 2006: 40,245,199) ordinary shares of Rupees 10 each issued as fully paid bonus shares	547,712	402,452
	1,597,857	1,452,597

4.1 20,157,391 (30 June 2006: 18,324,901) shares of the company are held by the associated undertakings.

5. LONG TERM FINANCES

Opening balance	4,296,512	3,466,155
Add: Acquired during the period / year	-	1,650,000
	4,296,512	5,116,155
Less: Repayment during the period / year	913,436	819,643
	3,383,076	4,296,512
Less: Current portion	1,347,492	1,314,159
	2,035,584	2,982,353

6. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) The company disputes the liability of Rupees 61.891 million (30 June 2006: Rupees 61.891 million) on account of central excise duty in terms of the judgment of supreme court dated 22 February 2006 titled "Central Excise Duty on Bank Advances/ Leasing". The company contends that this duty is payable by the banks instead of the company.
- ii) Guarantees of Rupees 368.616 million (30 June 2006: Rupees 311.119 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Company Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil and collector of customs.
- iii) Company's share in contingencies of associated companies is Rupees 247.827 million (30 June 2006: Rupees 234.942 million).

Commitments

- i) Contracts for capital expenditure are approximately amounting to Rupees 39.009 million (30 June 2006: Rupees 77.967 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 240.042 million (30 June 2006: Rupees 384.814 million).

31 March 30 June
2007 2006
(Rupees in thousand)

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	9,856,807	8,398,310
Assets subject to finance lease (Note 7.2)	72,915	78,624
Capital work-in-progress	747,555	2,134,419
	10,677,277	10,611,353

7.1 Operating Fixed Assets

Opening written down value	8,398,310	7,926,838
Add: Cost of additions during the period/ year (Note 7.1.1)	2,213,026	1,331,909
	10,611,336	9,258,747
Less: Written down value of deletions during the period/ year (Note 7.1.2)	30,461	73,381
	10,580,875	9,185,366
Less: Depreciation charged for the period/ year	724,068	787,056
	9,856,807	8,398,310

31 March **30 June**
2007 **2006**
(Rupees in thousand)

7.1.1 Cost of additions during the period/ year

Freehold land	639	152,515
Buildings on freehold land	345,094	191,922
Plant and machinery	1,695,861	844,007
Electric installations	60,672	35,583
Factory equipments	18,522	14,988
Furniture, fixture and office equipments	25,657	32,020
Vehicles	66,581	60,874
	2,213,026	1,331,909

7.1.2 Written down value of deletions during the period/ year

Plant and machinery	21,542	64,328
Electric installations	37	193
Factory equipments	-	33
Furniture, fixture and office equipments	151	1
Vehicles	8,731	8,826
	30,461	73,381

7.2 ASSETS SUBJECT TO FINANCE LEASE

Opening book value	78,624	160,070
Add: Cost of addition to machinery during the period/ year	-	-
	78,624	160,070
Less: Written down value of machinery deleted during the period/ year	-	70,621
	78,624	89,449
Less: Depreciation during the period/ year	5,709	10,825
	72,915	78,624

(RUPEES IN THOUSAND)

	Jul-06 to Mar-07	Jul-05 to Mar-06	Jan-07 to Mar-07	Jan-06 to Mar-06
8. COST OF GOODS SOLD				
Raw material consumed	3,555,520	3,280,732	1,182,761	1,084,249
Cloth and yarn purchased/ used	3,237,992	3,351,787	1,113,426	1,131,578
Processing charges	63,833	158,234	31,160	75,881
Salaries, wages and other benefits	869,297	732,764	299,676	252,289
Staff retirement benefits	26,033	21,693	9,170	7,304
Stores, spare parts and loose tools	1,014,286	912,049	352,089	302,110
Packing material consumed	268,303	255,259	93,299	95,918
Repair and maintenance	88,263	115,090	33,755	54,730
Fuel and power	1,068,334	802,991	336,074	280,501
Insurance	17,219	15,509	5,657	5,104
Other factory overheads	109,882	107,437	38,093	39,294
Depreciation	698,763	574,599	234,180	196,678
	11,017,725	10,328,144	3,729,340	3,525,636
Work-in-process:				
Opening stock	896,854	877,560	940,644	928,342
Closing stock	(1,027,922)	(836,878)	(1,027,922)	(836,878)
	(131,068)	40,682	(87,278)	91,464
Cost of goods manufactured	10,886,657	10,368,826	3,642,062	3,617,100
Finished goods:				
Opening stock	837,434	826,365	817,550	905,766
Closing stock	(829,324)	(955,626)	(829,324)	(955,626)
	8,110	(129,261)	(11,774)	(49,860)
	10,894,767	10,239,565	3,630,288	3,567,240
9. OTHER OPERATING EXPENSES				
Worker's participation fund (Note 9.1)	51,748	52,210	12,725	5,775
Worker's welfare fund	17,453	-	4,836	-
Amortization of deferred cost	472	1,024	157	249
Donation	1,048	10,134	12	1,506
	70,721	63,368	17,730	7,530
9.1 WORKERS' PARTICIPATION FUND				
Provision for Workers' Profit Participation Fund against share of profit in associated companies has been made to the extent of dividend income received from these associated companies.				

10. EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share.

11. TRANSACTIONS WITH RELATED PARTIES

	(RUPEES IN THOUSAND)			
	Jul-06 to Mar-07	Jul-05 to Mar-06	Jan-07 to Mar-07	Jan-06 to Mar-06
Purchase of goods and services	78,434	85,362	13,121	32,738
Purchase of operating fixed assets	449	-	259	-
Sale of goods and services	5,481	39,723	2,575	25,691
Sale of operating fixed assets	67	-	-	-
Dividend received	316,407	158,258	49,336	-
Dividend paid	28,671	47,735	-	-
Company's contribution to provident fund trust	33,589	28,736	11,698	9,673
Remuneration paid to Chief Executive Officer, Directors and Executives	31,409	26,080	7,974	9,683

11.1 The company purchased from and sold to related parties goods, material and services at an arm's length price determined in accordance with comparable uncontrolled price method.

12. AUTHORIZATION FOR ISSUE

These financial statements were approved by Board of Directors and authorized for issue on 25 April, 2007.

13. CORRESPONDING FIGURES

- Corresponding figures of balance sheet, profit and loss account, cash flow statement and statement of changes in equity have been re-arranged, wherever necessary for the purpose of comparison. However, no significant reclassification has been made except detailed below:
 - Inclusion of Workers' Participation Fund In other operating expenses instead of disclosing separately on the face of profit and loss account.
 - Inclusion of amortization of deferred cost and donation in other operating expenses instead of distribution and selling cost and administrative and general expenses.
- Figures have been rounded off to nearest thousand of rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR