



**INSPIRING**  
*Creativity*



# Contents

## **Nishat Mills Limited**

Company Information .....	02
Directors' Report .....	04
Unconsolidated Condensed Interim Balance Sheet .....	10
Unconsolidated Condensed Interim Profit and Loss Account.....	12
Unconsolidated Condensed Interim Statement of Comprehensive Income .....	13
Unconsolidated Condensed Interim Cash Flow Statement.....	14
Unconsolidated Condensed Interim Statement of Changes in Equity.....	15
Selected Notes to the Unconsolidated Condensed Interim Financial Information.....	16

## **Nishat Mills Limited and its Subsidiaries**

Consolidated Condensed Interim Balance Sheet .....	28
Consolidated Condensed Interim Profit and Loss Account .....	30
Consolidated Condensed Interim Statement of Comprehensive Income .....	31
Consolidated Condensed Interim Cash Flow Statement .....	32
Consolidated Condensed Interim Statement of Changes in Equity.....	33
Selected Notes to the Consolidated Condensed Interim Financial Information .....	34
Directors' Report in Urdu .....	52

# Company Information

## Board of Directors

Mian Umer Mansha

*Chief Executive Officer*

Mian Hassan Mansha

*Chairman*

Syed Zahid Hussain

Mr. Khalid Qadeer Qureshi

Mr. Farid Noor Ali Fazal

Mr. Ghazanfar Husain Mirza

Mr. Maqsood Ahmad

## Audit Committee

Mr. Khalid Qadeer Qureshi

*Chairman / Member*

Syed Zahid Hussain

*Member*

Mr. Farid Noor Ali Fazal

*Member*

## Human Resource & Remuneration (HR & R) Committee

Mian Hassan Mansha

*Chairman / Member*

Mian Umer Mansha

*Member*

Mr. Khalid Qadeer Qureshi

*Member*

## Chief Financial Officer

Mr. Badar-ul-Hassan

## Company Secretary

Mr. Khalid Mahmood Chohan

## Auditors

Riaz Ahmad & Company

*Chartered Accountants*

## Legal Advisor

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

## Bankers to the Company

Albaraka Bank (Pakistan) Limited

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Islami Pakistan Limited

Burj Bank Limited

Citibank N.A.

Deutsche Bank AG

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

Industrial and Commercial Bank of

China Limited

JS Bank Limited

Meezan Bank Limited

MCB Bank Limited

MCB Islamic Bank Limited

National Bank of Pakistan

NIB Bank Limited

Pak Brunei Investment Company  
Limited

Pakistan Kuwait Investment

Company (Private) Limited

PAIR Investment Company Limited

Samba Bank Limited

Silk Bank Limited

Soneri Bank Limited

Summit Bank Limited

Standard Chartered Bank (Pakistan)  
Limited

The Bank of Punjab

United Bank Limited

## **Mills**

### **Spinning units, Yarn Dyeing & Power plant**

Nishatabad, Faisalabad.

### **Spinning units & Power plant**

20 K.M. Sheikhpura Faisalabad  
Road, Feroze Watwan.

### **Weaving units & Power plant**

12 K.M. Faisalabad Road, Sheikhpura.

### **Weaving units, Dyeing & Finishing unit, Processing unit, Stitching units and Power plants**

5 K.M. Nishat Avenue Off 22 K.M.  
Ferozepur Road, Lahore.

### **Stitching unit**

21 K.M. Ferozepur Road, Lahore.

### **Apparel Units**

7 K.M. Nishat Avenue Off 22 K.M.  
Ferozepur Road, Lahore.

2 K.M. Nishat Avenue Off 22 K.M.  
Ferozepur Road, Lahore.

## **Registered office**

Nishat House

53 - A, Lawrence Road, Lahore.  
Tel: 042-36360154, 042-111 113 333  
Fax: 042-36367414

## **Shares Registrar**

### **THK Associates (Private) Limited**

Head Office, Karachi  
1st Floor, 40-C, Block-6,  
P.E.C.H.S, Karachi-75400  
Tel: 021-34168270,  
021-111 000 322  
Fax: 021-34168271

Branch Office, Lahore  
2nd Floor, DYL Motorcycles Limited  
Office Building, Plot No. 346  
Block No. G-III, Khokar Chowk,  
Main Boulevard, Johar Town, Lahore  
Tel: 042-35290577  
Fax: 042-35290748

### **Head Office**

7, Main Gulberg, Lahore.  
Tel: 042-35716351-59,  
042-111 332 200  
Fax: 042-35716349-50  
E-mail: nishat@nishatmills.com  
Website: www.nishatmillsltd.com

### **Liaison Office**

Ist Floor, Karachi Chambers,  
Hasrat Mohani Road, Karachi.  
Tel: 021-32414721-23  
Fax: 021-32412936

# Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the nine month period ended 31 March 2017.

## Operating Financial Results

Gross profit of the Company decreased by 14.15% in the current nine month period ended 31 March 2017 as compared to corresponding nine month period. The main reasons for this decrease were increase in gas prices, increase in minimum wages and decline in profit margins due to cut-throat competition in textile sector. Dividend income also decreased marginally by 1.51% during the current nine month period as compared to corresponding nine month period. However, financial cost of the Company decreased due to better financial management and control.

Financial Highlights	Nine months ended 31 March		Increase / (decrease) %
	2017	2016	
Net Sales (Rs. '000')	37,286,517	36,158,524	3.12
Gross Profit (Rs. '000')	4,197,784	4,889,536	(14.15)
Profit before tax (Rs. '000')	3,595,674	4,139,363	(13.13)
Profit after tax (Rs. '000')	3,088,674	3,567,363	(13.42)
Gross Profit (%)	11.26	13.52	
Profit after tax (%)	8.28	9.87	
Earnings per share – (Rs.)	8.78	10.15	

## General Market Review and Future Prospects

First quarter of current financial year was tough for textile sector. However, in the second and third quarters, value added sectors gradually improved their performance but basic textile sectors such as spinning and weaving remained under pressure.

Considering global retail environment, cut-throat competition and high cost of doing business in Pakistan, the government has announced incentive package for export oriented sectors of the country. As per the new package, duty drawback of taxes at specified rates will be available on the FOB value of exports for the period starting from 16 January 2017 and ending on 30 June 2017 on the selected product range of yarn, greige fabric, processed fabric, made-ups and garments. The announcement of this package is a healthy sign for the future of textile sector of the country. The package will not only restore the competitiveness of textile sector to the large extent but also encourage domestic and foreign investment.

## Segment Analysis

### Spinning

Financial performance of the spinning sector remained unfavorable throughout the nine month period ended 31 March 2017 as a result of depressed yarn prices in relation to high cost of raw cotton. Both prices and demand for cotton yarn in international market recorded an inverse relation with cost of spinning production. The Company, in order to mitigate the cotton supply and price risk, completed the purchase of raw cotton in December 2016 to fulfill the production requirements for whole financial year.

Yarn	Nine months ended 31 March		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (kgs '000')	18,144	23,711	(5,567)	(23.48)
Rate / kg	288.46	270.33	18.13	6.71
Sale – (Rs. '000')	5,233,819	6,409,882	(1,176,063)	(18.35)

Although, during the third quarter, cotton yarn prices increased in international market for a brief period of time, but this impact remained immaterial for yarn exporters. However, due to high volume of cotton transactions in local cotton market, prices for yarn in local market showed some improvement. Marketing team of the Spinning Segment was able to generate satisfactory results for the segment by getting orders at favorable rates. The demand in major cotton yarn markets such as Hong Kong and China remained low; therefore, our marketing team increased its focus to Malaysia, Japan, South Korea, Taiwan and Turkey for new business opportunities.

The plan to expand and relocate Spinning Segment located at Nishatabad, Faisalabad is underway according to which the Company has acquired land in Special Economic Zone (SEZ) located at M-3 Faisalabad Industrial Estate FIEDMC. In the first phase, 49,536 spindles are being planned to be installed on the newly acquired land which includes transfer of 22,176 spindles from existing production facility located at Nishatabad, Faisalabad and acquisition of 27,360 new spindles. These spindles are expected to commence commercial production in August 2017. The Company will enjoy benefits of tax and duty exemptions and infrastructure facilities especially designed for SEZ members at this location.

### Weaving

The continuing upward trend in cotton prices adversely affected already sluggish fabric market. However, polyester prices recorded a declining trend in the third quarter after an initial increase. While the international market was slow due to various economic factors, an additional reason for the slow European business was a weak Pound Sterling and Euro as compared to US Dollar which remained steady against Pak Rupee.

Grey Cloth	Nine months ended 31 March		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (meters '000')	60,254	61,153	(899)	(1.47)
Rate / meter	137.92	135.99	1.93	1.42
Sale – (Rs. '000')	8,310,414	8,316,447	(6,033)	(0.07)

Low demand in export market has put extreme pressure on domestic market. Oversupply of fabric in local market has resulted in a declining trend in prices; consequently, our competitors are offering their products at unsustainable low price level.

Diversification of our product range is the only way to reduce market risk; therefore, our strategy is to produce more in technical and industrial fabrics using various fibers such as polyester, tencel, viscos etc. Our abrasive or protective wear and outdoor business has already increased and future looks bright. The Company also expects good returns from sales to home textile sector; resultantly, the Company is in the process of acquiring new 56 wider width Picanol looms which are expected to be commissioned in June 2017.

### Dyeing

Despite surge in raw material prices in the middle of season which reduced our profit margins, Dyeing Segment performed fairly well in the nine month period ended 31 March 2017. We were able to sell our capacities at reasonable contribution margins in highly unfavorable market conditions mainly by taking right steps at right time.

Processed Cloth	Nine months ended 31 March		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (meters '000')	36,836	40,876	(4,040)	(9.88)
Rate / meter	255.96	253.11	2.85	1.13
Sale – (Rs. '000')	9,428,716	10,346,234	(917,518)	(8.87)

Now we have entered in the last quarter of current fiscal year which has always been tough and slow in our annual business cycle. In this period, demand of woven apparel fabrics goes down from all regions and customers. Utilization of installed capacities in this time frame has always been difficult but this year increase in raw material prices has made this task even more challenging. Additionally, due to poor retail performance of apparel sector across the globe, customers are not accepting price increase of processed cloth. However, we are keeping a close eye on the market situation and trying our best to keep our performance momentum in the fourth quarter as well. We are confident that we will be able to close financial year 2016-17 on a positive note.

### Home Textile

The expansion plan of Home Textile Segment has been in implementation phase for the last six months. Some machines were commissioned during the second quarter of the year while remaining started production in the third quarter. This expansion / commissioning has enhanced the production capacity of the Segment by 20%. Due to the efforts of our marketing team, we remained at full capacity utilization throughout the quarter despite of the expansion in capacity, leading to historically record production and earnings for the Segment.

Processed Cloth and Made-ups	Nine months ended 31 March		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (meters '000')	17,233	13,597	3,636	26.74
Rate / meter	326.60	340.83	(14.23)	(4.18)
Sale – (Rs. '000')	5,628,270	4,634,231	994,039	21.45

Recently, we have embarked on a serious effort to expand our supplies to the Chinese market. Since the per capita income is rising, the retail customers in China are asking for higher quality textile products. As our Home Textile Segment is primarily operating in the brands and high-end products, we have been able to secure a lot of interest from the largest retail chains in China. They intend to start at small level but we expect our relations with Chinese brands to be a significant part of our business in years to come. Overall the nine month period under review has brought a lot more positive outcomes for us and we are confident of better future ahead.

### Garments

Garments Segments have been able to sustain business despite increase in wages and cost of production. Profitability of the segments is expected to be improved during the fourth quarter of the financial year 2016-17 due to increased production. Our new Denim Garments Segment equipped with state of the art washing arrangements for jeans is expected to attract new orders & enhance our existing customer base.

Garments	Nine months ended 31 March		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (garments '000')	5,109	3,851	1,258	32.67
Rate / garment	737.13	728.45	8.68	1.19
Sale – (Rs. '000')	3,765,987	2,805,280	960,707	34.25

Production orders from the large European brands are in process and a further increase in orders from such brands is anticipated during the 1st half of financial year 2017-18. Our initiative for utilization of green energy at our production facilities is also paying off because it fulfills the requirements for environment protection of our foreign buyers. Government has announced a 7% duty drawback in the export package for garments which will help us in retaining our customer base, increasing the volume from our installed capacities and enhancing our profitability.

### **Power Generation**

The Company is committed to ensure cheap, efficient and environmentally sustainable energy sources for its production facilities. A 9.6 MW Wartsila tri-fuel engine having specialized feature of direct conversion from gas to HFO with waste heat recovery mechanism from jacket water and exhaust gas was commissioned at spinning production facility located at Nishatabad, Faisalabad in October 2016 and is running efficiently. The Solar PV plant for our Denim Garments Segment was also successfully commissioned in December 2016. Furthermore, a 10 ton, low pressure, coal fired boiler is being added at the location of Weaving Segment located at Bhikki.

A project is underway to utilize fly ash, a waste from burning coal in Coal Fired Power Plant installed at Nishat Dyeing & Finishing unit, for the production of pavers. Currently, the Company has to bear the cost for the disposal of this ash. Research has successfully been completed to produce pavers by creating various combinations of ingredients to achieve standard compressive strength. For this purpose, a paver making machine is expected to be commissioned by the end of April 2017.

A project for the installation of a new 65 ton coal fired boiler at power plant located at Nishat Dyeing & Finishing unit is under planning process. Design of the new captive power plant to cater for the spinning production facilities located at M-3 Faisalabad Industrial Estate, Faisalabad has also been completed and construction of building is under progress.

### **Information under section 218 of Companies Ordinance, 1984**

The Board of Directors of the Company in their meeting held on 06 April 2017 has approved re-appointment of Mian Umer Mansha as Chief Executive Officer of the Company with no change in his existing terms & conditions.

### **Subsidiary Companies and Consolidated Financial Statements**

Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat Commodities (Private) Limited, Lalpir Solar Power (Private) Limited, Hyundai Nishat Motor (Private) Limited, Nishat USA Inc., Nishat Linen Trading LLC, Nishat International FZE, Nishat Global China Company Limited, Nishat UK (Private) Limited and Concept Garments and Textile Trading FZE form portfolio of subsidiary companies of the Company. Therefore, the Company has annexed consolidated condensed interim financial information in addition to its separate condensed interim financial information, in accordance with the requirements of International Financial Reporting Standards.

### **Acknowledgement**

The Board is pleased about the efforts of the management, staff and workers.

### **For and on behalf of the Board of Directors**



**Mian Umer Mansha**  
Chief Executive Officer

**22 April 2017**

Lahore



Unconsolidated Condensed Interim

# Financial Information of Nishat Mills Limited

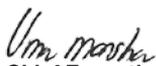
For the period ended 31 March 2017

# Unconsolidated Condensed Interim Balance Sheet

As at 31 March 2017

Note	Un-audited 31 March 2017 (Rupees in thousand)	Audited 30 June 2016
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized share capital</b>		
1,100,000,000 (30 June 2016: 1,100,000,000) ordinary shares of Rupees 10 each	11,000,000	11,000,000
<b>Issued, subscribed and paid-up share capital</b>		
351,599,848 (30 June 2016: 351,599,848) ordinary shares of Rupees 10 each	3,515,999	3,515,999
<b>Reserves</b>	90,461,806	78,639,156
<b>Total equity</b>	93,977,805	82,155,155
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term financing - secured	4,450,638	4,629,456
Deferred income tax liability	1,255,586	261,567
	5,706,224	4,891,023
<b>CURRENT LIABILITIES</b>		
Trade and other payables	6,477,727	5,737,896
Accrued mark-up	102,662	113,320
Short term borrowings	15,375,317	10,475,657
Current portion of non-current liabilities	2,128,109	1,980,768
Provision for taxation	944,636	1,245,400
	25,028,451	19,553,041
<b>TOTAL LIABILITIES</b>	30,734,675	24,444,064
<b>CONTINGENCIES AND COMMITMENTS</b>	6	
<b>TOTAL EQUITY AND LIABILITIES</b>	124,712,480	106,599,219

The annexed notes form an integral part of this unconsolidated condensed interim financial information.

  
Chief Executive Officer

	Note	Un-audited 31 March 2017 (Rupees in thousand)	Audited 30 June 2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	26,012,308	24,715,095
Investment properties		468,389	472,765
Long term investments		66,173,284	55,399,080
Long term loans		149,453	97,762
Long term deposits		64,038	63,687
		92,867,472	80,748,389
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		1,683,729	1,269,509
Stock in trade		14,199,067	9,933,736
Trade debts		2,452,980	2,253,369
Loans and advances		8,332,167	6,111,644
Short term deposits and prepayments		34,948	65,433
Other receivables		2,039,080	2,023,092
Accrued interest		14,231	13,662
Short term investments		3,007,833	2,065,217
Cash and bank balances		80,973	2,115,168
		31,845,008	25,850,830
<b>TOTAL ASSETS</b>		<b>124,712,480</b>	<b>106,599,219</b>

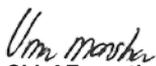
  
**Director**

# Unconsolidated Condensed Interim Profit and Loss Account

For the period ended 31 March 2017 (Un-audited)

	Note	Period ended		Quarter ended	
		31 March 2017	31 March 2016 (Rupees in thousand)	31 March 2017	31 March 2016
SALES		37,286,517	36,158,524	13,283,011	12,698,155
COST OF SALES	8	(33,088,733)	(31,268,988)	(11,720,279)	(10,868,089)
GROSS PROFIT		4,197,784	4,889,536	1,562,732	1,830,066
DISTRIBUTION COST		(1,805,760)	(1,616,491)	(673,176)	(543,076)
ADMINISTRATIVE EXPENSES		(860,245)	(848,980)	(272,491)	(275,289)
OTHER EXPENSES		(172,902)	(222,908)	(18,668)	(62,099)
		(2,838,907)	(2,688,379)	(964,335)	(880,464)
		1,358,877	2,201,157	598,397	949,602
OTHER INCOME		2,907,153	2,750,740	311,986	460,010
PROFIT FROM OPERATIONS		4,266,030	4,951,897	910,383	1,409,612
FINANCE COST		(670,356)	(812,534)	(249,411)	(260,337)
PROFIT BEFORE TAXATION		3,595,674	4,139,363	660,972	1,149,275
TAXATION		(507,000)	(572,000)	(123,000)	(142,000)
PROFIT AFTER TAXATION		3,088,674	3,567,363	537,972	1,007,275
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		8.78	10.15	1.53	2.86

The annexed notes form an integral part of this unconsolidated condensed interim financial information.

  
Chief Executive Officer

  
Director

# Unconsolidated Condensed Interim Statement of Comprehensive Income

For the period ended 31 March 2017 (Un-audited)

	Period ended		Quarter ended	
	31 March 2017	31 March 2016 (Rupees in thousand)	31 March 2017	31 March 2016
<b>PROFIT AFTER TAXATION</b>	3,088,674	3,567,363	537,972	1,007,275
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>	–	–	–	–
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Surplus / (deficit) arising on remeasurement of available for sale investments to fair value	11,485,994	(316,574)	(196,883)	1,899,120
Deferred income tax relating to surplus on available for sale investments	(994,019)	(2,487)	–	–
Other comprehensive income / (loss) for the period - net of tax	10,491,975	(319,061)	(196,883)	1,899,120
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>13,580,649</b>	<b>3,248,302</b>	<b>341,089</b>	<b>2,906,395</b>

The annexed notes form an integral part of this unconsolidated condensed interim financial information.

  
Chief Executive Officer

  
Director

# Unconsolidated Condensed Interim Cash Flow Statement

For the period ended 31 March 2017 (Un-audited)

	Note	Period ended	
		31 March 2017 (Rupees in thousand)	31 March 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash (utilized in) / generated from operations</b>	9	(1,120,865)	3,285,125
Finance cost paid		(681,014)	(924,951)
Income tax paid		(621,806)	(648,360)
Exchange gain / (loss) on forward exchange contracts received / (paid)		123,682	(24,257)
Net (increase) / decrease in long term loans to employees		(62,175)	3,468
Net increase in long term deposits		(351)	(4,955)
<b>Net cash (utilized in) / generated from operating activities</b>		(2,362,529)	1,686,070
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(3,148,640)	(1,549,072)
Proceeds from sale of property, plant and equipment		139,744	79,324
Investments made		(230,826)	(327,959)
Loans and advances to subsidiary companies		(16,170,428)	(11,274,383)
Repayment of loans from subsidiary companies		14,053,182	11,020,598
Interest received		90,099	83,635
Dividends received		2,476,333	2,514,199
<b>Net cash (used in) / from investing activities</b>		(2,790,536)	546,342
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		1,639,975	730,715
Repayment of long term financing		(1,671,452)	(1,510,239)
Short term borrowings - net		4,899,660	131,723
Dividend paid		(1,749,313)	(1,573,268)
<b>Net cash from / (used in) financing activities</b>		3,118,870	(2,221,069)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(2,034,195)	11,343
<b>Cash and cash equivalents at the beginning of the period</b>		2,115,168	52,219
<b>Cash and cash equivalents at the end of the period</b>		80,973	63,562

The annexed notes form an integral part of this unconsolidated condensed interim financial information.

  
Chief Executive Officer

  
Director

# Unconsolidated Condensed Interim Statement of Changes in Equity

## For the period ended 31 March 2017 (Un-audited)

	(Rupees in thousand)									
	Share capital	Capital reserves					Reserves			Total equity
		Premium on issue of right shares		Revenue reserves			Sub total	Total		
		Fair value reserve	Sub total	General reserve	Unappropriated profit	Sub total				
<b>Balance as at 30 June 2015 - Audited</b>	3,515,999	5,499,530	32,856,729	38,356,259	30,354,028	3,916,537	34,270,565	72,626,824	76,142,823	
Transaction with owners - Final dividend for the year ended 30 June 2015 @ Rupees 4.50 per share	-	-	-	-	-	(1,582,199)	(1,582,199)	(1,582,199)	(1,582,199)	
Transferred to general reserve	-	-	-	-	2,329,000	(2,329,000)	-	-	-	
Profit for the period ended 31 March 2016	-	-	-	-	-	3,567,363	3,567,363	3,567,363	3,567,363	
Other comprehensive loss for the period ended 31 March 2016	-	-	(319,061)	(319,061)	-	-	-	(319,061)	(319,061)	
Total comprehensive (loss) / income for the period ended 31 March 2016	-	-	(319,061)	(319,061)	-	3,567,363	3,567,363	3,248,302	3,248,302	
<b>Balance as at 31 March 2016 - Un-audited</b>	3,515,999	5,499,530	32,537,668	38,037,198	32,683,028	3,572,701	36,255,729	74,292,927	77,808,926	
Profit for the period ended 30 June 2016	-	-	-	-	-	1,355,675	1,355,675	1,355,675	1,355,675	
Other comprehensive income for the period ended 30 June 2016	-	-	2,990,554	2,990,554	-	-	-	2,990,554	2,990,554	
Total comprehensive income for the period ended 30 June 2016	-	-	2,990,554	2,990,554	-	1,355,675	1,355,675	4,346,229	4,346,229	
<b>Balance as at 30 June 2016 - Audited</b>	3,515,999	5,499,530	35,528,222	41,027,752	32,683,028	4,928,376	37,611,404	78,639,156	82,155,155	
Transaction with owners - Final dividend for the year ended 30 June 2016 @ Rupees 5.00 per share	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)	
Transferred to general reserve	-	-	-	-	3,165,000	(3,165,000)	-	-	-	
Profit for the period ended 31 March 2017	-	-	-	-	-	3,088,674	3,088,674	3,088,674	3,088,674	
Other comprehensive income for the period ended 31 March 2017	-	-	10,491,975	10,491,975	-	-	-	10,491,975	10,491,975	
Total comprehensive income for the period ended 31 March 2017	-	-	10,491,975	10,491,975	-	3,088,674	3,088,674	13,580,649	13,580,649	
<b>Balance as at 31 March 2017 - Un-audited</b>	3,515,999	5,499,530	46,020,197	51,519,727	35,848,028	3,094,051	38,942,079	90,461,806	93,977,805	

The annexed notes form an integral part of this unconsolidated condensed interim financial information.

  
Chief Executive Officer

  
Director

# Selected Notes to the Unconsolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

### 1 THE COMPANY AND ITS OPERATIONS

Nishat Mills Limited is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on Pakistan Stock Exchange Limited. 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, apparel, 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, supply and sell electricity.

### 2 BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This unconsolidated condensed interim financial information of the Company for the period ended 31 March 2017 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail. This unconsolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

	<b>Un-audited 31 March 2017</b>	<b>Audited 30 June 2016</b>
	<b>(Rupees in thousand)</b>	
<b>5 LONG TERM FINANCING- SECURED</b>		
Opening balance	6,610,224	7,365,470
Add: Obtained during the period / year	1,639,975	1,209,108
Less: Repaid during the period / year	1,671,452	1,964,354
	6,578,747	6,610,224
Less: Current portion shown under current liabilities	2,128,109	1,980,768
	4,450,638	4,629,456

## 6 CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2016: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 1,271.578 million (30 June 2016: Rupees 973.358 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess and Government of Punjab against fulfillment of sales orders.
- iii) Post dated cheques of Rupees 7,213.232 million (30 June 2016: Rupees 5,800.306 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) The Company has challenged, before Honorable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honorable Lahore High Court has issued stay order in favour of the Company and has allowed the Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Company has claimed input sales tax amounting to Rupees 63.634 million (30 June 2016: Rupees 77.482 million) paid on such goods in its respective monthly sales tax returns.

### b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 2,758.905 million (30 June 2016: Rupees 1,031.214 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 930.976 million (30 June 2016: Rupees 338.967 million).
- iii) Outstanding foreign currency forward contracts of Rupees 502.256 million (30 June 2016: Rupees 3,345.460 million).

# Selected Notes to the Unconsolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

### 7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 March 2017 (Rupees in thousand)	Audited 30 June 2016
Operating fixed assets:			
Owned	7.1	22,684,132	23,058,934
Leased	7.2	–	–
Capital work-in-progress	7.3	3,328,176	1,656,161
		26,012,308	24,715,095
<b>7.1 Operating fixed assets - Owned</b>			
Opening book value		23,058,934	21,453,222
Add: Cost of additions during the period / year	7.1.1	1,476,625	3,661,932
Add: Book value of assets transferred from leased assets to owned assets	7.2	–	181,191
		24,535,559	25,296,345
Less: Book value of deletions / adjustments during the period / year	7.1.2	144,928	77,531
		24,390,631	25,218,814
Less: Depreciation charged during the period / year		1,706,499	2,159,880
		22,684,132	23,058,934
<b>7.1.1 Cost of additions</b>			
Freehold land		178,095	10,909
Buildings on freehold land		57,672	1,419,610
Plant and machinery		1,150,787	2,004,393
Electric installations		1,255	73,895
Factory equipment		21,700	11,493
Furniture, fixtures and office equipment		18,819	32,620
Computer equipment		10,942	36,409
Vehicles		37,355	72,603
		1,476,625	3,661,932
<b>7.1.2 Book value of deletions / adjustments</b>			
Freehold land		–	17,989
Buildings on freehold land		2,511	694
Plant and machinery		94,430	33,073
Electric installations		26,198	–
Furniture, fixtures and office equipment		48	261
Computer equipment		64	166
Vehicles		21,677	25,348
		144,928	77,531

	Un-audited 31 March 2017 (Rupees in thousand)	Audited 30 June 2016
<b>7.2 Operating fixed assets - Leased</b>		
Opening book value	–	181,191
Less: Book value of assets transferred from leased assets to fixed assets - owned	–	181,191
	–	–
<b>7.3 Capital work-in-progress</b>		
Buildings on freehold land	1,379,775	352,217
Plant and machinery	1,554,275	962,867
Factory equipment	–	1,380
Unallocated expenses	15,292	12,284
Letters of credit against machinery	3,204	1,883
Advances against purchase of land	352,561	314,988
Advances against furniture, fixtures and office equipment	18,076	–
Advances against vehicles	4,993	10,542
	3,328,176	1,656,161

	Period ended		Quarter ended	
	31 March 2017	31 March 2016 (Rupees in thousand)	31 March 2017	31 March 2016
<b>8 COST OF SALES</b>				
Raw materials consumed	18,929,985	18,646,843	6,344,433	6,209,979
Processing charges	235,839	205,829	130,669	110,980
Salaries, wages and other benefits	3,936,439	3,279,688	1,316,046	1,115,067
Stores, spare parts and loose tools consumed	3,629,741	3,402,029	1,295,647	1,209,454
Packing materials consumed	830,808	739,797	287,129	263,561
Repair and maintenance	234,439	242,065	68,753	79,555
Fuel and power	3,677,842	3,188,994	1,332,342	1,005,155
Insurance	32,548	28,641	11,000	9,547
Other factory overheads	382,796	306,722	124,770	100,239
Depreciation	1,639,691	1,492,631	552,446	498,476
	33,530,128	31,533,239	11,463,235	10,602,013
Work-in-process				
Opening stock	1,746,041	1,530,684	2,243,617	2,081,398
Closing stock	(2,113,268)	(1,898,882)	(2,113,268)	(1,898,882)
	(367,227)	(368,198)	130,349	182,516
Cost of goods manufactured	33,162,901	31,165,041	11,593,584	10,784,529
Finished goods				
Opening stock	2,875,186	2,882,924	3,076,049	2,862,537
Closing stock	(2,949,354)	(2,778,977)	(2,949,354)	(2,778,977)
	(74,168)	103,947	126,695	83,560
	33,088,733	31,268,988	11,720,279	10,868,089

# Selected Notes to the Unconsolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

	Note	Period ended	
		31 March 2017	31 March 2016
(Rupees in thousand)			
<b>9 CASH (UTILIZED IN) / GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		3,595,674	4,139,363
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		1,710,875	1,566,579
Loss / (gain) on sale of property, plant and equipment		5,184	(25,605)
Dividend income		(2,476,333)	(2,514,199)
Net exchange (gain) / loss		(151,480)	55,702
Interest income on loans and advances to subsidiary companies		(95,839)	(91,278)
Finance cost		670,356	812,534
Reversal of provision for slow moving, obsolete and damaged store items		(488)	–
Working capital changes	9.1	(4,378,814)	(657,971)
		(1,120,865)	3,285,125
<b>9.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(413,732)	(415,676)
- Stock in trade		(4,265,331)	(1,647,740)
- Trade debts		(149,126)	1,049,414
- Loans and advances		(278,751)	(38,401)
- Short term deposits and prepayments		30,485	16,378
- Other receivables		(30,996)	(192,086)
		(5,107,451)	(1,228,111)
Increase in trade and other payables		728,637	570,140
		(4,378,814)	(657,971)

## 10 SEGMENT INFORMATION

**10.1** The Company has following reportable business segments. The following summary describes the operations in each of the Company's reportable segments:

Spinning at Faisalabad and

Feroze Wattwan: Producing different qualities of yarn using natural and artificial fibers.

Weaving at Bhikki and Lahore: Producing different qualities of greige fabric using yarn.

Dyeing: Producing dyed fabric using different qualities of greige fabric.

Home Textile: Manufacturing of home textile articles using processed fabric produced from greige fabric.

Garments I and II: Manufacturing of garments using processed fabric.

Power Generation: Generation and distribution of power using gas, oil, steam, coal and biomass.

**10.2** Transactions among the business segments are recorded at cost. Intersegment sales and purchases have been eliminated from the total.



# Selected Notes to the Unconsolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

### 11 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this unconsolidated condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>As at 31 March 2017</b>	<b>(Rupees in thousand)</b>			
<b>Financial assets</b>				
Available for sale financial assets	58,198,870	13,742	6,874,004	65,086,616
Derivative financial assets	–	2,315	–	2,315
<b>Total financial assets</b>	<b>58,198,870</b>	<b>16,057</b>	<b>6,874,004</b>	<b>65,088,931</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	–	3,335	–	3,335
<b>Total financial liabilities</b>	<b>–</b>	<b>3,335</b>	<b>–</b>	<b>3,335</b>
<b>Recurring fair value measurements</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>As at 30 June 2016 (Audited)</b>	<b>(Rupees in thousand)</b>			
<b>Financial assets</b>				
Available for sale financial assets	50,959,140	10,599	2,460,056	53,429,795
Derivative financial assets	–	22,494	–	22,494
<b>Total financial assets</b>	<b>50,959,140</b>	<b>33,093</b>	<b>2,460,056</b>	<b>53,452,289</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	–	827	–	827
<b>Total financial liabilities</b>	<b>–</b>	<b>827</b>	<b>–</b>	<b>827</b>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period ended 31 March 2017. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**ii) Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments and the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

**iii) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the period ended 31 March 2017:

	<b>Unlisted equity securities (Rupees in thousand)</b>
<b>Balance as on 30 June 2016</b>	2,460,056
Less : Deficit recognized in other comprehensive income	(1,280)
Add : Surplus recognized in other comprehensive income	4,415,228
<b>Balance as on 31 March 2017</b>	<b>6,874,004</b>

**iv) Valuation inputs and relationships to fair value**

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at 31 March 2017	Unobservable inputs	Range of inputs (probability-weighted average) 31 March 2017	Relationship of unobservable inputs to fair value
(Rupees in thousand)				
<b>Available for sale financial assets:</b>				
Nishat Paper Products Company Limited	409,407	Revenue growth factor	0.27%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +39.207 million / - 34.786 million.
		Risk adjusted discount rate	16.77%	
Nishat Hotels and Properties Limited	5,008,451	Terminal growth factor	4.00%	Increase / decrease in revenue growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +3.128 billion / - 1.347 billion.
		Risk adjusted discount rate	8.97%	
Nishat Dairy (Private) Limited	509,400	Terminal growth factor	4%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +90.600 million / - 63.000 million.
		Risk adjusted discount rate	14.93%	
Security General Insurance Company Limited	946,746	Net premium revenue growth factor	2%	Increase / decrease in net premium revenue growth factor by 0.5% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +55.119 million / -49.597 million.
		Risk adjusted discount rate	19.00%	

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

# Selected Notes to the Unconsolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

### Valuation processes

Independent valuers perform the valuations of non-property items required for financial reporting purposes, including level 3 fair values. The independent valuers report directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the Chief Financial Officer and the valuation team at least once every six months, in line with the Company's half yearly reporting periods.

The main level 3 inputs used by the Company are derived and evaluated as follows:

Discount rates for financial instruments are determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the half yearly valuation discussion between the Chief Financial Officer and the independent valuers. As part of this discussion the independent valuers present a report that explains the reason for the fair value movements.

## 12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, associated undertakings, other related companies, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties is as follows:

	Period ended		Quarter ended	
	31 March 2017	31 March 2016 (Rupees in thousand)	31 March 2017	31 March 2016
<b>i) Transactions</b>				
<b>Subsidiary companies</b>				
Investment made	60,000	10	60,000	–
Interest income	95,839	91,278	41,448	31,173
Short term loans made	16,170,428	11,274,383	4,615,370	3,480,765
Repayment of short term loans made	14,053,182	11,020,598	4,854,864	3,945,886
Rental income	34,761	31,447	12,236	10,631
Dividend income	632,215	858,007	180,633	361,266
Purchase of goods and services	311,643	685,272	37,038	147,571
Sale of goods and services	3,899,881	2,929,845	1,328,365	1,132,340
<b>Associated companies</b>				
Investment made	170,826	327,949	70,253	87,343
Purchase of goods and services	81,300	51,491	57,450	14,362
Sale of operating fixed assets	954	938	–	–
Sale of goods and services	249	237	70	73
Rental income	479	451	171	154
Dividend income	1,760,873	1,605,419	–	–
Dividend paid	158,463	141,968	–	–
Insurance premium paid	110,675	94,446	18,745	8,684
Insurance claims received	25,666	16,736	4,557	5,943
Profit on term deposit receipt	11,059	–	–	–
Finance cost	3,693	1,854	1,844	427

	Period ended		Quarter ended	
	31 March 2017	31 March 2016 (Rupees in thousand)	31 March 2017	31 March 2016
<b>Other related parties</b>				
Dividend income	81,723	49,034	–	–
Purchase of goods and services	1,039,827	573,243	385,887	240,547
Sale of goods and services	42,638	25,048	891	2,230
Sale of operating fixed assets	–	9,750	–	–
Company's contribution to provident fund trust	153,848	138,060	51,855	46,249
Remuneration paid to Chief Executive Officer, Director and Executives	828,408	684,731	261,387	222,163
<b>As at 31 March 2017</b>				
	<b>Subsidiary companies</b>	<b>Associated companies</b> (Rupees in thousand)	<b>Other related parties</b>	<b>Total</b>
<b>ii) Period end balances</b>				
Trade and other payables	1,961	74,803	19,090	95,854
Accrued mark-up	–	1,812	–	1,812
Short term borrowings	–	149,170	–	149,170
Long term loans	–	–	131,216	131,216
Trade debts	397,849	–	–	397,849
Loans and advances	5,841,537	–	48,347	5,889,884
Accrued interest	14,231	–	–	14,231
Cash and bank balances	–	1,788	–	1,788
<b>As at 30 June 2016 (Audited)</b>				
	<b>Subsidiary companies</b>	<b>Associated companies</b> (Rupees in thousand)	<b>Other related parties</b>	<b>Total</b>
Trade and other payables	32,351	71,844	32,822	137,017
Accrued mark-up	–	580	–	580
Long term loans	–	–	92,797	92,797
Trade debts	261,957	–	–	261,957
Loans and advances	3,724,291	–	40,732	3,765,023
Accrued interest	8,491	1,758	–	10,249
Cash and bank balances	–	504,294	–	504,294

### 13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

# Selected Notes to the Unconsolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

### 14 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 22 April 2017.

### 15 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the unconsolidated condensed interim balance sheet and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

### 16 GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

  
Chief Executive Officer

  
Director

Consolidated Condensed Interim

**Financial Information of Nishat Mills Limited  
and its Subsidiaries**

For the period ended 31 March 2017

# Consolidated Condensed Interim Balance Sheet

As at 31 March 2017

Note	Un-audited 31 March 2017 (Rupees in thousand)	Audited 30 June 2016
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized share capital</b>		
1,100,000,000 (30 June 2016: 1,100,000,000) ordinary shares of Rupees 10 each	11,000,000	11,000,000
<b>Issued, subscribed and paid up share capital</b>		
351,599,848 (30 June 2016: 351,599,848) ordinary shares of Rupees 10 each	3,515,999	3,515,999
<b>Reserves</b>	85,028,521	79,400,014
<b>Equity attributable to equity holders of the Holding Company</b>	88,544,520	82,916,013
<b>Non-controlling interest</b>	6,445,004	6,001,587
<b>Total equity</b>	94,989,524	88,917,600
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term financing-secured	10,009,523	11,487,230
Long term security deposits	167,430	161,283
Retirement benefit obligation	8,109	5,381
Deferred liability - accumulating compensated absences	2,583	2,736
Deferred income tax liability	1,573,306	1,626,036
	11,760,951	13,282,666
<b>CURRENT LIABILITIES</b>		
Trade and other payables	7,651,517	6,376,389
Accrued mark-up	290,641	309,402
Short term borrowings	17,257,664	10,475,657
Current portion of non-current liabilities	3,828,609	3,500,416
Provision for taxation	1,089,429	1,374,735
	30,117,860	22,036,599
<b>TOTAL LIABILITIES</b>	41,878,811	35,319,265
<b>CONTINGENCIES AND COMMITMENTS</b>	7	
<b>TOTAL EQUITY AND LIABILITIES</b>	136,868,335	124,236,865

The annexed notes form an integral part of this consolidated condensed interim financial information.

  
Chief Executive Officer

	Note	Un-audited 31 March 2017 (Rupees in thousand)	Audited 30 June 2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	39,631,187	38,097,185
Investment properties		468,389	472,765
Intangible assets		19,229	24,481
Long term investments		52,242,131	49,024,857
Long term loans		171,989	116,979
Long term deposits		144,379	131,575
		92,677,304	87,867,842
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		2,389,406	1,827,949
Stock-in-trade		20,193,083	13,885,352
Trade debts		11,940,803	9,329,634
Loans and advances		2,996,389	3,170,986
Short term deposits and prepayments		247,724	209,219
Other receivables		2,899,673	2,782,581
Accrued interest		705	15,762
Short term investments		3,007,833	2,065,217
Cash and bank balances		515,415	3,082,323
		44,191,031	36,369,023
<b>TOTAL ASSETS</b>		<b>136,868,335</b>	<b>124,236,865</b>

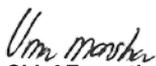
  
**Director**

# Consolidated Condensed Interim Profit and Loss Account

For the period ended 31 March 2017 (Un-audited)

	Note	Period ended		Quarter ended	
		31 March 2017	31 March 2016 (Rupees in thousand)	31 March 2017	31 March 2016
SALES		56,410,237	52,827,792	20,140,524	17,565,675
COST OF SALES	9	(47,235,518)	(42,986,462)	(16,726,788)	(14,038,068)
GROSS PROFIT		9,174,719	9,841,330	3,413,736	3,527,607
DISTRIBUTION COST		(3,552,915)	(2,825,260)	(1,259,428)	(1,004,226)
ADMINISTRATIVE EXPENSES		(1,338,844)	(1,275,538)	(427,713)	(422,690)
OTHER EXPENSES		(172,902)	(225,464)	(18,668)	(60,638)
		(5,064,661)	(4,326,262)	(1,705,809)	(1,487,554)
		4,110,058	5,515,068	1,707,927	2,040,053
OTHER INCOME		1,123,695	908,916	82,396	78,701
PROFIT FROM OPERATIONS		5,233,753	6,423,984	1,790,323	2,118,754
FINANCE COST		(1,249,682)	(1,501,799)	(450,117)	(473,734)
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		3,984,071	4,922,185	1,340,206	1,645,020
PROFIT BEFORE TAXATION		2,491,512	2,618,375	804,301	1,465,282
TAXATION		(564,522)	(574,720)	(14,948)	(135,358)
PROFIT AFTER TAXATION		6,475,583	7,540,560	2,144,507	3,110,302
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		4,860,548	5,714,159	1,753,296	2,538,267
NON-CONTROLLING INTEREST		1,050,513	1,251,681	376,263	436,677
		5,911,061	6,965,840	2,129,559	2,974,944
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)		13.82	16.25	4.99	7.22

The annexed notes form an integral part of this consolidated condensed interim financial information.

  
Chief Executive Officer

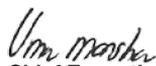
  
Director

# Consolidated Condensed Interim Statement of Comprehensive Income

For the period ended 31 March 2017 (Un-audited)

	Period ended		Quarter ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>PROFIT AFTER TAXATION</b>	5,911,061	6,965,840	2,129,559	2,974,944
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Items that will not be reclassified subsequently to profit or loss	(706)	(708)	(706)	(708)
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Surplus / (Deficit) arising on remeasurement of available for sale investments to fair value	1,567,503	(3,682,601)	(968,655)	(935,365)
Share of other comprehensive income / (loss) of associates	985,571	(1,541,505)	(246,555)	(357,433)
Exchange differences on translating foreign operations	885	33,507	(170)	16,513
Deferred income tax relating to surplus on available for sale investments	(27,295)	–	–	–
	2,526,664	(5,190,599)	(1,215,380)	(1,276,285)
Other comprehensive income / (loss) for the period- net of tax	2,525,958	(5,191,307)	(1,216,086)	(1,276,993)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	8,437,019	1,774,533	913,473	1,697,951
<b>SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:</b>				
Equity holders of holding company	7,386,506	522,852	537,210	1,261,274
Non-controlling interest	1,050,513	1,251,681	376,263	436,677
	8,437,019	1,774,533	913,473	1,697,951

The annexed notes form an integral part of this consolidated condensed interim financial information.

  
Chief Executive Officer

  
Director

# Consolidated Condensed Interim Cash Flow Statement

For the period ended 31 March 2017 (Un-audited)

	Note	Period ended	
		31 March 2017	31 March 2016
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash (utilized in) / generated from operations</b>	10	(1,528,759)	7,893,479
Finance cost paid		(1,268,443)	(1,678,046)
Income tax paid		(770,695)	(746,154)
Long term security deposit received / (made)		6,147	(894)
Exchange gain / (loss) on forward exchange contracts received / (paid)		123,682	(24,257)
Net increase in retirement benefit obligation		2,728	874
Net increase in long term loans		(66,126)	(15,921)
Net increase in long term deposits		(12,804)	(31,762)
<b>Net cash (used in) / generated from operating activities</b>		(3,514,270)	5,397,319
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(4,242,870)	(1,749,351)
Proceeds from sale of property, plant and equipment		142,488	87,686
Interest received		60,134	48,574
Dividends received		1,844,118	1,656,193
Investments made		(170,826)	(327,949)
<b>Net cash used in investing activities</b>		(2,366,956)	(284,847)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		1,639,977	730,774
Repayment of long term financing		(2,789,491)	(2,473,203)
Exchange differences on translation of net investments in foreign subsidiaries		885	33,507
Short term borrowings - net		6,782,007	(753,464)
Dividend paid		(2,319,060)	(2,348,802)
<b>Net cash generated from / (used in) financing activities</b>		3,314,318	(4,811,188)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(2,566,908)	301,284
<b>Cash and cash equivalents at the beginning of the period</b>		3,082,323	332,469
<b>Cash and cash equivalents at the end of the period</b>		515,415	633,753

The annexed notes form an integral part of this consolidated condensed interim financial information.

  
Chief Executive Officer

  
Director

# Consolidated Condensed Interim Statement of Changes in Equity

## For the period ended 31 March 2017 (Un-audited)

Share capital	Attributable to equity holders of the holding company											Non-controlling interest	Total equity
	Capital reserves				Revenue reserves			Shareholders' equity		Total reserves	Shareholders' equity		
	Premium on issue of right shares	Fair value reserve	Exchange translation reserve	Statutory reserve	Capital redemption reserve fund	Sub total	General reserve	Unappropriated profit	Sub total				
3,515,999	5,499,530	19,017,533	(11,008)	35	111,002	24,617,094	46,949,882	6,891,297	53,741,179	78,358,273	81,874,272	5,888,242	87,583,514
-	-	-	-	-	-	-	-	(1,582,199)	(1,582,199)	(1,582,199)	(1,582,199)	-	(1,582,199)
-	-	-	-	-	-	-	-	-	-	-	-	(823,914)	(823,914)
-	-	-	-	-	-	-	5,183,000	(5,183,000)	-	-	-	-	-
-	-	-	-	-	-	-	-	5,714,159	5,714,159	5,714,159	5,714,159	1,251,681	6,965,840
-	(5,224,814)	33,307	-	-	-	(5,191,307)	-	-	(5,191,307)	(5,191,307)	(5,191,307)	-	(5,191,307)
-	(5,224,814)	33,307	-	-	-	(5,191,307)	-	5,714,159	5,714,159	52,852	52,852	1,251,681	1,774,533
3,515,999	5,499,530	13,792,719	22,501	35	111,002	19,425,787	52,012,882	5,880,257	57,873,139	77,298,926	80,814,925	6,117,009	86,931,934
-	-	-	-	-	-	-	-	-	-	-	-	(260,184)	(260,184)
-	-	-	-	197	-	197	-	(197)	(197)	-	-	-	-
-	-	-	-	-	-	-	-	375,628	375,628	375,628	375,628	144,782	520,390
-	1,740,805	(15,345)	-	-	-	1,725,460	-	-	1,725,460	1,725,460	1,725,460	-	1,725,460
-	1,740,805	(15,345)	-	-	-	1,725,460	-	375,628	375,628	2,101,088	2,101,088	144,782	2,245,850
3,515,999	5,499,530	15,533,524	7,156	232	111,002	21,151,444	52,012,882	6,235,688	58,246,570	79,400,014	82,916,013	6,001,587	88,917,600
-	-	-	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)	-	(1,757,999)
-	-	-	-	-	-	-	-	-	-	-	-	(807,096)	(807,096)
-	-	-	-	-	-	-	-	4,331,000	(4,331,000)	-	-	-	-
-	-	-	-	-	-	-	-	4,860,548	4,860,548	4,860,548	4,860,548	1,050,513	5,911,061
-	2,525,073	885	-	-	-	2,525,958	-	-	2,525,958	2,525,958	2,525,958	-	2,525,958
-	2,525,073	885	-	-	-	2,525,958	-	4,860,548	4,860,548	7,386,506	7,386,506	1,050,513	8,437,019
3,515,999	5,499,530	18,066,997	8,041	232	111,002	23,677,402	56,343,882	5,007,237	61,351,119	85,028,921	88,544,520	6,445,004	94,989,524

### Balance as at 30 June 2015 - Audited

Transaction with owners- Final dividend for the year ended 30 June 2015 @ Rupees 4.50 per share  
Transaction with owners- Dividend relating to year 2015 paid to non-controlling interest  
Transferred to general reserve

### Profit for the period ended 31 March 2016

Other comprehensive (loss) / income for the period ended 31 March 2016  
Total comprehensive (loss) / income for the period ended 31 March 2016

### Balance as at 31 March 2016 - Un - audited

Transaction with owners- Dividend relating to year 2015 paid to non-controlling interest  
Transferred to statutory reserve

### Profit for the period ended 30 June 2016

Other comprehensive income / (loss) for the period ended 30 June 2016  
Total comprehensive income / (loss) for the period ended 30 June 2016

### Balance as at 30 June 2016 - Audited

Transaction with owners- Final dividend for the year ended 30 June 2016 @ Rupees 5.00 per share  
Transaction with owners- Dividend relating to year 2016 paid to non-controlling interest  
Transferred to general reserve

### Profit for the period ended 31 March 2017

Other comprehensive income for the period ended 31 March 2017  
Total comprehensive income for the period ended 31 March 2017

### Balance as at 31 March 2017 - Un-audited

The annexed notes form an integral part of this consolidated condensed interim financial information.

  
Chief Executive Officer

  
Director

# Selected Notes to the Consolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

### 1 THE GROUP AND ITS OPERATIONS

The Group consists of:

#### **Holding Company**

-Nishat Mills Limited

#### **Subsidiary Companies**

-Nishat Power Limited  
-Nishat Linen (Private) Limited  
-Nishat Hospitality (Private) Limited  
-Nishat USA, Inc.  
-Nishat Linen Trading LLC  
-Nishat International FZE  
-Nishat Global China Company Limited  
-Nishat UK (Private) Limited  
-Nishat Commodities (Private) Limited  
-Lalpir Solar Power (Private) Limited  
-Concept Garments and Textile Trading FZE  
-Hyundai Nishat Motor (Private) Limited

#### **NISHAT MILLS LIMITED**

Nishat Mills Limited is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on Pakistan Stock Exchange Limited. 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, apparel, 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, supply and sell electricity.

#### **NISHAT POWER LIMITED**

Nishat Power Limited is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 and listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. Ownership interest held by non-controlling interests in Nishat Power Limited is 48.99% (30 June 2016: 48.99%)

#### **NISHAT LINEN (PRIVATE) LIMITED**

Nishat Linen (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 on 15 March 2011. The registered office of Nishat Linen (Private) Limited is situated at 7-Main Gulberg, Lahore. The principal objects of the Company are to operate retail outlets for sale of textile and other products and to sale the textile products by processing the textile goods in own and outside manufacturing facility.

#### **NISHAT HOSPITALITY (PRIVATE) LIMITED**

Nishat Hospitality (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 on 01 July 2011. The registered office of Nishat Hospitality (Private) Limited is situated at 1-B Aziz Avenue, Canal Bank, Gulberg-V, Lahore. The principal activity of the Company is to carry on the business of hotels, cafes, restaurants and lodging or apartment houses, bakers and confectioners in Pakistan and outside Pakistan.

#### **NISHAT USA, INC.**

Nishat USA, Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York. The registered office of Nishat USA, Inc. is situated at 676 Broadway, New York, NY 10012, U.S.A. The principal business of the Subsidiary Company is to provide marketing services to Nishat Mills Limited - Holding Company. Nishat Mills Limited acquired 100% shareholding of Nishat USA, Inc. on 01 October 2008.

### **NISHAT LINEN TRADING LLC**

Nishat Linen Trading LLC is a limited liability company formed in pursuance to statutory provisions of the United Arab Emirates (UAE) Federal Law No. (8) of 1984 as amended and registered with the Department of Economic Development, Government of Dubai. Nishat Linen Trading LLC is a subsidiary of Nishat Mills Limited as Nishat Mills Limited, through the powers given to it under Article 11 of the Memorandum of Association, exercise full control on the management of Nishat Linen Trading LLC. Date of incorporation of the Company was 29 December 2010. The registered office of Nishat Linen Trading LLC is situated at P.O. Box No. 28189 Dubai, UAE. The principal business of the Company is to operate retail outlets in UAE for sale of textile and related products.

### **NISHAT INTERNATIONAL FZE**

Nishat International FZE is incorporated as free zone establishment with limited liability in accordance with the Law No: 9 of 1992 and Licensed by the Registrar of Jabel Ali Free Zone Authority. Nishat International FZE is a wholly owned subsidiary of Nishat Mills Limited. Date of incorporation of the Company was 07 February 2013. The registered office of Nishat International FZE is situated at P.O. Box No. 114622, Jabel Ali Free Zone, Dubai. The principal business of the Company is trading in textile and related products.

### **NISHAT GLOBAL CHINA COMPANY LIMITED**

Nishat Global China Company Limited is a company incorporated in People's Republic of China on 25 November 2013. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The primary function of Nishat Global China Company Limited is to competitively source products for the retail outlets operated by Group companies in Pakistan and the UAE.

### **NISHAT UK (PRIVATE) LIMITED**

Nishat UK (Private) Limited is a private limited company incorporated in England and Wales on 8 June 2015. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The primary function of Nishat UK (Private) Limited is sale of textile and related products in England and Wales through retail outlets and wholesale operations.

### **NISHAT COMMODITIES (PRIVATE) LIMITED**

Nishat Commodities (Private) Limited is a private limited Company incorporated in Pakistan on 16 July 2015 under the Companies Ordinance, 1984. It is a wholly owned subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal objects of the Company is to carry on the business of trading of commodities including fuels, coals, building material in any form or shape manufactured, semi-manufactured, raw materials and their import and sale in Pakistan.

### **LALPIR SOLAR POWER (PRIVATE) LIMITED**

Lalpir Solar Power (Private) Limited is a private limited Company incorporated in Pakistan on 09 November 2015 under the Companies Ordinance, 1984. It is a wholly owned subsidiary of Nishat Power limited which is a subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal activity of the Company is to build, own, operate and maintain or invest in a solar power project.

### **CONCEPT GARMENTS AND TEXTILE TRADING FZE**

Concept Garments and Textile Trading FZE is incorporated as a free zone establishment with limited liability in accordance with the Law No: 9 of 1992 and Licensed by the Registrar of Jabel Ali Free Zone Authority. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. Date of incorporation of the Company was 11 October 2016. The registered office of Concept Garments and Textile Trading FZE is situated at Jabel Ali Free Zone, Dubai. The principal business of the Company is trading in textile and related products.

### **HYUNDAI NISHAT MOTOR (PRIVATE) LIMITED**

Hyundai Nishat Motor (Private) Limited is a private limited Company incorporated in Pakistan under the Companies Ordinance, 1984. The Company is a wholly owned subsidiary of Nishat Mills Limited. The principal activity of the Company is to carry out the import, assembly and distribution of Hyundai automobiles of both passenger and commercial category. Its registered office is situated at 1-B Aziz Avenue, Canal Bank, Gulberg-V, Lahore.

# Selected Notes to the Consolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

### 2 BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard-(IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions and directives of the Companies Ordinance, 1984 shall prevail. This consolidated condensed interim financial information should be read in conjunction with the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2016.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2016.

### 4 CONSOLIDATION

#### a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets and liabilities of Subsidiary Companies have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Companies.

Intragroup balances and transactions have been eliminated.

Non-controlling interests are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Non-controlling interests are presented as separate item in this consolidated condensed interim financial information.

#### b) Associates

Associates are the entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in these associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss, if any.

The Group's share of its associate's post-acquisition profits or losses, movement in other comprehensive income, and its share of post-acquisition movements in reserves is recognized in the consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income and reserves respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an associate reduce the carrying amount of the investment. Investments in equity method accounted for associates are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2016.

	<b>Un-audited 31 March 2017 (Rupees in thousand)</b>	<b>Audited 30 June 2016</b>
<b>6 LONG TERM FINANCING- SECURED</b>		
Opening balance	14,987,646	17,051,304
Add: Obtained during the period / year	1,639,975	1,209,108
Less: Repaid during the period / year	2,789,491	3,272,823
Add: Currency translation	2	57
	13,838,132	14,987,646
Less: Current portion shown under current liabilities	3,828,609	3,500,416
	10,009,523	11,487,230

## **7 CONTINGENCIES AND COMMITMENTS**

### **a) Contingencies**

- i)** Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2016: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii)** Guarantees of Rupees 1,271.578 million (30 June 2016: Rupees 973.358 million) are given by the banks of the Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess and Government of Punjab against fulfillment of sales orders.
- iii)** Post dated cheques of Rupees 7,213.232 million (30 June 2016: Rupees 5,800.306 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv)** Nishat Mills Limited - Holding Company has challenged, before Honorable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honorable Lahore High Court has issued stay order in favour of the Holding Company and has allowed the Holding Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Holding Company has claimed input sales tax amounting to Rupees 63.634 million (30 June 2016: Rupees 77.482 million) paid on such goods in its respective monthly sales tax returns.
- v)** Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 5,679 million (30 June 2016: Rupees 5,881 million).
- vi)** In financial year 2014, a sales tax demand of Rs 1,218.132 million was raised against Nishat Power Limited - Subsidiary Company through order dated December 11, 2013, by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was made on the grounds that since revenue derived by the Subsidiary Company on account of 'capacity purchase price' was not chargeable to sales tax, input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to

# Selected Notes to the Consolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

other revenue stream i.e. 'energy purchase price' admissible to the Subsidiary Company. Against the aforesaid order, the Subsidiary Company preferred an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'], who vacated the ACIR's order on the issue regarding apportionment of input sales tax. The CIR(A), however, did not adjudicate upon other grounds of appeal agitated by the Subsidiary Company which were further agitated before Appellate Tribunal Inland Revenue ('ATIR') by the Subsidiary Company. Moreover, the department, too, assailed before ATIR, the relief extended by CIR(A) and such litigation is presently pending.

Furthermore, during the financial year 2015, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated August 19, 2014, whereby intentions were shown to disallow input sales tax for the tax periods of July 2009 to June 2013 on similar grounds as explained above. The Subsidiary Company agitated the initiation of such proceedings through institution of a writ petition before the Lahore High Court ('LHC'). During the current period, LHC has disposed of the petition in the Subsidiary Company's favour through its order dated October 31, 2016, by stating that there is no supply being made against capacity purchase price, hence, there is no existence of an "exempt supply". Accordingly, the Subsidiary Company is free to reclaim or deduct input tax under the relevant provisions of Sales Tax Act, 1990. However, subsequent to the period end, the tax department has filed an appeal before the Supreme Court of Pakistan against the aforementioned LHC's order which is pending adjudication.

For the period July 2013 to June 2014, Subsidiary Company's case was selected for audit by 'Federal Board of Revenue' ('FBR'), which selection was objected to, on jurisdictional basis, by the Subsidiary Company by way of filing a writ petition before LHC. While, LHC allowed the department to proceed with audit proceedings, it was directed that no adjudication order, consequent to conduct of audit, shall be passed after confronting the audit report. The audit proceedings were completed by the department during the financial year 2016 and audit report thereof was submitted to the Subsidiary Company seeking explanations in regard to the issues raised therein. In the subject audit report, inter-alia, primarily a disallowance of input sales tax aggregating to Rs 596.091 million has been confronted on same grounds as explained above. Subsequent to period end, LHC through its order dated January 9, 2017 has allowed initiation of adjudication proceedings after issuance of audit report. Consequently, the Subsidiary Company has filed an Intra Court Appeal against the stated judgment on the grounds that in the presence of the various adverse findings given by the honourable LHC, complete relief as sought by the Subsidiary Company should have been provided by declaring selection for audit and audit policy unlawful.

Based on the advice of the Subsidiary Company's legal counsel and the abovementioned LHC's decision dated October 31, 2016, management of the Subsidiary Company considers that there exist meritorious grounds to support the Subsidiary Company's stance that input sales tax incurred by the Subsidiary Company is not legally required to be attributed to revenue representing 'capacity purchase price' and thus disallowance proposed by the tax department would not be upheld by appellate authorities/courts. Consequently, no provision has been made in this consolidated condensed interim financial information on such account.

- vii)** The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
  - a)** Letter of guarantee of Rupees 7.5 million (30 June 2016: Rupees 7.5 million) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

- b)** Letter of guarantee of Rupees 190.484 million (30 June 2016 : Rupees 190.484 million ) in favour of a fuel supplier.
- viii)** Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.085 million (30 June 2016: Rupees 1.085 million) in favour of Director, Excise and Taxation, Karachi under the order of Sindh High Court in respect of the suit filed for levy of infrastructure cess.
- ix)** Post dated cheques furnished by Nishat Hospitality (Private) Limited - Subsidiary Company in favour of the Collector of Customs to cover import levies against imports aggregating to Rupees 2.945 million (30 June 2016: Rupees 2.945 million).
- x)** Guarantee of Rupees 15 million (30 June 2016: Rupees 6 million) is given by the bank of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess.
- xi)** Commissioner Inland Revenue (CIR) made certain additions to taxable income of Nishat Linen (Private) Limited - Subsidiary Company for the tax year 2012 assessing the taxable income at Rupees 188.772 million against declared taxable income of Rupees 116.934 million. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of CIR which was partially allowed. The Subsidiary Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (Appeals) which was not allowed. The Subsidiary Company has filed an appeal against the order of ATIR with Honorable Lahore High Court, Lahore which suspended the operation of order passed by the ATIR. The Subsidiary Company expects a favourable outcome of the appeal as it has strong grounds of appeal. Hence, no provision there against has been made in this consolidated condensed interim financial information.
- xii)** Nishat Linen (Private) Limited - Subsidiary Company is contesting sales tax demands of Rupees 5.534 million (30 June 2016: Rupees 5.534 million) before CIR (Appeals) and ATIR. No provision against these demands has been made in this consolidated condensed interim financial information as the legal advisor of the Subsidiary Company expects a favourable outcome of appeals.
- xiii)** Nishat Linen (Private) Limited - Subsidiary Company has challenged, before Honorable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honorable Lahore High Court has issued stay order in favour of the Subsidiary Company and has allowed the Subsidiary Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Subsidiary Company has claimed input sales tax amounting to Rupees 0.104 million (30 June 2016: Rupees 0.765 million) paid on such goods in its respective monthly sales tax returns.
- xiv)** Guarantee of Rupees 1.1 million (30 June 2016: Rupees 1.1 million) is given by the bank of Nishat Commodities (Private) Limited - Subsidiary Company in favour of Director Excise and Taxation to cover the disputed amount of infrastructure cess.

**b) Commitments**

- i)** Contracts for capital expenditure of the Group are approximately of Rupees 2,758.905 million (30 June 2016: Rupees 1,040.070 million).
- ii)** Letters of credit other than for capital expenditure of the Group are of Rupees 1,016.043 million (30 June 2016: Rupees 938.350 million).
- iii)** Outstanding foreign currency forward contracts of Rupees 502.256 million (30 June 2016: Rupees 3,345.460 million).

# Selected Notes to the Consolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

- iv) The amount of future payments under operating lease and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company are as follows:

	Note	Un-audited 31 March 2017 (Rupees in thousand)	Audited 30 June 2016
Not later than one year		12,981	12,461
Later than one year and not later than five years		66,850	60,490
		79,831	72,951
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets:			
Owned	8.1	35,605,011	36,136,234
Leased	8.2	–	–
Capital work in progress	8.3	3,811,894	1,818,733
Major spare parts and standby equipment		214,282	142,218
		39,631,187	38,097,185
<b>8.1 Operating fixed assets- Owned</b>			
Opening book value		36,136,234	35,372,840
Add: Cost of additions during the period / year	8.1.1	2,177,480	4,019,086
Add: Book value of assets transferred from leased assets to owned assets	8.2	–	181,191
		38,313,714	39,573,117
Less: Book value of deletions / adjustments during the period / year	8.1.2	147,362	84,409
		38,166,352	39,488,708
Less: Depreciation charged for the period / year		2,561,506	3,356,730
Add: Currency translation		165	4,256
		35,605,011	36,136,234
<b>8.1.1 Cost of additions</b>			
Freehold land		178,095	10,909
Buildings on freehold land		62,628	1,426,295
Plant and machinery		1,736,531	2,200,596
Electric installations		3,130	99,655
Factory equipment		22,277	17,462
Furniture, fixtures and office equipment		58,618	110,710
Computer equipment		28,273	56,017
Vehicles		87,928	97,442
		2,177,480	4,019,086
<b>8.1.2 Book value of deletions / adjustments</b>			
Freehold land		–	17,989
Buildings on freehold land		2,511	694
Plant and machinery		94,430	34,852
Electric installations		26,198	194
Furniture, fixtures and office equipment		48	1,402
Computer equipment		64	201
Vehicles		24,111	28,995
Kitchen equipments and crockery items		–	82
		147,362	84,409

	Un-audited 31 March 2017	Audited 30 June 2016
	(Rupees in thousand)	
<b>8.2 Operating fixed assets- Leased</b>		
Opening book value	–	181,191
Less: Book value of assets transferred from leased assets to fixed assets-owned	–	181,191
	–	–
<b>8.3 Capital work-in-progress</b>		
Buildings on freehold land	1,540,397	512,838
Plant and machinery	1,556,331	962,867
Factory equipment	–	1,380
Unallocated expenses	15,292	12,284
Letters of credit against machinery	3,204	1,883
Advance against purchase of land	669,068	314,989
Advances against furniture, fixtures and office equipment	18,076	–
Advances against vehicles	9,526	12,492
	3,811,894	1,818,733

	Period ended		Quarter ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	(Rupees in thousand)			
<b>9 COST OF SALES</b>				
Raw materials consumed	31,276,762	29,074,175	11,166,197	10,014,124
Processing charges	368,291	273,399	189,836	143,954
Salaries, wages and other benefits	4,422,758	3,556,758	1,495,242	1,243,867
Stores, spare parts and loose tools consumed	3,908,828	3,760,270	1,392,498	1,267,742
Packing materials consumed	901,325	798,745	314,738	288,284
Repair and maintenance	271,976	436,106	85,070	86,558
Fuel and power	3,704,248	3,221,437	1,340,845	1,017,767
Insurance	158,076	154,405	52,839	51,348
Other factory overheads	507,902	392,153	162,477	130,676
Depreciation and amortization	2,442,043	2,282,463	815,497	745,616
	47,962,209	43,949,911	17,015,239	14,989,936
Work-in-process				
Opening stock	2,263,340	1,575,230	2,478,622	2,081,398
Closing stock	(2,503,376)	(2,671,421)	(2,503,376)	(2,671,421)
	(240,036)	(1,096,191)	(24,754)	(590,023)
Cost of goods manufactured	47,722,173	42,853,720	16,990,485	14,399,913
Finished goods				
Opening stock	4,606,221	4,337,851	4,829,179	3,843,264
Closing stock	(5,092,876)	(4,205,109)	(5,092,876)	(4,205,109)
	(486,655)	132,742	(263,697)	(361,845)
	47,235,518	42,986,462	16,726,788	14,038,068

# Selected Notes to the Consolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

	Note	Period ended	
		31 March 2017	31 March 2016
		(Rupees in thousand)	
<b>10 CASH (UTILIZED IN) / GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		6,475,583	7,540,560
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		2,571,134	2,414,938
Loss / (gain) on sale of property, plant and equipment		4,874	(27,370)
Dividend income		(789,302)	(744,771)
Profit on deposits with banks		(45,077)	(44,506)
Share of profit from associated companies		(2,491,512)	(2,618,375)
Reversal of provision for accumulated compensated absences		(153)	-
Net exchange (gain) / loss		(149,587)	57,367
Finance cost		1,249,682	1,501,799
Reversal of provision for slow moving, obsolete and damaged store items		(488)	-
Working capital changes	10.1	(8,353,913)	(186,163)
		(1,528,759)	7,893,479
<b>10.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(560,969)	(265,107)
- Stock-in-trade		(6,307,731)	(1,318,847)
- Trade debts		(2,562,577)	1,062,792
- Loans and advances		26,555	(140,150)
- Short term deposits and prepayments		(38,505)	(112,693)
- Other receivables		(137,271)	(147,779)
		(9,580,498)	(921,784)
Increase in trade and other payables		1,226,585	735,621
		(8,353,913)	(186,163)

## 11 SEGMENT INFORMATION

**11.1** The Group has following reportable business segments. The following summary describes the operations in each of the Group's reportable segments:

Spinning at Faisalabad, Feroze Wattwan and Lahore:	Producing different qualities of yarn using natural and artificial fibers.
Weaving at Bhikki and Lahore:	Producing different qualities of greige fabric using yarn.
Dyeing:	Producing dyed fabric using different qualities of greige fabric.
Home Textile:	Manufacturing of home textile articles using processed fabric produced from greige fabric.
Garments I and II:	Manufacturing of garments using processed fabric.
Power Generation:	Generation, transmission and distribution of power using gas, oil, steam, coal and biomass.
Hotel:	Carrying on the business of hotel and allied services.
Motor Vehicle:	Import, assembly and distribution of Hyundai automobiles.

**11.2** Transactions among the business segments are recorded at cost basis. Intersegment sales and purchases have been eliminated from the total.



# Selected Notes to the Consolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

### 12 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this consolidated condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>As at 31 March 2017</b>	<b>(Rupees in thousand)</b>			
<b>Financial assets</b>				
Available for sale financial assets	21,530,860	13,742	946,746	22,491,348
Derivative financial assets	–	34,740	–	34,740
<b>Total financial assets</b>	<b>21,530,860</b>	<b>48,482</b>	<b>946,746</b>	<b>22,526,088</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	–	2,597	–	2,597
<b>Total financial liabilities</b>	<b>–</b>	<b>2,597</b>	<b>–</b>	<b>2,597</b>
<b>Recurring fair value measurements</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>As at 30 June 2016 (Audited)</b>	<b>(Rupees in thousand)</b>			
<b>Financial assets</b>				
Available for sale financial assets	19,913,070	10,599	829,348	20,753,017
Derivative financial assets	–	22,494	–	22,494
<b>Total financial assets</b>	<b>19,913,070</b>	<b>33,093</b>	<b>829,348</b>	<b>20,775,511</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	–	827	–	827
<b>Total financial liabilities</b>	<b>–</b>	<b>827</b>	<b>–</b>	<b>827</b>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period ended 31 March 2017. Further there was no transfer in and out of level 3 measurements.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**ii) Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments and the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

**iii) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the period ended 31 March 2017:

	<b>Unlisted equity securities (Rupees in thousand)</b>
<b>Balance as on 30 June 2016</b>	829,348
Add : Surplus recognized in other comprehensive income	117,398
<b>Balance as on 31 March 2017</b>	<b>946,746</b>

**iv) Valuation inputs and relationships to fair value**

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at 31 March 2017	Unobservable inputs	Range of inputs (probability-weighted average) 31 March 2017	Relationship of unobservable inputs to fair value
(Rupees in thousand)				
<b>Available for sale financial assets:</b>				
Security General Insurance Company Limited	946,746	Net premium revenue growth factor	2%	Increase / decrease in net premium revenue growth factor by 0.5% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +55.119 million / - 49.597 million.
		Risk adjusted discount rate	19.00%	

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

**Valuation processes**

Independent valuers perform the valuations of non-property items required for financial reporting purposes, including level 3 fair values. The independent valuers report directly to the Chief Financial Officer of the Holding Company. Discussions of valuation processes and results are held between the Chief Financial Officer of the Holding Company and the valuation team at least once every six month, in line with the Group's half yearly reporting periods.

The main level 3 inputs used by the Group are derived and evaluated as follows:

Discount rates for financial instruments are determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

# Selected Notes to the Consolidated Condensed Interim Financial Information

## For the period ended 31 March 2017 (Un-audited)

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the half yearly valuation discussion between the Chief Financial Officer of the Holding Company and the independent valuers. As part of this discussion the independent valuers present a report that explains the reason for the fair value movements.

### 13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies, key management personnel and provident fund trust. The Group in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties is as follows:

	Period ended		Quarter ended	
	31 March 2017	31 March 2016 (Rupees in thousand)	31 March 2017	31 March 2016
<b>i) Transactions</b>				
<b>Associated companies</b>				
Investment made	170,826	327,949	70,253	87,343
Purchase of goods and services	156,845	119,598	85,606	46,239
Sale of operating fixed assets	954	938	–	–
Sale of goods and services	9,974	6,589	3,870	1,609
Rental income	479	451	171	154
Rent paid	37,911	9,346	15,357	3,115
Dividend paid	158,463	141,968	–	–
Insurance premium paid	251,957	229,292	60,948	50,352
Insurance claims received	32,281	16,820	6,108	5,940
Profit on term deposit receipts	11,059	–	–	–
Finance cost	14,481	11,800	5,455	3,177
<b>Other related parties</b>				
Purchase of goods and services	1,113,025	591,776	390,934	254,830
Sale of goods and services	47,896	25,048	5,932	2,230
Sale of operating fixed assets	–	9,750	–	–
Group's contribution to provident fund trust	183,303	156,408	61,992	53,925
Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company	828,408	684,731	261,387	222,163

				As at 31 March 2017		
				Associated companies	Other related parties	Total
				(Rupees in thousand)		
<b>ii) Period end balances</b>						
	Trade and other payables			86,191	19,090	105,281
	Accrued mark-up			1,812	–	1,812
	Short term borrowings			149,170	–	149,170
	Long term loans			–	149,395	149,395
	Trade debts			3,595	1,513	5,108
	Loans and advances			–	52,220	52,220
	Cash and bank balances			155,674	–	155,674
				As at 30 June 2016 (Audited)		
				Associated companies	Other related parties	Total
				(Rupees in thousand)		
	Trade and other payables			83,630	32,850	116,480
	Long term loans			–	109,190	109,190
	Trade debts			4,281	220	4,501
	Loans and advances			20	44,449	44,469
	Other receivables			2,732	–	2,732
	Accrued interest			1,758	–	1,758
	Cash and bank balances			988,374	2	988,376

#### 14 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2016.

#### 15 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 22 April 2017.

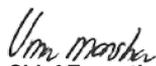
#### 16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the consolidated condensed interim balance sheet and consolidated condensed interim statement of changes in equity have been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas, the consolidated condensed interim profit and loss account, consolidated condensed interim statement of other comprehensive income and consolidated condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

#### 17 GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

  
Chief Executive Officer

  
Director

ذیلی کمپنیاں اور کنسولٹیڈ مالیاتی حسابات

نشا مل پاور ملینڈ، نشا ملینٹن (پرائیویٹ) لمیٹڈ، نشا مل پابلیٹیٹی (پرائیویٹ) لمیٹڈ، نشا مل کوڈ شیڈ (پرائیویٹ) لمیٹڈ، لال بیرو سولر پاور (پرائیویٹ) لمیٹڈ، ہنڈائی نشا مل موٹر (پرائیویٹ) لمیٹڈ، نشا مل پوائس اسے انکار پورہ، نشا ملینٹن ٹریڈنگ LLC، نشا مل انٹرنیشنل FZE، نشا مل گلوبل چائے کھنی لمیٹڈ اور نشا مل UK (پرائیویٹ) لمیٹڈ اور کنسپٹ کا رینٹس اور ٹیکسٹائل ٹریڈنگ FZE، کھنی کی ذیلی کمپنیوں کی پورٹ فولیو میں شامل ہیں۔ لہذا، کھنی نے انٹرنیشنل ٹرانزیکشن رپورٹنگ شیڈ رڈ کی ضروریات کے مطابق اپنی سپرٹ کنڈرٹسڈ عبوری مالیاتی معلومات کے علاوہ کنسولٹیڈ کنڈرٹسڈ عبوری مالیاتی معلومات منسلک کی ہیں۔

اتھارٹڈ

مجلس نظاما ماتظامیہ، عملہ اور کارکنوں کی کوششوں کو سراہتی ہے۔

منجانب بورڈ آف ڈائریکٹرز

Umm Mansoor

میلا عمر خٹا

چیف ایگزیکٹو آفیسر

22 اپریل 2017

لاہور

## ڈائریکٹرز رپورٹ (جاری ہے)

### گارمنٹس

گارمنٹس شعبہ اجرت اور پیداواری لاگت میں اضافہ کے باوجود کاروبار کو مستحکم رکھنے کے قابل رہا ہے۔ شعبہ کا منافع پیداوار میں اضافہ کی وجہ سے مالی سال 2016-17 کی چوتھی سہ ماہی کے دوران بہتر ہونے کی توقع ہے۔ جنرل کے لئے جدید ڈیزائننگ انتظامات سے لیس ہمارا نیا ڈیزائن گارمنٹس کا شعبہ ہماری موجودہ کسٹمرز کو بڑھانے اور نئے آرڈرز کو اپنی طرف متوجہ کرنے کا باعث بنے گا۔

گارمنٹس	31 مارچ تک تخمینہ نو ماہی		اضافہ (کمی)	
	2016	2017	قدر	فیصد
فروخت - (گارمنٹس '000)	3,851	5,109	1,258	32.67
قیمت فی گارمنٹ	728.45	737.13	8.68	1.19
فروخت - ('000 روپے)	2,805,280	3,765,987	960,707	34.25

بڑے پورچین براٹرز سے پیداواری آرڈرز پراسس میں ہیں اور مالی سال 2017-18 کی پہلی ششماہی کے دوران ایسے براٹرز سے آرڈرز میں مزید اضافہ کی پیش بینی ہے۔ ہماری پیداواری تنصیبات پر گرین انرجی کے استعمال کے لئے ہمارے بنیادی اقدامات بھی مثبت نتائج دے رہے ہیں کیونکہ یہ فیٹرکلی خریداروں کے ماحولیاتی تحفظ کی طلب کو پورا کر رہے ہیں۔ حکومت نے گارمنٹس کے برآمدی ٹیکس میں 7 فیصد duty drawback کا اعلان کیا ہے، جس سے ہمیں اپنی کسٹمرز کو برقرار رکھنے، ہماری پیداوار کے حجم میں اضافہ اور ہمارے منافع کو بڑھانے میں مدد ملے گی۔

### پاور جنریشن

کمپنی اپنی پیداواری تنصیبات کے لئے سستے، موثر اور ماحول دوست توانائی کے ذرائع یعنی بنانے کے لئے مصروف عمل ہے۔ 9.6 میگا واٹ Wartsila تین ایندھنوں پر چلنے والا انجن، گرم پانی اور انگریز اسٹیمس سے فاضل ہیٹ ریکوری کی خصوصی خوبیوں کے ساتھ، جو گیس سے براہ راست HFO پر نیشنل ہو جاتا ہے، نٹاٹا آباد فیصل آباد میں واقع سپنگ کی پیداواری تنصیب پر اکتوبر 2016 میں نصب کیا گیا تھا اور موثر طور پر کام کر رہا ہے۔ ہمارے ڈیم گارمنٹس سیکٹ کے لئے سولر پاور پلانٹ بھی دسمبر 2016 میں کامیابی سے نصب کیا گیا تھا۔ اس کے علاوہ بجلی میں واقع دیوبند شعبہ کے مقام پر ایک 10 ٹن، کم پریشر، کولے سے چلنے والے بواکر کا اضافہ کیا جا رہا ہے۔

پیورز کی پیداوار کے لئے کول فائرڈ پاور پلانٹ میں چلنے والے کولے سے نکلنے والی راکھ کو استعمال کرنے کا منصوبہ زیر غور ہے۔ موجودہ حالات میں کمپنی کو اس راکھ کے ضیاع پر اخراجات برداشت کرنا پڑے۔ معیاری کپریسور (compressive) مضبوطی کے حصول کے لئے اجزاء کے مختلف مرکبات تیار کر کے پیورز بنانے کے لئے تحقیق کا کامیابی سے مکمل ہو چکی ہے۔ اس مقصد کے لئے ایک پیورز بنانے والی مشین اپریل 2017 کے اختتام تک کمشن ہونے کی توقع کر رہے ہیں۔

نٹاٹا ڈائنگ اور فنٹنگ پونٹ میں ایک نیا 65 ٹن کول فائرڈ بواکر نصب کرنے کے ایک منصوبہ کی منصوبہ بندی کی جا رہی ہے۔ M-3 فیصل آباد اسٹریٹ میں واقع سپنگ کی پیداواری تنصیبات کی ضروریات کو پورا کرنے کے لئے نئے کپرو (captive) پاور پلانٹ کا ڈیزائن مکمل ہو چکا ہے اور عمارت کی تعمیر بھی شروع ہو گئی ہے۔

کمپنی آرڈیننس 1984 کی دفعہ 218 کے تحت معلومات

کمپنی کی مجلس نصاب نے 106 اپریل 2017 کو منعقدہ اپنے اجلاس میں موجودہ شرائط و ضوابط میں تبدیلی کے بغیر میاں عرف رضا، کمپنی کے چیف ایگزیکٹو آفیسر کے طور پر دوبارہ تقرری کی منظوری دی ہے۔

ٹیکسٹائل شعبہ سے بھی اچھی آمدنی حاصل ہونے کی بھی توقع ہے، اس لئے کپڑے وسیع چوڑائی کی 56 ٹی Picanol لومز خریدی ہے جو جون 2017ء مکمل ہونے کی توقع ہے۔

#### ڈانگ

سبز کے وسط میں خام مال کی قیمتوں میں اضافہ کے باوجود جس نے ہمارے منافع کے مارجنز کو کم کیا، ڈانگ کے شعبہ نے 31 مارچ 2017ء مختصر نوامی میں اچھی کارکردگی کا مظاہرہ کیا۔ ہم بنیادی طور پر صحیح وقت پر درست اقدامات اٹھا کر مناسب مارکیٹ حالات میں بھی قابل ذکر منافع پر اپنی پیداواری صلاحیتیں فروخت کرنے کے قابل ہوئے۔

پروسیڈر کا تھ	31 مارچ مختصر نوامی		اضافہ (کئی)	
	2016	2017	قدر	فیصد
فروخت - (میٹرز '000)	40,876	36,836	(4,040)	(9.88)
قیمت فی میٹر	253.11	255.96	2.85	1.13
فروخت - ('000 روپے)	10,346,234	9,428,716	(917,518)	(8.87)

اب ہم رواں مالی سال کی آخری سرمایہ میں داخل ہو گئے ہیں جو ہمیشہ سے کمپن اور ہمارے سالانہ برنس سائیکل میں سب سے زیادہ ہے۔ اس مدت میں نئے ہونے پڑے کی طلب تمام علاقوں اور صارفین کی طرف سے کم ہو جاتی ہے۔ اس مخصوص وقت میں نصب شدہ جمعیات کا استعمال ہمیشہ سے مشکل رہا ہے لیکن اس سال خام مال کی قیمتوں میں اضافہ نے اس بات کو مزید مشکل بنا دیا ہے۔ اس کے علاوہ عالمی سطح پر اپریل شعبہ کی ناقص خوردہ کارکردگی کی وجہ سے صارفین پڑے کی مصنوعات کی قیمتوں میں اضافہ قبول نہیں کر رہے ہیں۔ تاہم، ہم مارکیٹ کے حالات پر کڑی نظر رکھے ہوئے ہیں اور چھٹی سرمایہ میں اپنی کارکردگی کی رفتار کو برقرار رکھنے کے لئے اپنی بھرپور کوشش کر رہے ہیں۔ ہمیں یقین ہے کہ ہم مالی سال کے اختتام پر مثبت کارکردگی ظاہر کرنے کے قابل ہو جائیں گے۔

#### ہوم ٹیکسٹائل

ہوم ٹیکسٹائل شعبہ کی وسعت کا منصوبہ گزشتہ چھ ماہ سے فیصل کے مراحل میں ہے۔ کچھ مہینوں میں سال کی دوسری سرمایہ میں کمپن ہو گئیں تھیں جبکہ باقی نے تیسری سرمایہ میں پیداوار شروع کر دی ہے۔ اس وسعت کے نتیجے میں پیداواری صلاحیت 20 فیصد تک بڑھادی ہے۔ ہماری مارکیٹنگ ٹیم کی کوششوں کی وجہ سے، ہم پیداواری صلاحیت میں وسعت کے باوجود تمام سرمایہ مکمل پیداواری صلاحیت کو استعمال کرتے رہے، جس کے نتیجے میں شعبہ کو تاریخی ریکارڈ پیداوار اور آمدنی حاصل ہوئی۔

پروسیڈر کا تھ اینڈ میڈیا	31 مارچ مختصر نوامی		اضافہ (کئی)	
	2016	2017	قدر	فیصد
فروخت - (میٹرز '000)	13,597	17,233	3,636	26.74
قیمت فی میٹر	340.83	326.60	(14.23)	(4.18)
فروخت - ('000 روپے)	4,634,231	5,628,270	994,039	21.45

حال ہی میں ہم نے چین کی مارکیٹ میں اپنی فروخت کو بڑھانے کے لئے سنجیدہ کوششیں شروع کر دی ہیں۔ چین میں فی کس آمدنی بڑھ گئی ہے اور خوردہ صارفین اعلیٰ کوالٹی کی ٹیکسٹائل مصنوعات کا مطالعہ کر رہے ہیں۔ کیونکہ ہمارا ہوم ٹیکسٹائل شعبہ براڈ ز اور اعلیٰ مصنوعات تیار کر رہا ہے، ہم چین میں سب سے بڑی خوردہ مارکیٹوں کی توجہ حاصل کرنے کے قابل ہوئے ہیں۔ ان کا ارادہ چھوٹی سطح پر شروع کرنے کا ہے لیکن ہم آئندہ سال میں اپنے کاروبار کا نمایاں حصہ بننے کے لئے چینی برانڈز کے ساتھ اپنے تعلقات کی توقع کر رہے ہیں۔ زبردست نوامی کی مجموعی مدت ہمارے لئے بہت مثبت تبدیلیاں لائی اور ہم بہتر مستقبل کے لئے پُر امید ہیں۔

## ڈائریکٹرز رپورٹ (جاری ہے)

یارن	31 مارچ تک نفاذ ہونے والی		اضافہ (کمی)	
	2016	2017	قدر	فیصد
فروخت - (کلوگرام '000)	23,711	18,144	(5,567)	(23.48)
قیمت فی کلو	270.33	288.46	18.13	6.71
فروخت - ('000 روپے)	6,409,882	5,233,819	(1,176,063)	(18.35)

تیسری سہ ماہی کے دوران، اگرچہ بین الاقوامی مارکیٹ میں کاشن یارن کی قیمتیں ایک مختصر مدت کے لئے بڑھیں، لیکن یہ اثر یارن برآمد کنندگان کے لئے بے سود تھا۔ تاہم، مقامی کاشن مارکیٹ میں لین دین کے حجم میں اضافہ کی وجہ سے مقامی مارکیٹ میں یارن کی قیمتوں میں بہتری آئی۔ سپنگ شعبہ کی مارکیٹنگ ٹیم موزوں شرح پر آرڈرز حاصل کر کے شعبہ کے لئے تلی بخش نتائج پیدا کرنے کے قابل ہوئی۔ ہانگ کانگ اور چین جیسی اہم کاشن یارن مارکیٹوں میں طلب سست رہی، لہذا، ہماری مارکیٹنگ ٹیم نے نئے کاروباری مواقعوں کے لئے ملائیشیا، جاپان، جنوبی کوریا، تائیوان اور ترکی پر اپنا توجہ بڑھا دیا۔

نشاد آباد فیصل آباد میں واقع سپنگ شعبہ کو وسعت دینے اور دوسری جگہ منتقل کرنے کے منصوبہ پر عمل درآمد جاری ہے جس کے مطابق کینی نے M-3 فیصل آباد انڈسٹریل اسٹیٹ (FIEDMC) پر واقع خصوصی اقتصادی زون (SEZ) میں زمین حاصل کی ہے۔ پہلے مرحلے میں نئی حاصل کردہ زمین پر 49,536 سپنڈلز نصب کرنے کی منصوبہ بندی کی جارہی ہے جس میں نشاد آباد فیصل آباد میں واقع موجودہ پیداواری تنصیب سے 22,176 سپنڈلز کی منتقلی اور 27,360 نئی سپنڈلز کا حصول شامل ہے۔ ان سپنڈلز سے اگست 2017 میں تجارتی پیداوار شروع ہونے کی توقع کی جاتی ہے۔ کینی اس مقام پر SEZ ممبران کے لئے ٹیکس اور ڈیوٹی میں خاص رعایت اور بنیادی ڈھانچے کی سہولیات کے فوائد سے لطف اندوز ہوگی۔

### دیونگی

کپاس کی قیمتوں میں تیزی کے جاری رجحان نے پہلے سے ہی سست فیکرک مارکیٹ کو بڑی طرح متاثر کیا۔ تاہم، پائلسٹریک قیمتوں نے ابتدائی اضافہ کے بعد تیسری سہ ماہی میں کمی کا رجحان ظاہر کیا۔ جبکہ بین الاقوامی مارکیٹ مختلف اقتصادی عناصر کے باعث سست روی کا شکار رہی، یورپی کاروبار کی سست روی کی ایک اور وجہ امریکی ڈالر کے مقابلے پر اور پائلسٹریک اسٹرنگ کی قدر میں کمی جبکہ روپے کی قدر میں استحکام تھا۔

گرے کلاٹھ	31 مارچ تک نفاذ ہونے والی		اضافہ (کمی)	
	2016	2017	قدر	فیصد
فروخت - (میٹرز '000)	61,153	60,254	(899)	(1.47)
قیمت فی میٹر	135.99	137.92	1.93	1.42
فروخت - ('000 روپے)	8,316,447	8,310,414	(6,033)	(0.07)

فیکرک مارکیٹ میں کم طلب نے مقامی مارکیٹ پر دباؤ بڑھا دیا ہے۔ مقامی مارکیٹ میں فیکرک کی وافر فراہمی قیمتوں میں کمی کے رجحان کا نتیجہ ہے، جس کی وجہ سے ہمارے حریف اپنی مصنوعات بہت کم قیمت پر پیش کر رہے ہیں۔

ہماری مصنوعات کی رینج کا تیسری مارکیٹ کے خطرہ کو کم کرنے کا واحد طریقہ ہے، لہذا، ہماری حکمت عملی پائلسٹریک، بئسل، وکوس وغیرہ جیسے مختلف قاہم زراعت استعمال کر کے سٹینڈل اور انڈسٹریل فیکرکس تیار کرنے کی ہے۔ ہمارا اریسویا حفاظتی لباس اور بیرونی کام کاج کرنے کے کپڑے کے کاروبار پہلے ہی بڑھ گیا ہے اور مستقبل روشن نظر آتا ہے۔ کینی کوہوم

## ڈائریکٹرز رپورٹ

نٹھان ملٹریٹڈ ("کمپنی") کی مجلس نصاب 31 مارچ 2017 کو ختم ہونے والی نو ماہی کے لئے مجلس نصاب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

### آپریٹنگ مالیاتی نتائج

31 مارچ 2017 کو ختم ہونے والی رواں نو ماہی میں کمپنی کا مجموعی منافع گزشتہ سال کی اسی نو ماہی کے مقابلے 14.15 فیصد تک کم ہو گیا۔ اس کی اہم وجوہات گیس کی قیمتوں میں اضافہ، کم از کم اجرت میں اضافہ اور ٹیکسٹائل شعبہ میں سخت مقابلہ کے باعث منافع کے مارجنز میں کمی تھی۔ گزشتہ سال کی اسی نو ماہی کے مقابلے رواں نو ماہی کے دوران ڈیویڈنڈ آمدنی بھی 1.51 فیصد سے کم ہوئی۔ تاہم، کمپنی کے مالی اخراجات بہتر مالی انتظامات اور کنٹرول کی وجہ سے کم ہوئے۔

مالی جھلکیاں	31 مارچ ختم ہونے والی نو ماہی		اضافہ / (کمی) فیصد
	2016	2017	
خالص فروخت (روپے '000)	36,158,524	37,286,517	3.12
مجموعی منافع (روپے '000)	4,889,536	4,197,784	(14.15)
قبل از ٹیکس منافع (روپے '000)	4,139,363	3,595,674	(13.13)
بعد از ٹیکس منافع (روپے '000)	3,567,363	3,088,674	(13.42)
مجموعی منافع (فیصد)	13.52	11.26	
بعد از ٹیکس منافع (فیصد)	9.87	8.28	
نیٹ شیئر آمدنی - (روپے)	10.15	8.78	

### عام مارکیٹ کا جائزہ اور مستقبل کے امکانات

رواں مالی سال کی پہلی سہ ماہی ٹیکسٹائل شعبہ کے لئے بہت کم تھی۔ تاہم، دوسری اور تیسری سہ ماہیوں میں دلچسپ ڈیولپمنٹوں نے اپنی کارکردگی بتدریج بہتر بنائی لیکن بنیادی ٹیکسٹائل کے شعبے جیسا کہ سپنگ اور پونگ دہاؤ کے تحت رہے۔

عالمی خوردہ ماحول، سخت مسابقت اور پاکستان میں کاروبار کی اعلیٰ لاگت پر غور کرتے ہوئے حکومت پاکستان نے ملک کے برآمدی شعبوں کے لئے رعایتی ٹیکسٹائل کا اعلان کیا ہے۔ نئے ٹیکسٹائل کے مطابق، مجوزہ شرح پر ڈیوٹی ڈرائیگ آف ٹیکسٹائل یارن، کورے، کپڑے، تیار کپڑے، ساختہ اور گارمنٹس کی متعلقہ مصنوعات کی شرح پر 16 جنوری 2017 سے شروع اور 30 جن 2017 کو ختم ہونے والے دورے کے لیے برآمدات کی FOB قیمت پر دستیاب ہوں گی۔ اس ٹیکسٹائل کا اعلان ملک کے ٹیکسٹائل شعبہ کے مستقبل کے لئے ایک مثبت علامت ہے۔ اس ٹیکسٹائل کا اعلان نہ صرف بڑی حد تک ٹیکسٹائل شعبے کے مقابلہ کرنے کی صلاحیت کو بحال کرے گا بلکہ ملکی اور غیر ملکی سرمایہ کاری کی بھی حوصلہ افزائی کرے گا۔

### شعبہ دارتجزیہ

#### سپنگ

سپنگ شعبہ کی مالی کارکردگی 31 مارچ 2017 ختم ہونے والی تمام نو ماہی میں تمام کمپاس کی اونچی لاگت سے فسلک یارن کی قیمتیں دہاؤ میں رہنے کی وجہ سے غیر موزوں رہی۔ بین الاقوامی مارکیٹ میں کاشن یارن کی قیمتیں اور طلب سپنگ پیداوار کی لاگت کے لحاظ سے محسوس رہیں۔ کمپاس کی فراہمی اور قیمت کے خطرات کو کم کرنے کی بات کمپنی نے تمام مالی سال کے لئے پیداواری ضروریات کو پورا کرنے کے لئے دسمبر 2016 میں تمام کمپاس کی خریداری مکمل کر لی۔





REGISTERED OFFICE:

Nishat House, 53-A, Lawrence Road, Lahore

Tel: 042-36360154, 042-111 113 333

[nishat@nishatmills.com](mailto:nishat@nishatmills.com)

[www.nishatmills.com](http://www.nishatmills.com)