INSPIRING *Creativity*

Annual Report of **Nishat Mills Limited** for the year ended June 30, 2016

Contents

Company Information

Board of Directors

Mian Umer Mansha
Chief Executive Officer

Mian Hassan Mansha
Chairman

Syed Zahid Hussain
Mr. Khalid Qadeer Qureshi
Ms. Nabiha Shahnawaz Cheema
Mr. Ghazanfar Hussain Mirza
Mr. Maqsood Ahmad

Audit Committee

Mr. Khalid Qadeer Qureshi
Chairman / Member

Syed Zahid Hussain
Member

Ms. Nabiha Shahnawaz Cheema
Member

Human Resource & Remuneration (HR & R) Committee

Mian Hassan Mansha
Chairman / Member

Mian Umer Mansha
Member

Mr. Khalid Qadeer Qureshi
Member

Ms. Nabiha Shahnawaz Cheema
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. Sheikhupura Faisalabad Road, Feroze Watwan.

Weaving units & Power plant

12 K.M. Faisalabad Road, Sheikhupura.

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
2nd Floor, State Life Building No. 3,
Dr. Zia Uddin Ahmed Road, Karachi
Tel : (021) 111 000 322
Fax : (021) 35655595

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' Profile

Mian Umer Mansha

Chief Executive Officer

Mian Umer Mansha holds a Bachelors degree in Business Administration from USA. He has been serving on the Board of Directors of various listed companies for more than 19 years.

He also serves on the Board of Adamjee Insurance Company Limited, MCB Bank Limited, Adamjee Life Assurance Company Limited, Nishat Dairy (Private) Limited, Nishat Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat (Gulberg) Hotels and Properties Limited, Nishat Developers (Private) Limited, Nishat Agriculture Farming (Private) Limited and Nishat Farms Supplies (Private) Limited.

Mian Hassan Mansha

Chairman

Mian Hassan Mansha has been serving on the Board of various listed companies for several years. He also serves on the Board of Nishat Power Limited, Security General Insurance Company Limited, Lalpir Power Limited, Pakgen Power Limited, Nishat Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat (Gulberg) Hotels and Properties Limited, Nishat Hospitality (Private) Limited, Nishat Dairy (Private) Limited, Pakistan Aviators and Aviation (Private) Limited, Nishat Automobiles (Private) Limited, Nishat Real Estate Development Company (Private) Limited, Nishat Agriculture Farming (Private) Limited and Nishat Farms Supplies (Private) Limited.

Syed Zahid Hussain

Independent Non-Executive Director

Syed Zahid Hussain is a seasoned professional in Pakistan's corporate world. He possesses multi faceted talents and has attained exemplary accomplishments. He has in-depth knowledge of a wide range of subjects and has extensively diversified experience and exposure in senior positions. He has earned B.Sc, LLB and MA in International Relations. He has a vast experience of working as Chairman/Chief Executive/ Director of various state owned enterprises and listed companies. He has also served as the High Commissioner/ Ambassador of Pakistan based in Kenya, with accredited assignments of Ambassadorship in Tanzania, Uganda, Rwanda, Krundse, Ethiopia and Eritrea. He is a fellow member of the Institute of Management, England, International Biographical Center, USA and the Institute of Marketing Management, Karachi.

Mr. Khalid Qadeer Qureshi

Non-Executive Director

Mr. Khalid Qadeer Qureshi is a fellow member of the Institute of Chartered Accountants of Pakistan. He has over 44 years of rich professional experience. He also serves on the Board of D.G. Khan Cement Company Limited, Nishat Power Limited, Lalpir Power Limited, Nishat Paper Products Company Limited and Nishat Commodities (Private) Limited.

Ms. Nabiha Shahnawaz Cheema

Non-Executive Director

Ms. Nabiha Shahnawaz Cheema is a fellow member of the Institute of Chartered Accountants of Pakistan and she is a Certified Director by completing the Director's Training Program from ICAP. She has more than 16 years of professional experience. She also serves on the Board of D.G. Khan Cement Company Limited and Nishat Hospitality (Private) Limited.

Mr. Ghazanfar Hussain Mirza

Non-Executive Director

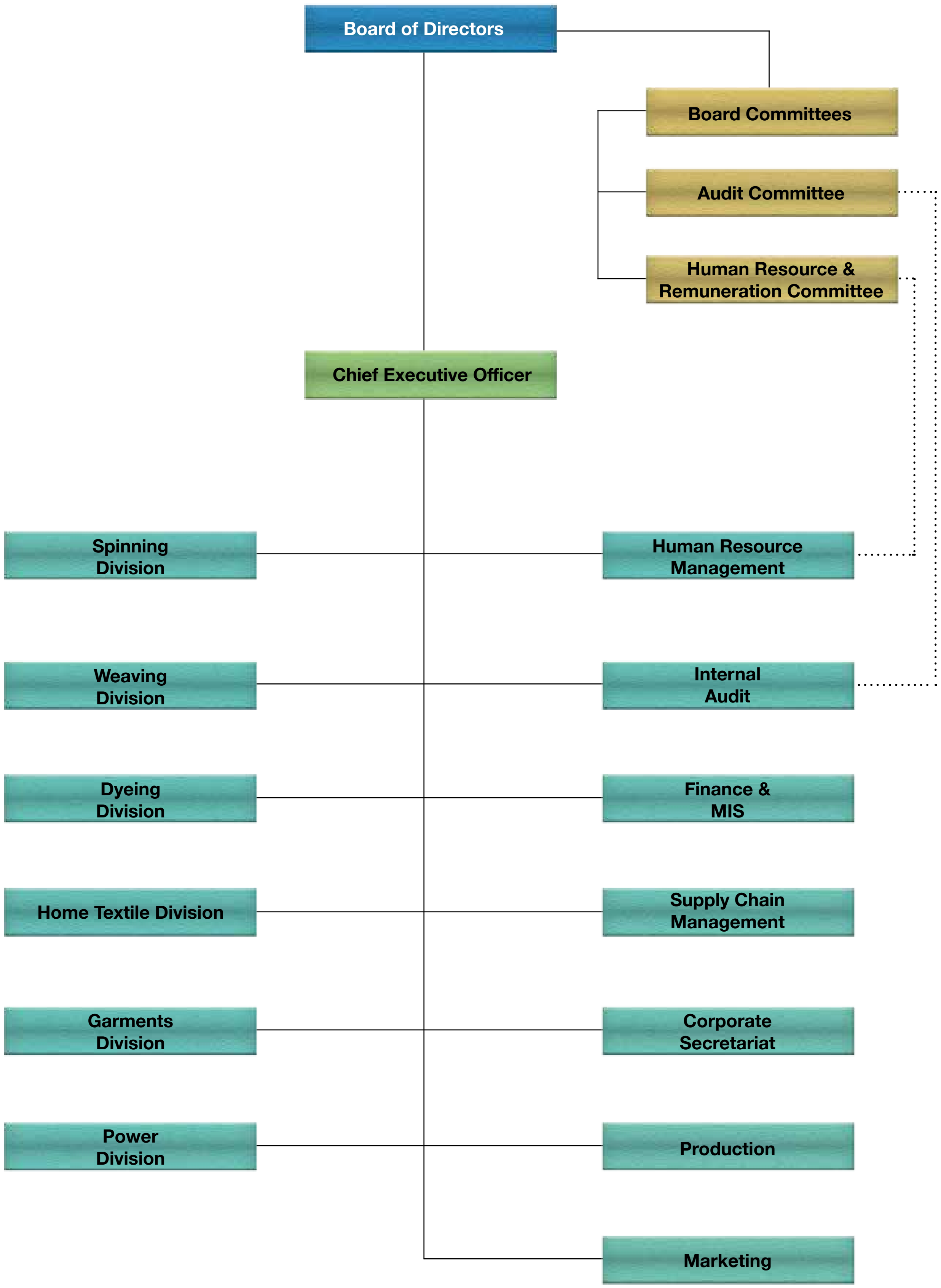
Mr. Ghazanfar Hussain Mirza has a Bachelor degree in Mechanical Engineering from NED University of Engineering & Technology. Mr. Mirza has 35 years of experience in business development and business & corporate management in engineering, technical and multinational environment. He has served as Managing Director of Group Companies of Wartsila Corporation (Finland) in Pakistan and Saudi Arabia. He also serves on the Board of Nishat Power Limited and holds the office of Chief Executive Officer of Pakgen Power Limited.

Mr. Maqsood Ahmad

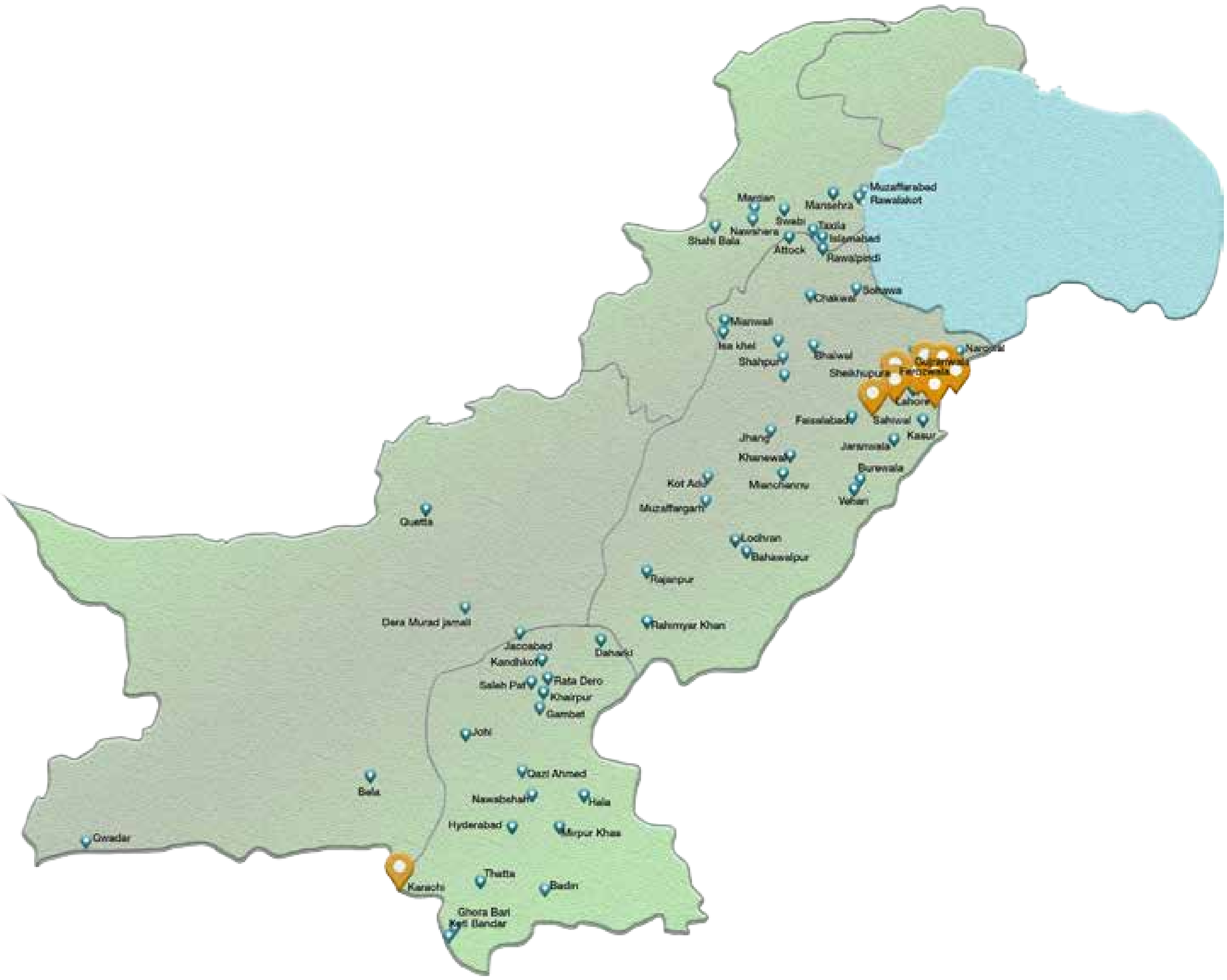
Executive Director

Mr. Maqsood Ahmad holds a Masters degree and a rich professional experience of over 24 years in the textile industry, especially in the spinning business. He is a Certified Director by completing the Director's Training Program from ICAP. He is actively involved in the strategic decisions relating to the operations of the Company.

Organizational Chart



Group Structure & Geographical Presence
of the Company



Nishat Mills Limited

Subsidiaries

Nishat Power Limited
Nishat Linen (Private) Limited
Nishat Hospitality (Private) Limited
Nishat Commodities (Private) Limited
Nishat Linen Trading L.L.C
Nishat International FZE
Nishat Global China Company Limited
Nishat USA., Inc.
Nishat UK (Private) Limited
Lalpir Solar Power (Private) Limited

Associated Companies

D. G. Khan Cement Company Limited
Nishat Paper Products Company Limited
Nishat Dairy (Private) Limited
Lalpir Power Limited
Pakgen Power Limited
Nishat Energy Limited
Nishat Hotels and Properties Limited

** This list includes only those associated Companies in which Nishat Mills Limited has a significant influence and whose financial statements are consolidated in the consolidated financial statements of Nishat Mills Limited and its Subsidiary Companies.*

Vision, Mission and Overall Strategic Objectives

Our Vision

To transform the Company into a modern and dynamic yarn, cloth and processed cloth and finished product manufacturing Company that is fully equipped to play a meaningful role on sustainable basis in the economy of Pakistan. To transform the Company into a modern and dynamic power generating Company that is fully equipped to play a meaningful role on sustainable basis in the economy of Pakistan.

Our Mission

To provide quality products to customers and explore new markets to promote/expand sales of the Company through good governance and foster a sound and dynamic team, so as to achieve optimum prices of products of the Company for sustainable and equitable growth and prosperity of the Company.

Overall Strategic Objectives

- To enhance the profitability of the Company;
- To increase the overall efficiency and productivity of the Company;
- To become the market leader by outshining the competitors and be an innovative Company by introducing new ideas;
- To expand sales to the global marketplace by anticipating customer needs and develop and maintain strong customer base;
- To monitor and improve internal processes to achieve efficiencies, improve organizational structure and ensure the best use of available resources;
- To follow the latest technology trends and their implementation in the Company to enhance the overall productivity of the Company.
- To develop and promote the reputation and image of the Company for its stakeholders in specific and non-stakeholders in general;
- To promote awareness and best practices about environmental sustainability and social responsibility.

Company Profile

Nishat Mills Limited ("the Company") is the most modern and largest vertically integrated textile Company in Pakistan. The Company commenced its business as a partnership firm in 1951 and was incorporated as a private limited Company in 1959. Later it was listed on the Karachi, Lahore and Islamabad Stock Exchanges (now merged as Pakistan Stock Exchange Limited) on 27 November 1961, 11 March 1989 and 10 August 1992 respectively.

The Company's production facilities comprise of spinning, weaving, printing, dyeing, home textile and garment stitching and power generation.

Overall, the Company has 32 manufacturing units each specializing in a specific product range located in Faisalabad, Sheikhupura, Ferozewatwan and Lahore.

A major portion of the Company's earnings is export based. Over the years, the Company has achieved significant geographical diversification in its export sales mix.

The Company has a very broad base of customers for its products outside Pakistan. It has a long working relationship with the top brands of the world such as J.K.N. International, Levis, Next, Pincroft Dyeing, Ocean Garments, Gap, Carreman, Tommy Hilfiger, Tommy Bahamas, Crate & Barrel, Laura Ashley, American Living, Chaps, Hugo Boss, Revman and John Lewis.

Nishat Mills Limited is also called the flagship company of the Nishat Group. Nishat Group ("the Group") is a leading business entity in South Asia. Its net worth makes it the largest business house of Pakistan. The Group has grown from a cotton export house into the premier business group of the country. Highly diversified, the Group has a presence in all the major sectors including Textiles, Cement, Banking, Insurance, Power Generation, Hotel Business, Agriculture, Dairy, Real Estate, Aviation and Paper Products. Showcasing its varied expertise and acumen in every facet of its operations, the group companies hold the distinction of being among the leading players in each sector.

Nature of Business

Being a vertically integrated textile unit, Nishat Mills Limited has adopted a business model that helps it to cater the both macro and micro level economic issues. 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, other goods and fabrics made from raw cotton, synthetic fiber and cloth.

The Company is also committed to generate, accumulate, distribute, supply and sell electricity. It is fully compliant with the requirements of all regulatory authorities of Pakistan. The textiles sector occupies a pivotal position in Pakistan's economy, contributing around 60% to the Country's exports. It has the most intensive backward and forward linkages within the wider economic chain compared to any other sector, linking agriculture from industry to exports.

The textile sector employs 40 percent of the industrial labour force, which provides livelihood to more than 10 million families. According to the International Cotton Advisory Committee, Pakistan is the fourth largest producer of cotton and the third largest consumer of cotton in the world. In addition, Pakistan is the world's second largest cotton yarn exporter and third largest cotton cloth manufacturer and exporter. Pakistan is unique as it has a self-reliant production chain from cotton growing to ginning, spinning, weaving, processing and finishing and from fabrics to home textiles and apparel; all have links in the textile and clothing value chains which have been developed by Pakistan's own industry.

Board Committees

Audit Committee

Members

1	Mr. Khalid Qadeer Qureshi	Chairman
2	Syed Zahid Hussain	Member
3	Ms. Nabiha Shahnawaz Cheema	Member

During the year under review, four meetings of the Audit Committee of the Company were held and the attendance position is as follows:

Sr. No.	Name of Members	No. of Meetings Attended
1	Mr. Khalid Qadeer Qureshi	2
2	Syed Zahid Hussain	4
3	Ms Nabiha Shahnawaz Cheema	4

Terms of Reference

The terms of reference of the Audit Committee shall include the following:

a) recommending to the Board of Directors the appointment of external auditors, their remuneration and audit fees;

b) determination of appropriate measures to safeguard the Company's assets;

c) review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
- major judgmental areas;
- significant adjustments resulting from the audit;
- the going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations and other statutory and regulatory requirements; and
- significant related party transactions.

d) review of preliminary announcements of results prior to publication;

e) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

f) review of management letter issued by external auditors and management's response thereto;

g) ensuring coordination between the internal and external auditors of the Company;

h) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

i) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power; and management's response thereto;

j) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

k) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

l) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;

m) determination of compliance with relevant statutory requirements;

n) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

o) consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource & Remuneration (HR & R) Committee

Members

1	Mian Hassan Mansha	Chairman
2	Mian Umer Mansha	Member
3	Mr. Khalid Qadeer Qureshi	Member
4	Ms Nabiha Shahnawaz Cheema	Member

During the year under review, one meeting of the HR & R Committee of the Company was held and the attendance position is as follows:

Sr. No.	Name of Members	No. of Meetings Attended
1	Mian Hassan Mansha	1
2	Mian Umer Mansha	1
3	Mr. Khalid Qadeer Qureshi	1
4	Ms Nabiha Shahnawaz Cheema	1

Terms of Reference

The terms of reference of the HR & R Committee shall include the following:

- recommending human resource management policies to the Board:
- recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit:
- consideration and approval on recommendation of CEO on selection, evaluation, compensation (including retirement benefits) and succession planning of key management positions who directly report to CEO or COO.

Report of the Audit Committee

The Audit Committee of Nishat Mills Limited (“the Company”) is pleased to present its report for the year ended 30 June 2016. The Committee activity performed its functions according to the requirements of the Code of Corporate Governance and Term of Reference approved by the Board of Directors. The Committee held four (4) meetings during the year on the following agenda items:

1. Reviewed periodic separate and consolidated financial statements of the Company and recommended to the Board of Directors for approval.
2. Reviewed and recommended to the Board for approval of related party transactions.
3. Reviewed “Statement of Compliance with Code of Corporate Governance” which was also reviewed and certified by the external auditors.
4. Reviewed the compliance with code of conduct and company policies by the Board, the management and employees of the Company.
5. Reviewed the appointment of External Auditors and fixed their fee and recommended to the Board the reappointment of M/S Riaz Ahmed & Co. as external auditors for the year ending 30 June 2017.
6. Reviewed and discussed the Management Letter issued by the external auditors and the management response thereto. The committee discussed the observations with external auditors and recorded required actions.
7. Reviewed and further ensured the coordination between external and internal auditors.
8. Reviewed the matters highlighted in internal audit reports and took appropriate measures wherever necessary.
9. Reviewed and recommended to the Board for their recommendation to the shareholders of the Company for the approval of granting a loan of Rs. 1,000,000,000 (Rupees One billion only) to Nishat Hotels and Properties Limited, an associated company.

Internal Audit Function

The Committee has directed the scope and extent of internal audit function and has ensured that Internal Audit Function has adequate resources and is appropriately placed within the Company. During the year, the Committee reviewed reports issued by the Internal Audit Function, recommended guidelines for improvements and informed the Board wherever necessary.

Internal Control System

The management of the Company is responsible for establishing and maintaining a system of adequate internal controls and procedures for implementing strategy and policies, as approved by the Board of Directors. Internal Audit Function reviews and assesses the effectiveness and adequacy of internal control system and submits its findings to the Audit Committee. During the financial year 2015-16, Internal Audit Function issued reports on Inventory Management System, Outward Gate Pass System and Scrap sales system. Audit Committee reviewed and considered the suggestions of Internal Audit Function and recommended improvements to the management of the Company.

Khalid Qadeer Qureshi
Chairman Audit Committee

27 September 2016
Lahore

Year in Review

Quarter Events

Quarter 01

Audit Committee Meeting
14 July 2015

Board Meeting
14 July 2015

Quarter 02

HR & R Committee Meeting
26 October 2015

Audit Committee Meeting
27 October 2015

Board Meeting
27 October 2015

Annual General Meeting
30 November 2015

03 Quarter

Audit Committee Meeting
24 February 2016

Board Meeting
24 February 2016

Commissioning of 9 MW Combined Heat & Power Plant, Power Division, Lahore

04 Quarter

Board Meeting
4 April 2016

Audit Committee Meeting
26 April 2016

Board Meeting
26 April 2016

Commissioning of the new Garments manufacturing facility with a capacity of around 7.2 million garments per annum

Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the annual report of the Company for the year ended 30 June 2016 along with the financial statements and auditors' report thereon.

Financial Review

Financial Performance

Financial performance of the Company was exceptional during the current year as compared to that of corresponding last year despite of limited demand due to global economic slowdown and cutthroat competition. Profit after tax of the Company increased from Rs. 3,912 million in financial year 2014-15 to Rs. 4,923 million in financial year 2015-16 which is a remarkable increase of 25.85%. The main reasons for this marked increase in profitability are improvement in the performance of value added business, use of the optimal fuel mix and achievement of cost efficiencies due to better cost controls.

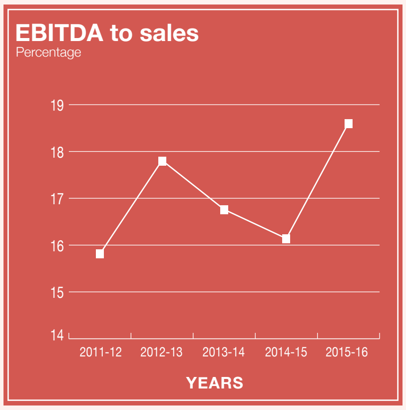
The summary of the key profitability measures is presented below.

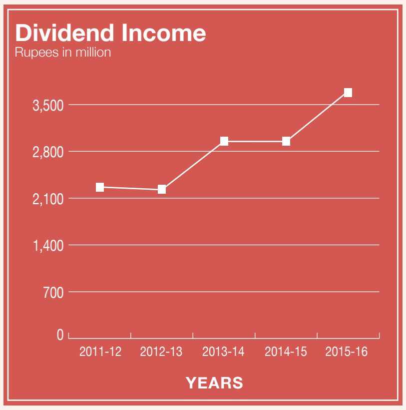
Financial Highlights

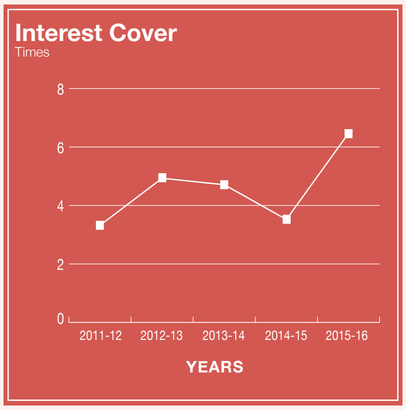
	2016 Rupees (000)	2015 Rupees (000)
Net sales	**47,999,179**	51,200,223
Gross profit	**6,264,308**	6,046,784
EBITDA	**8,937,616**	8,260,046
Depreciation	**2,166,357**	2,125,348
Finance cost	**1,046,221**	1,744,773
Dividend Income	**3,700,227**	2,947,006
Pre-tax profit	**5,725,038**	4,389,925
After tax profit	**4,923,038**	3,911,925

Sales of the Company decreased by Rs. 3,201 million (6.25%) in the current year as compared to sales in corresponding last year. Despite of unfavorable volume and rate variances due to stagnant global demand, sales amounting to Rs. 47,999 million were recorded, which is a continuation of steady trend of sales over the last five years.

Effective cost management was the reason for more than proportionate decrease of 7.57% in cost of sales as compared to decrease of 6.25% in sales which resulted in increase in gross profit by Rs. 217.524 million (3.60%) in current year as compared to gross profit of the corresponding last year. The main reason for this decrease in cost of sales as compared







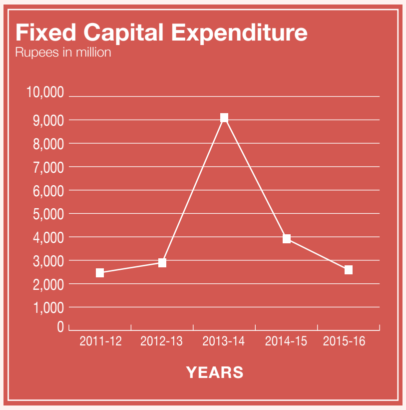
to sales is the use of the best possible fuel mix, better management of stock in trade and achievement of cost efficiencies as a result of improved cost controls. Gross profit to sales ratio also depicted a marked improvement from 11.81% in the corresponding last year to 13.05% in the current year.

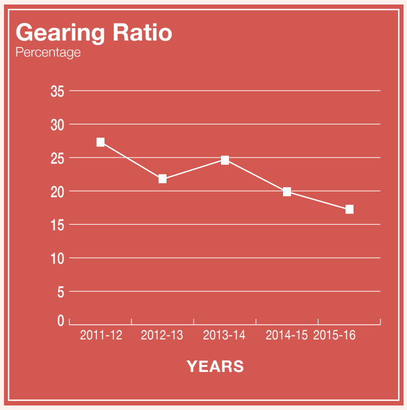
A significant increase of Rs. 677.570 million (8.20%) was recorded in EBITDA which is a sign of healthy performance by the Company in the current year as compared to corresponding last year. A glance over EBITDA to sales ratio for the last five years reveals that it is the highest for financial year 2015-16 and has increased from 15.81% in financial year 2011-12 to 18.62% in the current year.

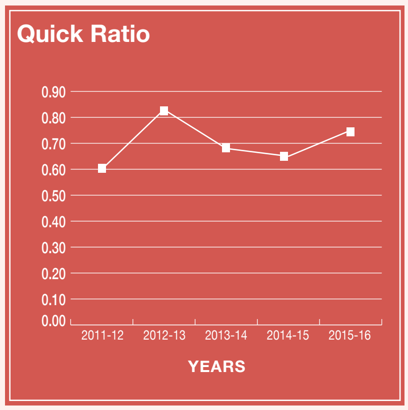
Contribution from the investment portfolio of the Company towards profitability was substantial and dividend income increased by Rs. 753.221 million (25.56%) in the current year as compared to dividend income of the last year. A review of last five years shows a steady and an impressive growth in dividend income at 13.04% per annum.

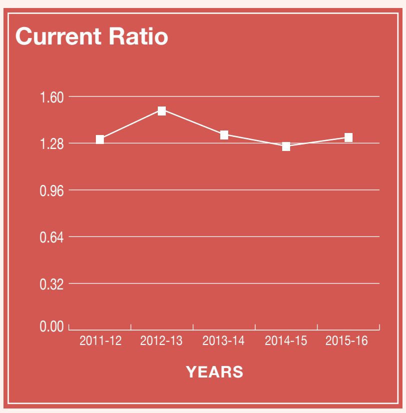
Finance cost of the Company was the lowest in the financial year 2015-16 during the last five years and recorded a decrease of 40.04% in the current year as compared to corresponding last year. The main reasons for decrease were improved cash flows due to increase in profitability, availability of loans at subsidized rates and stringent financial management. Average borrowing rate of the Company decreased from 6.81% in the corresponding last year to 4.60% in the current year. Interest cover of 6.47 times was also all time high during the last five years which shows potential for healthy prospective earning of the Company.

After tax profit percentage to sales ratio has increased significantly from 7.64% in the previous year to 10.26% in the current year. Increased cost efficiencies, effective fuel mix, reduction in finance cost and increase in other income are the reasons for increase in profit after tax.









Fixed Capital Expenditure

The Company incurred Rs. 2,595 million on account of fixed capital expenditure during the year. Major amount of this expenditure includes growth Capex incurred to acquire new technologies such as digital printing machines and tri-fuel Wartsila Generator.

Working Capital Management

Both current and quick ratios recorded an upward trend and increased to 1.32 times and 0.75 time respectively in the current year from 1.26 times and 0.65 times respectively from the last year. This increase is attributable to improved cash flows as a result of increased profitability. Due to efficient working capital management, operating cycle of the Company has also improved from 52 days in the previous year to 30 days.

Capital Structure

Gearing ratio at 17.22% in the current financial year is the lowest over the last five years which has decreased from 19.88% in the previous year. This is also an indication why the finance cost was at its lowest.

Earnings per Share (EPS)

Improvement in profitability is also reflected in the increase in EPS of the Company which has increased from Rs. 11.13 per share in the last year to Rs. 14.00 per share in the current year. The earnings per share of the Company have remained at remarkable level over the last five years.

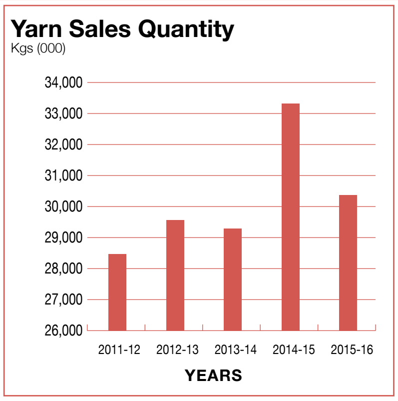
Appropriations

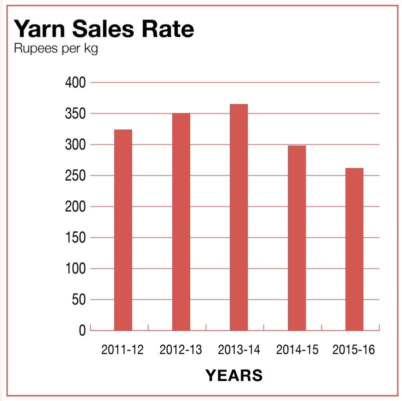
The Board of Directors of the Company has recommended 50% cash dividend (2015: 45%) and transferring of Rupees 3,165 million (2015: Rupees 2,329 million) to general reserve.

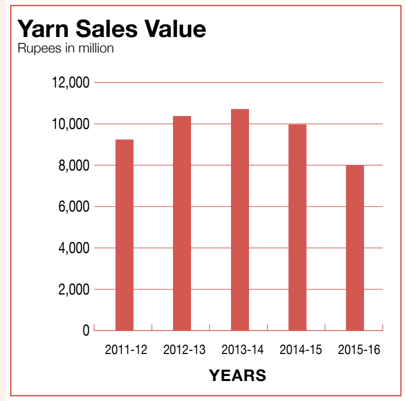
Segment Analysis

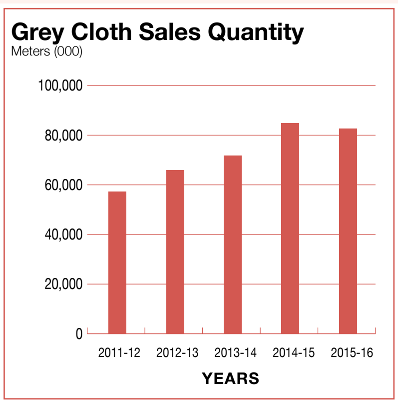
Spinning

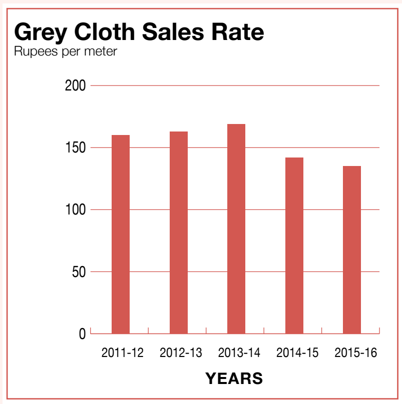
Financial year 2015-16 was one of the toughest year for spinning industry. Hope for low prices of cotton at the start of the financial year immediately turned into disappointment due to short fall of cotton and poor quality of cotton crop which caused the cotton rates to move upward. The gap between expectation and reality produced negative outcomes for the industry. The Company employed various strategies for procurement of cotton at favorable rates which included import of cotton in addition

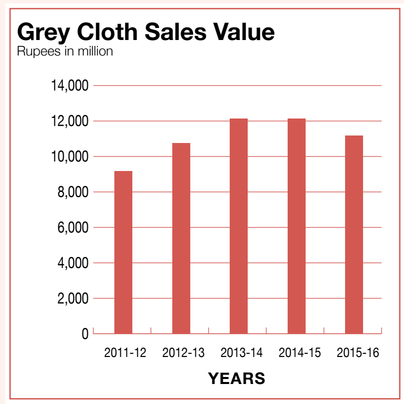












to purchase from diverse sources in local market, but the objective of the Company to achieve an optimal cotton stock mix could not be completely fulfilled.

Expensive cotton along with low demand and price of cotton yarn created a difficult scenario for spinning industry. Both price and demand for cotton yarn, in international market, remained low throughout the financial year ended 30 June 2016. The main markets of cotton yarn i.e. Hong Kong / China, remained sluggish; however, marketing team worked hard to get business from other markets such as Malaysia, Japan, Korea and Taiwan. Initially, demand in local market was also low, but it slightly improved during second and third quarter of the financial year. However, marketing team of the Company expanded its customer base by approaching new customers in international market which yielded positive results.

Weaving

Decreasing trend in the prices of grey fabric was also recorded as a result of low demand in international market during the financial year 2015-16 due to adverse economic conditions and poor quality of available cotton. Country's exports sales to China decreased significantly which resulted in increase of grey fabric supply in local market causing a further adverse affect on prices. The sales of the company were negatively affected due to this scenario since China was always a significant market for the Company's weaving segment.

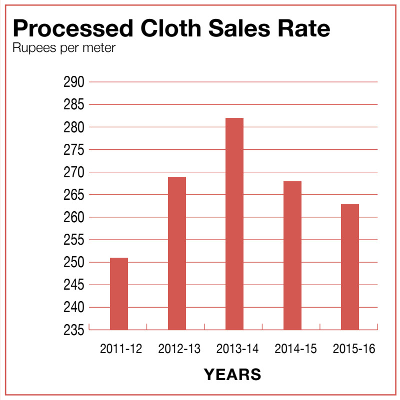
Our sales to Europe can be categorized into two broad categories: fashion fabric and technical fabric. The segment faced some difficulty in fashion fabric due to low demand in retail market and weakening of Euro, however, sale of technical and work wear fabric increased significantly because of steady nature of its demand as compared to volatile fashion fabric market. Moreover, sale of technical fabric was also more profitable because polyester, as a raw material, is used in its production which could be procured at favorable prices due to bearish oil market. New customers from Europe and USA joined the customer base of our special products. Our new sixteen '210 CM' Tsudakoma looms have arrived and commissioned into production in April 2016. This has enabled us to offer more diverse product range and better service to our customers.

Dyeing

The financial performance of the Dyeing Segment was remarkable during the financial year ended 30 June 2016. Despite slow start in the first quarter, the Segment performed outstandingly during the rest of financial year 2015-16. Consequently, profitability of the segment increased significantly as compared to that of corresponding last year. Although, it was extremely difficult task in current market situation but the segment managed to achieve this because of its broad customer base, diversified product range and proactive marketing strategy.

We are anticipating more challenges ahead in fiscal year 2016-17 due to cutthroat competition from other mills in Pakistan, India and China because of monotonous demand of textile products in international market.

In order to mitigate the impact of expected surge in raw material prices, we have already purchased greige for all of our major programs for which customers have given us visibility for next season. We are confident that with all such measures, we will be able to demonstrate healthy performance in fiscal year 2016-17.

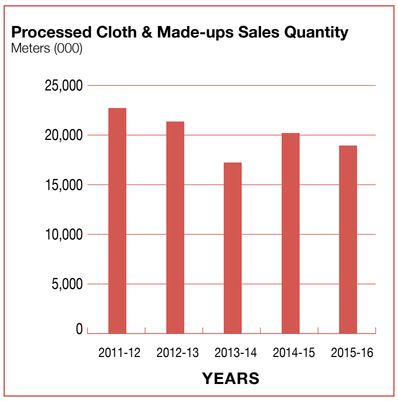


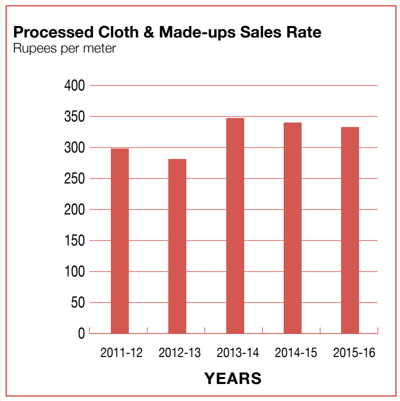
Home Textile

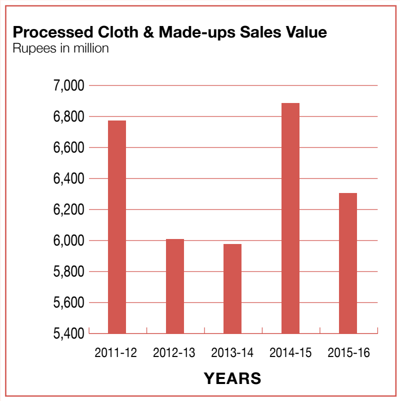
Difficult economic situation that overshadowed textile sector affected Home Textile Sector particularly more as compared to any other textile sector. The sluggish demand in retail markets of USA and Europe adversely affected home textile business of the Company. However, Home Textile Segment performed well due to its diverse product mix that caters basic product range to absolutely top tier of designers and boutique range with huge demand of the Company's products in Europe and Middle East.

The main focus of business strategy of the Company, to promote value added products, benefitted the Segment in terms of increased profitability and addition of new customer portfolio in Europe, America and Australia. High value digital printing articles created demand of the Company's products beyond expectations. Therefore, the Company intends to make further investment in digital printing technologies by adding three more digital printing machines which will enable the Segment to cater demand of customers ranging from apparel to home textile.

The Company is quite optimistic that even with a slower pace of retail sector, our attractive range of product mix due to our investment in innovative technologies will provide us a competitive advantage during the next financial year over our competitors.





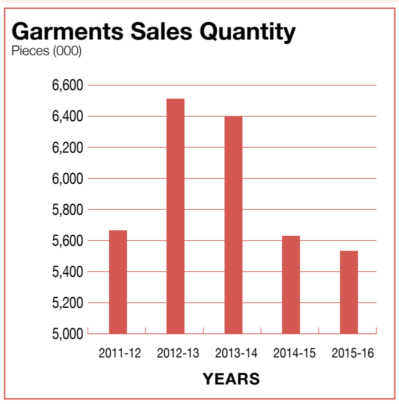


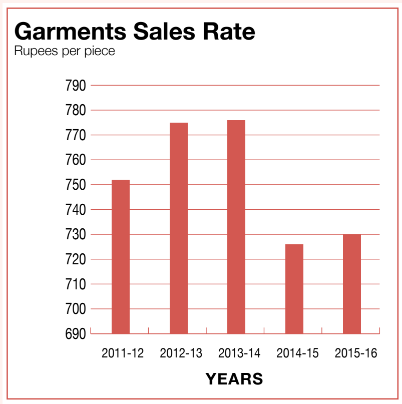
Garments

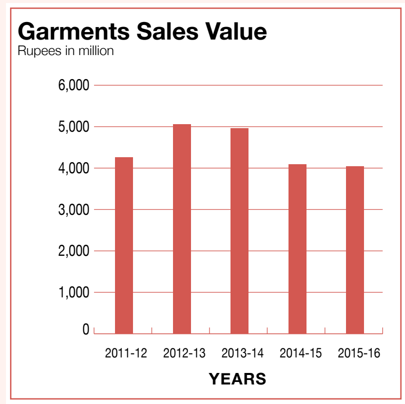
The financial performance of Garments Segments also improved during the financial year 2015-16. The Garments Segment 1 achieved some of the highest production efficiencies which the business had seen in the past two years and our quality performance remained world class. Resultantly, confidence of our customers in our abilities increased many fold. New large European customers were added in the portfolio. Our investments in product development were realized through higher margins.

We were also rated as a Green Plant by one of the largest Brands in the world. Investments made in automated finishing equipment and RFID technologies to boost production have given us an edge over our competitors. New and improved Production employees' efficiency incentive system was implemented to get the most out of production efficiencies.

Our new Denim Garments Plant (Garment Segment II) has become operational in the last quarter of financial year 2015-16. The Plant will touch 50% of its available capacity by the end of calendar year 2016. Some of the best machines and equipments have been installed at the new plant to have an efficient and quality production facility. Automated operations will significantly save labor cost in sewing lines. As a result of addition of new Garment Segment, combined production of Garments facilities will increase up to 1.3 million garments per month during the financial year 2016-17.







Power Generation

The latest model of Wartsila Generators, tri-fuel, installed at Bhikki, Feroze Watwaan and Lahore have been showing very good financial results due to massive reduction in furnace oil prices and low RLNG prices which coupled with these high efficiency generators is a real success. Considering the performance of these Generators, a similar 9.6 MW generator for installation at spinning production facility at Faisalabad has been procured and is under installation which is expected to be commissioned by November 2016. In addition to electricity, this generator will generate 4 tons per hour of steam for yarn dyeing unit installed at Faisalabad.

At Lahore, another coal fired Combined Heat and Power Plant for supplying 9 MW electric power and 25 tons per hour of steam has been successfully commissioned in March 2016. Plan for installation of one Solar PV plant with a capacity of 1,260 KW is underway for Garments Segment II which depicts Nishat's commitment towards increasing green power in its captive power generation portfolio and contribution to reducing environmental pollution in country.

Risks and Opportunities

Nishat Mills Limited takes risks and creates opportunities in the normal course of business. Taking risk is important to remain competitive and ensure sustainable success. Our risk and opportunity management encompass an effective framework to conduct business in a well-controlled environment where risk is mitigated and opportunities are availed. Each risk and opportunity is properly weighted and considered before making any choice. Decisions are formulated only if opportunities outweigh risks.

Following is the summary of risks and strategies to mitigate those risks:

Strategic Risks

We are operating in a competitive environment where innovation, quality and cost matters. This risk is mitigated through continuous research & development and persistent introduction of new technologies under BMR. Strategic risk is considered as the most crucial of all the risks. Head of all business divisions meet at regular basis to form an integrated approach towards tackling risks both at the international and national level.

Business Risks

The Company faces a number of following business risks:

Cotton Supply and Price

The supply and prices of cotton is subject to the act of nature and demand dynamics of local and international cotton markets. There is always a risk of non-availability of cotton and upward shift in the cotton prices in local and international markets. The Company mitigates this risk by the procurement of the cotton in bulk at the start of the harvesting season.

Export Demand and Price

The exports are major part of our sales. We face the risk of competition and decline in demand of our products in international markets. We minimize this risk by building strong relations with customers, broadening our customer base, developing innovative products without compromising on quality and providing timely deliveries to customers.

Energy Availability and Cost

The rising cost and un-availability of energy i.e. electricity and gas shortage is a major threat to manufacturing industry. This risk, if unmitigated, can render us misfit to compete in the international markets. The Company has mitigated the risk of rising energy cost by opting for alternative fuels such as bio-mass and coal. The measures to conserve energy have also been taken at all manufacturing facilities of the Company. Likewise, risk of non-availability of the energy has been minimized by installing power plants for generating electricity at almost all locations of the Company along with securing electricity connections from WAPDA.

Financial Risks

The Board of Directors of the Company is responsible to formulate the financial risk management policies which are implemented by the Finance Department of the Company. The Company faces the following financial risks:

Currency risk

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD), Arab Emirates Dirham (AED) and Euro. The Company's foreign exchange risk exposure is restricted to the bank balances and the amounts receivable/payable from/to the foreign entities.

Interest rate risk

The Company's interest rate risk arises from long term financing, short term borrowings, loans and advances to subsidiary companies, term deposit receipts and bank balances in saving accounts. Fair value sensitivity analysis and cash flow sensitivity analysis shows that the Company's profitability is not materially exposed to the interest rate risk.

Credit risk

The Company's credit exposure to credit risk and impairment losses relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial standing and we have a long standing business relationship with all our customers. We do not expect nonperformance by our customers; hence, the credit risk is minimal.

Liquidity risk

It is at the minimum due to the availability of enough funds through committed credit facilities from the Banks and Financial institutions.

Capital risk

When managing capital, it is our objective to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company maintains low leveraged capital structure. We monitor the capital structure on the basis of the gearing ratio. Our strategy is to keep the gearing ratio at the maximum of 40% equity and 60% debt.

Opportunities

As the leading textile company of the country, the Company is in a position to avail and exploit a number of opportunities. Following is the summary of some exciting opportunities.

- Regionally diversified customer base across the world provides a sustainable growth to export sales;
- Vibrant local and international subsidiary companies create demand for our products;
- Vertical integration makes it possible to exploit operational synergies;
- Abundant supply of cotton in the country;
- High population growth of the country is a source of suitable manpower and a stimulus in creating local demand for textile products.

Textile Industry Overview

Performance of textile sector was dismal during the financial year 2015-16 and it recorded a growth of only 0.62% as compared to growth of 0.97% during the last financial year. Textile exports also fell drastically which is alarming because contribution of the textile sector towards earning foreign exchange for the country is higher than any other sector in Pakistan. Shortage of product diversity and lackluster worldwide demand of textile products are the main factors for this poor show. Textile industry could not explore new avenues for exports because it didn't invest in diversification and modernization. This is the main reason why textile exporters could not avail the advantage of European Union's Generalized System of Preference (GSP) Plus status to enhance textile exports of Pakistan.

Moreover textile industry, particularly value added segment, is losing competitiveness in the international market because of energy shortage, heavy taxes, constant increase in minimum wages and worsened security situation. Majority of buyers from USA and Europe avoid visiting Pakistan because of security concerns. Business executives and entrepreneurs have to travel to overseas quite frequently, which makes selling more challenging, demanding and complex. Hence, despite being the fourth largest cotton producing country in the world, Pakistan cannot convert its local produce into value added products as compared to other players in the region such as Bangladesh and India. There was also a massive reduction in cotton production which stood at 10.074 million bales in the year 2015-16 against 13.960 million bales last year showing a massive decline of 27.8 percent.

The role of the textile sector in economic growth of Pakistan is too important to be ignored. Government of Pakistan announced Textile Policy 2014-19 in February 2015 to increase textile exports, reduce cost of doing business and improve liquidity. The policy includes special duty-drawback incentives for enhanced exports, duty exemptions on plants and machinery, subsidy on long-term loans and other development subsidies. The policy offers Rs. 64.15 billion cash subsidy to the textile and clothing sector to boost exports to US$ 26 billion by 2019 from existing level of US$ 13 billion. In a further attempt to stimulate growth of textile sector, Government has included textile sector along with other four export oriented sectors into zero rated sales tax regime.

Nishat Mills Limited's Market Share

The Company is one of the largest composite textile manufacturing unit of Pakistan. It has attained a reputable and competitive position in textile sector for many years by using latest technology, meeting frequently changing needs of customers, complying with relevant laws and regulations and successfully fulfilling its responsibility towards society. The Company earns valuable foreign exchange by contributing around 3 percent in the textile exports of Pakistan.

Subsidiary Companies

The Company has also annexed its consolidated financial statements along with separate financial statements in accordance with the requirements of International Financial Reporting Standards and Companies Ordinance, 1984.

Following is a brief description of all subsidiary companies of Nishat Mills Limited:

1. Nishat Power Limited

The Company owns and controls 51.01% shares of this subsidiary. The subsidiary is listed on Pakistan Stock Exchange Limited. The principle business of the subsidiary is to build, operate and maintain a fuel powered station having gross capacity of 200 MW in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The subsidiary commenced its commercial production on 09 June 2010.

2. Nishat Linen (Private) Limited

This is a wholly owned subsidiary of the Company. 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 facilities. The subsidiary started its operations in July 2011 and is presently operating 76 retail outlets in Pakistan.

3. Nishat Hospitality (Private) Limited

This is a wholly owned subsidiary of the Company. Subsidiary's object is to run a chain of hotels across the country. Currently it is operating a four star hotel in Lahore on international standards under the name of "The Nishat St. James Hotel". The subsidiary started its operations on 01 March 2014.

4. Nishat Commodities (Private) Limited

This is a wholly owned subsidiary of the Company. The object of the subsidiary 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. The subsidiary started its operations in March 2016.

5. Lalpir Solar Power (Private) Limited

Lalpir Solar Power (Private) Limited is a private limited Company incorporated in Pakistan on 09 November 2015. It is a wholly owned subsidiary of Nishat Power Limited which is a subsidiary of Nishat Mills Limited. The subsidiary has not yet started its commercial operations. The principal activity of company will be to build, own, operate and maintain or invest in a solar power project.

6. Nishat Linen Trading LLC

This subsidiary is a limited liability company incorporated in Dubai, UAE. It is a wholly owned subsidiary of the Company. The subsidiary is principally engaged in trading of textile, blankets, towels, linens, ready-made garments, garments accessories and leather products along with ancillaries thereto through retail outlets and warehouses across United Arab Emirates. The subsidiary started its commercial operations in May 2011 and is presently operating 10 retail outlets in UAE.

7. Nishat International FZE

This is also a wholly owned subsidiary of Nishat Mills Limited. It has been incorporated as a Free Zone Establishment limited Liability Company in Jebel Ali Free Zone, Dubai according to the laws of United Arab Emirates (UAE). It has been registered in the FZE register on February 7, 2013. The principal activity of the Subsidiary Company is trading in textile products such as blankets, towels & linens, ready-made garments, garments accessories and leather products such as shoes, handbags and all such ancillaries thereto.

8. Nishat Global China Company Limited

Nishat Global China Company Limited is incorporated in Yuexiu District, Guangzhou, China, as Foreign Invested Commercial Enterprises "FICE", in accordance with the Law of Peoples Republic of China on Foreign-Capital enterprises and other relevant Laws and Regulations. Nishat Global China Company Limited is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The principal business of the Company is wholesale, commission agency (excluding auction), import and export of textile goods and women fashion accessories. The subsidiary started its commercial operations in January 2014.

9. Nishat USA Inc.

The subsidiary is a corporation service company incorporated in the State of New York. It is a wholly owned subsidiary acquired by the Company on 01 October 2008. The corporation is a liaison office of the Company's marketing department providing access, information and other services relating to US Market.

10. 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.

Corporate Sustainability

Initiatives taken by the Company towards the improvement of environment and well-being of society are based on its elaborated Social and Environmental Responsibility Policy. The core principles of the policy include preservation of life and environment, ethics behavior and social involvement.

Environment Protection

The company is committed and focused to reduce impact of its activities on natural environment by regularly investing in such technologies which minimize effect of environmental pollution. A proposal in under consideration for the acquisition of a new waste water treatment plant which will increase existing capacity for treatment of waste water by 200 cubic meters per hour at production facilities of Dyeing and Home Textile Segments. In our Garments Segments, we have implemented Green Building technologies like Heat, Ventilation and Air Conditioning (HVAC) system and double glazed glass. In an effort to promote culture of environmental protection, Company's code of conduct requires employees to use the Company's facilities and processes in an environmentally sustainable way.

Energy Conservation

Apart from making efforts to generate energy from cheap and efficient sources, the Company is also engaged in finding and exploiting the ways to conserve energy. During the current year, we have performed more replacements of conventional lighting source with LED and T5 lights. The Company has also planned an investment in 1.2 MW solar panels which is expected to become operational in October 2016.

Waste Recycling

We make heavy investment in waste recycling technologies which is another way to conserve environment. We believe small initiatives have big impact on environment such as purchase of chemicals in reusable Intermediate Bulk Containers instead of small packing and purchase of chemicals in concentrated form which reduces packing and transportation and helps to reduce carbon foot prints of the Company. We are also planning to purchase a water recycling plant which will process neutralized water after receiving from Effluent Water Treatment Plant. This water will be used for gardening and in wash rooms.

Occupational Safety and Health

Our sustainable growth is an evidence of our commitment towards health and safety of our workers which is also the key requirement of stringent Health and Safety Standards imposed by the foreign buyers. We carry out regular health and safety awareness programs, periodic arrangements for medical camps for Malaria and Typhoid vaccination and routine fumigation for insecticide to prevent dengue and other diseases. The Company has also provided fire fighting equipments and vehicles at all of its manufacturing facilities. Likewise, dispensaries and ambulances are kept in standby mode to meet any emergency at mills.

Equal Opportunity Employer

Equal treatment of all employees and maintenance of discrimination free environment are also the main features of code of conduct for employees. The Company recognizes the role of people with diverse and multicultural background in inspiring creativity in its operations which are being carried

out at all manufacturing facilities and offices throughout Pakistan. Furthermore, the Company offers employment and equal opportunity to women and disabled people.

Community Welfare Schemes

Engagement with society is another cultural value in which we take pride. The Company is working with Natural Vocational & Technical Training Commission, Technical Education and Vocational Training Authority for training of unskilled workers and creation of employment opportunities for skilled workers. We have also established blood banks at all mills to deal with an emergency situation. The Company holds free medical camps twice a year for free medical advice to general public.

Consumer Protection Measures

Our expanding customer base and long term relations with customers show the care we exercise for the protection of our customers in manufacturing and transit of our goods. The Company intends to make further investment in metal detectors for prevention and detection of harmful substance in our products. We have set up systems such as the installation of metal detectors for prevention and detection of any harmful substance in the products. For this, the Company meets the OEKO-Tex Standards 100 which is an independent testing and certification system for textile raw materials, intermediate and end products at all stages of production. The Company has also acquired C-TPAT Certification Customs-Trade Partnership against Terrorism at all its production facilities. Further the Company has obtained SA-8000, WRAP and SEDEX certifications.

Contribution to National Exchequer and Economy

As an export oriented entity, the Company has earned precious foreign exchange of US$ 344.744 million during the current year. In addition to that, the Company contributed Rs. 1,861.470 million towards national exchequer by way of income taxes, sales taxes, custom duties, export development surcharge, education cess, cotton cess, social security and EOBI contribution etc. The Company is also acting as withholding agent for FBR.

Corporate Governance

Best Corporate Practices

We are committed to good corporate governance and do comply with the requirements of Code of Corporate Governance included in the listing regulations of Pakistan Stock Exchange Limited. The statement of compliance with the Code of Corporate Governance is enclosed.

Board Committees

Audit Committee

The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. Composition of the committee is as follows:

Mr. Khalid Qadeer Qureshi	Chairman/Member
Mr. Syed Zahid Hussain	Member
Ms. Nabiha Shahnawaz Cheema	Member

Human Resource & Remuneration (HR&R) Committee

The Human Resource & Remuneration Committee is performing its duties in line with its terms of reference as determined by the Board of Directors. Composition of the Committee is as follows:

Mian Hassan Mansha	Chairman/Member
Mian Umer Mansha	Member
Mr. Khalid Qadeer Qureshi	Member
Ms. Nabiha Shahnawaz Cheema	Member

Meetings of the Board of Directors

During the year under review, five meetings of the Board of Directors of the Company were held in Pakistan and the attendance position is as follows:

Sr.#	Names	No. of Meetings Attended
1.	Mian Umer Mansha *(Chief Executive Officer)*	5
2.	Mian Hassan Mansha *(Chairman)*	4
3.	Syed Zahid Hussain	5
4.	Mr. Khalid Qadeer Qureshi	3
5.	Ms. Nabiha Shahnawaz Cheema	5
6.	Mr. Maqsood Ahmad	5
7. *	Mr. Saeed Ahmad Alvi	2
8. **	Mr. Ghazanfar Hussain Mirza	1

** Mr. Saeed Alvi died on 21 March 2016*
***Mr. Ghazanfar Hussain Mirza appointed on the Board on 04 April 2016 by the directors to fill up the casual vacancy.*

Directors' Statement

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting framework:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. The statement of pattern of shareholding as on 30 June 2016 is attached.
9. Value of investments in respect of retirement benefits fund: Provident Fund: 30th June, 2016: Rs. 2,809.780 Million Un-audited (2015: Rs. 2,450.766 Million Audited).

Transactions with related parties

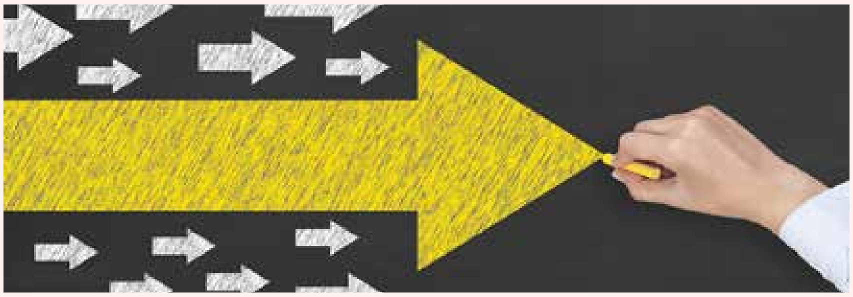
Transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with best practices on Transfer Pricing as contained in the Listing Regulations of Pakistan Stock Exchange Limited.

Auditors

The present auditors of the Company M/s Riaz Ahmed & Company, Chartered Accountants, have completed the annual audit for the year ended 30 June 2016 and have issued an unqualified audit report. The auditors will retire on conclusion of the Annual General Meeting of the Company, and being eligible; have offered themselves for reappointment for the year ending 30 June 2017.

Information under section 218 of Companies Ordinance, 1984

The Board of Directors of the Company in their meeting held on 27 September 2016 has revised the monthly remuneration of Mr. Umer Mansha, Chief Executive Officer of the Company from Rs. 2,508,800 to Rs. 2,747,136 per month with effect from 01 July 2016 plus a bonus of Rs. 2,508,800 along with other benefits as per service rules of the Company. There is no change in other terms and conditions of his appointment.



Managements' Objectives and Strategies

While the Board provides strategic insight, management of the Company is assigned with the task of sustainable growth and profitability by creating and protecting value through efficient resource management by taking in account internal and external factors. Therefore, like previous year, cost minimization and production efficiency will remain the main objective of the management because global economic conditions are expected to remain difficult. During last year, the management successfully created optimal structures in all business segments of the Company by introducing lean manufacturing practices, by acquiring and applying new technologies in production processes and by implementing concepts of energy preservation. This year primary strategy of the management will be to improve quality of the human resource of the Company by changing recruitment procedures in line with prevailing practices, holding customized training sessions and motivating employees through implementing new rewards system.

Business Continuity Plan

Operational continuity is of paramount importance for the long term success and viability of any Company. Nishat Mills Limited has developed business continuity plans which also provide a mechanism for disaster recovery in the respective areas. The Company has arranged the security of all the factory sites by hiring well-trained security personnel on its payroll. All the physical assets are properly safeguarded and insured. Backup of virtual assets such as IT programs and software is regularly arranged. Very efficient and effective fire-fighting systems have been put in place at all our manufacturing facilities. Standard Operating Procedures for all the processes have been devised and documented according to the best practices prevailing in the industry. All transactions and affairs of the Company are properly documented; and these documents are appropriately preserved according to our Policy for safety of records.

Human Capital

Nishat Mills Limited is about people. This approach has roots in our culture and enables our sustainable progress. We trust that the success of any business depends on the quality of manpower and therefore development of people is our priority. We invest fair number of hours in training and will enhance this in future. In order to develop future leadership in different functions we have instituted management trainee scheme and expect that the young talent will take the organization to greater heights.

In order to ensure performance based reward and preparing high caliber people for future succession, a system of performance management is practiced in the Company. The Company also believes in providing good health, safety, work-life balance and market commensurate compensation package including employment benefit plan. The Company maintains a Recognized Provident Fund (the Fund) under Income Tax Ordinance, 2001, and both the Company and employee make equal contribution towards the Fund. Fair value of investments made by the Fund was Rs. 3,794 million as on 30 June 2016 which is an increase of Rs. 100 million over the fair value of last year.

Forward Looking Statement

The management of the company anticipates that gross profit ratio will remain around 14% during the financial year 2016-17. The Sales are expected to increase by 5% in the financial year 2016-17.

Performance in Year 2016

Sales of the Company decreased by 6.25% in financial year 2015-16 due to stagnant global demand of textile products because of adverse international economic conditions. However, share of value added segments increased in the sales of the Company.

Forward Looking Statement of 2015

Sales of the Company is expected to grow by 10% in the financial year 2015-16 as compared to the sales in financial year 2014-15. Focus will be on the enhancement of share of value added products in total sales.

Future Prospects

The financial performance of the Company improved significantly during the financial year 2015-16 despite difficulties. We expect similar issues will also create challenges for us in next financial year because cotton prices are anticipated to rise due to worldwide shortage of cotton. Cotton is the basic raw material of textile sector and any unprecedented movement in cotton prices will affect the whole value chain. However, we hope that able and competent management of the Company will convert those challenges into profitable opportunities by employing creativity and innovation. Based on this expectation, the Company has plans for BMR for each business segment of the Company. The snapshot of the major plans is given below.

The Company has planned to expand and relocate its Spinning Segment located at Faisalabad from its existing location to Special Economic Zone (SEZ). Therefore, the Company has acquired 170 acres of land in M-3, Industrial City, Faisalabad from Faisalabad Industrial Estate Development and Management Company, Government of Punjab (FIEDMC). The Company shall enjoy tax and duty exemptions and special infrastructure designed for SEZ members.

For weaving segments, the Company finds tremendous opportunities and growth prospects in specialized business of military/police uniform fabric. Also, there is a huge scope in men's wear business for which we have invested in some special loom attachments. A plan to invest in 10 more 210 cm Tsudakoma airjet looms for Weaving Segment, Bhikki along with a warping machine is under consideration. Future plans also include procurement of wider width Airjet looms in place of old narrow looms.

In value added sector, the Company plans to add three more digital printing machines this year to make Home Textile Segment as one of the largest digital printing setup in the country with the capability to cater narrow to wider widths fabrics ranging from apparel to home textile. A further investment in new washing range and finishing plants will also be made to enhance the processing capacity of the Segment.

Acknowledgement

The Board is pleased with the continued dedication and efforts of the employees of the Company.

For and on behalf of the Board of Directors

Um mansha

Mian Umer Mansha
Chief Executive Officer

27 September 2016
Lahore

Financial Highlights

		2016	2015	2014	2013	2012	2011
		(Rupees in thousand)					
Summarized Balance Sheet							
Non-Current Assets							
Property, plant and equipment		24,715,095	24,357,269	22,964,388	15,530,320	14,318,639	13,303,514
Long term investments		55,399,080	51,960,454	44,771,715	37,378,224	21,912,790	21,337,889
Other non-current assets		634,214	631,833	537,482	521,490	547,283	1,005,542
Current Assets							
Stores, spares and loose tools		1,269,509	1,335,763	1,316,479	1,285,371	1,019,041	955,136
Stock in trade		9,933,736	10,350,193	12,752,495	10,945,439	9,695,133	9,846,680
Short term investments		2,065,217	2,189,860	3,227,560	4,362,880	1,589,093	1,781,471
Other current assets		12,582,368	10,314,628	11,478,458	10,610,870	7,544,404	5,858,672
Total Assets		106,599,219	101,140,000	97,048,577	80,634,594	56,626,383	54,088,904
Shareholders' Equity		82,155,155	76,142,823	68,589,176	58,917,035	37,762,749	35,393,959
Non-Current Liabilities							
Long term financing		4,629,456	5,582,220	6,431,304	3,149,732	3,426,578	2,861,956
Deferred tax		261,567	247,462	474,878	499,415	310,305	510,640
Current Liabilities							
Short term borrowings		10,475,657	11,524,143	14,468,124	11,939,028	9,665,849	10,471,685
Current portion of non-current liabilities		1,980,768	1,783,250	1,595,652	1,310,769	1,106,902	1,283,865
Other current liabilities		7,096,616	5,860,102	5,489,443	4,818,615	4,354,000	3,566,799
Total Equity and Liabilities		106,599,219	101,140,000	97,048,577	80,634,594	56,626,383	54,088,904
Profit & Loss							
Sales		47,999,179	51,200,223	54,444,091	52,426,030	44,924,101	48,565,144
Gross profit		6,264,308	6,046,784	7,863,774	9,044,485	6,789,191	7,846,447
EBITDA		8,937,616	8,260,046	9,125,677	9,334,690	7,101,295	8,186,974
Other Income		4,079,054	3,982,009	3,653,041	2,739,102	2,683,685	2,444,985
Profit before tax		5,725,038	4,389,925	5,975,552	6,356,853	4,081,567	5,411,912
Profit after tax		4,923,038	3,911,925	5,512,552	5,846,853	3,528,567	4,843,912
Cash Flows							
Cash flow from operating activities		4,704,482	5,298,151	4,887,376	491,795	2,760,562	260,523
Cash flow from investing activities		735,980	(3,042,332)	(7,909,028)	(2,695,026)	37,326	(2,222,501)
Cash flow from financing activities		(3,377,513)	(5,005,916)	4,695,106	973,537	(1,572,033)	2,984,094
Changes in cash & cash equivalents		2,062,949	(2,750,097)	1,673,454	(1,229,694)	1,225,855	1,022,116
Cash and cash equivalent-year end		2,115,168	52,219	2,802,316	1,128,862	2,358,556	1,132,701
Ratios							
Profitability Ratios							
Gross profit	%	13.05	11.81	14.44	17.25	15.11	16.16
EBITDA to sales	%	18.62	16.13	16.76	17.81	15.81	16.86
Pre tax profit	%	11.93	8.58	10.98	12.13	9.09	11.14
After tax profit	%	10.26	7.64	10.13	11.15	7.85	9.97
Return on equity	%	6.22	5.41	8.65	12.10	9.65	14.51
Return on capital employed	%	8.01	7.79	10.99	15.33	14.56	18.86
Operating leverage ratio		(1.66)	3.21	(1.27)	2.19	2.23	1.09

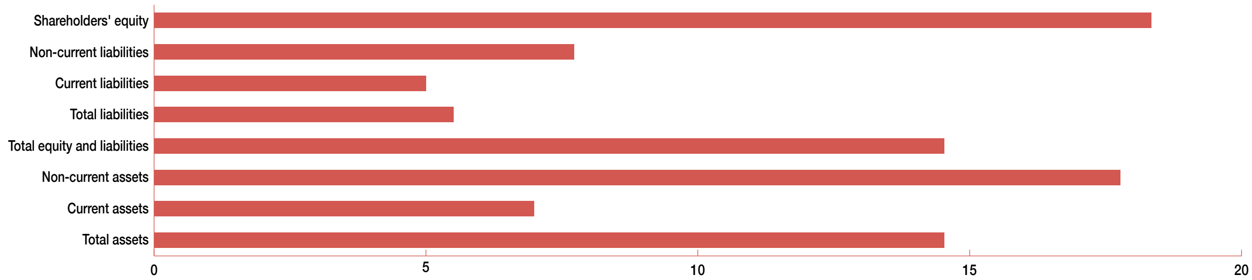
		2016	2015	2014	2013	2012	2011
Liquidity Ratios							
Current ratio		1.32	1.26	1.34	1.51	1.31	1.20
Quick ratio		0.75	0.65	0.68	0.83	0.60	0.50
Cash to current liabilities	Times	0.11	-	0.13	0.06	0.16	0.07
Cash flows from operations to sales	Times	0.10	0.10	0.09	0.01	0.06	0.01
Activity / Turnover Ratios							
Inventory turnover ratio	Times	4.12	3.91	3.93	4.20	3.90	5.12
No. of days in inventory	Days	88.83	93.35	92.88	86.90	93.85	71.29
Debtors turnover ratio	Times	18.22	17.22	11.87	10.77	15.05	21.48
No. of days in receivables	Days	20.09	21.20	30.75	33.89	24.32	16.99
Creditors turnover ratio	Times	4.65	5.84	7.25	8.01	8.46	14.03
No. of days in creditors	Days	78.71	62.50	50.34	45.57	43.26	26.02
Operating cycle	Days	30.21	52.05	73.29	75.22	74.91	62.26
Total assets turnover ratio	Times	0.45	0.51	0.56	0.65	0.79	0.90
Fixed assets turnover ratio	Times	1.94	2.10	2.37	3.38	3.14	3.65
Investment / Market Ratios							
Earnings per share	Rs.	14.00	11.13	15.68	16.63	10.04	13.78
Price earnings ratio	Times	7.71	10.26	7.14	5.67	4.74	3.65
Dividend yield ratio	%	4.63	3.94	3.57	4.25	7.36	6.56
Dividend payout ratio	%	35.71	40.43	25.51	24.05	34.86	23.95
Dividend cover ratio	Times	2.80	2.47	3.92	4.16	2.87	4.17
Dividend per share	Rs.	5.00	4.50	4.00	4.00	3.50	3.30
Break-up value	Rs.	233.66	216.56	195.08	167.57	107.40	100.67
Proposed dividend	%	50	45	40	40	35	33
Market value per share:							
Closing	Rs.	107.90	114.23	111.92	94.21	47.58	50.34
High	Rs.	108.75	137.49	141.70	108.00	60.49	71.89
Low	Rs.	107.50	97.00	85.00	47.99	38.10	40.81
Capital Structure Ratios							
Financial leverage ratio	%	20.80	24.81	32.80	27.83	37.60	41.30
Weighted average cost of debt	%	5.82	8.43	8.28	10.57	12.22	12.62
Debt to equity ratio	%	5.64	7.33	9.38	5.35	9.07	8.09
Interest cover ratio	Times	6.47	3.52	4.71	4.93	3.32	4.38
Gearing ratio	%	17.22	19.88	24.70	21.77	27.33	29.23
Production Machines							
No. of spindles		227,640	227,640	198,840	198,096	198,096	199,536
No. of looms		805	789	789	648	665	644
No. of thermosole dyeing machines		6	6	6	5	5	5
No. of rotary printing machines		4	4	4	3	3	3
No. of digital printing machines		2	2	2	1	–	–
No. of stitching machines		3,400	2,706	2,632	2,721	2,683	2,536

Horizontal Analysis

	2016	2015	2014	2013	2012	2011
Balance Sheet						
Total Equity	232%	215%	194%	166%	107%	100%
Non-current liabilities	145%	173%	205%	108%	111%	100%
Current liabilities	128%	125%	141%	118%	99%	100%
Total liabilities	131%	134%	152%	116%	101%	100%
Total Equity and Liabilities	197%	187%	179%	149%	105%	100%
Assets						
Non-current assets	227%	216%	192%	150%	103%	100%
Current assets	140%	131%	156%	148%	108%	100%
Total Assets	197%	187%	179%	149%	105%	100%
Profit and Loss Account						
Sales	99%	105%	112%	108%	93%	100%
Cost of sales	102%	111%	114%	107%	94%	100%
Gross profit	80%	77%	100%	115%	87%	100%
Distribution cost	98%	111%	117%	115%	117%	100%
Administrative expenses	170%	168%	157%	133%	111%	100%
Other operating expenses	73%	85%	80%	95%	80%	100%
	109%	119%	120%	116%	111%	100%
	59%	47%	86%	115%	69%	100%
Other operating income	167%	163%	149%	112%	110%	100%
Profit from operations	97%	87%	108%	114%	83%	100%
Finance cost	65%	109%	101%	101%	110%	100%
Profit before taxation	106%	81%	110%	117%	75%	100%
Provision for taxation	141%	84%	82%	90%	97%	100%
Profit after taxation	102%	81%	114%	121%	73%	100%

Balance Sheet Horizontal Analysis

Cumulative average growth rate for the last six years - annualised



Balance Sheet

Assets

Total assets of the Company have increased from Rs. 54,089 million in financial year 2011 to Rs. 106,599 million in financial year 2016 which is a remarkable increase of 97%.

Non-Current Assets

Out of total assets, non-current assets increased by 127% from Rs.35,647 million in financial year 2011 to Rs. 80,748 million in financial year 2016 mainly on account of increase in long term investments by 160%, increase in investment properties by 273% and increase in property, plant and equipments by 86%. The Company maintains a healthy portfolio of long term investments which significantly contributes towards its profitability each year. The compound annual growth rate of long term investments is 21.02% per annum from financial year 2011 as a result of further investment from time to time and fair value gain on these investments.

Current Assets

Current assets of the Company have increased by 40% in financial year 2016 to Rs. 25.851 million as compared to Rs. 18.442 million in financial year 2011. The main reason for increase is the increase in loans and advances by 708% which includes working capital loans amounting to Rs. 3,724 million provided to subsidiary companies. However, other current assets such as stocks and accounts receivables of the Company decreased due to increased focus of the Company to improve working capital management.

Equity & Liabilities

Equity

The increase in total assets is supported by 132% increase in equity in financial year 2016 as compared to financial year 2011. The main reason for this increase is increase in fair value reserves in equity investments by 523% from Rs. 5,704 million in financial year 2011 to Rs. 35,528 million in financial year 2016. Revenue reserves also increased by 82% from Rs. 20,674 million in financial year 2011 to Rs. 37,611 million in financial year 2016 due to regular profits over the last six years.

Non-Current Liabilities

Non-current liabilities of the Company amount to Rs. 4,891 million in financial year 2016 which have been increased by 45% over the non-current liabilities of Rs. 3,373 million in financial year 2011. Non-current liabilities had increased to Rs. 6,906 million in financial year 2014 when the Company carried out huge capital expenditure in Spinning, Weaving and Garments Segments.

Current Liabilities

Current liabilities also increased by 28% from Rs. 15,322 million in financial year 2011 to Rs. 19,553 in the current financial year mainly on account of increase in trade and other payables.

Profit and Loss

Sales

Sales have decreased by 1% from Rs. Rs. 48,565 million in financial year 2011 to Rs. 47,999 million in the current financial year. The decrease is mainly attributable to severe competition as a result of decline in global demand of textile products. Sales have come down from Rs. 54,444 million in the financial year 2014 when sales were highest during the last six years.

Cost of Sales

Cost of sales increased by 2% from Rs. 40,719 million in financial year 2011 to Rs. 41,735 million in the financial year 2016. A horizontal review of cost of sales for the last six years reveals that increase in cost of sales was always higher than increase in sales except financial year 2013 when sales increased by 8% as compared to 7% increase in cost of sales. These unfavorable movements in sales and cost of sales are attributable to prolonged energy crisis, continuous increase in minimum wages, imposition of new taxes and duties and enhanced conditionality from international customers.

Distribution Cost

Distribution cost normally moves up and down in harmony with sales volume. Distribution cost has decreased by 2% as compared to that of financial year 2011. This decrease is more than reduction in sales as a result of austerity measures introduced by the management of the Company.

Administrative Expenses

Compound annual increase in administrative expenses is at 11.21% per annum which is in line with the yearly increase in non-current assets of the Company.

Other Income

Other income increased by 67% from Rs. 2,445 million in financial year 2011 to Rs. 4,079 million in financial year 2016. This massive increase in other income is due to increase in dividend income over the years because of the investment by the Company in well diversified and perfect portfolio.

Finance Cost

Finance cost of the Company recorded a decrease of 35% in the current year as compared to financial year 2011 due to availability of loans at subsidized rates and stringent financial management policies of the Company.

Profit after Tax

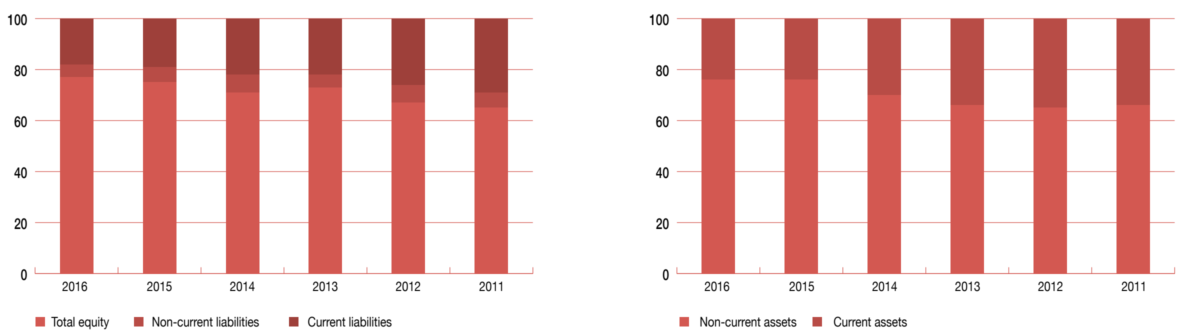
Profit after tax increased from Rs. 4,844 million in financial year 2011 to Rs. 4,923 million in financial year 2016.

Vertical Analysis

	2016	2015	2014	2013	2012	2011
Balance Sheet						
Total Equity	77.07%	75.28%	70.68%	73.07%	66.69%	65.44%
Non-current liabilities	4.59%	5.76%	7.12%	4.53%	6.60%	6.24%
Current liabilities	18.34%	18.95%	22.21%	22.41%	26.71%	28.33%
Total liabilities	22.93%	24.72%	29.32%	26.93%	33.31%	34.56%
Total equity And Liabilities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Assets						
Non-current assets	75.75%	76.08%	70.35%	66.26%	64.95%	65.90%
Current assets	24.25%	23.92%	29.65%	33.74%	35.05%	34.10%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Profit And Loss Account						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	86.95%	88.19%	85.56%	82.75%	84.89%	83.84%
Gross profit	13.05%	11.81%	14.44%	17.25%	15.11%	16.16%
Distribution cost	4.45%	4.74%	4.69%	4.82%	5.69%	4.51%
Administrative expenses	2.33%	2.15%	1.90%	1.66%	1.63%	1.35%
Other operating expenses	0.66%	0.72%	0.63%	0.78%	0.77%	0.89%
	7.44%	7.61%	7.22%	7.27%	8.08%	6.75%
	5.61%	4.20%	7.22%	9.99%	7.03%	9.41%
Other operating income	8.50%	7.78%	6.71%	5.22%	5.97%	5.03%
Profit from operations	14.11%	11.99%	13.93%	15.21%	13.00%	14.44%
Finance cost	2.18%	3.41%	2.96%	3.09%	3.92%	3.30%
Profit before taxation	11.93%	8.57%	10.98%	12.13%	9.09%	11.14%
Provision for taxation	1.67%	0.93%	0.85%	0.97%	1.23%	1.17%
Profit after taxation	10.26%	7.64%	10.13%	11.15%	7.85%	9.97%

Balance Sheet Vertical Analysis

Composition for the last six years



Balance Sheet

Assets

Non-Current Assets

A vertical review of the non-current assets for the last six years shows that share of non-current assets has increased from 65.90% in financial year 2011 to 75.75% mainly on account of regular long term investments and continuous additions in property plant and equipments. The portion of long term investments to total assets has increased from 39.45% to 51.97% during the same period.

Current Assets

The ratio of current assets to total assets has also decreased gradually from 34.10% to 24.25% over the last six years as a result of efficient financial management of the company whose focus is to reduce stocks level and decrease accounts receivables.

Equity & Liabilities

Equity

During the last six years, share of equity has increased from 65.44% in the financial year 2011 to 77.07% in the financial year 2016 due to increase in profitability and fair value reserves on investments.

Liabilities

Both the non-current and current liabilities have decreased during the last six year in relation to equity due to continuous improvement in profitability.

Profit and Loss

Cost of Sales

Cost of sales as a percentage of sales has decreased by 1.24% as compared to financial year 2015. Reason for decrease in this percentage is attributable to the use of optimal fuel and power mix and better cost control.

Distribution Expenses

Distribution expenses as a percentage of sales has been at a lowest level in current financial year as compared to preceding five financial years. Distribution expenses of the company have remained consistent during the last six financial years i.e. between 4.45% to 5.69%.

Administrative expenses

Increase in administrative expenses is consistent during the last six years. The increase is due to the inflation impact and expansion in operations of the company during last six financial years.

Other Income

Other income as a percentage of sales has increased considerably during the last six financial years. This is due to optimum utilization of surplus funds of the Company by investing in lucrative and diversified investment portfolio which is the source of regular dividend income and capital gain.

Profit after Tax

Profit after tax as a percentage of sales for the current financial year (10.26%) was at second highest level as compared to last six years. The highest profit percentage of 11.15% was achieved in financial year 2013. Increase in profit after tax is mainly due to the decrease in fuel and power expenses and financial cost along with increase in other income.

Commentary on Cash Flow Statement

Operating Activities

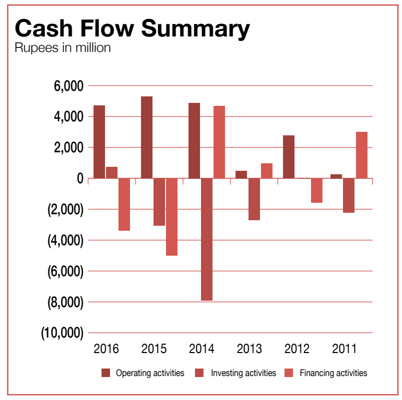
Net cash generated from operating activities remained positive throughout the last six years which is an indication of operational efficiency and vibrant working capital policy of the Company. Cash flows from operating activities were Rs. 4,704 million during the current year as compared to Rs. 261 million during the financial year 2011. The reason for enhanced inflows from operating activities after financial year 2014 is implementation of stringent inventory controls and strict management of accounts receivables and accounts payables.

Investing Activities

Cash flows from investing activities amounting to Rs. 736 million were positive during the current year which is the only year among the last six years when significant cash inflows from investing activities were recorded. The main reasons were increased cash flows from dividend income, closely matched disbursements and repayments of loans and advances to/from subsidiary companies and reduction in fixed capital expenditures.

Financing Activities

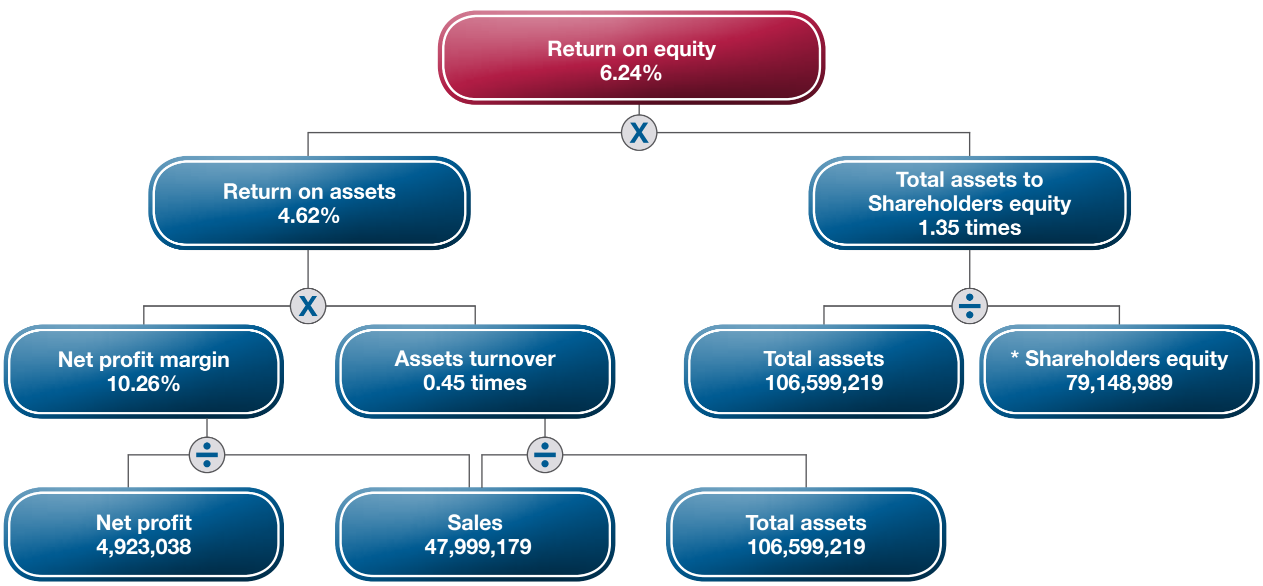
Negative cash flows in respect of financing activities amounting to Rs. 3,378 million were recorded in the current year as compared to positive cash flows of Rs. 2,984 million in financial year 2011. The main reason for the cash outflows was the repayment of bank borrowings amounting to Rs. 3,012 million as against new proceeds of Rs. 1,209 million only. Moreover, the Company paid Rs. 1,574 million on account of dividend which is the highest amount of dividend paid during the last six years.



Cash and cash equivalents at year end

Closing balance of cash and cash equivalent is Rs. 2,115 million after the net increase of Rs. 2,063 million in cash and cash equivalents during the year. Out of this balance, Rs. 1,981 million has been investment in TDRs.

DuPont Analysis



Return on equity increased due to increase in return on assets from 3.90% in the corresponding last year to 4.62% in the current year. The main reason for increase in return on asset is increase in profitability due to effective cost management strategies and better returns from value added segments. However, asset turnover decreased from 0.51 time to 0.45 time due to decrease in sales and increase in fair value gains which are included in total assets. Total assets to shareholders' equity ratio decreased from 1.40 times to 1.35 times due to increase in equity as a result of improved profitability. This indicates less reliance on debt for financing assets of the Company.

**Average Shareholders equity*

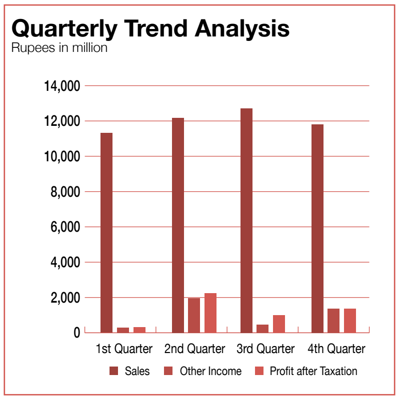
Quarterly Analysis

Sales

First two quarters of the financial year were more difficult as the sales decreased by 11.46% and 12.59% in the first and second quarters respectively as compared to the corresponding quarters of the last year. The reason for decrease in the first quarter was decline in the sales of value added segments due to seasonal slowdown in demand which happens during initial months of a financial year. Sales of value added segments improved in the second quarter and recorded an increase by Rs. 1,234 million as compared to sales of first quarter of the financial year 2015-16, however, sales of Spinning and Weaving Segments decreased due to which total sales of the Company did not increase as expected. Third quarter closed relatively on a positive note and sales recorded an increase of 2.47% as compared to sales of corresponding last year. However, sales with almost the same percentage decreased in the fourth quarter. Therefore, collective sales of all quarters of current year were 6.25% less than that of last year.

Other Income

As always contribution from other income amounting to Rs. 4,079 million remained significant towards the profitability of the Company during the current financial year as well. Out of total other income, receipts from dividend income were Rs. 3,700 million in addition to interest income from loans and advances to subsidiary companies and rental income from investment properties. Dividend amounting to Rs. 334 million only was received from MCB Bank Limited in the first quarter; however, dividend amounting to Rs. 1,816 million was received during the second quarter. In the last quarter, dividend income amounting to Rs. 1,186 million was received mainly from MCB Bank Limited, Lalpir Power Limited and Pakgen Power Limited.



Profit after tax

After the dismal performance during the first quarter of the financial year, the Company earned profit after tax amounting to Rs. 2,236 million, an EPS of Rs. 6.36 per share, due to improvement in operational efficiency and increase in dividend income during the second quarter. The Company earned consistent profit after tax of Rs. 1,007 million and Rs. 1,355 million in the third and fourth quarter respectively.

	Year 2016			
	1st Quarter	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
	(Rupees in thousand)			
Profit & Loss Account				
Sales	11,313,864	12,177,920	12,704,202	11,803,193
Cost of Sales	(10,037,037)	(10,363,862)	(10,868,089)	(10,465,883)
Gross Profit	1,276,827	1,814,058	1,836,113	1,337,310
Distribution Cost	(522,015)	(551,400)	(543,076)	(521,403)
Administrative Expenses	(275,713)	(297,978)	(275,289)	(268,343)
Other Expenses	(26,247)	(134,562)	(62,099)	(93,978)
Other Income	300,053	1,959,262	453,963	1,365,776
	(523,922)	975,322	(426,501)	482,052
Profit from Operations	752,905	2,789,380	1,409,612	1,819,362
Finance Cost	(287,922)	(264,275)	(260,337)	(233,687)
Profit before Taxation	464,983	2,525,105	1,149,275	1,585,675
Taxation	(141,000)	(289,000)	(142,000)	(230,000)
Profit after Taxation	323,983	2,236,105	1,007,275	1,355,675

Statement of Compliance
with the Code of Corporate Governance(See clause 5.19.23) For the Year Ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing Regulation No. 5.19.23 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors. At present the Board includes:

Category	Names
Independent Director	Syed Zahid Hussain
Executive Directors	Mian Umer Mansha
	Mr. Maqsood Ahmed
Non-Executive Directors	Mian Hassan Mansha
	Mr. Khalid Qadeer Qureshi
	Ms. Nabiha Shahnawaz Cheema
	Mr. Ghazanfar Hussain Mirza

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. The directors have confirmed that they are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a stock exchange has been declared as a defaulter by that stock exchange.

4. One casual vacancy occurred on the Board due to sad demise of Mr. Saeed Ahmad Alvi on March 21, 2016 and was filled up by the directors within 15 days.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged followings for its directors during the year.

   Orientation Course:

   All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.

   Directors' Training Program:

   (i) Three (3) Directors of the Company are exempt due to 14 years of education and 15 years of experience on the Board of a listed company.

   (ii) Three (3) Directors of the Company, Mr. Ghazanfar Husain Mirza, Mr. Maqsood Ahmed and Ms. Nabiha Shahnawaz Cheema, have completed the directors training program.

10. No new appointments of CFO, Company Secretary and Head of Internal Audit, has been approved by the Board. The remuneration of CFO and Head of Internal Audit was revised during the year after due approval of the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises 3 members, of whom 2 are non-executive directors and one is independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises 4 members, of whom 3 are non-executive directors and the chairman of the committee is a Non-Executive director.

18. The Board has set up an effective internal audit function and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material requirements in the CCG have been complied with.

Mian Umer Mansha
Chief Executive Officer
NIC Number: 35202-0842523-5

27 September 2016
Lahore

Review Report to the Members
on the Statement of Compliance with The Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of NISHAT MILLS LIMITED ("the Company") for the year ended 30 June 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

27 September 2016
Lahore

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the Shareholders of Nishat Mills Limited (the "Company") will be held on October 31, 2016 (Monday) at 3:00 P.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 50% [i.e. Rs. 5/- (Rupees Five Only) Per Ordinary Share] as recommended by the Board of Directors.

3. To appoint statutory Auditors for the year ending June 30, 2017 and fix their remuneration.

4. Special Business:-

1. To consider and if deemed fit, to pass the following resolutions as special resolutions under Section 208 of the Companies Ordinance, 1984, with or without modification, addition(s) or deletion(s), for investment in Nishat Hotels and Properties Limited, as recommended by Board of Directors.

RESOLVED that approval of the members of Nishat Mills Limited (the "Company") be and is hereby accorded in terms of Section 208 of the Companies Ordinance, 1984 for investment up to PKR 1,000,000,000/- (PKR One Billion Only) in Nishat Hotels and Properties Limited ("NHPL"), an associated company, in the form of working capital loan for a period of one year starting from the date of approval by the members, provided that the return on any outstanding amount of loan shall be 3 Month KIBOR plus 0.50% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of the agreement to be executed in writing and as disclosed to the members.

FURTHER RESOLVED, that the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby **singly** empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

2. To consider and if deemed fit, to pass the following resolutions as special resolutions for alteration in the Articles of Association of the Company, with or without modification, addition(s) or deletion(s), as recommended by the Board of Directors.

"RESOLVED that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting new Articles 75A and 75B immediately after the existing Article 75 to read as under;

75-A. A member may opt for E-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

75-B. An instrument of proxy in relation to E-voting shall be in the following form:

I/We, ______________of ______________ being a member of the _____________, holder of _____________ share(s) as per register Folio No. / CDC Account No. ___________ hereby opt for E-voting through Intermediary and hereby consent the appointment of Execution Officer ______________as proxy and will exercise E-voting as per The Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is__________________, please send login details, password and electronic signature through email.

____
Signature of Member
CNIC No.__________

Signed in the presence of;

____
Signature of Witness
CNIC No.__________

____
Signature of Witness
CNIC No.__________

Further Resolved that the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents / statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.

By Order of the Board

27 September 2016
Lahore

KHALID MAHMOOD CHOHAN
COMPANY SECRETARY

NOTES:

BOOK CLOSURE NOTICE FOR ATTENDING ANNUAL GENERAL MEETING:-

The Ordinary Shares Transfer Books of the Company will remain closed from 24-10-2016 to 31-10-2016 (both days inclusive) for attending and voting at Annual General Meeting. Physical transfers/ CDS Transaction IDs received in order in all respect up to 1:00 p.m. on 21-10-2016 at Share Registrar, THK Associates (Pvt) Ltd, Karachi Office, 2nd Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi , Lahore Office, 2nd Floor, DYL Motorcycles Ltd, Plot No. 346, Block No. G-III, Khokhar Chowk, Main Boulevard, Johar Town, Lahore, will be considered in time for attending of meeting.

A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

Shareholders are requested to immediately notify the change in address, if any.

BOOK CLOSURE NOTICE FOR ENTITLEMENT OF 50% CASH DIVIDEND:-

The Ordinary Shares Transfer Books of the Company will remain closed from 19-11-2016 to 26-11-2016 (both days inclusive) for entitlement of 50% Cash Dividend[i.e. Rs. 5/- (Rupees Five Only) Per Ordinary Share]. Physical transfers / CDS Transaction IDs received in order in all respect up to 1:00 p.m. on 18-11-2016 at Share Registrar, THK Associates (Pvt) Ltd, Karachi Office, 2nd Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi , Lahore Office, 2nd Floor, DYL Motorcycles Ltd, Plot No. 346, Block No. G-III, Khokhar Chowk, Main Boulevard, Johar Town, Lahore, will be considered in time for entitlement of 50% Final Cash Dividend.

DEDUCTION OF WITHHOLDING TAX:

All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and may, if required take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

In case of joint account, please intimate proportion of shareholding as each accountholder is to be treated individually as either filer or non-filer and tax will be deducted on the basis of shareholding, in case of no notification, each joint holder shall be assumed to have an equal number of shares.

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificates is made available to THK Associates (Pvt) Limited, Karachi Office, 2nd Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi, Lahore Office, THK Associates (Pvt) Ltd. 2nd Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346 Block No. G-III, Khokar Chowk, Main Boulevard, Johar Town, Lahore, by the first day of Book Closure.

SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or its Share Registrar, if not already provided. For shareholders other than individuals, the checking will be done by matching the NTN Number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN Certificate to check their names in ATL, before the book closure date to their respective participants / CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and would be constrained under SECP's Order dated June 08, 2016 under Section 251(2) of the Companies Ordinance, 1984 to withhold the dispatch of dividend warrants to such shareholders.

ZAKAT DECLRATION (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDC-Sub Account or CDC Investor Account) or to our Share Registrar, M/s THK Associates (Pvt) Limited, Karachi Office, 2nd Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi, Lahore Office, THK Associates (Pvt) Ltd. 2nd Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346 Block No. G-III, Khokar Chowk, Main Boulevard, Johar Town, Lahore. The Shareholders while sending the Zakat Declarations, as the case may be must quote company name and their respective folio numbers.

Shareholders are therefore requested to promptly send a valid copy of their CNICs, NTN and Zakat declarations as per above requirements. Shareholders should also notify our Share Registrar, M/s THK Associates (Pvt) Limited regarding any change in their addresses. This will ensure that the Dividend Warrants are dispatched to shareholders at their correct addresses.

Dividend Mandate (Optional):

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his / her / its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, M/s THK Associates (Pvt) Limited.

Bank Account Details of Shareholder	
Title of Bank Account	
Bank Account Number	
Bank's name	
Branch name and address	
Cell number of shareholder	
Landline number of shareholder, if any	

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar.

Name, signature, folio # and CNIC number of shareholder

Notes:

(1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.

(2) If dividend mandate information has already been provided by you, ignore this request.

Transmission of Annual Financial Statements through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.nishatmillsltd.com and send the said form duly signed by the shareholder along with copy of his / her CNIC to the Company's Share Registrar M/s THK Associates (Pvt) Limited.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to the registered address of the shareholders.

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 31, 2016.

1. Investment In Nishat Hotels And Properties Limited

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public limited company with an authorized share capital of Rs. 10,000,000/- (Rupees Ten Million Only). The authorized share capital has subsequently been enhanced to Rs. 10,000,000,000/- (Rupees Ten Billion Only).

NHPL was set up with the main object of carrying hotels and hospitality business in Pakistan. For the intended purpose the company has acquired Hotel site of 119 Kanals, 6 Marlas and 73 Sq. Ft. of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing.

Nishat Hotels & Properties Limited has recently achieved commercial operation of Emporium Mall on 30 June 2016. Ninety percent of the leases have been finalized and majority of the outlets have been handed over to tenants. The Finishing work of the Hotel Building is at advanced stage of completion which has been targeted for commencement from 30 November 2016.

The Building has a covered area of 2.742 Million Square Feet comprising the following building components (3 basements, ground floor and 11 floors):

- 3-4 star hotel comprising of 205 rooms
- Banquet halls
- Hyper Star
- Shopping Mall with following features:
  - Retail outlets
  - Food courts

- Cineplex
- Fun Factory
- Health and Leisure Zones
- Two basements with 2,815 parking bays for cars and motorcycles.

Since NHPL has recently achieved commercial operation of Emporium Mall, short term finance is needed for working capital requirements.

Considering the average borrowing cost of the Company and the return offered by Banks on term deposits, the Directors of the Company have recommended to invest surplus funds of the Company by extending a working capital loan up to Rs. 1 billion to NHPL at the interest rate of 3 Month KIBOR plus 0.50% which shall not be less than the average borrowing cost of the Company. Repayment of the principle amount of loan shall be made within one year from the date of approval by the members while payment of interest due shall be made on monthly basis. The management expects the transaction to be beneficial for the Company as this will enhance the return on surplus funds available with the Company.

The directors have carried out necessary due diligence for the proposed investment. The duly signed recommendation of the due diligence report shall be made available to the members for inspection in the annual general meeting. The latest annual audited financial statements of NHPL shall be available for inspection in the annual general meeting.

Information under Clause (b) of sub-regulation (1) of regulation 3 of (Investment in Associated Companies or Associated Undertakings) Companies Regulations, 2012.

<table>
<tr><th>Ref. No</th><th>Requirement</th><th colspan="4">Information</th></tr>
<tr><td>I</td><td>Name of associated company</td><td colspan="4">Nishat Hotels and Properties Limited</td></tr>
<tr><td></td><td>Criteria of associated relationship</td><td colspan="4">Common Directorship</td></tr>
<tr><td>II</td><td>Amount of loans</td><td colspan="4">Rs. 1,000,000,000/- (Rupees One Billion Only)</td></tr>
<tr><td>III</td><td>Purpose</td><td colspan="4">Working capital needs of the associated company.</td></tr>
<tr><td></td><td>Benefits</td><td colspan="4">The Company will earn higher income from the investment.</td></tr>
<tr><td>IV</td><td>Details of existing loans</td><td colspan="4">Nil</td></tr>
<tr><td rowspan="3">V</td><td rowspan="3">Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements as on 30 June 2016</td><td>Equity And Liabilities</td><td>Rupees</td><td>Assets</td><td>Rupees</td></tr>
<tr><td>Equity
Non-Current Liabilities
Current Liabilities</td><td>9,474,753,427
12,209,171,856
696,761,981</td><td>Non-Current Assets
Current Assets</td><td>19,820,359,981
2,560,327,283</td></tr>
<tr><td></td><td>22,380,687,264</td><td></td><td>22,380,687,264</td></tr>
<tr><td>VI</td><td>Average borrowing cost of the investing company</td><td colspan="4">4.60% for the year ended 30 June 2016</td></tr>
<tr><td>VII</td><td>Rate of interest, mark up, profit, fees or commission etc. to be charged</td><td colspan="4">3 Month KIBOR plus 0.50%. 3 Month KIBOR as on 27 September 2016 is 6.04%. The return shall not be less than average borrowing cost of the Company.</td></tr>
<tr><td>VIII</td><td>Sources of funds from where loans or advances will be given</td><td colspan="4">Surplus funds of the company</td></tr>
<tr><td>IX</td><td>Where loans or advances are being granted using borrowed funds; justification for granting loan or advance out of borrowed funds; detail of guarantees / assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company.</td><td colspan="4">Not Applicable</td></tr>
<tr><td>X</td><td>Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.</td><td colspan="4">Corporate guarantee of the associated company.</td></tr>
<tr><td>XI</td><td>If the loans or advances carry conversion feature.</td><td colspan="4">No</td></tr>
<tr><td>XII</td><td>Repayment schedule and terms of loans or advances to be given to the investee company.</td><td colspan="4">Repayment of principal will be made within one year of the approval by the members while payment of interest due will be made on monthly basis.</td></tr>
</table>

Ref. No	Requirement	Information
XIII	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Agreement will be signed after approval by the members. Other significant terms and conditions are as under: 1. Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month of the disbursement of loan. 2. In case of delay in re-payment of principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Hotels and Properties Limited to Nishat Mills Limited in addition to the agreed interest amount. 3. All payments under the loan agreement shall be made through crossed cheques. 4. The associated company shall provide corporate guarantee to secure the extension of loan.
XIV	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration.	Two directors of Nishat Mills Limited, Mian Umer Mansha and Mian Hassan Mansha, currently holds 21.72% shares each in Nishat Hotels and Properties Limited. The brother of Mian Hassan Mansha and Mian Umer Mansha, namely Mian Raza Mansha also holds 21.50% shares in Nishat Hotels and Properties Limited. The directors of the associated company are interested in the investing company to the extent of their shareholding as under:- Name — % of Shareholding Mian Raza Mansha — 8.23 Mian Umer Mansha — 12.60 Mian Hassan Mansha — 12.62 The associated companies holding shares of Nishat Hotels and Properties Limited are interested in Nishat Mills Limited to the extent of their shareholding as follows:- Company Name — % of Shareholding D. G. Khan Cement Co. Ltd — 10.42 Security General Insurance Co. Ltd — 7.40 The associated companies holding shares of Nishat Mills Limited are interested in Nishat Hotels and Properties Limited to the extent of their shareholding as follows:- Company Name — % of Shareholding D. G. Khan Cement Co. Ltd. — 8.61
XV	Any other important details necessary for the members to understand the transaction.	None
XVI	In case of investment in a project of an associated company or associated undertaking that has not commenced operations:	Not Applicable
	Starting date of work	Not Applicable
	Completion of work	Not Applicable
	Commercial operations date	Not Applicable
	Expected time by which the project shall start paying return on investment	Not Applicable

2. To amend Articles of Association of the Company to facilitate E-voting in general meetings of the Company in compliance with the requirements of The Companies (E-voting) Regulations, 2016.

The Board of Directors of Nishat Mills Limited ("the Company") in their meeting held on September 27, 2016 recommended to amend Articles of Association of the Company in compliance with the requirements of The Companies (E-voting) Regulations 2016 in order to allow members of the Company to opt for E-voting in a general meeting of the Company in compliance with the requirements of the Companies

(E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

The Directors of the Company have no interest, directly or indirectly in the above business.

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Name of Investee Company	MCB Bank Limited	Nishat Hotels and Properties Limited	Nishat Power Limited	Nishat Energy Limited
Total Investment Approved:	Equity investment of Rupees 2.593 billion was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.	Equity investment of Rupees 1 billion was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.	Investment of Rupees 1.5 billion by way of loans and advances was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.	Equity investment of Rs. 4.875 billion and guarantee(s) upto Rs. 1 billion to the lenders of Nishat Energy Limited were approved by members in AGM held on 31 October 2014 for a period of (3) years.
Amount of Investment Made to date:	Investment of Rupees 1,103.679 million has been made against this approval to date.	Investment of Rupees 710.62 million has been made against this approval to date.	Nil	Investment of Rupees 2.5 million has been made against this approval to date.
Reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	Partial investment has been made in investee company. Further investment will be made depending on market conditions at appropriate time.	Partial investment has been made in investee company. Nishat Mills Limited will make further equity investment at a suitable time after considering the macro economic conditions of the country.	No loan has been extended after the approval because funds request has not yet been made by the investee company.	Investment in Nishat Energy Limited is based on certain milestones which have not yet been accomplished. The first such milestone is conducting of Feasibility Study. Nishat Energy Limited has submitted its partial feasibility report to Punjab Power Development Board. Remaining portion of Feasibility Report shall be submitted soon. Guarantees as approved shall be issued to the lenders of Nishat Energy Limited as and when needed.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval, as per then available latest financial statements for the year ended 31 December 2013, the basic Earnings per Share was Rs. 19.31 and Break-up Value per Share was Rs. 87.39. As per latest available audited financial statements for the year ended 31 December 2015, the Basic Earnings per share is Rs. 22.96 and Break-up Value per Share is Rs.101.44.	At the time of approval, as per then available latest financial statements for the year ended 30 June 2013, the basic Loss per Share was Re.0.37 and Break-up Value per Share was Rs.12.26. As per latest available financial statements for the year ended 30 June 2016, the Basic Loss per share is Rs.0.05 and Break-up Value per Share is Rs. 9.87.	At the time of approval, as per then available latest financial statements for the year ended 30 June 2013, the basic Earnings per Share was Rs.7.74 and Break-up Value per Share was Rs.26.00. As per latest available audited financial statements for the year ended 30 June 2016, the Basic Earnings per share is Rs.8.05 and Break-up Value per Share is Rs. 34.60.	Nishat Energy Limited has issued paid-up share capital of 1 million shares of Rs. 10 each amounting to Rs. 10 million. As per latest available financial statements for the year ended 30 June 2016, the basic loss per share is Rs. 1.48 and Break-up Value per Share is Rs. 3.58.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Knowledge center
Risk profiler*
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Subscription to Alerts (event notifications, corporate and regulatory actions)
Jamapunji application for mobile device
Online Quizzes
jamapunji.pk
@jamapunji_pk
Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan
*Mobile apps are also available for download for android and ios devices

Financial Statements of
Nishat Mills Limited
for the year ended June 30, 2016

Auditors' Report to the Members

We have audited the annexed balance sheet of **NISHAT MILLS LIMITED** as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

b) in our opinion:

- **i)** the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- **ii)** the expenditure incurred during the year was for the purpose of the Company's business; and
- **iii)** the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

27 September 2016
LAHORE

Balance Sheet
As at June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2015: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital	3	3,515,999	3,515,999
Reserves	4	78,639,156	72,626,824
Total equity		82,155,155	76,142,823
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	4,629,456	5,582,220
Deferred income tax liability	6	261,567	247,462
		4,891,023	5,829,682
CURRENT LIABILITIES			
Trade and other payables	7	5,737,896	4,858,315
Accrued mark-up	8	113,320	221,394
Short term borrowings	9	10,475,657	11,524,143
Current portion of non-current liabilities	10	1,980,768	1,783,250
Provision for taxation		1,245,400	780,393
		19,553,041	19,167,495
TOTAL LIABILITIES		24,444,064	24,997,177
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		106,599,219	101,140,000

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

Chief Executive Officer

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	24,715,095	24,357,269
Investment properties	13	472,765	479,242
Long term investments	14	55,399,080	51,960,454
Long term loans	15	97,762	94,284
Long term deposits	16	63,687	58,307
		80,748,389	76,949,556
CURRENT ASSETS			
Stores, spare parts and loose tools	17	1,269,509	1,335,763
Stock in trade	18	9,933,736	10,350,193
Trade debts	19	2,253,369	3,014,466
Loans and advances	20	6,111,644	5,575,273
Short term deposits and prepayments	21	65,433	44,849
Other receivables	22	2,023,092	1,625,281
Accrued interest	23	13,662	2,540
Short term investments	24	2,065,217	2,189,860
Cash and bank balances	25	2,115,168	52,219
		25,850,830	24,190,444
TOTAL ASSETS		106,599,219	101,140,000

Director

Profit and Loss Account

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
SALES	26	47,999,179	51,200,223
COST OF SALES	27	(41,734,871)	(45,153,439)
GROSS PROFIT		6,264,308	6,046,784
DISTRIBUTION COST	28	(2,137,894)	(2,426,295)
ADMINISTRATIVE EXPENSES	29	(1,117,323)	(1,101,658)
OTHER EXPENSES	30	(316,886)	(366,142)
		(3,572,103)	(3,894,095)
		2,692,205	2,152,689
OTHER INCOME	31	4,079,054	3,982,009
PROFIT FROM OPERATIONS		6,771,259	6,134,698
FINANCE COST	32	(1,046,221)	(1,744,773)
PROFIT BEFORE TAXATION		5,725,038	4,389,925
TAXATION	33	(802,000)	(478,000)
PROFIT AFTER TAXATION		4,923,038	3,911,925
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	34	14.00	11.13

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

Chief Executive Officer

Director

Statement of Comprehensive Income
For the year ended June 30, 2016

	2016	2015
	(Rupees in thousand)	
PROFIT AFTER TAXATION	4,923,038	3,911,925
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	–	–
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments to fair value	2,685,598	4,824,619
Reclassification adjustment for gains included in profit or loss	–	(3,914)
Deferred income tax relating to (deficit) / surplus on available for sale investments	(14,105)	227,416
Other comprehensive income for the year - net of tax	2,671,493	5,048,121
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,594,531	8,960,046

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

Chief Executive Officer

Director

Cash Flow Statement

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	6,795,658	7,712,266
Finance cost paid		(1,154,295)	(1,818,433)
Income tax paid		(917,685)	(771,332)
Exchange (loss) / gain on forward exchange contracts (paid) / received		(8,550)	166,690
Net (increase) / decrease in long term loans to employees		(5,266)	8,382
Net (increase) / decrease in long term deposits		(5,380)	578
Net cash generated from operating activities		4,704,482	5,298,151
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,595,237)	(3,915,523)
Proceeds from sale of property, plant and equipment		104,339	94,408
Proceeds from sale of investments		–	221,406
Investments made		(632,389)	(1,400,603)
Loans and advances to subsidiary companies		(15,509,708)	(13,143,489)
Repayment of loans from subsidiary companies		15,556,374	11,929,192
Interest received		112,374	225,271
Dividends received		3,700,227	2,947,006
Net cash from / (used in) investing activities		735,980	(3,042,332)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,209,108	1,769,541
Repayment of long term financing		(1,964,354)	(2,364,659)
Repayment of liabilities against assets subject to finance lease		–	(66,368)
Short term borrowings - net		(1,048,486)	(2,943,981)
Dividend paid		(1,573,781)	(1,400,449)
Net cash used in financing activities		(3,377,513)	(5,005,916)
Net increase / (decrease) in cash and cash equivalents		2,062,949	(2,750,097)
Cash and cash equivalents at the beginning of the year		52,219	2,802,316
Cash and cash equivalents at the end of the year		2,115,168	52,219

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

Chief Executive Officer **Director**

Statement of Changes in Equity

For the year ended June 30, 2016

(Rupees in thousand)

	Share Capital	Reserves							Total Equity
		Capital Reserves			Revenue Reserves			Total	
		Premium on issue of right shares	Fair value reserve	Sub Total	General reserve	Unappropriated profit	Sub Total		
Balance as at 30 June 2014	3,515,999	5,499,530	27,808,608	33,308,138	26,248,028	5,517,011	31,765,039	65,073,177	68,589,176
Transaction with owners - Final dividend for the year ended 30 June 2014 @ Rupees 4.00 per share	–	–	–	–	–	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
Transferred to general reserve	–	–	–	–	4,106,000	(4,106,000)	–	–	–
Profit for the year	–	–	–	–	–	3,911,925	3,911,925	3,911,925	3,911,925
Other comprehensive income for the year	–	–	5,048,121	5,048,121	–	–	–	5,048,121	5,048,121
Total comprehensive income for the year	–	–	5,048,121	5,048,121	–	3,911,925	3,911,925	8,960,046	8,960,046
Balance as at 30 June 2015	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 year	–	–	–	–	–	4,923,038	4,923,038	4,923,038	4,923,038
Other comprehensive income for the year	–	–	2,671,493	2,671,493	–	–	–	2,671,493	2,671,493
Total comprehensive income for the year	–	–	2,671,493	2,671,493	–	4,923,038	4,923,038	7,594,531	7,594,531
Balance as at 30 June 2016	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

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

Chief Executive Officer

Director

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

c) Critical accounting estimates and judgments

The preparation of financial statements 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. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at balance sheet date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Impairment of investments in subsidiaries and equity method accounted for associated companies

In making an estimate of recoverable amount of the Company's investments in subsidiaries and equity method accounted for associated companies, the management considers future cash flows.

d) Standards that are effective in current year and are relevant to the Company

The following standards are mandatory for the Company's accounting periods beginning on or after 01 July 2015:

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates and Joint Ventures'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

e) Amendments to published standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2016 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 27 (Amendments) 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments have been made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Amendments to IFRS 10 and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

On 25 September 2014, IASB issued Annual Improvements to IFRSs: 2012 – 2014 Cycle, incorporating amendments to four IFRSs more specifically in IAS 34 'Interim Financial Reporting', which is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2016. The amendment is unlikely to have a significant impact on the Company's financial statements and has therefore not been analyzed in detail.

g) Standards and amendments to published standards that are not yet and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

The Company operates an approved funded provident fund scheme covering all its permanent employees and permanent employees of a Group Company. Equal monthly contributions are made both by the Company, other Group Company and employees at the rate of 9.5 percent of the basic salary to the fund. The Company's contributions to the fund are charged to profit and loss account.

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.4 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

2.5 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land and capital work-in- progress are stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Leased

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 12.1. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions upto the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.6 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties except land, are stated at cost less accumulated depreciation and any recognized impairment loss. Land is stated at cost less any recognized impairment loss.

Depreciation on buildings is charged to profit and loss account applying the reducing balance method so as to write off the cost of buildings over their estimated useful lives at a rate of 10% per annum.

2.7 Operating leases

Assets leased out under operating leases are included in investment properties. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

2.8 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for “Investment at fair value through profit or loss” which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 ‘Financial Instruments: Recognition and Measurement’ to all investments, except investments in subsidiaries and equity method accounted for associates, which are tested for impairment in accordance with the provisions of IAS 36 ‘Impairment of Assets’.

a) Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

c) Investment in subsidiaries

Investments in subsidiaries are stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 ‘Separate Financial Statements’.

d) Investment in associates - (with significant influence)

The Company is required to prepare separate financial statements, hence, in accordance with the requirements of IAS 27 ‘Separate Financial Statements’, the investments in associated undertakings are accounted for in accordance with IAS 39 ‘Financial Instruments: Recognition and Measurement’ and are classified as available for sale.

e) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date. Fair value of investments in open-end mutual funds is determined using redemption price.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

2.9 Inventories

Inventories, except for stock in transit and waste stock / rags, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

i) For raw materials:	Annual average basis.
ii) For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.10 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.11 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.12 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

2.13 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

2.14 Share capital

Ordinary shares are classified as share capital.

2.15 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.16 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.
- Revenue from sale of electricity is recognized at the time of transmission.
- Dividend on equity investments is recognized when right to receive the dividend is established.
- Operating lease rentals are recorded in profit and loss account on a time proportion basis over the term of the lease arrangements.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.17 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for “financial instruments at fair value through profit or loss” which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.18 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.19 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.20 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.21 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.22 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.23 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has following reportable business segments: Spinning at Faisalabad and Feroze Wattwan (Producing different quality of yarn using natural and artificial fibres), Weaving at Bhikki and Lahore (Producing different quality 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) and Power Generation (Generation and distribution of power using gas, oil, steam, coal and biomass).

Transaction among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

2.24 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016	2015		2016	2015
(Number of shares)			(Rupees in thousand)	
256,772,316	256,772,316	Ordinary shares of Rupees 10 each fully paid-up in cash	2,567,723	2,567,723
2,804,079	2,804,079	Ordinary shares of Rupees 10 each issued to shareholders of Nishat Apparel Limited under the Scheme of Amalgamation	28,041	28,041
37,252,280	37,252,280	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	372,523	372,523
54,771,173	54,771,173	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	547,712	547,712
351,599,848	351,599,848		3,515,999	3,515,999

	2016	2015
	(Number of shares)	
3.1 Ordinary shares of the Company held by the associated companies:		
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	2,788,150	1,258,650
MCB Bank Limited	227	227
	33,077,878	31,548,378

4 RESERVES

	Note	2016	2015
		(Rupees in thousand)	
Composition of reserves is as follows:			
Capital reserves			
Premium on issue of right shares		5,499,530	5,499,530
Fair value reserve - net of deferred income tax	4.1	35,528,222	32,856,729
		41,027,752	38,356,259
Revenue reserves			
General reserve		32,683,028	30,354,028
Unappropriated profit		4,928,376	3,916,537
		37,611,404	34,270,565
		78,639,156	72,626,824

4.1 This represents the unrealized gain on re-measurement of available for sale investments at fair value and is not available for distribution. This will be transferred to profit and loss account on realization. Reconciliation of fair value reserve - net of deferred tax is as under:

	2016	2015
Balance as on 01 July	33,104,191	28,283,486
Fair value adjustment during the year	2,685,598	4,824,619
Reclassification adjustment for gains included in profit or loss	–	(3,914)
	35,789,789	33,104,191
Less: Deferred income tax liability on unquoted equity investments	261,567	247,462
Balance as on 30 June	35,528,222	32,856,729

Notes to the Financial Statements

For the year ended June 30, 2016

		Note	2016	2015
			(Rupees in thousand)	
5	**LONG TERM FINANCING**			
	From banking companies - secured			
	Long term loans	5.1	2,975,216	2,690,113
	Long term musharika	5.2	3,635,008	4,675,357
			6,610,224	7,365,470
	Less: Current portion shown under current liabilities	10	1,980,768	1,783,250
			4,629,456	5,582,220

Lender	2016	2015	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
5.1 Long term loans							
Allied Bank Limited:							
Refinanced by SBP under scheme of LTFF	–	135,617	SBP rate for LTFF + 0.50%	Thirty unequal installments commenced on 27 June 2014 and ended on 26 August 2015.	–	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Loan provided by the bank from own sources	256,970	321,212	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly installments commenced on 24 August 2014 and	Quarterly	Quarterly	
	256,970	456,829					
Bank Alfalah Limited:							
Loan provided by the bank from own sources	500,001	672,735	3 Month offer KIBOR + 0.50%	Sixteen unequal installments commenced on 17 August 2014 and ending on 17 May 2018.	Quarterly	Quarterly	First pari passu charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).
Refinanced by SBP under scheme of LTFF	–	77,266	SBP rate for LTFF + 0.50%	Six unequal installments commenced on 17 August 2014 and ended on 18 August 2015.	–	Quarterly	
	500,001	750,001					
The Bank of Punjab	166,667	277,778	3 Month offer KIBOR + 0.50%	Eighteen equal quarterly installments commenced on 18 September 2013 and ending on 18 December 2017.	Quarterly	Quarterly	First pari passu charge of Rupees 667 million over all present and future fixed assets of the Company excluding land and building.
The Bank of Punjab	–	92,607	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 04 April 2012 and ended on 04 January 2016.	Quarterly	Quarterly	First pari passu charge of Rupees 667 million on all present and future fixed assets of the Company excluding land and building.
Pak Brunei Investment Company Limited	255,003	300,000	SBP rate for LTFF + 0.85%	Twenty equal installments commenced on 24 October 2015 and ending on 24 July 2020.	–	Quarterly	First pari passu charge of Rupees 400 million over all the present and future plant and machinery of the Company with 25% margin excluding those assets (part of the plant and machinery) on which the Company has created exclusive charges in favour of existing creditors.
Faysal Bank Limited	180,000	199,999	SBP rate for LTFF + 0.75%	Thirty unequal installments commenced on 13 February 2016 and ending on 06 December 2020.	–	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Company (excluding those on which the Company has already created exclusive charges).
Allied Bank Limited	241,039	299,999	SBP rate for LTFF + 0.50%	Eighty unequal installments commenced on 26 September 2015 and ending on 08 September 2019.	–	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
Bank Alfalah Limited	225,000	300,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 July 2015 and ending on 17 April 2019.	Quarterly	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.

Lender	2016	2015	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Pak Kuwait Investment Company (Private) Limited	132,603	12,900	SBP rate for LTFF + 1%	One hundred and sixty unequal installments commenced on 11 June 2016 and ending on 15 May 2021.	–	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin .
Pak Kuwait Investment Company (Private) Limited	6,774	–	SBP rate for LTFF + 0.75%	Twenty four equal quarterly installments commencing on 15 September 2016 and ending on 15 June 2022.	–	Quarterly	Ranking hypothecation charge of Rupees 267 million on plant and machinery of the company (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing charge holders/creditors), to be upgraded to first pari passu charge within 180 days of first drawdown.
	139,377	12,900					
The Bank of Punjab	466,717	–	SBP rate for LTFF + 0.5%	One hundred and sixty unequal installments commencing on 30 January 2017 and ending on 07 April 2022.	–	Quarterly	First pari passu charge of Rupees 667 million on present and future fixed assets (plant and machinery) of the Company.
National Bank of Pakistan	108,763	–	SBP rate for LTFF + 0.5%	One hundred and twenty unequal installments commencing on 12 April 2017 and ending on 03 June 2022.	–	Quarterly	Ranking hypothecation charge of Rupees 534 million on all present and future plant and machinery (excluding plant and machinery which is under exclusive charges of Company's creditors) of the Company, to be upgraded to first pari passu charge within 120 days of first drawdown.
Habib Bank Limited	435,679	–	SBP rate for LTFF + 0.4%	Twenty equal quarterly installments commencing on 17 September 2017 and ending on 17 June 2022.	–	Quarterly	Note 5.3
TOTAL	2,975,216	2,690,113					

5.2 Long term musharika

Lender	2016	2015	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
Habib Bank Limited	754,341	999,991	3 Month offer KIBOR + 0.35%	Forty two unequal installments commenced on 28 August 2015 and ending on 04 May 2019.	Quarterly	Quarterly	Note 5.3
Habib Bank Limited	970,131	1,000,009	3 Month offer KIBOR + 0.35%	Fifty six unequal installments commenced on 19 May 2016 and ending on 01 June 2020.	Quarterly	Quarterly	
Meezan Bank Limited	37,500	112,500	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 14 March 2013 and ending on 14 December 2016.	Quarterly	Quarterly	First exclusive charge of Rupees 400 million over specific plant and machinery of the Company.
Dubai Islamic Bank Pakistan Limited	514,286	742,857	3 Month offer KIBOR + 0.40%	Fourteen equal quarterly installments commenced on 03 June 2015 and ending on 03 September 2018.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,067 million on all present and future fixed assets (excluding land and building) of the Company including but not limited to plant and machinery, furniture and fixtures, accessories etc. (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of existing charge holders).
Meezan Bank Limited	275,000	375,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 June 2015 and ending on 17 March 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 533 million over specific assets of the Company with 25% margin.
Meezan Bank Limited	333,750	445,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 July 2015 and ending on 17 April 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 594 million over specific assets of the Company with 25% margin.
Standard Chartered Bank (Pakistan) Limited	750,000	1,000,000	3 Month offer KIBOR + 0.20%	Sixteen equal quarterly installments commenced on 27 September 2015 and ending on 27 June 2019.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
TOTAL	3,635,008	4,675,357					

5.3 Long term loans and long term musharika from Habib Bank Limited are secured against first pari passu hypothecation charge of Rupees 4,000 million on present and future fixed assets of the Company excluding specific and exclusive charges.

6 DEFERRED INCOME TAX LIABILITY

This represents deferred income tax liability on surplus on revaluation of unquoted equity investments available for sale. Provision for deferred income tax on other temporary differences was not considered necessary as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001.

	Note	2016	2015
		(Rupees in thousand)	
7 TRADE AND OTHER PAYABLES			
Creditors	7.1	3,853,639	2,910,146
Accrued liabilities		558,501	739,697
Advances from customers		560,082	381,620
Securities from contractors - Interest free, repayable on completion of contracts		11,199	12,175
Retention money payable		61,580	66,235
Income tax deducted at source		876	985
Dividend payable		66,817	58,399
Payable to employees' provident fund trust		7,585	5,435
Fair value of forward exchange contracts		827	5,920
Workers' profit participation fund	7.2	301,483	241,876
Workers' welfare fund		315,307	315,307
Other payable		–	120,520
		5,737,896	4,858,315
7.1 This includes amounts due to following related parties:			
Nishat Linen (Private) Limited - subsidiary company		27,870	198,253
Nishat USA Inc. - subsidiary company		2,950	3,244
Nishat Hospitality (Private) Limited - subsidiary company		270	383
Nishat International FZE - subsidiary company		1,261	1,272
D.G. Khan Cement Company Limited - associated company		2,656	3,995
Security General Insurance Company Limited - associated company		28,334	7,529
Adamjee Insurance Company Limited - associated company		37,218	32,867
Adamjee Life Assurance Company Limited - associated company		3,636	665
Nishat (Chunian) Limited - related party		32,822	11,254
		137,017	259,462
7.2 Workers' profit participation fund			
Balance as on 01 July		241,876	310,081
Add: Provision for the year	30	301,483	230,465
Interest for the year	32	3,128	13,050
		546,487	553,596
Less: Payments during the year		245,004	311,720
Balance as on 30 June		301,483	241,876

7.2.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

		Note	2016	2015
			(Rupees in thousand)	
8	**ACCRUED MARK-UP**			
	Long term financing		50,450	96,295
	Short term borrowings	8.1	62,870	125,099
			113,320	221,394

8.1 This includes mark-up of Rupees 0.580 million (2015: Rupees 0.781 million) payable to MCB Bank Limited - associated company.

		Note	2016	2015
9	**SHORT TERM BORROWINGS**			
	From banking companies - secured			
	State Bank of Pakistan (SBP) refinance	9.1 and 9.2	9,993,000	8,409,218
	Other short term finances	9.1 and 9.3	–	2,487,181
	Temporary bank overdrafts	9.1 and 9.4	482,657	627,744
			10,475,657	11,524,143

9.1 These finances are obtained from banking companies under mark up arrangements and are secured against joint pari passu hypothecation charge on all present and future current assets, other instruments and ranking hypothecation charge on plant and machinery of the Company. These form part of total credit facility of Rupees 31,841 million (2015: Rupees 29,441 million).

9.2 The rates of mark up range from 2.70% to 4.00% (2015: 5.40% to 7.00%) per annum on the balance outstanding.

9.3 The rates of mark up ranged from 1.00% to 2.60% (2015: 1.25% to 3.23%) per annum during the year on the balance outstanding.

9.4 The rates of mark-up range from 6.55% to 9.01% (2015: 7.58% to 12.18%) per annum on the balance outstanding.

		Note	2016	2015
10	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Current portion of long term financing	5	1,980,768	1,783,250

11 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) The Company is contingently liable for Rupees 0.631 million (2015: 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 973.358 million (2015: Rupees 894.555 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, Pakistan Army and Government of Punjab against fulfillment of sales orders and Punjab Power Development Board for issuance of Letter of Interest to set up an electricity generation facility.

iii) Post dated cheques of Rupees 5,800.306 million (2015: Rupees 4,067.671 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 Honourable Lahore High Court, Lahore, the vires of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 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 Honourable 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 77.482 million (2015: Rupees 65.825 million) paid on such goods in its respective monthly sales tax returns.

b) Commitments

i) Contracts for capital expenditure are approximately of Rupees 1,031.214 million (2015: Rupees 617.589 million).

ii) Letters of credit other than for capital expenditure are of Rupees 338.967 million (2015: Rupees 251.620 million).

iii) Outstanding foreign currency forward contracts of Rupees 3,345.460 million (2015: Rupees 5,188.737 million).

	Note	2016	2015
		(Rupees in thousand)	
12 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12.1		
Owned		23,058,934	21,453,222
Leased		–	181,191
Capital work-in-progress	12.2	1,656,161	2,722,856
		24,715,095	24,357,269

12.1 Operating fixed assets

	Owned Assets										Leased Assets
	Freehold land	Buildings on freehold land	Plant and machinery	Stand - by equipment	Electric Installations	Factory equipment	Furniture, fixtures & office equipment	Computer equipment	Vehicles	Total	Plant and machinery
	(Rupees in thousand)										
At 30 June 2014											
Cost	1,039,190	5,572,283	22,055,020	318,713	705,013	353,392	350,696	161,662	580,329	31,136,298	300,000
Accumulated depreciation	–	(2,677,190)	(9,088,701)	(220,330)	(469,951)	(144,363)	(189,837)	(129,458)	(231,545)	(13,151,375)	(99,325)
Net book value	1,039,190	2,895,093	12,966,319	98,383	235,062	209,029	160,859	32,204	348,784	17,984,923	200,675
Year ended 30 June 2015											
Opening net book value	1,039,190	2,895,093	12,966,319	98,383	235,062	209,029	160,859	32,204	348,784	17,984,923	200,675
Additions	18,049	1,258,689	4,394,745	–	64,370	10,523	33,763	13,363	109,726	5,903,228	–
Transferred to investment properties:											
Cost	(99,692)	–	–	–	–	–	–	–	–	(99,692)	–
Accumulated depreciation	–	–	–	–	–	–	–	–	–	–	–
	(99,692)	–	–	–	–	–	–	–	–	(99,692)	–
Transferred to Nishat Linen (Private) Limited under the scheme of compromises, arrangements and reconstruction:											
Cost	–	(127,752)	(42,325)	–	(17,513)	(2,820)	(56,973)	(14,173)	(15,269)	(276,825)	–
Accumulated depreciation	–	66,937	10,628	–	6,217	364	17,959	6,117	6,371	114,593	–
	–	(60,815)	(31,697)	–	(11,296)	(2,456)	(39,014)	(8,056)	(8,898)	(162,232)	–
Disposals:											
Cost	–	(8,101)	(145,922)	–	–	(1,136)	(2,887)	(346)	(78,889)	(237,281)	–
Accumulated depreciation	–	4,438	105,647	–	–	975	1,701	264	49,917	162,942	–
	–	(3,663)	(40,275)	–	–	(161)	(1,186)	(82)	(28,972)	(74,339)	–
Depreciation charge	–	(365,366)	(1,579,032)	(9,519)	(28,479)	(21,686)	(16,447)	(9,971)	(68,166)	(2,098,666)	(19,484)
Closing net book value	957,547	3,723,938	15,710,060	88,864	259,657	195,249	137,975	27,458	352,474	21,453,222	181,191
At 30 June 2015											
Cost	957,547	6,695,119	26,261,518	318,713	751,870	359,959	324,599	160,506	595,897	36,425,728	300,000
Accumulated depreciation	–	(2,971,181)	(10,551,458)	(229,849)	(492,213)	(164,710)	(186,624)	(133,048)	(243,423)	(14,972,506)	(118,809)
Net book value	957,547	3,723,938	15,710,060	88,864	259,657	195,249	137,975	27,458	352,474	21,453,222	181,191
Year ended 30 June 2016											
Opening net book value	957,547	3,723,938	15,710,060	88,864	259,657	195,249	137,975	27,458	352,474	21,453,222	181,191
Additions	10,909	1,419,610	2,004,393	–	73,895	11,493	32,620	36,409	72,603	3,661,932	–
Assets transferred from leased assets to owned assets:											
Cost	–	–	300,000	–	–	–	–	–	–	300,000	(300,000)
Accumulated depreciation	–	–	(118,809)	–	–	–	–	–	–	(118,809)	118,809
	–	–	181,191	–	–	–	–	–	–	181,191	(181,191)
Disposals / Adjustments:											
Cost	(17,989)	(9,450)	(129,086)	–	–	–	(570)	(864)	(67,879)	(225,838)	–
Accumulated depreciation	–	8,756	96,013	–	–	–	309	698	42,531	148,307	–
	(17,989)	(694)	(33,073)	–	–	–	(261)	(166)	(25,348)	(77,531)	–
Depreciation charge	–	(406,359)	(1,599,124)	(8,568)	(27,759)	(20,174)	(14,931)	(13,990)	(68,975)	(2,159,880)	–
Closing net book value	950,467	4,736,495	16,263,447	80,296	305,793	186,568	155,403	49,711	330,754	23,058,934	–
At 30 June 2016											
Cost	950,467	8,105,279	28,436,825	318,713	825,765	371,452	356,649	196,051	600,621	40,161,822	–
Accumulated depreciation	–	(3,368,784)	(12,173,378)	(238,417)	(519,972)	(184,884)	(201,246)	(146,340)	(269,867)	(17,102,888)	–
Net book value	950,467	4,736,495	16,263,447	80,296	305,793	186,568	155,403	49,711	330,754	23,058,934	–
Annual rate of depreciation (%)	–	10	10	10	10	10	10	30	20		10

12.1.1

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:								
Building								
Residential Building- Demolished	1	9,450	8,756	694	700	6	Negotiation	Muhammad Riaz, Faisalabad
		9,450	8,756	694	700	6		
Plant and Machinery								
Simplex Frame	1	5,742	5,071	671	3,250	2,579	Negotiation	Nishat Chunian Limited, Lahore
Simplex Frame	2	12,452	11,106	1,346	6,500	5,154	Negotiation	Nishat Chunian Limited, Lahore
Automatic Bale Plucker	1	236	111	125	267	142	Negotiation	Rafiq Spinning Mills (Private) Limited, Faisalabad
Monfort Curing Machine	1	5,568	3,676	1,892	1,364	(528)	Negotiation	Rashid Fabrics (Private) Limited, Faisalabad
Telephone Exchange Avaya	1	1,279	752	527	958	431	Insurance Claim	Adamjee Insurance Company Limited, Security General Insurance Company Limited and IGI Insurance Company Limited.
Gas Engine	1	18,913	14,368	4,545	3,700	(845)	Negotiation	Brilliant Automation Solutions, Lahore
Gas Turbine	1	47,575	32,439	15,136	27,500	12,364	Negotiation	Al-Karam Textile Mills Limited, Karachi
Gas Engine	1	17,989	13,748	4,241	3,822	(419)	Negotiation	Hussain Textile Mills (Private) Limited, Lahore
Gas Engine	1	19,018	14,469	4,549	3,822	(727)	Negotiation	H.A. Fibers (Private) Limited, Lahore
		128,772	95,740	33,032	51,183	18,151		
Vehicles								
Toyota Corolla LEB-11-2315	1	1,531	907	624	845	221	Company Policy	Mr. Khalid Mehmood Chohan, Company's employee, Faisalabad
Suzuki Cultus LWH-2396	1	605	445	160	179	19	Negotiation	Chaudhary Azhar Iqbal, Lahore
Suzuki Cultus LEB-11-5927	1	921	559	362	491	129	Company Policy	Mr. Naeem Ahmad, Company's employee, Faisalabad
Toyota Corolla LE-12-2280	1	1,474	838	636	862	226	Company Policy	Mr. Ali Asghar, Company's employee, Sargodha
Audi LEB-11-500	1	18,484	11,432	7,052	7,000	(52)	Negotiation	Al-Shafi Enterprises, Karachi
Toyota Corolla LE-10-4376	1	1,358	869	489	671	182	Company Policy	Mr. Muhammad Israr, Company's employee, Lucky Marwat
Toyota Corolla LE-10-2190	1	1,308	843	465	631	166	Company Policy	Mr. Qaiser Bashir Chaudhary, Company's employee, Jhang
Honda City LED-10-5395	1	1,342	849	493	669	176	Company Policy	Mr. Muzammil Yasin, Company's employee, Bahawalpur
Toyota Corolla LEA-11-4620	1	1,396	866	530	731	201	Company Policy	Mr. Muhammad Abid Khan, Company's employee, Sheikhupura
Toyota Corolla LED-11-6082	1	1,416	818	598	820	222	Company Policy	Mr. Abdul Waheed, Company's employee, Sheikhupura
Suzuki Alto LEA-6316	1	713	536	177	484	307	Negotiation	Mr. Khurram Imtiaz, Lahore
Suzuki Cultus LEA-12-1849	1	943	538	405	417	12	Company Policy	Mr. Faiz Mohi-ud-Din, Company's employee, Sialkot
Suzuki Cultus LEA-12-1851	1	943	536	407	417	10	Company Policy	Mr. Abdul Rauf Khan, Company's employee, Sargodha
Suzuki Cultus LEA-12-1848	1	943	551	392	536	144	Company Policy	Mr. Ikhlaq Ahmed, Company's employee, Lahore
Suzuki Cultus LEA-12-5306	1	943	547	396	541	145	Company Policy	Mr. Bilal Ahmed, Company's employee, Lahore
Suzuki Swift LEF-13-6948	1	1,500	593	907	1,499	592	Negotiation	Mr. Najam Yousaf, Lahore
Toyota Corolla LED-09-2951	1	1,296	905	391	527	136	Company Policy	Mr. Nauman Majeed, Company's employee, Lahore
Honda Civic LEB-11-1233	1	1,815	1,069	746	1,047	301	Company Policy	Mr. Saeed Nawaz Khan, Company's employee, Bannu
Suzuki Cultus LEC-11-1790	1	932	557	375	510	135	Company Policy	Mr. Furqan Mughal, Company's employee, Hyderabad
Honda City LEC-11-8107	1	1,399	841	558	762	204	Company Policy	Mr. Mumtaz Hassan, Company's employee, Lahore
Suzuki Alto LED-11-3581	1	747	444	303	619	316	Negotiation	Mr. Ali Abbas, Lahore
Toyota Corolla LEE-09-1677	1	1,297	869	428	593	165	Company Policy	Mr. Basharat Elahi, Company's employee, Sialkot
Toyota Corolla LEB-8872	1	1,531	879	652	892	240	Company Policy	Mr. Khalid Mehmood, Company's employee, Faisalabad
Toyota Corolla LEB-11-1660	1	1,441	848	593	818	225	Company Policy	Mr. Rizwan Aslam, Company's employee, Lahore
Toyota Corolla LEB-11-7740	1	1,402	821	581	789	208	Company Policy	Rana Hammad Latif Khan, Company's employee, Lahore
Toyota Corolla LEB-11-7743	1	1,531	933	598	809	211	Company Policy	Mr. Muhammad Athar Bashir, Company's employee, Vehari
Toyota Corolla LEB-11-7746	1	1,531	933	598	839	241	Company Policy	Mr. Muhammad Ramzan, Company's employee, Faisalabad
Fork Lifter	1	2,342	2,023	319	441	122	Negotiation	Mirza Muhammad Zaman Baig, Lahore
Toyota Corolla LEE-08-5121	1	1,118	842	276	370	94	Company Policy	Mr. Mukhtar Ahmed, Company's employee, Lahore
Toyota Corolla LED-10-7256	1	1,345	821	524	708	184	Company Policy	Mr. Bilal Siddiq Chaudhary, Company's employee, Lahore
Honda City LEC-11-8105	1	1,379	766	613	1,181	568	Negotiation	Mr. Khurram Imtiaz, Lahore

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Toyota Corolla LEA-3842	1	951	777	174	249	75	Company Policy	Mr. Azhar Mehmood Khan, Company's employee, Chakwal
Suzuki Cultus LED-11-4324	1	928	541	387	529	142	Company Policy	Mr. Tayyab Farooq, Company's employee, Faisalabad
Suzuki Bolan LE-11-2274	1	653	432	221	483	262	Negotiation	Mr. Shamshad-ul-Haq, Lahore
Honda City LED-10-5987	1	1,307	815	492	662	170	Company Policy	Mr. Iftikhar Ali Awan, Company's employee, Lahore
Toyota Corolla LEC-11-4220	1	1,408	803	605	820	215	Company Policy	Mr. Tahir Aleem, Company's employee, Lahore
Suzuki Cultus LED-10-5985	1	892	562	330	452	122	Company Policy	Mr. Ghulam Mustafa, Company's employee, Lahore
Honda City LEW-3042	1	1,001	844	157	733	576	Negotiation	Mr. Muhammad Bilal, Lahore
Honda City LED-10-5978	1	1,307	829	478	652	174	Negotiation	Miss Sumaira Fareed, Pak Pattan
Toyota Corolla LEB-10-7803	1	1,722	1,126	596	1,100	504	Negotiation	Mr. Irfan Khan, Lahore
		67,095	42,007	25,088	33,378	8,290		
Furniture, Fixtures and Office Equipment								
Photocopier Panasonic	1	165	94	71	21	(50)	Negotiation	Orbit Business Services, Lahore
Photocopier	1	170	90	80	30	(50)	Negotiation	Canotech Private Limited, Lahore
Photocopier	1	165	101	64	20	(44)	Negotiation	Shirazi Trading Co. (Private) Limited, Karachi
		500	285	215	71	(144)		
Computer Equipment								
Computer Equipment	1	670	587	83	81	(2)	Insurance claim	Adamjee Insurance Company Limited, Security General Insurance Company Limited and IGI Insurance Company Limited.
		670	587	83	81	(2)		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		1,362	932	430	937	507	Negotiation	
		207,849	148,307	59,542	86,350	26,808		

		Note	2016	2015
			(Rupees in thousand)	
12.1.2	**Depreciation charge for the year has been allocated as follows:**			
	Cost of sales	27	2,065,498	2,023,019
	Distribution cost	28	6,098	6,699
	Administrative expenses	29	86,860	88,053
	Capital work in progress		1,424	379
			2,159,880	2,118,150

12.1.3 Operating fixed assets having cost of Rupees 8.484 million (2015: Rupees 5.421 million) have been fully depreciated and are still in use of the Company.

12.2 Capital work-in-progress

	2016	2015
Buildings on freehold land	352,217	1,299,648
Plant and machinery	962,867	1,274,485
Factory equipment	1,380	2,332
Unallocated expenses	12,284	83,926
Letters of credit against machinery	1,883	600
Advances against purchase of land	314,988	39,023
Advances against furniture, fixtures and office equipment	–	5,847
Advances against vehicles	10,542	16,995
	1,656,161	2,722,856

13 INVESTMENT PROPERTIES

	Note	Land	Buildings	Total
		(Rupees in thousand)		
At 30 June 2014				
Cost		314,771	153,673	468,444
Accumulated depreciation		–	(81,696)	(81,696)
Net book value		314,771	71,977	386,748
Year ended 30 June 2015				
Opening net book value		314,771	71,977	386,748
Transferred from operating fixed assets:				
Cost		99,692	–	99,692
Accumulated depreciation		–	–	–
		99,692	–	99,692
Depreciation charge	30	–	(7,198)	(7,198)
Closing net book value		414,463	64,779	479,242
At 30 June 2015				
Cost		414,463	153,673	568,136
Accumulated depreciation		–	(88,894)	(88,894)
Net book value		414,463	64,779	479,242
Year ended 30 June 2016				
Opening net book value		414,463	64,779	479,242
Depreciation charge	30	–	(6,477)	(6,477)
Closing net book value		414,463	58,302	472,765
At 30 June 2016				
Cost		414,463	153,673	568,136
Accumulated depreciation		–	(95,371)	(95,371)
Net book value		414,463	58,302	472,765

13.1 Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 6.477 million (2015: Rupees 7.198 million) charged during the year is allocated to other expenses. No expenses directly related to investment properties were incurred during the year. The market value of land and buildings is estimated at Rupees 1,543.346 million (2015: Rupees 1,513.643 million). The valuation has been carried out by an independent valuer.

13.2 Land and building having book value of Rupees 239.383 million (2015: Rupees 239.383 million) and Rupees 19.777 million (2015: Rupees 21.975 million) respectively have been given on operating lease to Nishat Hospitality (Private) Limited - subsidiary company.

13.3 Land and building having book value of Rupees 165.433 million (2015: Rupees 165.433 million) and Rupees 27.923 million (2015: Rupees 31.025 million) respectively have been given on operating lease to Nishat Linen (Private) Limited - subsidiary company.

	Note	2016	2015
		(Rupees in thousand)	
14 LONG TERM INVESTMENTS			
Subsidiary companies			
Nishat Power Limited - quoted 180,632,955 (2015: 180,632,955) fully paid ordinary shares of Rupees 10 each. Equity held 51.01% (2015: 51.01%)	14.1	1,806,329	1,806,329
Nishat USA Inc. - unquoted 200 (2015: 200) fully paid shares with no par value per share		3,547	3,547
Nishat Linen (Private) Limited - unquoted 1,067,913 (2015: 1,067,913) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2015: 100%)	14.2	261,603	261,603
Nishat Linen Trading LLC - unquoted 4,900 (2015: 4,900) fully paid shares of UAE Dirhams 1,000 each	14.3	259,403	259,403
Nishat Hospitality (Private) Limited - unquoted 119,999,901 (2015: 119,999,901) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2015: 100%)		1,199,999	1,199,999
Nishat International FZE - unquoted 18 (2015: 18) fully paid shares of UAE Dirhams 1,000,000 each		492,042	492,042
Advance for purchase of shares		9,070	9,070
		501,112	501,112
Nishat Commodities (Private) Limited 1,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2015: Nil)	14.4	10	–
Available for sale			
Associated companies (with significant influence)			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2015: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2015: 31.40%)		3,418,145	3,418,145
Nishat Paper Products Company Limited - unquoted 11,634,199 (2015: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2015: 25%)	14.5	116,342	116,342
Lalpir Power Limited - quoted 109,393,555 (2015: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2015: 28.80%)	14.6	1,640,306	1,640,306
Pakgen Power Limited - quoted 102,524,728 (2015: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2015: 27.55%)	14.6	1,272,194	1,272,194
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2015: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2015: 12.24%)	14.7	600,000	600,000
Nishat Energy Limited - unquoted 250,000 (2015: 250,000) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2015: 25%)		2,500	2,500
Nishat Hotels and Properties Limited - unquoted 71,062,000 (2015: 50,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 7.40% (2015: 6.25%)		710,620	500,000

	Note	2016	2015
		(Rupees in thousand)	
Associated companies (others)			
MCB Bank Limited - quoted 84,913,391 (2015: 83,043,591) fully paid ordinary shares of Rupees 10 each. Equity held 7.63% (2015: 7.46%)		9,534,351	9,112,592
Adamjee Insurance Company Limited - quoted 102,809 (2015: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2015: 0.03%)		2,774	2,774
		21,329,235	20,696,846
Less: Impairment loss recognized	14.8	(113,998)	(113,998)
Add: Fair value adjustment		34,183,843	31,377,606
		55,399,080	51,960,454

14.1 The Company has pledged its 180,585,155 (2015: 180,585,155) shares to lenders of NPL for the purpose of securing finance.

14.2 Investment in Nishat Linen (Private) Limited includes 2 shares held in the name of nominee directors of the Company.

14.3 The Company is also the beneficial owner of remaining 5,100 (2015: 5,100) shares of UAE Dirham 1,000 each of Nishat Linen Trading LLC held under Nominee Agreement dated 30 December 2010, whereby the Company has right over all dividends, interests, benefits and other distributions on liquidation. The Company through the powers given to it under Article 11 of the Memorandum of Association of the investee company, exercises full control on the management of Nishat Linen Trading LLC.

14.4 Investment in Nishat Commodities (Private) Limited includes 2 shares held in the name of nominee directors of the Company.

14.5 The investment of the Company in ordinary shares of Nishat Paper Products Company Limited has been valued at fair value of Rupees 35.30 per ordinary share determined by an independent valuer using present value technique.

14.6 Investments in Lalpir Power Limited and Pakgen Power Limited include 550 and 500 shares respectively, held in the name of nominee director of the Company.

14.7 Value per ordinary share of Nishat Dairy (Private) Limited is determined at Rupees 8.49 by an independent valuer using present value technique.

	Note	2016	2015
		(Rupees in thousand)	
14.8 Impairment loss recognized			
Balance as on 01 July		113,998	10,198
Add: Impairment loss recognized during the year	30	–	103,800
Balance as on 30 June		113,998	113,998

	Note	2016	2015
15 LONG TERM LOANS			
Considered good:			
Executives - secured	15.1 and 15.2	133,518	120,698
Other employees - secured	15.2	8,348	15,902
		141,866	136,600
Less: Current portion shown under current assets	20		
Executives		40,721	36,590
Other employees		3,383	5,726
		44,104	42,316
		97,762	94,284

	2016	2015
15.1 Reconciliation of carrying amount of loans to executives:		
Balance as on 01 July	120,698	121,987
Add: Disbursements	70,085	40,150
Transferred from other employees during the year	693	3,100
	191,476	165,237
Less: Repayments	57,958	44,539
Balance as on 30 June	133,518	120,698

15.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 133.518 million (2015: Rupees 133.881 million).

15.2 These represent house construction loans given to executives and other employees and are secured against balance to the credit of employees in the provident fund trust. These are recoverable in equal monthly installments.

15.3 The fair value adjustment in accordance with the requirements of IAS 39 ‘Financial Instruments: Recognition and Measurement’ arising in respect of staff loans is not considered material and hence not recognized.

	Note	2016	2015
16 LONG TERM DEPOSITS			
Security deposits		63,687	58,307

	Note	2016	2015
17 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	17.1	928,269	1,056,723
Spare parts		343,474	283,536
Loose tools		2,822	1,419
		1,274,565	1,341,678
Less: Provision for slow moving, obsolete and damaged store items	17.2	5,056	5,915
		1,269,509	1,335,763

17.1 These include stores in transit of Rupees 96.569 million (2015: Rupees 108.774 million).

		Note	2016	2015
			(Rupees in thousand)	
17.2	**Provision for slow moving, obsolete and damaged store items**			
	Balance as on 01 July		5,915	7,011
	Less: Provision reversed during the year	31	859	1,096
	Balance as on 30 June		5,056	5,915

18 STOCK IN TRADE

	Note	2016	2015
Raw materials		5,312,509	5,936,585
Work-in-process	18.2	1,746,041	1,530,684
Finished goods	18.3	2,875,186	2,882,924
		9,933,736	10,350,193

18.1 Stock in trade of Rupees 476.569 million (2015: Rupees 480.808 million) is being carried at net realizable value.

18.2 This includes stock of Rupees 9.511 million (2015: Rupees 4.866 million) sent to outside parties for processing.

18.3 Finished goods include stock in transit of Rupees 523.636 million (2015: Rupees 618.897 million).

18.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 8.608 million (2015: Rupees 11.021 million).

19 TRADE DEBTS

	Note	2016	2015
Considered good:			
Secured (against letters of credit)		594,580	1,123,897
Unsecured:			
– Related parties	19.1 and 19.3	261,957	291,346
– Others	19.2	1,396,832	1,599,223
		2,253,369	3,014,466
Considered doubtful:			
Others - unsecured		131,758	131,758
Less: Provision for doubtful debts		131,758	131,758
		–	–

19.1 This represents amounts due from following related parties:

	2016	2015
Nishat Linen (Private) Limited - subsidiary company	148,971	239,962
Nishat Hospitality (Private) Limited - subsidiary company	206	–
Nishat International FZE - subsidiary company	112,780	51,384
	261,957	291,346

19.2 As at 30 June 2016, trade debts due from other than related parties of Rupees 106.242 million (2015: Rupees 103.020 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2016	2015
Upto 1 month	104,478	96,314
1 to 6 months	–	–
More than 6 months	1,764	6,706
	106,242	103,020

19.3 As at 30 June 2016, trade debts due from related parties amounting to Rupees 149.177 million (2015: Rupees 239.962 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	Note	2016	2015
		(Rupees in thousand)	
Upto 1 month		149,151	239,962
1 to 6 months		26	–
More than 6 months		–	–
		149,177	239,962

19.4 As at 30 June 2016, trade debts of Rupees 131.758 million (2015: Rupees 131.758 million) were impaired and provided for. The ageing of these trade debts was more than 5 years. These trade debts do not include amounts due from related parties.

20 LOANS AND ADVANCES

	Note	2016	2015
Considered good:			
Employees - interest free:			
– Executives		11	555
– Other employees		4,868	3,421
		4,879	3,976
Current portion of long term loans	15	44,104	42,316
Advances to suppliers		86,174	77,350
Letters of credit		716	600
Income tax		2,232,390	1,651,699
Other advances	20.1	3,743,381	3,799,332
		6,111,644	5,575,273
Considered doubtful:			
Others		108	108
Less: Provision for doubtful debts		108	108
		–	–
		6,111,644	5,575,273

20.1 **These include amounts due from following subsidiary companies:**

	2016	2015
Nishat Linen (Private) Limited	3,324,507	3,411,113
Nishat Hospitality (Private) Limited	292,000	359,769
Nishat Commodities (Private) Limited	107,784	–
	3,724,291	3,770,882

21 SHORT TERM DEPOSITS AND PREPAYMENTS

	2016	2015
Deposits	1,117	1,117
Prepayments - including current portion	64,316	43,732
	65,433	44,849

22 OTHER RECEIVABLES

	2016	2015
Considered good:		
Export rebate and claims	291,597	297,587
Sales tax refundable	1,673,414	1,221,771
Fair value of forward exchange contracts	22,494	70,362
Miscellaneous receivables	35,587	35,561
	2,023,092	1,625,281

		Note	2016	2015
			(Rupees in thousand)	
23	**ACCRUED INTEREST**			
	On short term loans and advances to:			
	Nishat Linen (Private) Limited - subsidiary company		7,250	2,290
	Nishat Hospitality (Private) Limited - subsidiary company		718	250
	Nishat Commodities (Private) Limited - subsidiary company		523	–
	On deposits with MCB Bank Limited - associated company		1,758	–
	On term deposit receipts		3,413	–
			13,662	2,540
24	**SHORT TERM INVESTMENTS**			
	Available for sale			
	Associated company (Other)			
	Security General Insurance Company Limited - unquoted 10,226,244 (2015: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2015: 15.02%)	24.1	11,188	11,188
	Related party (Other)			
	Nishat (Chunian) Limited - quoted 32,689,338 (2015: 27,241,116) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2015: 13.61 %)		378,955	242,750
	Advance for purchase of shares		–	136,205
			378,955	378,955
	Others			
	MCB Pakistan Islamic Stock Fund - quoted 997,990 (2015: 993,888) units		1,715	1,715
	Pakistan Petroleum Limited - quoted 434,782 (2015: 434,782) fully paid ordinary shares of Rupees 10 each		95,217	95,217
			487,075	487,075
	Less: Impairment loss recognized	24.2	(27,804)	(23,800)
	Add: Fair value adjustment		1,605,946	1,726,585
			2,065,217	2,189,860

24.1 Value per ordinary share of Security General Insurance Company Limited is determined at Rupees 81.10 by an independent valuer using present value technique.

		Note	2016	2015
			(Rupees in thousand)	
24.2	**Impairment loss recognized**			
	Balance as on 01 July		23,800	–
	Add: Impairment loss recognized during the year	30	4,004	23,800
	Balance as on 30 June		27,804	23,800

25 CASH AND BANK BALANCES

	Note	2016	2015
With banks:			
On current accounts	25.1		
Including US$ 329,889 (2015: US$ 160,191)		62,583	32,559
Term deposit receipts	25.2 and 25.3	1,981,000	–
On PLS saving accounts	25.4		
Including US$ 896 (2015: US$ 42,877)		94	4,361
		2,043,677	36,920
Cash in hand		71,491	15,299
		2,115,168	52,219

25.1 Cash at banks includes balance of Rupees 3.294 million (2015: Rupees 1.889 million) with MCB Bank Limited - associated company.

25.2 These represent deposits with banking companies having maturity period of upto one month and carry rate of profit ranging from 6.10% to 7.10% (2015: 8.40% to 10.25%) per annum.

25.3 These include term deposit receipt of Rupees 501 million (2015: Rupees Nil) having maturity period of 30 days and carries rate of profit 6.10% per annum with MCB Islamic Bank Limited - related party.

25.4 Rate of profit on Pak Rupees bank deposits and US Dollar bank deposit ranges from 4.25% to 5.80% (2015: 4.50% to 7.00%) and 0.01% to 0.10% (2015: 0.03% to 0.04%) per annum respectively.

26 SALES

	Note	2016	2015
Export		35,931,078	39,890,160
Local	26.1	11,909,384	11,158,033
Export rebate		158,717	152,030
		47,999,179	51,200,223

		Note	2016	2015
26.1	**Local sales**			
	Sales	26.1.1	8,857,958	8,849,441
	Less: Sales tax		387,920	299,542
			8,470,038	8,549,899
	Processing income		3,438,951	2,608,004
	Doubling income		395	130
			11,909,384	11,158,033

26.1.1 This includes sale of Rupees 2,600.012 million (2015: Rupees 1,301.833 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales includes waste sales of Rupees 1,169.215 million (2015: Rupees 1,184.189 million).

		Note	2016	2015
			(Rupees in thousand)	
27	**COST OF SALES**			
	Raw materials consumed	27.1	24,639,552	27,136,867
	Processing charges		277,302	399,498
	Salaries, wages and other benefits	27.2	4,466,527	3,949,244
	Stores, spare parts and loose tools consumed		4,523,950	4,381,843
	Packing materials consumed		996,473	985,497
	Repair and maintenance		304,105	340,236
	Fuel and power		4,192,029	4,938,184
	Insurance		39,217	38,356
	Other factory overheads		437,837	453,515
	Depreciation	12.1.2	2,065,498	2,023,019
			41,942,490	44,646,259
	Work-in-process			
	Opening stock		1,530,684	2,013,520
	Closing stock		(1,746,041)	(1,530,684)
			(215,357)	482,836
	Cost of goods manufactured		41,727,133	45,129,095
	Finished goods			
	Opening stock		2,882,924	2,907,268
	Closing stock		(2,875,186)	(2,882,924)
			7,738	24,344
			41,734,871	45,153,439

27.1 Raw materials consumed

	2016	2015
Opening stock	5,936,585	7,831,707
Add: Purchased during the year	24,015,476	25,241,745
	29,952,061	33,073,452
Less: Closing stock	5,312,509	5,936,585
	24,639,552	27,136,867

27.2 Salaries, wages and other benefits include provident fund contribution of Rupees 133.462 million (2015: Rupees 114.845 million) by the Company.

		Note	2016	2015
28	**DISTRIBUTION COST**			
	Salaries and other benefits	28.1	349,113	332,516
	Outward freight and handling		926,083	1,067,949
	Commission to selling agents		495,921	636,694
	Fuel cost		117,456	133,426
	Travelling and conveyance		104,838	110,463
	Rent, rates and taxes		17,499	16,420
	Postage, telephone and telegram		72,149	71,786
	Insurance		20,092	20,937
	Vehicles' running		12,977	11,232
	Entertainment		7,065	6,255
	Advertisement		1,220	1,565
	Electricity and gas		553	4,498
	Printing and stationery		3,170	2,608
	Repair and maintenance		3,218	3,224
	Fee and subscription		442	23
	Depreciation	12.1.2	6,098	6,699
			2,137,894	2,426,295

28.1 Salaries and other benefits include provident fund contribution of Rupees 18.422 million (2015: Rupees 17.135 million) by the Company.

		Note	2016	2015
			(Rupees in thousand)	
29	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	29.1	767,824	758,953
	Vehicles' running		41,857	49,451
	Travelling and conveyance		29,934	30,732
	Rent, rates and taxes		4,512	5,247
	Insurance		7,062	7,145
	Entertainment		24,807	27,453
	Legal and professional		22,024	19,769
	Auditors' remuneration	29.2	4,061	3,669
	Advertisement		717	1,074
	Postage, telephone and telegram		7,487	7,259
	Electricity and gas		26,360	22,591
	Printing and stationery		20,606	19,863
	Repair and maintenance		21,561	22,010
	Fee and subscription		4,242	3,399
	Depreciation	12.1.2	86,860	88,053
	Miscellaneous		47,409	34,990
			1,117,323	1,101,658

29.1 Salaries and other benefits include provident fund contribution of Rupees 32.596 million (2015: Rupees 31.325 million) by the Company.

29.2 Auditors' remuneration

	2016	2015
Audit fee	3,226	2,933
Half yearly review	710	614
Reimbursable expenses	125	122
	4,061	3,669

		Note	2016	2015
30	**OTHER EXPENSES**			
	Workers' profit participation fund	7.2	301,483	230,465
	Impairment loss on equity investments	14.8 and 24.2	4,004	127,600
	Depreciation on investment properties	13	6,477	7,198
	Net exchange loss		4,753	–
	Donations	30.1	169	879
			316,886	366,142

30.1 There is no interest of any director or his spouse in donees' fund.

Notes to the Financial Statements

For the year ended June 30, 2016

		Note	2016	2015
			(Rupees in thousand)	
31	**OTHER INCOME**			
	Income from financial assets			
	Dividend income	31.1	3,700,227	2,947,006
	Profit on deposits with banks		27,609	59,764
	Gain on sale of investments		–	24,144
	Net exchange gain		–	188,833
	Interest income on loans and advances to subsidiary companies		118,324	215,382
			3,846,160	3,435,129
	Income from non-financial assets			
	Gain on sale of property, plant and equipment		26,808	20,069
	Scrap sales		124,461	143,820
	Rental income		73,150	370,831
	Reversal of provision for slow moving, obsolete and damaged store items	17.2	859	1,096
	Others		7,616	11,064
			232,894	546,880
			4,079,054	3,982,009

31.1 Dividend income

	2016	2015
From related party / associated companies / subsidiary company		
Nishat (Chunian) Limited - related party	49,034	27,241
D.G. Khan Cement Company Limited - associated company	687,871	481,510
MCB Bank Limited - associated company	1,344,739	1,226,494
Adamjee Insurance Company Limited - associated company	309	283
Security General Insurance Company Limited - associated company	51,131	46,018
Nishat Paper Products Company Limited - associated company	11,634	–
Pakgen Power Limited - associated company	205,049	102,525
Lalpir Power Limited - associated company	218,787	109,393
Nishat Power Limited - subsidiary company	1,128,956	948,323
	3,697,510	2,941,787
Others		
Habib Bank Limited	–	2
Pakistan Petroleum Limited	2,717	5,217
	2,717	5,219
	3,700,227	2,947,006

		Note	2016	2015
32	**FINANCE COST**			
	Mark-up on:			
	Long term financing		462,445	739,633
	Liabilities against assets subject to finance lease		–	4,271
	Short term borrowings		329,014	702,180
	Interest on payable to employees' provident fund trust		251	922
	Interest on workers' profit participation fund	7.2	3,128	13,050
	Bank charges and commission		251,383	284,717
			1,046,221	1,744,773
33	**TAXATION**			
	Current	33.1	802,000	478,000

33.1 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Further, provision against income from other sources is made under the relevant provisions of the Income Tax Ordinance, 2001.

33.2 Provision for deferred income tax is not required as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future except for deferred tax liability as explained in note 6.

33.3 Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.

			2016	2015
34	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	There is no dilutive effect on the basic earnings per share which is based on:			
	Profit attributable to ordinary shareholders	(Rupees in thousand)	4,923,038	3,911,925
	Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
	Earnings per share	(Rupees)	14.00	11.13

		Note	2016 (Rupees in thousand)	2015
35	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		5,725,038	4,389,925
	Adjustments for non-cash charges and other items:			
	Depreciation		2,166,357	2,125,348
	Gain on sale of property, plant and equipment		(26,808)	(20,069)
	Gain on sale of investments		–	(24,144)
	Dividend income		(3,700,227)	(2,947,006)
	Impairment loss on equity investments		4,004	127,600
	Net exchange loss / (gain)		4,753	(188,833)
	Interest income on loans and advances to subsidiary companies		(118,324)	(215,382)
	Finance cost		1,046,221	1,744,773
	Reversal of provision for slow moving,obsolete and damaged store items		(859)	(1,096)
	Working capital changes	35.1	1,695,503	2,721,150
			6,795,658	7,712,266

		2016	2015
35.1	**Working capital changes**		
	(Increase) / decrease in current assets:		
	- Stores, spare parts and loose tools	67,113	(43,054)
	- Stock in trade	416,457	2,382,482
	- Trade debts	807,669	(108,058)
	- Loans and advances	(558)	131,901
	- Short term deposits and prepayments	(20,584)	(1,956)
	- Other receivables	(450,850)	(67,291)
		819,247	2,294,024
	Increase in trade and other payables	876,256	427,126
		1,695,503	2,721,150

36 EVENTS AFTER THE REPORTING PERIOD

36.1 The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2016 of Rupees 5.00 per share (2015: Rupees 4.50 per share) at their meeting held on 27 September 2016. The Board of Directors also proposed to transfer Rupees 3,165 million (2015: Rupees 2,329 million) from un-appropriated profit to general reserve. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these financial statements.

36.2 Under Section 5A of the Income Tax Ordinance, 2001, the Company is required to pay income tax at the rate of 10% of so much of its undistributed profits as exceed 100% of its paid up capital unless it distributes cash dividends equal to 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of tax year 2016. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 27 September 2016 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

37 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, Director and Executives of the Company is as follows:

	Chief Executive Officer		Director		Executives	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	(Rupees in thousand)					
Managerial remuneration	20,071	19,920	7,714	7,477	537,945	471,568
Allowances						
Cost of living allowance	–	–	1	1	1,674	1,444
House rent	8,028	7,168	288	288	148,842	124,324
Conveyance	–	–	–	–	785	695
Medical	2,007	1,792	768	675	44,033	37,154
Utilities	–	–	2,747	2,382	65,406	55,075
Special allowance	–	–	2	2	891	760
Contribution to provident fund trust	–	–	733	644	42,420	39,553
Leave encashment	–	–	–	–	15,968	14,507
	30,106	28,880	12,253	11,469	857,964	745,080
Number of persons	1	1	1	1	419	369

37.1 Chief Executive Officer, one director and certain executives of the Company are provided with Company maintained vehicles and certain executives are also provided with free housing facility alongwith utilities.

37.2 Aggregate amount charged in the financial statements for meeting fee to one director (2015: one director) was Rupees 0.375 million (2015: Rupees 0.300 million).

37.3 No remuneration was paid to non-executive directors of the Company.

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2016	2015
	(Rupees in thousand)	
Subsidiary companies		
Investment made	10	–
Dividend income	1,128,956	948,323
Purchase of goods and services	851,491	2,003,962
Sale of goods and services	4,130,009	3,664,314
Interest income	118,324	215,382
Rental income	42,091	336,025
Short term loans made	15,509,708	13,143,489
Repayment of short term loans made	15,556,374	11,929,192
Sale of operating fixed assets	–	930

	2016	2015
	(Rupees in thousand)	
Associated companies		
Investment made	632,379	1,130,094
Purchase of goods and services	58,449	69,278
Sale of goods and services	315	4,100
Rental income	605	598
Sale of operating fixed assets	935	–
Dividend income	2,519,520	1,966,223
Dividend paid	141,968	126,194
Insurance premium paid	109,221	103,030
Insurance claims received	20,125	40,785
Profit on term deposit receipt	1,758	18,518
Finance cost	2,388	815
Other related parties		
Investment made	–	136,205
Dividend income	49,034	27,241
Purchase of goods and services	808,647	886,021
Sale of goods and services	28,486	17,859
Sale of operating fixed assets	9,750	–
Company's contribution to provident fund trust	184,772	163,305

39 PROVIDENT FUND RELATED DISCLOSURES

The Company operates defined contribution provident fund maintained for its permanent employees and the employees of a Group company. The following information is based on un-audited financial statements of the provident fund for the year ended 30 June 2016 and audited financial statements of the provident fund for the year ended 30 June 2015:

	2016	2015
Size of the fund - Total assets	3,066,953	2,681,973
Cost of Investments	2,809,780	2,450,766
Percentage of investments made	91.61%	91.38%
Fair value of investments	3,793,544	3,693,810

39.1 The break-up of cost of investments is as follows:

	2016	2015	2016	2015
	(Percentage)		(Rupees in thousand)	
Deposits	13.99%	15.08%	393,032	369,481
Mutual funds	52.70%	45.25%	1,480,927	1,109,079
Listed securities	31.55%	36.17%	886,478	886,478
Pakistan investment bonds	1.76%	2.01%	49,343	49,343
Preference shares	–	1.49%	–	36,385
	100%	100%	2,809,780	2,450,766

39.2 As at the reporting date, the Nishat Mills Employees Provident Fund Trust is in the process of regularizing its investment in accordance with section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose in terms of order issued by Securities and Exchange Commission of Pakistan

	2016	2015
40 NUMBER OF EMPLOYEES		
Number of employees as on June 30	18,747	17,138
Average number of employees during the year	17,882	17,738

Notes to the Financial Statements
For the year ended June 30, 2016

41 **SEGMENT INFORMATION**

	Spinning				Weaving				Dyeing		Home Textile		Garments				Power Generation		Elimination of Inter-segment Transactions		Total Company	
	Faisalabad		Feroze Wattwan		Bhikki		Lahore						I		II							
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)																					
Sales																						
External	7,812,714	9,331,031	3,434,222	3,202,458	8,247,514	9,134,454	3,205,304	3,335,981	13,824,325	13,908,418	7,355,298	8,090,646	4,032,632	4,169,766	69,982	–	17,188	27,469	–	–	47,999,179	51,200,223
Intersegment	2,478,790	2,741,413	1,059,204	362,899	5,509,029	5,105,612	2,198,991	2,290,493	804,847	693,702	826,789	520,133	10,437	285	115,507	–	4,587,257	5,507,874	(17,590,851)	(17,222,411)	–	–
	10,291,504	12,072,444	4,493,426	3,565,357	13,756,543	14,240,066	5,404,295	5,626,474	14,629,172	14,602,120	8,182,087	8,610,779	4,043,069	4,170,051	185,489	–	4,604,445	5,535,343	(17,590,851)	(17,222,411)	47,999,179	51,200,223
Cost of sales	(9,845,980)	(10,719,533)	(4,193,195)	(3,738,253)	(12,541,154)	(13,328,488)	(5,051,164)	(5,316,269)	(12,312,933)	(12,497,580)	(6,981,387)	(7,441,108)	(3,618,110)	(3,809,142)	(181,435)	–	(4,600,364)	(5,525,477)	17,590,851	17,222,411	(41,734,871)	(45,153,439)
Gross profit	445,524	1,352,911	300,231	(172,896)	1,215,389	911,578	353,131	310,205	2,316,239	2,104,540	1,200,700	1,169,671	424,959	360,909	4,054	–	4,081	9,866	–	–	6,264,308	6,046,784
Distribution cost	(218,284)	(276,834)	(99,036)	(125,628)	(379,662)	(429,204)	(129,422)	(163,779)	(624,011)	(631,903)	(403,628)	(486,782)	(282,557)	(312,162)	(1,292)	–	(2)	(3)	–	–	(2,137,894)	(2,426,295)
Administrative expenses	(209,312)	(223,400)	(64,135)	(46,968)	(168,193)	(174,897)	(95,058)	(94,531)	(216,974)	(203,710)	(190,262)	(212,401)	(103,778)	(82,040)	(4,762)	–	(64,849)	(63,711)	–	–	(1,117,323)	(1,101,658)
	(427,596)	(500,234)	(163,171)	(172,596)	(547,855)	(604,101)	(224,480)	(258,310)	(840,985)	(835,613)	(593,890)	(699,183)	(386,335)	(394,202)	(6,054)	–	(64,851)	(63,714)	–	–	(3,255,217)	(3,527,953)
Profit / (loss) before taxation and unallocated income and expenses	17,928	852,677	137,060	(345,492)	667,534	307,477	128,651	51,895	1,475,254	1,268,927	606,810	470,488	38,624	(33,293)	(2,000)	–	(60,770)	(53,848)	–	–	3,009,091	2,518,831
Unallocated income and expenses																						
Other expenses																					(316,886)	(366,142)
Other income																					4,079,054	3,982,009
Finance cost																					(1,046,221)	(1,744,773)
Taxation																					(802,000)	(478,000)
Profit after taxation																					4,923,038	3,911,925

41.1 **RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES**

	Spinning				Weaving				Dyeing		Home Textile		Garments				Power Generation		Total Company	
	Faisalabad		Feroze Wattwan		Bhikki		Lahore						I		II					
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)																			
Total assets for reportable segments	5,101,420	4,826,585	6,131,241	7,152,939	5,158,631	5,662,535	1,043,317	1,322,429	5,577,425	5,413,807	5,396,834	5,208,354	1,816,734	1,848,829	1,943,239	1,196,247	6,646,771	7,093,904	38,815,612	39,725,629
Unallocated assets:																				
Long term investments																			55,399,080	51,960,454
Other receivables																			2,023,092	1,625,281
Cash and bank balances																			2,115,168	52,219
Other corporate assets																			8,246,267	7,776,417
Total assets as per balance sheet																			106,599,219	101,140,000
Total liabilities for reportable segments	576,547	478,483	101,081	184,664	477,581	357,128	157,231	134,623	531,458	519,623	802,069	627,540	293,277	281,340	123,833	34,381	1,662,330	1,363,073	4,725,407	3,980,855
Unallocated liabilities:																				
Deferred income tax liability																			261,567	247,462
Provision for taxation																			1,245,400	780,393
Other corporate liabilities																			18,211,690	19,988,467
Total liabilities as per balance sheet																			24,444,064	24,997,177

41.2 **Geographical information**

The Company's revenue from external customers by geographical locations is detailed below:

	2016	2015
	(Rupees in thousand)	
Europe	12,504,096	13,751,689
Asia, Africa and Australia	19,587,109	22,197,282
United States of America and Canada	3,998,590	4,093,219
Pakistan	11,909,384	11,158,033
	47,999,179	51,200,223

41.3 All non-current assets of the Company as at reporting dates are located and operating in Pakistan.

41.4 **Revenue from major customers**

The Company's revenue is earned from a large mix of customers.

		2016	2015
		(Figures in Thousand)	

42 PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Kgs.)	78,568	76,412
Actual production converted to 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Kgs.)	68,406	66,668
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Sq.Mtr.)	300,060	292,757
Actual production converted to 50 picks based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Sq.Mtr.)	287,850	279,676
Dyeing and Finishing			
Production capacity for 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Mtr.)	54,000	54,000
Actual production on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Mtr.)	50,986	49,921
Power Plant			
Generation capacity	(MWH)	775	698
Actual generation	(MWH)	383	340

Processing, Stitching and Apparel

The plant capacity of these divisions are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

42.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity for spinning, weaving, dyeing and finishing is mainly due to normal maintenance. Actual power generation in comparison to installed is low due to periodical scheduled and unscheduled maintenance and low demand.

43 FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Arab Emirates Dirham (AED), Euro and British Pound (GBP). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2016	2015
Cash at banks - USD	330,785	203,068
Trade debts - USD	11,248,718	20,594,867
Trade debts - Euro	1,021,991	526,199
Trade debts - AED	3,964,146	1,819,214
Trade debts - GBP	–	938
Trade and other payables - USD	(1,059,090)	(1,338,182)
Other short term finances - USD	–	(24,456,056)
Trade and other payables - Euro	(182,684)	(121,077)
Net exposure - USD	10,520,413	(4,996,303)
Net exposure - Euro	839,307	405,122
Net exposure - AED	3,964,146	1,819,214
Net exposure - GBP	–	938

The following significant exchange rates were applied during the year:

	2016	2015
Rupees per US Dollar		
Average rate	104.29	101.31
Reporting date rate	104.50	101.50
Rupees per Euro		
Average rate	115.31	120.86
Reporting date rate	116.08	113.57
Rupees per AED		
Average rate	28.40	27.58
Reporting date rate	28.45	27.64
Rupees per GBP		
Average rate	153.27	159.50
Reporting date rate	140.12	159.59

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 51.080 million higher / lower (2015: Rupees 25.134 million lower / higher), Rupees 4.462 million (2015:Rupees 2.156 million) higher / lower, Rupees 5.301 million (2015: Rupees 2.363 million) higher / lower and Rupee Nil (2015: Rupees 0.007 million) higher / lower respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Impact on statement of other comprehensive income (fair value reserve)	
	2016	2015	2016	2015
	(Rupees in thousand)			
PSX 100 (5% increase)	3,371	3,571	2,544,586	2,387,401
PSX 100 (5% decrease)	(3,371)	(3,571)	(2,544,586)	(2,387,401)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as available for sale.

iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing, short term borrowings, term deposit receipts, bank balances in saving accounts and loans and advances to subsidiary companies. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

	2016	2015
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	1,826,578	1,025,781
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	94	4,361
Term deposit receipts	1,981,000	–
Loans and advances to subsidiary companies	3,724,291	3,770,882
Financial liabilities		
Long term financing	4,783,646	6,339,689
Short term borrowings	10,475,657	11,524,143

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 90.762 million (2015: Rupees 133.842 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet dates were outstanding for the whole year.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016	2015
	(Rupees in thousand)	
Investments	53,432,293	50,118,321
Loans and advances	3,890,126	3,939,908
Deposits	64,804	59,424
Trade debts	2,253,369	3,014,466
Other receivables	58,081	105,923
Accrued interest	13,662	2,540
Bank balances	2,043,677	36,920
	61,756,012	57,277,502

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2016	2015
Banks	**Short term**	**Long term**	**Agency**	**(Rupees in thousand)**	
National Bank of Pakistan	A1+	AAA	PACRA	6,960	1,189
Allied Bank Limited	A1+	AA+	PACRA	13,920	–
Askari Bank Limited	A1+	AA+	PACRA	55	116
Bank Alfalah Limited	A1+	AA	PACRA	9,339	13
Faysal Bank Limited	A1+	AA	PACRA	255	343
Habib Bank Limited	A-1+	AAA	JCR-VIS	880,369	4,658
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	14,288	9,685
JS Bank Limited	A1+	A+	PACRA	400,043	12
MCB Bank Limited	A1+	AAA	PACRA	3,284	1,889
NIB Bank Limited	A1+	AA -	PACRA	190	184
Samba Bank Limited	A-1	AA	JCR-VIS	98	272
Silk Bank Limited	A-2	A -	JCR-VIS	162	172
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	7,749	12,229
United Bank Limited	A-1+	AAA	JCR-VIS	141	285
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	188	354
Citibank N.A.	P-1	A1	Moody's	–	272
Deutsche Bank AG	P-2	Baa2	Moody's	134	275
Bank Islami Pakistan Limited	A1	A+	PACRA	348	140
Meezan Bank Limited	A-1+	AA	JCR-VIS	4,071	4,128
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	443	169
The Bank of Punjab	A1+	AA-	PACRA	96	96
Soneri Bank Limited	A1+	AA-	PACRA	138	247
Summit Bank Limited	A-1	A-	JCR-VIS	280	72
Burj Bank Limited	A-2	BBB+	JCR-VIS	105	104
Industrial and Commercial Bank of China	P-1	A1	Moody's	6	8
PAIR Investment Company Limited	A1+	AA	PACRA	200,000	–
MCB Islamic Bank Limited	A1	A	PACRA	501,010	–
Saudi Pak Commercial Bank Limited	A1+	AA+	JCR-VIS	5	8
				2,043,677	36,920
Investments					
Adamjee Insurance Company Limited	AA+		PACRA	5,157	4,896
Security General Insurance Company Limited	AA-		JCR-VIS	829,348	971,493
MCB Pakistan Islamic Stock Fund	3 Star	3 Star	PACRA	10,599	10,177
Nishat (Chunian) Limited	A-2	A-	JCR-VIS	1,157,856	1,136,772
MCB Bank Limited	A1+	AAA	PACRA	18,682,644	20,687,819
Pakistan Petroleum Limited	Unknown		–	67,413	71,417
D.G. Khan Cement Company Limited	Unknown		–	26,206,509	19,641,469
Pakgen Power Limited	A1+	AA	PACRA	2,465,720	3,076,767
Lalpir Power Limited	A1+	AA	PACRA	2,373,840	3,336,503
Nishat Paper Products Company Limited	Unknown		–	410,687	182,308
Nishat Energy Limited	Unknown		–	2,500	2,500
Nishat Hotel and Properties Limited	A2	A-	PACRA	710,620	500,000
Nishat Dairy (Private) Limited	Unknown		–	509,400	496,200
				53,432,293	50,118,321
				55,475,970	50,155,241

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 19.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2016, the Company had Rupees 21,365.343 million (2015: Rupees 17,916.857 million) available borrowing limits from financial institutions and Rupees 2,115.168 million (2015: Rupees 52.219 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2016

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities:						
Long term financing	6,610,224	7,257,737	1,138,403	1,171,488	2,309,769	2,638,077
Trade and other payables	4,552,563	4,552,563	4,552,563	–	–	–
Short term borrowings	10,475,657	10,790,100	10,633,979	156,121	–	–
Accrued mark-up	113,320	113,320	113,320	–	–	–
	21,751,764	22,713,720	16,438,265	1,327,609	2,309,769	2,638,077

Contractual maturities of financial liabilities as at 30 June 2015

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities:						
Long term financing	7,365,470	8,486,102	1,107,018	1,161,263	2,290,304	3,927,517
Trade and other payables	3,913,092	3,913,092	3,913,092	–	–	–
Short term borrowings	11,524,143	12,090,010	11,809,402	280,608	–	–
Accrued mark-up	221,394	221,394	221,394	–	–	–
	23,024,099	24,710,598	17,050,906	1,441,871	2,290,304	3,927,517

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 5 and note 9 to these financial statements.

43.2 Financial instruments by categories

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2016			
Assets as per balance sheet			
Investments	–	53,432,293	53,432,293
Loans and advances	3,890,126	–	3,890,126
Deposits	64,804	–	64,804
Trade debts	2,253,369	–	2,253,369
Other receivables	58,081	–	58,081
Accrued interest	13,662	–	13,662
Cash and bank balances	2,115,168	–	2,115,168
	8,395,210	53,432,293	61,827,503

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	6,610,224
Accrued mark-up	113,320
Short term borrowings	10,475,657
Trade and other payables	4,552,563
	21,751,764

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2015			
Assets as per balance sheet			
Investments	–	50,118,321	50,118,321
Loans and advances	3,939,908	–	3,939,908
Deposits	59,424	–	59,424
Trade debts	3,014,466	–	3,014,466
Other receivables	105,923	–	105,923
Accrued interest	2,540	–	2,540
Cash and bank balances	52,219	–	52,219
	7,174,480	50,118,321	57,292,801

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	7,365,470
Accrued mark-up	221,394
Short term borrowings	11,524,143
Trade and other payables	3,913,092
	23,024,099

43.3 Offsetting financial assets and financial liabilities

As on balance sheet date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

43.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, and short term borrowings obtained by the Company as referred to in note 5 and note 9 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The Company's Strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity.

		2016	2015
Borrowings	Rupees in thousand	17,085,881	18,889,613
Total equity	Rupees in thousand	82,155,155	76,142,823
Total capital employed	Rupees in thousand	99,241,036	95,032,436
Gearing ratio	Percentage	17.22	19.88

The decrease in the gearing ratio resulted primarily from decrease in borrowings of the Company.

44 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 these financial statements. 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.

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Recurring fair value measurements				
As at 30 June 2016				
Financial assets				
Available for sale financial assets	50,959,140	10,599	1,749,436	52,719,175
Total financial assets	50,959,140	10,599	1,749,436	52,719,175
Recurring fair value measurements				
As at 30 June 2015				
Financial assets				
Available for sale financial assets	48,019,551	10,177	1,650,001	49,679,729
Total financial assets	48,019,551	10,177	1,650,001	49,679,729

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 year. 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 year ended 30 June 2016 and 30 June 2015:

	Unlisted equity securities
	(Rupees in thousand)
Balance as on 01 July 2014	2,636,689
Less: Losses recognized in profit and loss account	103,800
Less: Deficit recognized in other comprehensive income	882,888
Balance as on 30 June 2015	1,650,001
Add : Surplus recognized in other comprehensive income	99,435
Balance as on 30 June 2016	1,749,436

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 30 June 2016	Fair Value at 30 June 2015	Unobservable inputs	Range of inputs (probability-weighted average) 30 June 2016	Relationship of unobservable inputs to fair value
	(Rupees in thousand)				
Available for sale financial assets:					
Nishat Paper Products Company Limited	410,687	182,308	Revenue growth factor Risk adjusted discount rate	0.28% 18.39 %	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +31.412 million / - 28.155 million.
Nishat Dairy (Private) Limited	509,400	496,200	Terminal growth factor Risk adjusted discount rate	4% 14.93%	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.
Security General Insurance Company Limited	829,348	971,493	Net premium revenue growth factor Risk adjusted discount rate	2% 19.06%	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 +48.881 million / - 43.973 million.

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. Discussions of valuation processes and results are held between the Chief Financial Officer and the valuation team at least once every six month, 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.

45 RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

i) Fair value hierarchy

Judgments and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
As at 30 June 2016				
Investment properties	–	1,543,346	–	1,543,346
Total non-financial assets	–	1,543,346	–	1,543,346
As at 30 June 2015				
Investment properties	–	1,513,643	–	1,513,643
Total non-financial assets	–	1,513,643	–	1,513,643

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.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the company's investment properties at the end of every financial year. As at 30 June 2016, the fair values of the investment properties have been determined by Al-Hadi Financial & Legal Consultants.

Changes in fair values are analysed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

46 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

46.1

Description	Note	2016 Carried under Non-Shariah arrangements	2016 Carried under Shariah arrangements	2015 Carried under Non-Shariah arrangements	2015 Carried under Shariah arrangements
		(Rupees in thousand)			
Assets					
Loans and advances					
Loans to employees	15 and 20	20,525	121,341	–	136,600
Other advances					
Loans to subsidiary companies	20.1	3,724,291	–	3,770,882	–
Deposits					
Long term deposits	16	–	63,687	–	58,307
Bank balances	25	1,537,504	506,173	32,015	4,905
Liabilities					
Loans and advances					
Long term financing	5	2,975,216	3,635,008	2,690,113	4,675,357
Short term borrowings	9	9,225,657	1,250,000	11,394,143	130,000
Income					
Profit on deposits with banks	31	25,851	1,758	59,334	430
Realized gain on investments	31	–	–	24,144	–
Other comprehensive income					
Unrealized gain / (loss) on investments	4.1	(2,305,732)	4,991,330	(5,321,403)	10,146,022

		Note	2016	2015
			(Rupees in thousand)	
46.2	**Dividend income earned from**	31.1		
	D.G. Khan Cement Company Limited		687,871	481,510
	MCB Bank Limited		1,344,739	1,226,494
	Nishat (Chunian) Limited		49,034	27,241
	Security General Insurance Company Limited		51,131	46,018
	Adamjee Insurance Company Limited		309	283
	Pakgen Power Limited		205,049	102,525
	Lalpir Power Limited		218,787	109,393
	Nishat Power Limited		1,128,956	948,323
	Pakistan Petroleum Limited		2,717	5,217
	Nishat Paper Products Company Limited		11,634	–
	Habib Bank Limited		–	2
			3,700,227	2,947,006

		Note	2016	2015
			(Rupees in thousand)	
46.3	**Sources of other income**	31		
	Dividend income		3,700,227	2,947,006
	Profit on deposits with banks		27,609	59,764
	Gain on sale of investments		–	24,144
	Gain on sale of property, plant and equipment		26,808	20,069
	Net exchange gain		–	188,833
	Interest income on loans and advances to subsidiary companies		118,324	215,382
	Scrap sales		124,461	143,820
	Rental income		73,150	370,831
	Reversal of provision for slow moving, obsolete and damaged store items		859	1,096
	Others:			
	Service fee received		3,630	6,600
	Licence fee received		3,673	4,464
	Interest income		313	–
			4,079,054	3,982,009
46.4	**Exchange gain / (loss)**			
	Earned from actual currency		(26,419)	124,391
	Earned from derivative financial instruments		21,666	64,442
46.5	**Revenue (external) from different business segments**			
	Spinning:	41		
	- Faisalabad		7,812,714	9,331,031
	- Feroze Wattwan		3,434,222	3,202,458
	Weaving:			
	- Bhikki		8,247,514	9,134,454
	- Lahore		3,205,304	3,335,981
	Dyeing		13,824,325	13,908,418
	Home Textile		7,355,298	8,090,646
	Garments:			
	- I		4,032,632	4,169,766
	- II		69,982	–
	Power Generation		17,188	27,469
			47,999,179	51,200,223

	Name	Relationship	
		Non Islamic window operations	With Islamic windows operations
46.6	**Relationship with banks**		
	National Bank of Pakistan	✔	–
	Allied Bank Limited	✔	–
	Askari Bank Limited	✔	–
	Bank Alfalah Limited	✔	–
	Faysal Bank Limited	✔	–
	Habib Bank Limited	✔	✔

Name	Relationship	
	Non Islamic window operations	With Islamic windows operations
Habib Metropolitan Bank Limited	✔	–
JS Bank Limited	✔	–
MCB Bank Limited	✔	–
NIB Bank Limited	✔	–
Samba Bank Limited	✔	–
Silk Bank Limited	✔	–
Standard Chartered Bank (Pakistan) Limited	✔	✔
United Bank Limited	✔	–
Al-Baraka Bank (Pakistan) Limited	–	✔
Citibank N.A.	✔	–
Deutsche Bank AG	✔	–
Bank Islami Pakistan Limited	–	✔
Meezan Bank Limited	–	✔
Dubai Islamic Bank Pakistan Limited	✔	✔
The Bank of Punjab	✔	–
Soneri Bank Limited	✔	–
Summit Bank Limited	✔	–
Burj Bank Limited	–	✔
Industrial and Commercial Bank of China	✔	–
PAIR Investment Company Limited	✔	–
MCB Islamic Bank Limited	–	✔
Saudi Pak Commercial Bank Limited	✔	–

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 27 September 2016 by the Board of Directors of the Company.

48 CORRESPONDING FIGURES

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

49 GENERAL

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

Chief Executive Officer

Director

Consolidated Financial Statements of

Nishat Mills Limited
and its Subsidiaries

for the year ended June 30, 2016

Directors' Report

The Directors are pleased to present their report together with the consolidated financial statements of Nishat Mills Limited ("the Holding Company") and its Subsidiary Companies (together referred to as Group) for the year ended 30 June 2016. The consolidated results comprise of financial statements of Nishat Mills Limited, Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat USA Inc., Nishat Linen Trading L.L.C, Nishat International FZE, Nishat Global China Company Limited, Nishat UK (Private) Limited, Nishat Commodities (Private) Limited and Lalpir Solar Power (Private) Limited. The Holding Company has annexed its consolidated financial statements along with its separate financial statements, in accordance with the requirements of International Financial Reporting Standards and Companies Ordinance 1984. The Directors' Report, giving a commentary on the performance of Nishat Mills Limited for the year ended 30 June 2016 has been presented separately. It also includes a brief description of all the subsidiary companies of the Holding Company.

Clarification to Qualifications in Audit Report

In their Report to the Members, Auditors have stated that consolidated financial statements include un-audited figures pertaining to Nishat USA Incorporated, a wholly owned subsidiary of Nishat Mills Limited. This Subsidiary Company is incorporated under the Business Corporation Law of the State of New York. The governing law does not require audit of financial statements of the Subsidiary Company. Hence, we have used un-audited financial statements of the Subsidiary Company to prepare Consolidated Financial Statements.

Auditors have also informed to the members in their report that un-audited financial statements of Nishat Global China Company Limited ("the Chinese subsidiary"), a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited, were included in the consolidated financial statements of the Company. As per the laws of China, the financial year of companies ends on 31 December, hence, the financial statements of the Chinese Subsidiary will be audited after the end of its financial year on 31 December 2016. Therefore, we have used un-audited financial statements to prepare consolidated financial statements of Nishat Mills Limited and its subsidiary companies for the year ended June 30, 2016.

The auditors' report also stated that un-audited financial statements of Nishat UK (Private) Limited and Lalpir Solar Power (Private) Limited were included in the consolidated financial statements. Audit of financial statements of both of these companies was in progress at the time of finalization of consolidated financial statements of Nishat Mills Limited and its subsidiaries which is reason why un-audited financial statements of Nishat UK (Private) Limited and Lalpir Solar Power (Private) Limited were used in consolidation.

The auditors' report to the members draws attention to Note 21.6 to the consolidated financial statements which refers to an amount of Rs. 816 million (2015: Rs. 816 million) relating to capacity purchase price, included in trade debts of Nishat Power Limited (subsidiary of Nishat Mills Limited), not acknowledged by National Transmission and Dispatch Company Limited (NTDCL) on the grounds that the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to nonpayment by NTDCL, therefore, management of Subsidiary Company believes that Subsidiary Company cannot be penalized in the form of payment deductions due to NTDCL's default of making timely payments under the Power Purchase Agreement (PPA). Hence, the Subsidiary Company had taken up this issue at appropriate forums i.e. referring this matter to the expert as per dispute resolution mechanism envisaged in PPA and proceedings are underway. Based on the advice of the Subsidiary Company's legal counsel, management of Subsidiary Company feels that there are meritorious grounds to support the Subsidiary Company's stance and such amounts are likely to be recovered. Consequently, no provision for the above mentioned amount has been made in these consolidated financial statements.

For and on behalf of the Board of Directors

Um mansha

Mian Umer Mansha
Chief Executive Officer

27 September 2016
Lahore

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Nishat Mills Limited (the Holding Company) and its Subsidiary Companies (together referred to as Group) as at 30 June 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Nishat Mills Limited, Nishat Linen (Private) Limited and Nishat Commodities (Private) Limited. The financial statements of the Subsidiary Companies, Nishat Power Limited, Nishat Hospitality (Private) Limited, Nishat Linen Trading LLC and Nishat International FZE were audited by other firms of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such Companies, is based solely on the reports of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements of Nishat USA, Inc. (Subsidiary Company), Nishat Global China Company Limited and Nishat UK (Private) Limited [wholly owned subsidiaries of Nishat International FZE (Subsidiary Company)] and Lalpir Solar Power (Private) Limited [wholly owned subsidiary of Nishat Power Limited (Subsidiary Company)] for the year / period ended 30 June 2016 were unaudited. Hence, total assets of Rupees 66,230,815 as at 30 June 2016 and total turnover and net profit of Rupees 107,879,505 and Rupees 2,276,328 respectively for the year / period ended 30 June 2016 pertaining to the aforesaid Companies have been incorporated in these consolidated financial statements by the management using un-audited financial statements.

In our opinion, except for any adjustments that may have been required due to the un-audited figures in respect of Nishat USA, Inc., Nishat Global China Company Limited, Nishat UK (Private) Limited and Lalpir Solar Power (Private) Limited as referred to in above paragraph of the report, the consolidated financial statements present fairly the financial position of Nishat Mills Limited and its Subsidiary Companies as at 30 June 2016 and the results of their operations for the year then ended.

The auditors of Nishat Power Limited (Subsidiary Company) have drawn attention to Note 21.6 to the consolidated financial statements, which describe the matter regarding recoverability of certain trade debts.Their opinion is not qualified in respect of this matter.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

27 September 2016
LAHORE

Consolidated Balance Sheet
As at June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2015: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital	3	3,515,999	3,515,999
Reserves	4	79,400,014	78,358,273
Equity attributable to equity holders of the Holding Company		82,916,013	81,874,272
Non-controlling interest		6,001,587	5,689,242
Total equity		88,917,600	87,563,514
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	11,487,230	13,960,150
Long term security deposits	6	161,283	169,733
Retirement benefit obligation		5,381	4,894
Deferred liability - accumulating compensated absences		2,736	–
Deferred income tax liability	7	1,626,036	103,286
		13,282,666	14,238,063
CURRENT LIABILITIES			
Trade and other payables	8	6,376,389	5,425,068
Accrued mark-up	9	309,402	491,887
Short term borrowings	10	10,475,657	12,456,306
Current portion of non-current liabilities	11	3,500,416	3,091,154
Provision for taxation		1,374,735	904,170
		22,036,599	22,368,585
TOTAL LIABILITIES		35,319,265	36,606,648
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		124,236,865	124,170,162

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

Um marshe

Chief Executive Officer

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	38,097,185	38,460,601
Investment properties	14	472,765	479,242
Intangible assets	15	24,481	14,678
Long term investments	16	49,024,857	49,344,345
Long term loans	17	116,979	97,123
Long term deposits	18	131,575	99,315
		87,867,842	88,495,304
CURRENT ASSETS			
Stores, spare parts and loose tools	19	1,827,949	2,010,386
Stock in trade	20	13,885,352	15,183,656
Trade debts	21	9,329,634	11,408,623
Loans and advances	22	3,170,986	2,068,406
Short term deposits and prepayments	23	209,219	142,572
Other receivables	24	2,782,581	2,327,351
Accrued interest	25	15,762	11,535
Short term investments	26	2,065,217	2,189,860
Cash and bank balances	27	3,082,323	332,469
		36,369,023	35,674,858
TOTAL ASSETS		124,236,865	124,170,162

Director

Consolidated Profit and Loss Account

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
SALES	28	69,645,654	79,460,559
COST OF SALES	29	(57,073,635)	(66,263,202)
GROSS PROFIT		12,572,019	13,197,357
DISTRIBUTION COST	30	(3,963,480)	(3,752,069)
ADMINISTRATIVE EXPENSES	31	(1,679,797)	(1,633,408)
OTHER EXPENSES	32	(320,042)	(294,442)
		(5,963,319)	(5,679,919)
		6,608,700	7,517,438
OTHER INCOME	33	1,736,166	1,861,390
PROFIT FROM OPERATIONS		8,344,866	9,378,828
FINANCE COST	34	(1,939,779)	(3,196,196)
		6,405,087	6,182,632
SHARE OF PROFIT FROM ASSOCIATED COMPANIES	16.2	3,575,095	2,609,403
PROFIT BEFORE TAXATION		9,980,182	8,792,035
TAXATION	35	(2,493,952)	(519,979)
PROFIT AFTER TAXATION		7,486,230	8,272,056
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		6,089,787	6,745,246
NON-CONTROLLING INTEREST		1,396,443	1,526,810
		7,486,230	8,272,056
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	36	17.32	19.18

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

Chief Executive Officer

Director

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2016

	2016	2015
	(Rupees in thousand)	
PROFIT AFTER TAXATION	7,486,230	8,272,056
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Remeasurement of retirement benefits - net of tax	10,963	(663)
Items that may be reclassified subsequently to profit or loss:		
Deficit arising on remeasurement of available for sale investments	(2,547,312)	(5,369,103)
Reclassification adjustment for gains included in profit or loss	–	(3,914)
Share of other comprehensive loss of associates	(987,911)	(1,669,733)
Exchange differences on translating foreign operations	18,162	3,010
Deferred income tax relating to surplus on available for sale investment	40,251	237,523
Other comprehensive loss for the year - net of tax	(3,476,810)	(6,802,217)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,020,383	1,469,176
SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	2,623,940	(57,634)
NON-CONTROLLING INTEREST	1,396,443	1,526,810
	4,020,383	1,469,176

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

Chief Executive Officer **Director**

Consolidated Cash Flow Statement

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	13,692,158	12,873,620
Finance cost paid		(2,122,264)	(3,400,189)
Income tax paid		(1,076,147)	(898,323)
Long term security deposits (made) / received		(8,450)	24,250
Exchange (loss) / gain on forward exchange contracts (paid) / received		(8,550)	166,690
Net increase in retirement benefit obligation		487	807
Net (increase) / decrease in long term loans		(25,229)	6,923
Net increase in long term deposits and prepayments		(32,260)	(21,545)
Net cash generated from operating activities		10,419,745	8,752,233
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		113,008	126,527
Capital expenditure on property, plant and equipment		(3,093,270)	(4,106,436)
Proceeds from sale of investment		–	221,406
Dividends received		2,571,271	1,998,683
Investments made		(632,379)	(1,403,103)
Interest received		54,983	74,783
Net cash used in investing activities		(986,387)	(3,088,140)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,209,108	1,769,727
Repayment of long term financing		(3,272,765)	(3,491,823)
Repayment of liabilities against assets subject to finance lease		–	(66,368)
Exchange differences on translation of net investments in foreign subsidiaries		18,162	3,010
Short term borrowings - net		(1,980,649)	(5,053,849)
Dividend paid		(2,657,360)	(2,600,828)
Net cash used in financing activities		(6,683,504)	(9,440,131)
Net increase / (decrease) in cash and cash equivalents		2,749,854	(3,776,038)
Cash and cash equivalents at the beginning of the year		332,469	4,108,507
Cash and cash equivalents at the end of the year		3,082,323	332,469

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

Chief Executive Officer **Director**

Consolidated Statement of Changes in Equity

For the year ended June 30, 2016

	Attributable to equity holders of the holding company													
		Capital reserves						Revenue reserves						
	Share capital	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	Total reserves	Shareholders' equity	Non-controlling interest	Total equity
	(Rupees in thousand)													
Balance as at 30 June 2014	3,515,999	5,499,530	25,823,423	(14,016)	–	111,002	31,419,939	41,036,882	7,365,485	48,402,367	79,822,306	83,338,305	5,073,073	88,411,378
Transaction with owners - Final dividend for the year ended 30 June 2014 @ Rupees 4.00 per share	–	–	–	–	–	–	–	–	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)	–	(1,406,399)
Transferred to general reserve	–	–	–	–	–	–	–	5,813,000	(5,813,000)	–	–	–	–	–
Transferred to statutory reserve	–	–	–	–	35	–	35	–	(35)	(35)	–	–	–	–
Transaction with owners - Dividend relating to year 2014 paid to non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	(910,641)	(910,641)
Profit for the year	–	–	–	–	–	–	–	–	6,745,246	6,745,246	6,745,246	6,745,246	1,526,810	8,272,056
Other comprehensive income / (loss) for the year	–	–	(6,805,890)	3,010	–	–	(6,802,880)	–	–	–	(6,802,880)	(6,802,880)	–	(6,802,880)
Total comprehensive income / (loss) for the year	–	–	(6,805,890)	3,010	–	–	(6,802,880)	–	6,745,246	6,745,246	(57,634)	(57,634)	1,526,810	1,469,176
Balance as at 30 June 2015	3,515,999	5,499,530	19,017,533	(11,006)	35	111,002	24,617,094	46,849,882	6,891,297	53,741,179	78,358,273	81,874,272	5,689,242	87,563,514
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)	–	(1,582,199)
Transferred to general reserve	–	–	–	–	–	–	–	5,163,000	(5,163,000)	–	–	–	–	–
Transferred to statutory reserve	–	–	–	–	197	–	197	–	(197)	(197)	–	–	–	–
Transaction with owners - Dividend relating to year 2015 paid to non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	(1,084,098)	(1,084,098)
Profit for the year	–	–	–	–	–	–	–	–	6,089,787	6,089,787	6,089,787	6,089,787	1,396,443	7,486,230
Other comprehensive income / (loss) for the year	–	–	(3,484,009)	18,162	–	–	(3,465,847)	–	–	–	(3,465,847)	(3,465,847)	–	(3,465,847)
Total comprehensive income / (loss) for the year	–	–	(3,484,009)	18,162	–	–	(3,465,847)	–	6,089,787	6,089,787	2,623,940	2,623,940	1,396,443	4,020,383
Balance as at 30 June 2016	3,515,999	5,499,530	15,533,524	7,156	232	111,002	21,151,444	52,012,882	6,235,688	58,248,570	79,400,014	82,916,013	6,001,587	88,917,600

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

Chief Executive Officer

Director

1 THE GROUP AND ITS OPERATIONS

a) 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

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% (2015: 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 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 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 Jebel 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 114622, Jebel 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 will be to build, own, operate and maintain or invest in a solar power project.

b) Significant restrictions

Cash and bank balances held in are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from these countries, other than through normal dividends. The carrying amount of these assets included within the consolidated financial statements to which these restrictions apply is Rupees 211.471 million (2015: Rupees 123.162 million).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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.

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

c) Critical accounting estimates and judgments

The preparation of these consolidated financial statements 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. The areas where various assumptions and estimates are significant to the consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at balance sheet date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management. Further, the Group reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

In making the estimates for income tax currently payable, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Group reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Impairment of investments in equity method accounted for associated companies

In making an estimate of recoverable amount of the Group's investments in equity method accounted for associated companies, the management considers future cash flows.

d) Standards that are effective in current year and are relevant to the Group

The following standards are mandatory for the Group's accounting periods beginning on or after 01 July 2015:

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates and Joint Ventures'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. This standard does not have significant impact on these consolidated financial statements, except for certain additional disclosures.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard does not have significant impact on these consolidated financial statements, except for certain additional disclosures.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard does not have significant impact on these consolidated financial statements, except for certain additional disclosures.

e) Amendments to published approved standards that are effective in current year but not relevant to the Group

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

f) Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Group

Following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2016 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's consolidated financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's consolidated financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's consolidated financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Group's consolidated financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Group's consolidated financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Group's consolidated financial statements.

IAS 27 (Amendments) 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments have been made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's consolidated financial statements.

g) Standard and amendments to published standards that are not yet effective and not considered relevant to the Group

There are other standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2016 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

h) Exemption from applicability of IFRIC 4 ‘ Determining whether an Arrangement contains a Lease’

SECP through SRO 24(I)/2012 dated 16 January 2012, has exempted the application of International Financial Reporting Interpretations Committee (IFRIC) 4 ‘Determining whether an Arrangement contains a Lease’ to all companies. However, SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17 ‘Leases’.

Consequently, the Subsidiary Company is not required to account for a portion of its Power Purchase Agreement (PPA) with National Transmission and Dispatch Company Limited (NTDCL) as a lease under IAS 17 ‘Leases’. If the Subsidiary Company were to follow IFRIC 4 and IAS 17, the effect on these consolidated financial statements would be as follows:

	2016	2015
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(11,396,664)	(12,176,596)
Recognition of lease debtor	11,523,859	12,683,125
Increase in un-appropriated profit at the beginning of the year	506,529	477,065
(Decrease) / increase in profit for the year	(379,334)	29,464
Increase in un-appropriated profit at the end of the year	127,195	506,529

2.2 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 the consolidated financial statements.

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 profit and loss account, consolidated 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 provision if IAS 36 `Impairment of Assets`.

c) Translation of the financial statements of foreign subsidiary

The financial statements of foreign subsidiaries of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated in functional currency of the Group. Balance sheet items are translated at the exchange rate at the balance sheet date and profit and loss account items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange translation reserve in consolidated reserves.

2.3 Employee benefit

The Group operates approved funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the employer and employees to the fund. The employer's contributions to the fund are charged to consolidated profit and loss account.

2.4 Taxation

Current

Holding Company

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Subsidiary Companies

The profits and gains of Nishat Power Limited - Subsidiary Company derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein. Under Clause 11(v) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Subsidiary Company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Provision for current tax of Nishat Linen (Private) Limited – Subsidiary Company and Nishat Hospitality (Private) Limited – Subsidiary Company is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted.

Provision for income tax on the income of foreign subsidiary - Nishat USA, Inc. is computed in accordance with the tax legislation in force in the country where the income is taxable.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the consolidated profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Nishat Power Limited - Subsidiary Company has not made provision for deferred tax as the Subsidiary Company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

2.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognized immediately through the consolidated profit and loss account and is not subsequently reversed.

Negative goodwill is recognized directly in consolidated profit and loss account in the year of acquisition.

2.6 Foreign currencies

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies (except the results of foreign operation which are translated to Pak Rupees at the average rate of exchange for the year) during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the consolidated profit and loss account.

2.7 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land and capital work-in-progress are stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated profit and loss account during the period in which they are incurred. Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

Leased

Leases where the Group has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to consolidated profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to consolidated profit and loss account.

Depreciation

Depreciation on property, plant and equipment is charged to consolidated profit and loss account applying the reducing balance method, except in case of Nishat Power Limited and Nishat Linen Trading LLC (Subsidiary Companies), where this accounting estimate is based on straight line method, so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 13.1. The depreciation is charged on additions from the date when the asset is available for use and on deletions upto the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated profit and loss account in the year the asset is de-recognized.

2.8 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties except land, are stated at cost less accumulated depreciation and any recognized impairment loss. Land is stated at cost less any recognized impairment loss (if any). Depreciation is charged to consolidated profit and loss account applying the reducing balance method so as to write off the cost of buildings over its estimated useful lives at a rate of 10% per annum.

2.9 Intangible assets

Amortization on additions to intangible assets is charged from the date when the asset is acquired or capitalized upto the date when the asset is de-recognized.

2.10 Leases

The Group Companies are the lessee:

a) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated profit and loss account on a straight line basis over the lease term.

2.11 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for “Investment at fair value through profit or loss” which is measured initially at fair value.

The Group assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' are applicable to all investments.

a) Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in consolidated profit and loss account.

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when there is positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in consolidated profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

c) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in consolidated statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in consolidated statement of other comprehensive income is included in consolidated profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined with reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

2.12 Inventories

Inventories, except for stock in transit and waste stock / rags are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

i)	For raw materials:	Annual average basis.
ii)	For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.13 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.14 Non–current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.15 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

2.16 Borrowing cost

Interest, mark-up and other charges on finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such finances. All other interest, mark-up and other charges are recognized in consolidated profit and loss account.

2.17 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, if any.

2.18 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.19 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.
- Revenue on account of energy is recognized at the time of transmission whereas on account of capacity is recognized when due.
- The share of profits or losses of the associated companies after tax is included in the consolidated profit and loss account to recognize the post acquisition changes in the share of the net assets of the investees. Dividend from associated companies is recognized as reduction in cost of investments as prescribed by International Accounting Standard (IAS) 28 'Investments in Associates'.
- Dividend on other equity investments is recognized when right to receive the dividend is established.
- Operating lease rentals are recorded in profit and loss account on a time proportion basis over the term of the lease arrangements.

- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

- Revenue from hotel business is generally recognized as services are performed. Hotel revenue primarily represents room rentals and other minor hotel revenues.

2.20 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which is initially measured at fair value.

Financial assets are de-recognized when the Group loses control of the contractual rights that comprise the financial asset. The Group loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Group surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the consolidated profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item and in the accounting policy of investments.

2.21 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.22 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in consolidated profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in consolidated profit and loss account.

2.23 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the consolidated balance sheet at estimated fair value with corresponding effect to consolidated profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.24 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legal enforceable right to set off and the management intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.25 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.26 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief operating decision makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Group has following reportable business segments: Spinning at Faisalabad, Feroze Wattwan and Lahore (Producing different quality of yarn using natural and artificial fibres), Weaving at Bhikki and Lahore (Producing different quality 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) and Hotel (Business of hotel and allied services).

Transaction among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

2.27 Dividend and other appropriations

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the periods in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016	2015		2016	2015
(Number of shares)			(Rupees in thousand)	
256,772,316	256,772,316	Ordinary shares of Rupees 10 each fully paid up in cash	2,567,723	2,567,723
2,804,079	2,804,079	Ordinary shares of Rupees 10 each issued to shareholders of Nishat Apparel Limited under the Scheme of Amalgamation	28,041	28,041
37,252,280	37,252,280	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	372,523	372,523
54,771,173	54,771,173	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	547,712	547,712
351,599,848	351,599,848		3,515,999	3,515,999

	2016	2015
	(Number of shares)	
3.1 Ordinary shares of the Holding Company held by the associated companies:		
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	2,788,150	1,258,650
MCB Bank Limited	227	227
	33,077,878	31,548,378

4 RESERVES

	Note	2016	2015
		(Rupees in thousand)	
Composition of reserves is as follows:			
Capital			
Premium on issue of right shares		5,499,530	5,499,530
Fair value reserve - net of deferred tax	4.1	15,533,524	19,017,533
Exchange translation reserve		7,156	(11,006)
Statutory reserve		232	35
Capital redemption reserve fund		111,002	111,002
		21,151,444	24,617,094
Revenue			
General		52,012,882	46,849,882
Unappropriated profit		6,235,688	6,891,297
		58,248,570	53,741,179
		79,400,014	78,358,273

4.1 This represents the unrealized gain on re-measurement of available for sale investments at fair value and is not available for distribution. This will be transferred to consolidated profit and loss account on realization. Reconciliation of fair value reserve net of deferred tax is as under:

	2016	2015
Balance as on 01 July	19,248,006	26,291,419
Fair value adjustment during the year	(2,547,312)	(5,369,103)
Reclassification adjustment for gains included in profit or loss	–	(3,914)
Share of fair value reserve of associates	(976,948)	(1,670,396)
	15,723,746	19,248,006
Less: Deferred tax liability on unquoted equity investment	(190,222)	(230,473)
Balance as on 30 June	15,533,524	19,017,533

		Note	2016	2015
			(Rupees in thousand)	
5	**LONG TERM FINANCING**			
	From banking companies - secured			
	Long term loans	5.1	11,351,568	12,372,891
	Long term musharika	5.2	3,635,008	4,675,357
	Motor vehicles' loans	5.3 and 5.4	1,070	3,056
			14,987,646	17,051,304
	Less: Current portion shown under current liabilities	11	3,500,416	3,091,154
			11,487,230	13,960,150

5.1 Long term loans

Nishat Mills Limited - Holding Company

Lender	2016 (Rupees in thousand)	2015 (Rupees in thousand)	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
Allied Bank Limited:							
Refinanced by SBP under scheme of LTFF	–	135,617	SBP rate for LTFF + 0.50%	Thirty unequal installments commenced on 27 June 2014 and ended on 26 August 2015.	–	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Loan provided by the bank from own sources	256,970	321,212	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly installments commenced on 24 August 2014 and ending on 24 May 2020.	Quarterly	Quarterly	
	256,970	456,829					
Bank Alfalah Limited:							
Loan provided by the bank from own sources	500,001	672,735	3 Month offer KIBOR + 0.50%	Sixteen unequal installments commenced on 17 August 2014 and ending on 17 May 2018.	Quarterly	Quarterly	First pari passu charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).
Refinanced by SBP under scheme of LTFF	–	77,266	SBP rate for LTFF + 0.50%	Six unequal installments commenced on 17 August 2014 and ended on 18 August 2015.	–	Quarterly	
	500,001	750,001					
The Bank of Punjab	166,667	277,778	3 Month offer KIBOR + 0.50%	Eighteen equal quarterly installments commenced on 18 September 2013 and ending on 18 December 2017.	Quarterly	Quarterly	First pari passu charge of Rupees 667 million over all present and future fixed assets of the Company excluding land and building.
The Bank of Punjab	–	92,607	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 04 April 2012 and ended on 04 January 2016.	Quarterly	Quarterly	First pari passu charge of Rupees 667 million on all present and future fixed assets of the Company excluding land and building.
Pak Brunei Investment Company Limited	255,003	300,000	SBP rate for LTFF + 0.85%	Twenty equal installments commenced on 24 October 2015 and ending on 24 July 2020.	–	Quarterly	First pari passu charge of Rupees 400 million over all the present and future plant and machinery of the Company with 25% margin excluding those assets (part of the plant and machinery) on which the Company has created exclusive charges in favour of existing creditors.
Faysal Bank Limited	180,000	199,999	SBP rate for LTFF + 0.75%	Thirty unequal installments commenced on 13 February 2016 and ending on 06 December 2020.	–	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Company (excluding those on which the Company has already created exclusive charges).
Allied Bank Limited	241,039	299,999	SBP rate for LTFF + 0.50%	Eighty unequal installments commenced on 26 September 2015 and ending on 08 September 2019.	–	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
Bank Alfalah Limited	225,000	300,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 July 2015 and ending on 17 April 2019.	Quarterly	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
Pak Kuwait Investment Company (Private) Limited	132,603	12,900	SBP rate for LTFF + 1%	One hundred and sixty unequal installments commenced on 11 June 2016 and ending on 15 May 2021.	–	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
Pak Kuwait Investment Company (Private) Limited	6,774	–	SBP rate for LTFF + 0.75%	Twenty four equal quarterly installments commencing on 15 September 2016 and ending on 15 June 2022.	–	Quarterly	Ranking hypothecation charge of Rupees 267 million on plant and machinery of the company (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing charge holders/creditors), to be upgraded to first pari passu charge within 180 days of first drawdown.
	139,377	12,900					

Lender	2016	2015	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
The Bank of Punjab	466,717	–	SBP rate for LTFF + 0.5%	One hundred and sixty unequal installments commencing on 30 January 2017 and ending on 07 April 2022.	–	Quarterly	First pari passu charge of Rupees 667 million on present and future fixed assets (plant and machinery) of the Company.
National Bank of Pakistan	108,763	–	SBP rate for LTFF + 0.5%	One hundred and twenty unequal installments commencing on 12 April 2017 and ending on 03 June 2022.	–	Quarterly	Ranking hypothecation charge of Rupees 534 million on all present and future plant and machinery (excluding plant and machinery which is under exclusive charges of Company's creditors) of the Company, to be upgraded to first pari passu charge within 120 days of first drawdown.
Habib Bank Limited	435,679	–	SBP rate for LTFF + 0.4%	Twenty equal quarterly installments commencing on 17 September 2017 and ending on 17 June 2022.	–	Quarterly	Note 5.5
	2,975,216	2,690,113					
Nishat Power Limited - Subsidiary Company							
Consortium of banks (Note 5.1.1)	8,376,352	9,682,778	3 Month KIBOR + 3.00%	Seventeen quarterly installments ending on 01 July 2020.	Quarterly	Quarterly	First joint pari passu charge on immovable property, mortgage of project receivables, hypothecation of all present and future assets and all properties of Nishat Power Limited - Subsidiary Company (excluding the mortgaged immovable property), lien over project bank accounts and pledge of shares of the Holding Company in Nishat Power Limited.
	8,376,352	9,682,778					
TOTAL	11,351,568	12,372,891					

5.1.1 This represents long term financing obtained by Nishat Power Limited - Subsidiary Company from a consortium of five banks led by Habib Bank Limited (agent bank) and includes National Bank of Pakistan, Allied Bank Limited, United Bank Limited and Faysal Bank Limited. The portion of long term financing from Faysal Bank Limited is on murabaha basis. The effective mark-up rate charged during the year ranges from 9.35% to 10.01% (2015: 10.99% to 13.18%) per annum.

Lender	2016	2015	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
5.2 Long term musharika							
Nishat Mills Limited - Holding Company							
Habib Bank Limited	754,341	999,991	3 Month offer KIBOR + 0.35%	Forty two unequal installments commenced on 28 August 2015 and ending on 04 May 2019.	Quarterly	Quarterly	Note 5.5
Habib Bank Limited	970,131	1,000,009	3 Month offer KIBOR + 0.35%	Fifty six unequal installments commenced on 19 May 2016 and ending on 01 June 2020.	Quarterly	Quarterly	Note 5.5
Meezan Bank Limited	37,500	112,500	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 14 March 2013 and ending on 14 December 2016.	Quarterly	Quarterly	First exclusive charge of Rupees 400 million over specific plant and machinery of the Company.
Dubai Islamic Bank Pakistan Limited	514,286	742,857	3 Month offer KIBOR + 0.40%	Fourteen equal quarterly installments commenced on 03 June 2015 and ending on 03 September 2018.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,067 million on all present and future fixed assets (excluding land and building) of the Company including but not limited to plant and machinery, furniture and fixtures, accessories etc. (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of existing charge holders).
Meezan Bank Limited	275,000	375,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 June 2015 and ending on 17 March 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 533 million over specific assets of the Company with 25% margin.
Meezan Bank Limited	333,750	445,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 July 2015 and ending on 17 April 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 594 million over specific assets of the Company with 25% margin.
Standard Chartered Bank (Pakistan) Limited	750,000	1,000,000	3 Month offer KIBOR + 0.20%	Sixteen equal quarterly installments commenced on 27 September 2015 and ending on 27 June 2019.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
TOTAL	3,635,008	4,675,357					

5.3 Loan obtained by Nishat Linen Trading LLC - Subsidiary Company from a bank for purchase of vehicle was settled on 40th installment whereas it was repayable in 60 monthly installments at an interest rate of 8.72% per annum.

5.4 Loan has been obtained by Nishat International FZE - Subsidiary Company from a bank for purchase of a vehicle at an interest rate of 6.57% per annum repayable in 48 monthly installments.

5.5 Long term loans and long term musharika from Habib Bank Limited are secured against first pari passu hypothecation charge of Rupees 4,000 million on present and future fixed assets of the Holding Company excluding specific and exclusive charges.

6 LONG TERM SECURITY DEPOSIT

These represent long term security deposits received by Nishat Linen (Private) Limited - Subsidiary Company.

	Note	2016	2015
		(Rupees in thousand)	
7 DEFERRED INCOME TAX			
The liability for deferred taxation originated due to temporary difference relating to:			
Taxable temporary differences on:			
Unquoted equity investment		190,222	230,473
Investments in associates		1,682,967	–
Accelerated tax depreciation	7.2	114,644	116,064
		1,987,833	346,537
Deductible temporary differences on:			
Turnover tax carried forward	7.2	(180,800)	(68,819)
Deferred liabilities - accumulating compensated absences	7.3	(821)	–
Unabsorbed tax losses and tax credits	7.3	(180,176)	(174,432)
		(361,797)	(243,251)
		1,626,036	103,286

7.1 Provision for deferred tax on temporary differences other than relating to surplus on revaluation of unquoted equity investments of the Holding Company was not considered necessary as it is chargeable to tax under section 169 of the Income Tax Ordinance, 2001. Temporary differences of Nishat Power Limited - Subsidiary Company are not expected to reverse in the foreseeable future due to the fact that the profits and gains derived from electric power generation are exempt from tax. Nishat Hospitality (Private) Limited - Subsidiary Company has not recognised deferred tax assets of Rupees Nil (2015: Rupees 9.008 million) in respect of business losses and Rupees 2.924 million (2015 : Rupees 2.924 million) in respect of minimum tax paid and available for carry forward under section 113 of the Income Tax Ordinance, 2001, as sufficient tax profit would not be available to set these off in the foreseeable future.

7.2 It relates to Nishat Hospitality (Private) Limited and Nishat Linen (Private) Limited - Subsidiary Companies.

7.3 These relate to Nishat Hospitality (Private) Limited - Subsidiary Company.

		Note	2016 (Rupees in thousand)	2015
8	**TRADE AND OTHER PAYABLES**			
	Creditors	8.1	4,147,849	3,301,265
	Accrued liabilities		648,897	799,611
	Advances from customers		631,520	413,109
	Securities from contractors - interest free and repayable on completion of contracts		13,199	12,175
	Retention money payable		61,580	71,159
	Income tax deducted at source		1,236	1,132
	Dividend payable		80,745	71,808
	Payable to employees provident fund trust		10,178	6,092
	Fair value of forward exchange contracts		827	5,920
	Workers' profit participation fund	8.2	452,020	414,596
	Workers' welfare fund		328,338	328,201
			6,376,389	5,425,068

		2016	2015
8.1	**This includes amounts due to following related parties:**		
	D.G. Khan Cement Company Limited - associated company	2,877	4,350
	Security General Insurance Company Limited - associated company	33,558	8,415
	Adamjee Insurance Company Limited - associated company	43,559	37,165
	Adamjee Life Assurance Company Limited - associated company	3,636	665
	Nishat (Chunian) Limited - related party	32,850	11,254
	Nishat (Aziz Avenue) Hotels and Properties Limited - associated company	–	3,115
		116,480	64,964

		Note	2016	2015
8.2	**Workers' profit participation fund**			
	Balance as on 01 July		414,596	462,259
	Add: Provision for the year		445,708	396,873
	Interest for the year	34	3,919	13,058
			864,223	872,190
	Less: Payments during the year		412,203	457,594
			452,020	414,596

8.2.1 Workers' profit participation fund is retained for business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized till the date of allocation to workers.

		2016	2015
9	**ACCRUED MARK-UP**		
	Long term financing	245,711	361,199
	Short term borrowings	63,691	130,688
		309,402	491,887

		Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
10	**SHORT TERM BORROWINGS**			
	From banking companies - secured			
	Nishat Mills Limited - Holding Company			
	State Bank of Pakistan (SBP) refinance	10.1 and 10.2	9,993,000	8,409,218
	Other short term finances	10.1 and 10.3	–	2,487,181
	Temporary bank overdrafts	10.1 and 10.4	482,657	627,744
			10,475,657	11,524,143
	Nishat Power Limited - Subsidiary Company			
	Short term running finances	10.5	–	901,445
	Short term finances	10.6	–	30,718
			–	932,163
			10,475,657	12,456,306

10.1 These finances are obtained from banking companies under mark up arrangements and are secured against joint pari passu hypothecation charge on all present and future current assets, other instruments and ranking hypothecation charge on plant and machinery of the Holding Company. These form part of total credit facility of Rupees 31,841 million (2015: Rupees 29,441 million).

10.2 The rates of mark-up range from 2.70% to 4.00% (2015: 5.40% to 7.00%) per annum on the balance outstanding.

10.3 The rates of mark up range from 1.00% to 2.60% (2015: 1.25% to 3.23%) per annum on the balance outstanding.

10.4 The rates of mark up range from 6.55% to 9.01% (2015: 7.58% to 12.18%) per annum on the balance outstanding.

10.5 Short term running finance and running musharika facilities available from various commercial banks under mark up arrangements amount to Rupees 4,976.52 million (2015: Rupees 4,701.52 million) at mark-up rates ranging from one month to three months KIBOR plus 0.50% to 2% per annum, payable monthly / quarterly, on the balance outstanding. The aggregate facilities are secured against charge on present and future fuel stocks / inventory and present and future energy purchase price receivables of the Subsidiary Company. The effective mark-up rate charged during the year on the outstanding balance ranged from 6.85% to 8.26% (2015: 7.28% to 12.18%) per annum.

10.6 This represents murabaha and term finance facilities aggregating to Rupees 2,800 million (2015: Rupees 3,450 million) under mark-up arrangements from commercial banks at mark-up rates of three months KIBOR plus 0.5% to 1.5% per annum, to finance the procurement of multiple oils from the fuel suppliers. Mark-up is payable at the maturity of the respective murabaha transaction / term finance facility. The aggregate facilities are secured against first pari passu charge on current assets comprising of fuel stocks / inventory and assignment of energy payment receivables from NTDCL. The mark up rate charged during the year on the outstanding balance ranged from 6.61% to 7.53% (2015: 7.28% to 11.04%) per annum.

10.7 Of the aggregate facilities of Rupees 550 million (2015: Rupees 750 million) for opening letters of credit and guarantees, the amount utilized at 30 June 2016, for letter of credit was Rupees 315.17 million (2015: Rupees 302.74 million) and for guarantees was Rupees 197.98 million (2015: Rupees 355.50 million). The aggregate facilities for opening letters of credit and guarantees are secured by charge on present and future current assets including fuel stocks / inventory of the Subsidiary Company and by lien over import documents.

		Note	2016 (Rupees in thousand)	2015
11	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Current portion of long term financing	5	3,500,416	3,091,154

12 CONTINGENCIES AND COMMITMENTS

Contingencies

i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (2015: 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 973.358 million (2015: Rupees 894.555 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, Pakistan Army and Government of Punjab against fulfillment of sales order and Punjab Power Development Board for issuance of Letter of Interest to set up an electricity generation facility.

iii) Post dated cheques of Rupees 5,800.306 million (2015: Rupees 4,067.671 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) The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 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 Honourable 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 77.482 million (2015: Rupees 65.825 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 5,881 million (2015: Rupees 5,131 million).

vi) During the year 2014, a sales tax demand of Rupees 1,218.132 million was raised against Nishat Power Limited-Subsidiary Company through order dated 11 December 2013 by the Assistant Commissioner Inland Revenue (ACIR) by disallowing input sales tax for the tax periods from July 2010 to June 2012. The disallowance was made on the grounds that, 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 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 have been further agitated before Appellate Tribunal Inland Revenue (ATIR) by the Subsidiary Company. Moreover, the department too, has 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 19 August 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) in respect whereof, through order dated 14 December 2015, interim relief has been granted directing the department to halt the proceedings for the time being.

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 Subsidiary Company by way of filing a writ petition before LHC. While, LHC has allowed the department to proceed with audit proceedings, it has been 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 year and report thereof has been 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 Rupees 596.091 million has been confronted on same grounds as explained above.

Based on the advice of the Subsidiary Company's legal counsel, 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 department would not be upheld by appellate authorities/courts. Consequently, no provision has been made in these consolidated financial statements on such account.

vii) The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:

a) Irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Rupees Nil (2015 : Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.

b) Letter of guarantee of Rupees 7.5 million (2015: Rupees 5.5 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.

c) Letter of guarantees of Rupees 190.484 million (2015 : Rupees 350 million) in favour of fuel suppliers.

viii) Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.085 million (2015: 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 (2015: Rupees 2.945 million).

x) Guarantee of Rupees 6 million (2015: Rupees 4 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 has 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 these consolidated financial statements.

xii) Nishat Linen (Private) Limited - Subsidiary Company is contesting sales tax demands of Rupees 5.534 million (2015: Rupees 5.534 million) before CIR (Appeals) and ATIR. No provision against these demands has been made in these consolidated financial statements as the legal advisor of the Subsidiary Company expects a favourable outcome of appeals.

xiii) Nishat Linen (Private) Limited - Subsidiary Company has challenged, before Honourable Lahore High Court, Lahore, the vires of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 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 Honourable 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 0.765 million (2015: Rupees 0.730 million) paid on such goods in its respective monthly sales tax returns.

xiv) Additional Commissioner Inland Revenue (ACIR) amended the deemed assessment and raised a tax demand of Rupees 66.132 million against the Subsidiary Company - Nishat Linen (Private) Limited for the tax year 2013 under section 122(5A) of Income Tax Ordinance, 2001 (ITO). The Subsidiary Company filed an application for rectification in the order passed by ACIR, whereby the demand was rectified at Rupees 43.718 million. The Subsidiary Company is in the process of filing an appeal before the Commissioner Inland Revenue (Appeals) against the above mentioned amendment order. Hence, no provision there against has been made in these consolidated financial statements, based on advice of the tax adviser.

xv) Guarantee of Rupees 1.1 million (2015: Rupees Nil) 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.

Commitments

i) Contracts for capital expenditure of the Group are approximately of Rupees 1,040.070 million (2015: Rupees 729.358 million).

ii) Letters of credit other than for capital expenditure of the Group are of Rupees 938.350 million (2015: Rupees 513.958 million).

iii) Outstanding foreign currency forward contracts of Rupees 3,345.460 million (2015: Rupees 5,188.737 million).

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	2016	2015
		(Rupees in thousand)	
Not later than one year		12,461	15,577
Later than one year and not later than five years		60,490	77,640
		72,951	93,217

13 PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
Operating fixed assets	13.1		
Owned		36,136,234	35,372,840
Leased		–	181,191
Capital work in progress	13.2	1,818,733	2,883,540
Major spare parts and standby equipment	13.3	142,218	23,030
		38,097,185	38,460,601

13.1 Operating fixed assets

	Owned Assets											Leased Assets
	Freehold land	Buildings on freehold land	Plant and machinery	Stand - by equipment	Electric Installations	Factory equipment	Furniture, fixtures & office equipment	Computer equipment	Vehicles	Kitchen equipments and crockery items	Total	Plant and machinery
	(Rupees in thousand)											
At 30 June 2014												
Cost	1,184,726	6,902,409	39,074,483	318,713	908,359	353,392	524,557	186,157	626,348	32,759	50,111,903	300,000
Currency retranslation	–	3,612	–	–	–	–	377	63	184	–	4,236	–
	1,184,726	6,906,021	39,074,483	318,713	908,359	353,392	524,934	186,220	626,532	32,759	50,116,139	300,000
Accumulated depreciation	–	(2,794,104)	(12,932,533)	(220,330)	(476,553)	(144,363)	(209,432)	(136,060)	(245,090)	(2,843)	(17,161,308)	(99,325)
Currency retranslation	–	303	–	–	–	–	55	25	54	–	437	–
	–	(2,793,801)	(12,932,533)	(220,330)	(476,553)	(144,363)	(209,377)	(136,035)	(245,036)	(2,843)	(17,160,871)	(99,325)
Accumulated impairment	–	–	(162,601)	–	–	–	–	–	–	–	(162,601)	–
Net book value	1,184,726	4,112,220	25,979,349	98,383	431,806	209,029	315,557	50,185	381,496	29,916	32,792,667	200,675
Year ended 30 June 2015												
Opening net book value	1,184,726	4,112,220	25,979,349	98,383	431,806	209,029	315,557	50,185	381,496	29,916	32,792,667	200,675
Additions	18,049	1,308,314	4,404,451	–	72,786	10,523	53,244	42,941	153,822	12	6,064,142	–
Transferred to investment properties:												
Cost	(99,692)	–	–	–	–	–	–	–	–	–	(99,692)	–
Disposals:												
Cost	–	(8,563)	(147,668)	–	–	(1,136)	(13,906)	(835)	(82,841)	–	(254,949)	–
Accumulated depreciation	–	4,899	105,705	–	–	975	3,916	510	51,312	–	167,317	–
	–	(3,664)	(41,963)	–	–	(161)	(9,990)	(325)	(31,529)	–	(87,632)	–
Depreciation charge	–	(489,772)	(2,588,261)	(9,519)	(49,571)	(21,812)	(36,007)	(18,908)	(79,374)	(7,678)	(3,300,902)	(19,484)
Currency retranslation	–	3,329	–	–	–	–	578	94	256	–	4,257	–
Closing net book value	1,103,083	4,930,427	27,753,576	88,864	455,021	197,579	323,382	73,987	424,671	22,250	35,372,840	181,191
At 30 June 2015												
Cost	1,103,083	8,205,772	43,331,266	318,713	981,145	362,779	564,272	228,326	697,513	32,771	55,825,640	300,000
Currency retranslation	–	4,657	–	–	–	–	664	152	360	–	5,833	–
	1,103,083	8,210,429	43,331,266	318,713	981,145	362,779	564,936	228,478	697,873	32,771	55,831,473	300,000
Accumulated depreciation	–	(3,278,674)	(15,415,089)	(229,849)	(526,124)	(165,200)	(241,468)	(154,433)	(273,098)	(10,521)	(20,294,456)	(118,809)
Currency retranslation	–	(1,328)	–	–	–	–	(86)	(58)	(104)	–	(1,576)	–
	–	(3,280,002)	(15,415,089)	(229,849)	(526,124)	(165,200)	(241,554)	(154,491)	(273,202)	(10,521)	(20,296,032)	(118,809)
Accumulated impairment	–	–	(162,601)	–	–	–	–	–	–	–	(162,601)	–
Net book value	1,103,083	4,930,427	27,753,576	88,864	455,021	197,579	323,382	73,987	424,671	22,250	35,372,840	181,191
Year ended 30 June 2016												
Opening net book value	1,103,083	4,930,427	27,753,576	88,864	455,021	197,579	323,382	73,987	424,671	22,250	35,372,840	181,191
Additions	10,909	1,426,295	2,200,596	–	99,655	17,462	110,710	56,017	97,442	–	4,019,086	–
Assets transferred from leased assets to owned assets:												
Cost	–	–	300,000	–	–	–	–	–	–	–	300,000	(300,000)
Accumulated depreciation	–	–	(118,809)	–	–	–	–	–	–	–	(118,809)	118,809
	–	–	181,191	–	–	–	–	–	–	–	181,191	(181,191)
Disposals / Adjustments:												
Cost	(17,989)	(9,450)	(260,228)	-	(194)	–	(1,921)	(1,053)	(80,301)	(119)	(371,255)	–
Accumulated depreciation	–	8,756	225,376	–	–	–	519	852	51,306	37	286,846	–
	(17,989)	(694)	(34,852)	-	(194)	–	(1,402)	(201)	(28,995)	(82)	(84,409)	–
Depreciation charge	–	(532,380)	(2,582,837)	(8,568)	(48,926)	(20,867)	(38,560)	(32,097)	(86,911)	(5,584)	(3,356,730)	–
Currency retranslation	–	3,780	–	–	–	–	231	97	148	–	4,256	
Closing net book value	1,096,003	5,827,428	27,517,674	80,296	505,556	194,174	394,361	97,803	406,355	16,584	36,136,234	–
At 30 June 2016												
Cost	1,096,003	9,627,274	45,571,634	318,713	1,080,606	380,241	673,725	283,442	715,014	32,652	59,779,304	–
Currency retranslation	–	5,709	–	–	–	–	271	187	268	–	6,435	–
	1,096,003	9,632,983	45,571,634	318,713	1,080,606	380,241	673,996	283,629	715,282	32,652	59,785,739	–
Accumulated depreciation	–	(3,803,626)	(17,891,359)	(238,417)	(575,050)	(186,067)	(279,595)	(185,736)	(308,807)	(16,068)	(23,484,725)	–
Currency retranslation	–	(1,929)	–	–	–	–	(40)	(90)	(120)	–	(2,179)	–
	–	(3,805,555)	(17,891,359)	(238,417)	(575,050)	(186,067)	(279,635)	(185,826)	(308,927)	(16,068)	(23,486,904)	–
Accumulated impairment	–	–	(162,601)	–	–	–	–	–	–	–	(162,601)	–
Net book value	1,096,003	5,827,428	27,517,674	80,296	505,556	194,174	394,361	97,803	406,355	16,584	36,136,234	–
Annual rate of depreciation (%)	–	4-10	4-32.9	10	10	10	10	30-33	20	20-33		10

13.1.1

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:								
Building								
Residential Building-Demolished	1	9,450	8,756	694	700	6	Negotiation	Muhammad Riaz, Faisalabad
		9,450	8,756	694	700	6		
Plant and Machinery								
Simplex Frame	1	5,742	5,071	671	3,250	2,579	Negotiation	Nishat Chunian Limited, Lahore
Simplex Frame	2	12,452	11,106	1,346	6,500	5,154	Negotiation	Nishat Chunian Limited, Lahore
Automatic Bale Plucker	1	236	111	125	267	142	Negotiation	Rafiq Spinning Mills (Private) Limited., Faisalabad
Monfort Curing Machine	1	5,568	3,676	1,892	1,364	(528)	Negotiation	Rashid Fabrics (Private) Limited, Faisalabad
Telephone Exchange Avaya	1	1,279	752	527	958	431	Insurance Claim	Adamjee Insurance Company Limited, Security General Insurance Company Limited and IGI Insurance Company Limited
Gas Engine	1	18,913	14,368	4,545	3,700	(845)	Negotiation	Brilliant Automation Solutions, Lahore
Gas Turbine	1	47,575	32,439	15,136	27,500	12,364	Negotiation	Al-Karam Textile Mills Limited, Karachi
Gas Engine	1	17,989	13,748	4,241	3,822	(419)	Negotiation	Hussain Textile Mills (Private) Limited, Lahore
Gas Engine	1	19,018	14,469	4,549	3,822	(727)	Negotiation	H.A. Fibers Private Limited, Lahore
Stitching Machines	1	1,515	302	1,213	1,523	310	Negotiation	Mr. Ghulam Muhu Din, Lahore
Stitching Machines	1	767	201	566	794	228	Negotiation	Mr. Muhammad Azeem, Lahore
Assets written off		128,860	128,860	–	–	–	Write off	
		259,914	225,103	34,811	53,500	18,689		
Electric Installations								
Electric Installation	1	194	–	194	194	–	Group Policy	Store Return
		194	–	194	194	–		
Vehicles								
Toyota Corolla LEB-11-2315	1	1,531	907	624	845	221	Group Policy	Mr. Khalid Mehmood Chohan, Group's Employee, Faisalabad
Suzuki Cultus LWH-2396	1	605	445	160	179	19	Negotiation	Chaudhary Azhar Iqbal, Lahore
Suzuki Cultus LEB-11-5927	1	921	559	362	491	129	Group Policy	Mr. Naeem Ahmad, Group's Employee, Faisalabad
Toyota Corolla LE-12-2280	1	1,474	838	636	862	226	Group Policy	Mr. Ali Asghar, Group's Employee, Sargodha
Audi LEB-11-500	1	18,484	11,432	7,052	7,000	(52)	Negotiation	Al-Shafi Enterprises, Karachi
Toyota Corolla LE-10-4376	1	1,358	869	489	671	182	Group Policy	Mr. Muhammad Israr, Group's Employee, Lucky Marwat
Toyota Corolla LE-10-2190	1	1,308	843	465	631	166	Group Policy	Mr. Qaiser Bashir Chaudhary, Group's Employee, Jhang
Honda City LED-10-5395	1	1,342	849	493	669	176	Group Policy	Mr. Muzammil Yasin, Group's Employee, Bahawalpur
Toyota Corolla LEA-11-4620	1	1,396	866	530	731	201	Group Policy	Mr. Muhammad Abid Khan, Group's Employee, Sheikhupura
Toyota Corolla LED-11-6082	1	1,416	818	598	820	222	Group Policy	Mr. Abdul Waheed, Group's Employee, Sheikhupura
Suzuki Alto LEA-6316	1	713	536	177	484	307	Negotiation	Mr. Khurram Imtiaz, Lahore
Suzuki Cultus LEA-12-1849	1	943	538	405	417	12	Group Policy	Mr. Faiz Mohi-ud-Din, Group's Employee, Sialkot
Suzuki Cultus LEA-12-1851	1	943	536	407	417	10	Group Policy	Mr. Abdul Rauf Khan, Group's Employee, Sargodha
Suzuki Cultus LEA-12-1848	1	943	551	392	536	144	Group Policy	Mr. Ikhlaq Ahmed, Group's Employee, Lahore
Suzuki Cultus LEA-12-5306	1	943	547	396	541	145	Group Policy	Mr. Bilal Ahmed, Group's Employee, Lahore
Suzuki Swift LEF-13-6948	1	1,500	593	907	1,499	592	Negotiation	Mr. Najam Yousaf, Lahore
Toyota Corolla LED-09-2951	1	1,296	905	391	527	136	Group Policy	Mr. Nauman Majeed, Group's Employee, Lahore
Honda Civic LEB-11-1233	1	1,815	1,069	746	1,047	301	Group Policy	Mr. Saeed Nawaz Khan, Group's Employee, Bannu
Suzuki Cultus LEC-11-1790	1	932	557	375	510	135	Group Policy	Mr. Furqan Mughal, Group's Employee, Hyderabad
Honda City LEC-11-8107	1	1,399	841	558	762	204	Group Policy	Mr. Mumtaz Hassan, Group's Employee, Lahore
Suzuki Alto LED-11-3581	1	747	444	303	619	316	Negotiation	Mr. Ali Abbas, Lahore
Toyota Corolla LEE-09-1677	1	1,297	869	428	593	165	Group Policy	Mr. Basharat Elahi, Group's Employee, Sialkot
Toyota Corolla LEB-8872	1	1,531	879	652	892	240	Group Policy	Mr. Khalid Mehmood, Group's Employee, Faisalabad
Toyota Corolla LEB-11-1660	1	1,441	848	593	818	225	Group Policy	Mr. Rizwan Aslam, Group's Employee, Lahore
Toyota Corolla LEB-11-7740	1	1,402	821	581	789	208	Group Policy	Rana Hammad Latif Khan, Group's Employee, Lahore
Toyota Corolla LEB-11-7743	1	1,531	933	598	809	211	Group Policy	Mr. Muhammad Athar Bashir, Group's Employee, Vehari
Toyota Corolla LEB-11-7746	1	1,531	933	598	839	241	Group Policy	Mr. Muhammad Ramzan, Group's Employee, Faisalabad
Fork Lifter	1	2,342	2,023	319	441	122	Negotiation	Mirza Muhammad Zaman Baig, Lahore

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Toyota Corolla LEE-08-5121	1	1,118	842	276	370	94	Group Policy	Mr. Mukhtar Ahmed, Group's Employee, Lahore
Toyota Corolla LED-10-7256	1	1,345	821	524	708	184	Group Policy	Mr. Bilal Siddiq Chaudhary, Group's Employee, Lahore
Honda City LEC-11-8105	1	1,379	766	613	1,181	568	Negotiation	Mr. Khurram Imtiaz, Lahore
Toyota Corolla LEA-3842	1	951	777	174	249	75	Group Policy	Mr. Azhar Mehmood Khan, Group's Employee, Chakwal
Suzuki Cultus LED-11-4324	1	928	541	387	529	142	Group Policy	Mr. Tayyab Farooq, Group's Employee, Faisalabad
Suzuki Bolan LE-11-2274	1	653	432	221	483	262	Negotiation	Mr. Shamshad-ul-Haq, Lahore
Honda City LED-10-5987	1	1,307	815	492	662	170	Group Policy	Mr. Iftikhar Ali Awan, Group's Employee, Lahore
Toyota Corolla LEC-11-4220	1	1,408	803	605	820	215	Group Policy	Mr. Tahir Aleem, Group's Employee, Lahore
Suzuki Cultus LED-10-5985	1	892	562	330	452	122	Group Policy	Mr. Ghulam Mustafa, Group's Employee, Lahore
Honda City LEW-3042	1	1,001	844	157	733	576	Negotiation	Mr. Muhammad Bilal, Lahore
Honda City LED-10-5978	1	1,307	829	478	652	174	Negotiation	Miss Sumaira Fareed, Pak Pattan
Toyota Corolla LEB-10-7803	1	1,722	1,126	596	1,100	504	Negotiation	Mr. Irfan Khan, Lahore
Double Cabin Toyota Corolla LEA-11-5015	1	2,514	1,505	1,009	1,505	496	Negotiation	Mr. Omer Farooq, Toba Tek Singh
Isuzu Truck LES-09-8628	1	1,778	1,240	538	1,508	970	Negotiation	Khan Muhammad Khan, Lahore
Suzuki Cultus LED-11-7064	1	927	544	383	515	132	Group Policy	Mr. Faisal Rabbani, Group's Employees, Lahore Cantt
Suzuki Cultus LEB-3092	1	924	816	108	108	–	Group Policy	Mr. Munawar Ali, Group's Employees, Lahore
Suzuki Cultus LEB-3090	1	924	816	108	108	–	Group Policy	Mr. Shaoib Hashim, Group's Employees, Lahore
Toyota Corolla LEC-3797	1	1,654	1,433	221	221	–	Group Policy	Mr. Mushtaq Ahmad, Group's Employees Lahore
Toyota Camry	1	2,589	1,365	1,224	1,108	(116)	Negotiation	Mr. Hilal Suleiman
		78,405	49,726	28,679	38,451	9,772		
Furniture, Fixtures and Office Equipment								
Photocopier Panasonic	1	165	94	71	21	(50)	Negotiation	Orbit Business Services, Lahore
Photocopier	1	170	90	80	30	(50)	Negotiation	Canotech Private Limited, Lahore
Photocopier	1	165	101	64	20	(44)	Negotiation	Shirazi Trading Company (Private) Limited, Karachi
Furniture & Fixture		1,124	153	971	648	(323)	Negotiation	Mrs. Syed Bakhtiar
Cutting Machine and Table		228	58	170	20	(150)	Negotiation	Cheng Scrap Limited / Esmond
		1,852	496	1,356	739	(617)		
Kitchen equipments and crockery items								
Kitchen Equipments		119	37	82	261	179	Insurance Claim	Security General Insurance Company Limited
		119	37	82	261	179		
Computer Equipment								
Computer Equipment	1	670	587	83	81	(2)	Insurance Claim	Adamjee Insurance Company Limited, Security General Insurance Company Limited and IGI Insurance Company Limited
		670	587	83	81	(2)		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		2,662	2,141	521	1,093	572	Negotiation	
		353,266	286,846	66,420	95,019	28,599		

		Note	2016	2015
			(Rupees in thousand)	
13.1.2	**Depreciation and amortization charge for the year has been allocated as follows:**			
	Cost of sales	29	3,187,166	3,166,997
	Distribution cost	30	21,310	13,100
	Administrative expenses	31	152,574	143,803
	Capital work-in-progress		1,424	379
			3,362,474	3,324,279

13.1.3 Operating fixed assets having cost of Rupees 8.484 million (2015: Rupees 10.953 million) have been fully depreciated and are still in use of the Holding Company.

		2016	2015
		(Rupees in thousand)	
13.2	**Capital work-in-progress**		
	Building on freehold land	512,838	1,453,001
	Plant and machinery	962,867	1,276,589
	Factory equipment	1,380	2,332
	Unallocated expenses	12,284	83,926
	Letters of credit against machinery	1,883	600
	Advance against purchase of land	314,989	39,023
	Advances against furniture and office equipment	–	5,847
	Advances against intangible assets	–	3,149
	Advances against vehicles	12,492	19,073
		1,818,733	2,883,540
13.3	**Major spare parts and standby equipment**		
	Opening balance	23,030	21,278
	Additions during the year {(Including in transit Rupees 6.374 million (2015: Rupees Nil)}	305,934	5,006
		328,964	26,284
	Transfers during the year	(186,746)	(3,254)
	Closing balance	142,218	23,030

14 INVESTMENT PROPERTIES

	Note	Land	Buildings	Total
		(Rupees in thousand)		
At 30 June 2014				
Cost		314,771	153,673	468,444
Accumulated depreciation		–	(81,696)	(81,696)
Net book value		314,771	71,977	386,748
Year ended 30 June 2015				
Opening net book value		314,771	71,977	386,748
Transferred from operating fixed assets:				
Cost		99,692	–	99,692
Depreciation charge	32	–	(7,198)	(7,198)
Closing net book value		414,463	64,779	479,242
At 30 June 2015				
Cost		414,463	153,673	568,136
Accumulated depreciation		–	(88,894)	(88,894)
Net book value		414,463	64,779	479,242
Year ended 30 June 2016				
Opening net book value		414,463	64,779	479,242
Depreciation charge	32	–	(6,477)	(6,477)
Closing net book value		414,463	58,302	472,765
At 30 June 2016				
Cost		414,463	153,673	568,136
Accumulated depreciation		–	(95,371)	(95,371)
Net book value		414,463	58,302	472,765

14.1 Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 6.477 million (2015: Rupees 7.198 million) charged during the year is allocated to other expenses. No expenses directly related to investment properties were incurred during the year. The market value of land and buildings is estimated at Rupees 1,543.346 million (2015: Rupees 1,513.643 million). The valuation has been carried out by an independent valuer.

14.2 Land and building having book value of Rupees 239.383 million (2015: Rupees 239.383 million) and Rupees 19.777 million (2015: Rupees 21.975 million) respectively have been given on operating lease by the Holding Company to Nishat Hospitality (Private) Limited - Subsidiary Company.

14.3 Land and building having book value of Rupees 165.433 million (2015: Rupees 165.433 million) and Rupees 27.923 million (2015: Rupees 31.025 million) respectively have been given on operating lease by the Holding Company to Nishat Linen (Private) Limited - Subsidiary Company.

15 INTANGIBLE ASSETS

	Franchise fee	Computer Software	Total
	(Rupees in thousand)		
At 30 June 2014			
Cost	9,834	9,631	19,465
Accumulated amortization	(263)	(631)	(894)
Net book value	9,571	9,000	18,571
Year ended 30 June 2015			
Opening net book value	9,571	9,000	18,571
Amortization charged	(1,967)	(1,926)	(3,893)
Closing net book value	7,604	7,074	14,678
At 30 June 2015			
Cost	9,834	9,631	19,465
Accumulated amortization	(2,230)	(2,557)	(4,787)
Net book value	7,604	7,074	14,678
Year ended 30 June 2016			
Opening net book value	7,604	7,074	14,678
Addition	–	15,547	15,547
Amortization charged	(1,967)	(3,777)	(5,744)
Closing net book value	5,637	18,844	24,481
At 30 June 2016			
Cost	9,834	25,178	35,012
Accumulated amortization	(4,197)	(6,334)	(10,531)
Net book value	5,637	18,844	24,481
Annual amortization rate %	20	20	

	Note	2016	2015
		(Rupees in thousand)	
16 LONG TERM INVESTMENTS			
Associated companies (with significant influence) - under equity method			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2015: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2015: 31.40%)		21,267,425	20,172,418
Lalpir Power Limited - quoted 109,393,555 (2015: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2015: 28.80%)	16.1	3,622,637	3,615,679
Pakgen Power Limited - quoted 102,524,728 (2015: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2015: 27.55%)	16.1	4,129,002	3,741,216
Nishat Paper Products Company Limited - unquoted 11,634,199 (2015:11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2015: 25%)		229,292	157,041
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2015: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2015: 12.24%)		379,501	462,729
Nishat Energy Limited - unquoted 500,000 (2015: 500,000) fully paid ordinary shares of Rupees 10 each. Equity held 50% (2015: 50%)		1,791	2,565
Nishat Hotels and Properties Limited - unquoted 71,062,000 (2015: 50,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 7.40% (2015: 6.25%)		707,410	499,984
		30,337,058	28,651,632
Available for sale			
Associated companies (Others)			
Adamjee Insurance Company Limited - quoted 102,809 (2015: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2015: 0.03%)		2,774	2,774
MCB Bank Limited - quoted 84,913,391 (2015: 83,043,591) fully paid ordinary shares of Rupees 10 each. Equity held 7.63% (2015: 7.46%)		13,579,878	13,158,119
		13,582,652	13,160,893
Less: Impairment loss recognized		(1,403,363)	(1,403,363)
Add: Fair value adjustment		6,508,510	8,935,183
		18,687,799	20,692,713
		49,024,857	49,344,345

16.1 Investments in Lalpir Power Limited and Pakgen Power Limited include 550 and 500 shares respectively, held in the name of nominee director of the Holding Company.

16.2 Reconciliation of investments in associated companies under equity method:

	D.G. Khan Cement Company Limited		Nishat Paper Products Company Limited		Nishat Dairy (Private) Limited		Lalpir Power Limited		Pakgen Power Limited		Nishat Energy Limited		Nishat Hotels and Properties Limited		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)															
Cost	3,418,145	3,418,145	116,342	116,342	600,000	600,000	1,640,306	1,640,306	1,272,194	1,272,194	5,000	5,000	710,620	500,000	7,762,607	7,551,987
Share of post acquisition reserves:																
As at 01 July	16,754,273	16,509,516	40,699	(25,535)	(137,271)	(99,467)	1,975,373	1,771,152	2,469,022	2,698,400	(2,435)	–	(16)	–	21,099,645	20,854,066
Share of profit / (loss) after income tax	2,759,957	2,394,149	83,046	66,234	(83,228)	(37,804)	226,453	316,128	592,835	(126,853)	(774)	(2,435)	(3,194)	(16)	3,575,095	2,609,403
Share of other comprehensive income / (loss)	(977,079)	(1,667,882)	839	–	–	–	(708)	(2,514)	–	–	–	–	–	–	(976,948)	(1,670,396)
Dividend received	(687,871)	(481,510)	(11,634)	–	–	–	(218,787)	(109,393)	(205,049)	(102,525)	–	–	–	–	(1,123,341)	(693,428)
As at 30 June	1,095,007	244,757	72,251	66,234	(83,228)	(37,804)	6,958	204,221	387,786	(229,378)	(774)	(2,435)	(3,194)	(16)	1,474,806	245,579
	17,849,280	16,754,273	112,950	40,699	(220,499)	(137,271)	1,982,331	1,975,373	2,856,808	2,469,022	(3,209)	(2,435)	(3,210)	(16)	22,574,451	21,099,645
As at 30 June	21,267,425	20,172,418	229,292	157,041	379,501	462,729	3,622,637	3,615,679	4,129,002	3,741,216	1,791	2,565	707,410	499,984	30,337,058	28,651,632

16.2.1 Summarised balance sheet

	D.G. Khan 2016	D.G. Khan 2015	Nishat Paper 2016	Nishat Paper 2015	Nishat Dairy 2016	Nishat Dairy 2015	Lalpir 2016	Lalpir 2015	Pakgen 2016	Pakgen 2015	Nishat Energy 2016	Nishat Energy 2015	Nishat Hotels 2016	Nishat Hotels 2015
Current assets	30,835,521	31,426,342	1,134,105	1,075,766	551,281	592,370	14,200,857	13,245,288	19,411,662	9,897,896	506	4,017	2,560,327	2,727,762
Non-current assets	52,582,744	42,965,101	740,438	719,149	2,926,400	3,596,270	10,025,582	10,765,474	9,799,714	10,061,206	3,075	1,199	19,820,360	12,702,392
Current liabilities	10,056,634	6,583,476	672,785	883,490	178,472	203,130	10,554,949	9,879,796	13,220,079	4,929,664	-	154	696,762	394,136
Non-current liabilities	7,578,202	5,511,896	285,346	284,017	219,288	225,620	1,092,902	1,576,538	1,003,106	1,448,931	-	-	12,209,172	7,110,505
Net assets	65,783,429	62,296,071	916,412	627,408	3,079,921	3,759,890	12,578,588	12,554,428	14,988,191	13,580,507	3,581	5,062	9,474,753	7,925,513
Reconciliation to carrying amounts:														
As at 01 July	62,296,071	61,516,535	627,408	362,471	3,759,890	3,968,625	12,554,428	11,845,328	13,580,507	14,413,035	5,062	10,000	7,925,513	5,527,168
Share deposit money	-	-	-	-	-	100,130	-	-	-	-	-	-	1,600,000	2,446,023
Profit / (loss) after income tax	8,789,672	7,624,680	332,183	264,937	(679,969)	(308,865)	786,297	1,097,668	2,151,848	(460,446)	(1,481)	(4,938)	(50,760)	(47,678)
Other comprehensive income / (loss)	(3,111,718)	(5,311,727)	3,358	-	-	-	(2,459)	(8,729)	-	-	-	-	-	-
Dividend paid	(2,190,596)	(1,533,417)	(46,537)	-	-	-	(759,678)	(379,839)	(744,164)	(372,082)	-	-	-	-
As at 30 June	65,783,429	62,296,071	916,412	627,408	3,079,921	3,759,890	12,578,588	12,554,428	14,988,191	13,580,507	3,581	5,062	9,474,753	7,925,513
Group's share (%)	31.40%	31.40%	25.00%	25.00%	12.24%	12.24%	28.80%	28.80%	27.55%	27.55%	50.00%	50.00%	7.40%	6.25%
Group's share	20,655,997	19,560,966	229,103	156,852	376,983	460,211	3,622,637	3,615,679	4,129,002	3,741,216	1,791	2,565	701,132	495,345
Goodwill	611,428	611,452	189	189	2,518	2,518	-	-	-	-	-	-	6,278	4,639
Carrying amount	21,267,425	20,172,418	229,292	157,041	379,501	462,729	3,622,637	3,615,679	4,129,002	3,741,216	1,791	2,565	707,410	499,984

16.2.2 Summarised statement of comprehensive income

	D.G. Khan 2016	D.G. Khan 2015	Nishat Paper 2016	Nishat Paper 2015	Nishat Dairy 2016	Nishat Dairy 2015	Lalpir 2016	Lalpir 2015	Pakgen 2016	Pakgen 2015	Nishat Energy 2016	Nishat Energy 2015	Nishat Hotels 2016	Nishat Hotels 2015
Revenue	29,703,758	26,104,611	2,366,046	2,321,187	1,176,156	1,496,624	17,522,899	23,828,433	9,489,228	21,710,062	-	-	-	-
Profit for the period	8,789,672	7,624,680	332,183	264,937	(679,969)	(308,865)	786,297	1,097,668	2,151,848	(460,446)	(1,481)	(4,938)	(50,760)	(47,678)
Other comprehensive income / (loss)	(3,111,718)	(5,311,727)	3,358	-	-	-	(2,459)	(8,729)	-	-	-	-	-	-
Total comprehensive income	5,677,954	2,312,953	335,541	264,937	(679,969)	(308,865)	783,838	1,088,939	2,151,848	(460,446)	(1,481)	(4,938)	(50,760)	(47,678)
Dividend received from associates	687,871	481,510	11,634	-	-	-	218,787	109,393	205,049	102,525	-	-	-	-

16.3 Adamjee Insurance Company Limited and MCB Bank Limited are associated companies due to common directorship.

16.4 Interests in associates

Name of associated company	Note	Country of incorporation	% of ownership interest 2016	% of ownership interest 2015	Measurement method	Quoted fair value 2016	Quoted fair value 2015	Carrying amount 2016	Carrying amount 2015
						(Rupees in thousand)			
D.G. Khan Cement Company Limited	16.4.1	Pakistan	31.40%	31.40%	Equity method	26,206,510	19,641,469	21,267,425	20,172,418
Nishat Paper Products Company Limited	16.4.2	Pakistan	25.00%	25.00%	Equity method	-*	-*	229,292	157,041
Nishat Dairy (Private) Limited	16.4.3	Pakistan	12.24%	12.24%	Equity method	-*	-*	379,501	462,729
Lalpir Power Limited	16.4.4	Pakistan	28.80%	28.80%	Equity method	2,373,840	3,336,000	3,622,637	3,615,679
Pakgen Power Limited	16.4.5	Pakistan	27.55%	27.55%	Equity method	2,465,720	3,076,767	4,129,002	3,741,216
Nishat Energy Limited	16.4.6	Pakistan	25.00%	25.00%	Equity method	-*	-*	1,791	2,565
Nishat Hotels and Properties Limited	16.4.7	Pakistan	7.40%	6.25%	Equity method	-*	-*	707,410	499,984

16.4.1 D.G. Khan Cement Company Limited is engaged in production and sale of clinker, ordinary portland and sulphate resistant cement.

16.4.2 Nishat Paper Products Company Limited is engaged in the manufacture and sale of paper products and packaging material.

16.4.3 Nishat Dairy (Private) Limited is engaged to carry on business of production of raw milk.

16.4.4 The principal activities of Lalpir Power Limited are to own, operate and maintain an oil fired power station having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

16.4.5 The principal activities of Pakgen Power Limited are to own, operate and maintain an oil fired power station having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

16.4.6 The principal activity of the Nishat Energy Limited is to build, own, operate and maintain coal power station having gross capacity of 660 MW with net estimated generation capacity of 600 MW at Mouza Ameer Pur, Rahim Yar Khan, Punjab, Pakistan.

16.4.7 The principal activity of the Nishat Hotels and Properties Limited is to establish and manage shopping mall and hotel operations in Pakistan.

* No quoted price available.

	Note	2016	2015
		(Rupees in thousand)	

17 LONG TERM LOANS

	Note	2016	2015
Considered good:			
Executives - secured	17.1 and 17.2	153,283	123,064
Other employees - secured	17.2	12,319	17,309
		165,602	140,373
Less: Current portion shown under current assets	22		
Executives		44,093	37,085
Other employees		4,530	6,165
		48,623	43,250
		116,979	97,123

17.1 Reconciliation of carrying amount of loans to executives:

	2016	2015
Balance as on 01 July	123,064	122,816
Add: Disbursements	89,847	41,904
Transferred from other employees during the year	946	3,185
	213,857	167,905
Less: Repayments	60,574	44,841
Balance as on 30 June	153,283	123,064

17.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 153.820 million (2015: Rupees 136.514 million).

17.2 These represent house construction and motor vehicle loans given to executives and employees of Nishat Mills Limited - Holding Company, Nishat Linen (Private) Limited - Subsidiary Company and Nishat Power Limited - Subsidiary Company are secured against balance to the credit of employee in the provident fund trusts of the respective companies and against registration of cars in the joint name of the respective company and the employee. These are recoverable in equal monthly installments.

17.3 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.

18 LONG TERM DEPOSITS

	2016	2015
Security deposits	131,575	99,315

19 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2016	2015
Stores	19.1	956,968	1,090,166
Spare parts		864,191	920,585
Loose tools		11,846	5,550
		1,833,005	2,016,301
Less: Provision for slow moving obsolete and damaged store items	19.2	5,056	5,915
		1,827,949	2,010,386

19.1 This includes stores in transit of Rupees 164.950 million (2015: Rupees 130.146 million).

19.2 Provision for slow moving, obsolete and damaged store items

	Note	2016	2015
Balance as on 01 July		5,915	7,011
Less: Provision reversed during the year	33	859	1,096
Balance as on 30 June		5,056	5,915

		Note	2016	2015
			(Rupees in thousand)	
20	**STOCK IN TRADE**			
	Raw materials		7,015,791	9,270,575
	Work in process	20.2	2,263,340	1,575,230
	Finished goods	20.3 and 20.5	4,606,221	4,337,851
			13,885,352	15,183,656

20.1 Stock in trade of Rupees 527.209 million (2015: Rupees 544.248 million) is being carried at net realizable value.

20.2 This includes stock of Rupees 9.511 million (2015: Rupees 4.866 million) sent to outside parties for processing.

20.3 Finished goods include stock in transit of Rupees 679.128 million (2015: Rupees 728.004 million).

20.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 51.072 million (2015: Rupees 43.049 million)

20.5 Finished goods include stock of Rupees 448.037 million (2015: Rupees 523.160 million) which is in the possession of stockists of Nishat Linen (Private) Limited - Subsidiary Company.

		Note	2016	2015
21	**TRADE DEBTS**			
	Considered good:			
	Secured		6,983,153	9,041,744
	Unsecured:			
	- Related parties	21.1 and 21.3	4,501	3,145
	- Others	21.2	2,341,980	2,363,734
			9,329,634	11,408,623
	Considered doubtful:			
	Others - unsecured		131,758	131,758
	Less: Provision for doubtful debts		131,758	131,758
			–	–

21.1 This represents amount due from following related parties:

	2016	2015
Lalpir Power Limited - associated company	176	2
Adamjee Insurance Company Limited - associated company	7	84
D.G. Khan Cement Company Limited - associated company	634	75
Nishat Dairy (Private) Limited - associated company	42	–
Nishat Hotels and Properties Limited - associated company	1,719	1,574
MCB Bank Limited - associated company	1,703	1,316
Nishat (Chunian) Limited - related party	220	94
	4,501	3,145

21.2 As at 30 June 2016, trade debts due from other than related parties of Rupees 865.874 million (2015: Rupees 562.719 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2016	2015
Upto 1 month	712,058	448,970
1 to 6 months	151,908	104,114
More than 6 months	1,908	9,635
	865,874	562,719

21.3 As at 30 June 2016, trade debts due from related parties amounting to Rupees 4.501 million (2015: Rupees 3.145 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	2016	2015
	(Rupees in thousand)	
Upto 1 month	594	810
1 to 6 months	2,013	1,422
More than 6 months	1,894	913
	4,501	3,145

21.4 As at 30 June 2016, trade debts of Rupees 131.758 million (2015: Rupees 131.758 million) were impaired and provided for. The ageing of these trade debts was more than 5 years. These debts do not include amounts due from related parties.

21.5 Trade debts of Nishat Power Limited - Subsidiary Company are receivables from National Transmission and Dispatch Company Limited (NTDCL) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of 3 months KIBOR plus 4.5% per annum is charged in case the amounts are not paid within due dates. The effective rate of delayed payment mark-up charged during the year on outstanding amounts ranges from 10.59% to 14.71% (2015: 11.24% to 14.71%) per annum.

21.6 Included in trade debts of Nishat Power Limited - Subsidiary Company is an amount of Rupees 816.033 million (2015: Rupees 816.033 million) relating to capacity purchase price not acknowledged by NTDCL as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDCL.

Since management of the Subsidiary Company considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDCL, therefore, management of Subsidiary Company believes that the Subsidiary Company cannot be penalized in the form of payment deductions due to NTDCL's default of making timely payments under the Power Purchase Agreement. Hence, the Subsidiary Company has taken up this issue at appropriate forums. On 28 June 2013, the Subsidiary Company entered into a Memorandum of Understanding (MoU) for cooperation on extension of credit terms with NTDCL whereby it was agreed that the constitutional petition filed by the Subsidiary Company before the Supreme Court of Pakistan on the above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the Subsidiary Company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan. During the financial year 2014, the Subsidiary Company in consultation with NTDCL, appointed an Expert for dispute resolution under the PPA.

During the current year, the Expert of Subsidiary Company has given his determination whereby the aforesaid amount has been determined to be payable to the Subsidiary Company by NTDCL. Pursuant to the Subsidiary Company's Expert's determination, the Subsidiary Company has demanded the payment of the aforesaid amount of Rupees 816.033 million from NTDCL that has not yet been paid by NTDCL. Consequently, under the terms of PPA, the Subsidiary Company has filed petition for arbitration in The London Court of International Arbitration (LCIA), whereby an arbitrator has been appointed and the matter is pending arbitration. In November 2015, the Government of Pakistan (GOP) through Private Power & Infrastructure Board (PPIB) has filed a case in the court of Senior Civil Judge, Lahore, against the aforementioned decision of the Subsidiary Company's Expert, praying it to be illegal, which is pending adjudication. Furthermore, during the current year, NTDCL filed a stay application in the LCIA before the Arbitrator to stay the arbitration proceedings. Subsequent to year end, in response to NTDCL's stay application, the Arbitrator through his order dated July 8, 2016, has declared that the arbitration shall proceed and has denied NTDCL's request for a stay. Also, the Arbitrator has ordered NTDCL to withdraw the abovementioned case filed in the court of Senior Civil Judge, Lahore and has refrained it from taking any further steps therein to disrupt the arbitration proceedings.

Based on the advice of the Subsidiary Company's legal counsel and Expert's determination, management of Subsidiary Company feels that the above amount is likely to be recovered by the Subsidiary Company. Consequently, no provision for the above mentioned amount has been made in these consolidated financial statements.

		Note	2016	2015
			(Rupees in thousand)	
22	**LOANS AND ADVANCES**			
	Considered good:			
	Employees - interest free:			
	– Executives		356	1,315
	– Other employees		9,797	6,443
			10,153	7,758
	Current portion of long term loans	17	48,623	43,250
	Advances to suppliers	22.1	613,133	131,188
	Letters of credit		1,387	851
	Income tax		2,460,708	1,844,947
	Other advances	22.2	36,982	40,412
			3,170,986	2,068,406
	Considered doubtful:			
	Others		108	108
	Less: Provision for doubtful debts		108	108
			–	–
			3,170,986	2,068,406

22.1 This includes an amount of Rupees 0.02 million (2015: Rupees Nil) due from Nishat Hotels and Properties Limited- associated company.

22.2 This includes an amount of Rupees Nil (2015: Rupees 0.364 million) advanced to Nishat Hotels and Properties Limited-associated company.

		Note	2016	2015
23	**SHORT TERM DEPOSITS AND PREPAYMENTS**			
	Deposits		28,699	24,697
	Prepayments - including current portion		180,520	117,875
			209,219	142,572
24	**OTHER RECEIVABLES**			
	Considered good:			
	Export rebate and claims		291,597	297,587
	Sales tax refundable		1,845,045	1,475,439
	Fair value of forward exchange contracts		22,494	70,362
	Workers' profit participation fund receivable	24.1	579,369	436,816
	Miscellaneous receivables	24.2	44,076	47,147
			2,782,581	2,327,351

24.1 Under section 9.3(a) of the Power Purchase Agreement (PPA) between Nishat Power Limited - Subsidiary Company and NTDCL, payments to Workers' Profit Participation Fund are recoverable from NTDCL as a pass through item.

24.2 This includes amount due from following related parties:

	2016	2015
Security General Insurance Company Limited - associated company	–	8,340
Nishat Energy Limited - associated company	2,732	–
	2,732	8,340

25 ACCRUED INTEREST

This represents interest receivable on term deposit receipts and saving accounts including Rupees 1.758 million (2015: Rupees Nil) receivable from MCB Bank Limited - associated company.

	Note	2016	2015
		(Rupees in thousand)	
26 SHORT TERM INVESTMENTS			
Available for sale			
Associated company (Other)			
Security General Insurance Company Limited - unquoted 10,226,244 (2015: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2015: 15.02%)	26.1	11,188	11,188
Related party (Other)			
Nishat (Chunian) Limited - quoted 32,689,338 (2015: 27,241,116) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2015: 13.61%)		378,955	242,750
Advance for purchase of shares		–	136,205
		378,955	378,955
Others			
MCB Pakistan Islamic Stock Fund- quoted 997,990 (2015: 993,888) units		1,715	1,715
Pakistan Petroleum Limited - quoted 434,782 (2015: 434,782) fully paid ordinary shares of Rupees 10 each.		95,217	95,217
		487,075	487,075
Less: Impairment loss recognized		(27,804)	(23,800)
Add: Fair value adjustment		1,605,946	1,726,585
		2,065,217	2,189,860

26.1 The investment of the Holding Company in ordinary shares of Security General Insurance Company Limited is determined at Rupees 81.10 by an independent valuer using present value technique.

	Note	2016	2015
27 CASH AND BANK BALANCES			
With banks:			
On current accounts Including US$ 333,767.64 (2015: US$ 161,230) and UAE Dirhams 6,949,984 (2015: UAE Dirhams 4,266,417)	27.1 and 27.2	323,279	197,322
Term deposit receipts	27.3 and 27.4	1,981,000	–
On PLS saving accounts Including US$ 896 (2015: US$ 42,877)	27.1 and 27.5	677,938	112,513
		2,982,217	309,835
Cash in hand			
Including UAE Dirhams 468,836 (2015: UAE Dirhams 185,717)		100,106	22,634
		3,082,323	332,469

27.1 Cash at banks includes balance of Rupees 487.374 million (2015: Rupees 53.103 million) with MCB Bank Limited - associated company.

27.2 Cash at banks includes balance of Rupees 0.002 million (2015: Rupees Nil) with MCB Islamic Bank Limited - related party.

27.3 These represent deposits with banking companies which have maturity period of upto one month and carry rate of profit ranging from 6.10% to 7.10% (2015: 8.40% to 10.25%) per annum.

27.4 These include term deposit receipt of Rupees 501 million (2015: Rupees Nil) having maturity period of 30 days and carries profit at the rate of 6.10% per annum with MCB Islamic Bank Limited - related party.

27.5 Rate of profit on Pak Rupees bank deposits and US Dollar bank deposit ranges from 3.52% to 6.50% (2015: 3.62% to 8.50%) per annum and 0.01% to 0.10% (2015: 0.03% to 0.04%) per annum respectively.

	Note	2016	2015
		(Rupees in thousand)	
28 SALES			
Export		36,139,642	40,014,342
Local	28.1	33,347,295	39,294,187
Export rebate		158,717	152,030
		69,645,654	79,460,559
28.1 Local sales			
Sales	28.1.1	36,361,117	43,277,661
Less: Sales tax		2,411,519	3,628,594
Less: Discount		932,392	655,776
		33,017,206	38,993,291
Processing income		329,694	300,766
Doubling income		395	130
		33,347,295	39,294,187

28.1.1 This includes sale of Rupees 2,600.012 million (2015: Rupees 1,301.833 million) made to direct exporters against standard purchase order (SPO). Further, local sales includes waste sale of Rupees 1,252.511 million (2015: Rupees 1,420.883 million).

	Note	2016	2015
29 COST OF SALES			
Raw materials consumed		38,191,759	45,512,345
Processing charges		373,687	486,977
Salaries, wages and other benefits	29.1	4,888,068	4,275,581
Stores, spare parts and loose tools consumed		4,782,661	4,963,994
Packing materials consumed		1,092,136	1,062,702
Repair and maintenance		514,326	597,897
Fuel and power		4,231,644	5,312,164
Insurance		206,789	204,547
Other factory overheads		561,879	557,199
Depreciation and amortization	13.1.2	3,187,166	3,166,997
		58,030,115	66,140,403
Work-in-process			
Opening stock		1,575,230	2,013,520
Closing stock		(2,263,340)	(1,575,230)
		(688,110)	438,290
Cost of goods manufactured		57,342,005	66,578,693
Finished goods			
Opening stock		4,337,851	4,022,360
Closing stock		(4,606,221)	(4,337,851)
		(268,370)	(315,491)
		57,073,635	66,263,202

29.1 Salaries, wages and other benefits include provident fund contributions of Rupees 146.109 million (2015: Rupees 122.060 million) and Rupees 1.696 million (2015: Rupees Nil) in respect of provision for compensated absences.

		Note	2016	2015
			(Rupees in thousand)	
30	**DISTRIBUTION COST**			
	Salaries and other benefits	30.1	536,460	445,968
	Outward freight and handling		1,072,349	1,181,623
	Sales promotion		544,834	436,488
	Commission to selling agents		496,604	636,694
	Fuel cost		117,457	133,426
	Travelling and conveyance		116,022	119,653
	Rent, rates and taxes		225,412	161,711
	Postage, telephone and telegram		107,967	106,698
	Insurance		26,736	26,706
	Vehicles' running		16,549	13,910
	Entertainment		12,088	13,187
	Advertisement		421,575	325,240
	Electricity and gas		60,087	33,333
	Printing and stationery		6,076	6,490
	Repair and maintenance		181,393	97,806
	Fee and subscription		561	36
	Depreciation	13.1.2	21,310	13,100
			3,963,480	3,752,069

30.1 Salaries and other benefits include provident fund contributions of Rupees 24.869 million (2015: Rupees 21.020 million).

		Note	2016	2015
31	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	31.1	1,001,498	980,989
	Vehicles' running		47,246	53,399
	Travelling and conveyance		118,986	104,469
	Rent, rates and taxes		124,541	130,869
	Insurance		8,509	7,395
	Entertainment		26,680	28,699
	Legal and professional		38,159	38,394
	Auditors' remuneration	31.2	10,523	9,568
	Advertisement		5,827	7,650
	Postage, telephone and telegram		12,163	10,586
	Electricity and gas		26,360	22,591
	Printing and stationery		21,881	21,373
	Repair and maintenance		22,400	23,126
	Fee and subscription		6,397	5,855
	Depreciation	13.1.2	152,574	143,803
	Miscellaneous		56,053	44,642
			1,679,797	1,633,408

31.1 Salaries, wages and other benefits include provident fund contributions of Rupees 40.109 million (2015: Rupees 36.955 million), Rupees 1.040 million (2015: Rupees Nil) in respect of provision for compensated absences and Rupees 2.032 million (2015: Rupees 2.296 million) in respect of retirement benefit - gratuity.

		Note	2016	2015
			(Rupees in thousand)	
31.2	**Auditors' remuneration**			
	Riaz Ahmad and Company			
	Audit fee		4,201	3,883
	Half yearly review		710	614
	Special audit fee		75	–
	Reimbursable expenses		125	122
			5,111	4,619
	A.F. Ferguson and Company			
	Statutory audit fee		2,033	1,875
	Half yearly review		800	770
	Tax services		1,210	1,100
	Other certification services		165	135
	Reimbursable expenses		238	242
			4,446	4,122
	Griffin Nagda and Company			
	Audit fee		966	–
	Horwath Mak			
	Audit fee		–	827
			10,523	9,568

32 OTHER EXPENSES

	Note	2016	2015
Workers' profit participation fund		303,155	241,038
Workers' welfare fund		136	4,018
Impairment loss on equity investment		4,004	23,800
Capital work-in-progress written off		–	17,509
Depreciation on investment properties	14	6,477	7,198
Net exchange loss		6,101	–
Donation	32.1	169	879
		320,042	294,442

32.1 There is no interest of any director or his spouse in donees' fund.

33 OTHER INCOME

	Note	2016	2015
Income from financial assets			
Dividend income	33.1	1,447,930	1,305,255
Profit on deposits with banks		59,211	80,887
Net exchange gain		–	188,833
Gain on sale of investment		–	24,144
		1,507,141	1,599,119
Income from non-financial assets			
Gain on sale of property, plant and equipment		28,599	38,895
Scrap sales		129,946	147,477
Rental income from investment properties		39,817	46,283
Reversal of provision for slow moving, obsolete and damaged store items	19.2	859	1,096
Liabilities written back		10,740	–
Others		19,064	28,520
		229,025	262,271
		1,736,166	1,861,390

	Note	2016	2015
		(Rupees in thousand)	
33.1 Dividend income			
From related party / associated companies:			
MCB Bank Limited		1,344,739	1,226,494
Nishat (Chunian) Limited		49,034	27,241
Adamjee Insurance Company Limited		309	283
Security General Insurance Company Limited		51,131	46,018
		1,445,213	1,300,036
Others:			
Habib Bank Limited		–	2
Pakistan Petroleum Limited		2,717	5,217
		2,717	5,219
		1,447,930	1,305,255

34 FINANCE COST

	Note	2016	2015
Mark-up on:			
Long term financing		1,320,152	2,007,235
Liabilities against assets subject to finance lease		–	4,271
Short term borrowings		335,237	862,496
Interest on payable to employees' provident fund trust		330	976
Interest on workers' profit participation fund	8.2	3,919	13,058
Bank charges and commission		280,141	308,160
		1,939,779	3,196,196

35 TAXATION

	2016	2015
Current - for the year	937,902	604,433
Deferred	1,563,001	(94,939)
Prior year adjustment	(6,951)	10,485
	2,493,952	519,979

35.1 Provision for income tax is made in accordance with the relevant provisions of Income Tax Ordinance, 2001.

35.2 The provision for income tax of foreign subsidiary - Nishat USA Inc., is computed in accordance with the tax legislation in force in the country where the income is taxable. Nishat Global China Company Limited and Nishat UK (Private) Limited (wholly owned Subsidiaries of Nishat International FZE - Subsidiary Company) have been considered at zero tax status in these consolidated financial statements.

36 EARNINGS PER SHARE - BASIC AND DILUTED

		2016	2015
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders of Holding Company	(Rupees in thousand)	6,089,787	6,745,246
Weighted average number of ordinary shares of Holding Company	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	17.32	19.18

		Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
37	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		9,980,182	8,792,035
	Adjustments for non-cash charges and other items:			
	Depreciation and amortization		3,368,951	3,331,477
	Reversal of provision for slow moving, obsolete and damaged store items		(859)	(1,096)
	Net exchange loss / (gain)		6,101	(188,833)
	Gain on sale of property, plant and equipment		(28,599)	(38,895)
	Gain on sale of investment		–	(24,144)
	Dividend income		(1,447,930)	(1,305,255)
	Profit on deposits with banks		(59,211)	(80,887)
	Share of profit from associated companies		(3,575,095)	(2,609,403)
	Impairment loss on equity investment		4,004	23,800
	Provision for accumulated compensated absences		2,736	–
	Liabilities written back		(10,740)	–
	Finance cost		1,939,779	3,196,196
	Working capital changes	37.1	3,512,839	1,778,625
			13,692,158	12,873,620

		2016	2015
37.1	**Working capital changes**		
	(Increase) / decrease in current assets:		
	- Stores, spare parts and loose tools	183,296	(127,915)
	- Stock in trade	1,298,304	846,161
	- Trade debts	2,124,213	2,385,398
	- Loans and advances	(481,446)	240,745
	- Short term deposits and prepayments	(66,647)	(26,072)
	- Other receivables	(503,098)	(433,598)
		2,554,622	2,884,719
	Increase / (decrease) in trade and other payables	958,217	(1,106,094)
		3,512,839	1,778,625

38 EVENTS AFTER THE REPORTING PERIOD

38.1 The Board of Directors of the Nishat Mills Limited - Holding Company has proposed a cash dividend for the year ended 30 June 2016 of Rupees 5.00 per share (2015: Rupees 4.50 per share) at their meeting held on 27 September 2016. The Board of Directors also proposed to transfer Rupees 4,331 million (2015: Rupees 5,163 million) from un-appropriated profit to general reserve. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these consolidated financial statements.

38.2 Under Section 5A of the Income Tax Ordinance, 2001, introduced through the Finance Act, 2015, the Holding Company is required to pay tax at the rate of 10% of so much of its undistributed profits as exceed 100% of its paid up capital unless it distributes profits equal to 40% of its after tax profits or 50% of its paid up capital, whichever is less, by due date for filling of income tax return for the tax year 2016. The requisite cash dividend has been proposed by the Board of Directors of the Holding Company in their meeting held on 27 September 2016 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

39 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for remuneration including all benefits to Chief Executive Officer, Director and Executives of the Holding Company is as follows:

	Chief Executive Officer		Director		Executives	
	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)					
Managerial remuneration	20,071	19,920	7,714	7,477	537,945	471,568
Allowances						
Cost of living allowance	–	–	1	1	1,674	1,444
House rent	8,028	7,168	288	288	148,842	124,324
Conveyance	–	–	–	–	785	695
Medical	2,007	1,792	768	675	44,033	37,154
Utilities	–	–	2,747	2,382	65,406	55,075
Special allowance	–	–	2	2	891	760
Contribution to provident fund trust	–	–	733	644	42,420	39,553
Leave encashment	–	–	–	–	15,968	14,507
	30,106	28,880	12,253	11,469	857,964	745,080
Number of persons	1	1	1	1	419	369

39.1 Chief Executive Officer, one director and certain executives of the Holding Company are provided with Company maintained vehicles and certain executives are also provided with free housing facility alongwith utilities.

39.2 Aggregate amount charged in these consolidated financial statements for meeting fee to one director (2015: one director) of the Holding Company was Rupees 0.375 million (2015: Rupees 0.300 million).

39.3 No remuneration was paid to non-executive directors of the Holding Company.

40 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

	2016	2015
	(Rupees in thousand)	
Associated companies		
Investment made	632,379	1,132,594
Purchase of goods and services	157,054	307,199
Sale of goods and services	93,310	36,607
Rental income	605	598
Sale of operating fixed assets	935	74
Rent paid	12,461	12,461
Dividend paid	141,968	126,194
Insurance premium paid	288,866	277,053
Insurance claims received	20,795	59,689
Profit on term deposit receipt	1,758	18,518
Finance cost	14,969	9,440
Other related parties		
Investment made	–	136,205
Purchase of goods and services	808,647	886,021
Sale of goods and services	28,486	17,859
Sale of operating fixed assets	9,750	–
Group's contribution to provident fund trust	211,377	180,035

41 PROVIDENT FUND RELATED DISCLOSURES

Nishat Mills Limited - Holding Company operates defined contribution provident fund for its permanent employees and employees of Nishat Linen (Private) Limited- Subsidiary Company.The following information is based on financial statements of the provident fund for the years ended 30 June 2016 and 30 June 2015:

	Nishat Mills Limited*		Nishat Power Limited**		Nishat Hospitality (Private) Limited***	
	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)					
Size of the fund - total assets	3,066,953	2,681,973	62,312	38,791	11,461	6,903
Cost of investments made	2,809,780	2,450,766	53,632	29,120	11,076	6,757
Percentage of investments made	91.61%	91.38%	86.07%	75.07%	96.64%	97.88%
Fair value of investments	3,793,544	3,693,810	54,089	31,252	11,094	6,822
Break up of investments						
Special accounts in scheduled bank	393,032	369,481	5,613	7,030	5,435	6,757
Certificates of investment	–	–	–-	–	–	–
Mutual funds	1,480,927	1,109,079	22,534	17,727	–	–
Term deposit receipts	–	–	–	–	–	–
Listed securities	886,478	886,478	4,274	1,408	–	–
Term finance certificate	49,343	49,343	–	–	–	–
Preference shares	–	36,385	–	–	–	–
Government securities - Treasury Bills	–	–	21,211	2,955	5,641	–
	2,809,780	2,450,766	53,632	29,120	11,076	6,757

	Nishat Mills Limited*		Nishat Power Limited**		Nishat Hospitality (Private) Limited***	
	2016	2015	2016	2015	2016	2015
	(Percentage)					
Special accounts in scheduled bank	14%	15%	10%	24%	49%	100%
Certificates of investment	–	–	–	–	–	–
Mutual funds	53%	46%	42%	61%	–	–
Term deposit receipts	–	–	–	–	–	–
Listed securities	32%	36%	8%	5%	–	–
Term finance certificate	1%	2%	–	–	–	–
Preference shares	0%	1%	–	–	–	–
Government securities - Treasury Bills	–	–	40%	10%	51%	–
	100%	100%	100%	100%	100%	100%

* As at the reporting date, the Nishat Mill Employees Provident Fund Trust is in the process of regularizing its investment in accordance with Section 227 of Companies Ordinance, 1984 and the rules formulated for this purpose in terms of order issued by Securities and Exchange Commission of Pakistan.

** The investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

*** The investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose except for the total investment in any mutual fund should not exceed 20% of the size of the fund.

		2016	2015

42 NUMBER OF EMPLOYEES

	2016	2015
Number of employees as on June 30	20,510	19,582
Average number of employees during the year	19,437	20,203

43 PLANT CAPACITY AND ACTUAL PRODUCTION

		2016	2015
		(Figures in thousand)	
a) Holding Company - Nishat Mills Limited			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Kgs.)	78,568	76,412
Actual production converted to 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Kgs.)	68,406	66,668
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Sq.Mt.)	300,060	292,757
Actual production converted to 50 picks based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Sq.Mt.)	287,850	279,676
Dyeing and Finishing			
Production capacity for 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Mt.)	54,000	54,000
Actual production on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	(Mt.)	50,986	49,921
Power Plant			
Generation capacity	MWH	775	698
Actual generation	MWH	383	340

Processing, Stitching and Apparel

The plant capacity of these divisions are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

		2016	2015
b) Subsidiary Company - Nishat Power Limited			
Installed capacity [Based on 8,784 hours (2015: 8,760 hours)]	MWH	1,716	1,711
Actual energy delivered	MWH	1,272	1,410
c) Subsidiary Company - Nishat Hospitality (Private) Limited		**Total rooms available**	
Nishat Suites		22,326	22,265

43.1 REASON FOR LOW PRODUCTION

a) Under utilization of available capacity by Holding Company for spinning, weaving, dyeing and finishing is mainly due to normal maintenance. Actual power generation in comparison to installed is low due to periodical scheduled and unscheduled maintenance and low demand.

b) Output produced by the plant of Nishat Power Limited - Subsidiary Company is dependent on the load demanded by NTDCL and plant availability.

44 **SEGMENT INFORMATION**

	Spinning – Faisalabad 2016	Spinning – Faisalabad 2015	Spinning – Feroze Wattwan 2016	Spinning – Feroze Wattwan 2015	Spinning – Lahore 2016	Spinning – Lahore 2015	Weaving – Bhikki 2016	Weaving – Bhikki 2015	Weaving – Lahore 2016	Weaving – Lahore 2015
	(Rupees in thousand)									
Sales										
External	6,034,868	7,716,359	2,825,166	2,113,708	5,796,296	5,892,191	7,824,251	8,542,625	3,038,800	3,201,441
Intersegment	4,256,637	4,356,082	1,668,260	1,070,855	644,666	223,628	5,932,292	5,831,983	2,365,496	2,290,492
	10,291,505	12,072,441	4,493,426	3,184,563	6,440,962	6,115,819	13,756,543	14,374,608	5,404,296	5,491,933
Cost of sales	(9,845,980)	(10,419,531)	(4,193,195)	(3,309,929)	(6,405,674)	(5,946,276)	(12,541,154)	(13,328,488)	(5,051,164)	(5,316,269)
Gross profit / (loss)	445,525	1,652,910	300,231	(125,366)	35,288	169,543	1,215,389	1,046,120	353,132	175,664
Distribution cost	(218,284)	(273,179)	(99,036)	(125,133)	(24,822)	(33,486)	(379,662)	(429,204)	(129,422)	(163,779)
Administrative expenses	(209,312)	(218,829)	(64,135)	(51,675)	(418)	(11,503)	(168,193)	(174,897)	(95,058)	(94,531)
	(427,596)	(492,008)	(163,171)	(176,808)	(25,240)	(44,989)	(547,855)	(604,101)	(224,480)	(258,310)
Profit / (loss) before taxation and unallocated income and expenses	17,929	1,160,902	137,060	(302,174)	10,048	124,554	667,534	442,019	128,652	(82,646)

	Dyeing 2016	Dyeing 2015	Home Textile 2016	Home Textile 2015	Garments I 2016	Garments I 2015	Garments II 2016	Garments II 2015	Power Generation 2016	Power Generation 2015	Hotel 2016	Hotel 2015	Elimination of Inter-segment transactions 2016	Elimination of Inter-segment transactions 2015	Total Group 2016	Total Group 2015
	(Rupees in thousand)															
Sales																
External	13,824,325	13,883,496	11,831,127	11,335,489	4,032,632	4,169,766	69,982	–	14,041,456	22,341,103	326,751	264,381	–	–	69,645,654	79,460,559
Intersegment	804,847	693,702	826,789	520,133	10,437	285	115,507	–	4,587,257	5,507,874	–	290	(21,212,188)	(20,495,324)	–	–
	14,629,172	14,577,198	12,657,916	11,855,622	4,043,069	4,170,051	185,489	–	18,628,713	27,848,977	326,751	264,671	(21,212,188)	(20,495,324)	69,645,654	79,460,559
Cost of sales	(12,312,933)	(12,497,580)	(9,140,657)	(8,686,871)	(3,618,110)	(3,809,143)	(181,435)	–	(14,719,496)	(23,147,586)	(276,025)	(296,853)	21,212,188	20,495,324	(57,073,635)	(66,263,202)
Gross profit / (loss)	2,316,239	2,079,618	3,517,259	3,168,751	424,959	360,908	4,054	–	3,909,217	4,701,391	50,726	(32,182)	–	–	12,572,019	13,197,357
Distribution cost	(599,230)	(606,735)	(2,233,026)	(1,808,388)	(278,214)	(312,162)	(1,292)	–	(492)	(3)	–	–	–	–	(3,963,480)	(3,752,069)
Administrative expenses	(216,817)	(203,710)	(496,422)	(500,134)	(103,778)	(82,040)	(4,762)	–	(267,424)	(241,653)	(53,478)	(54,436)	–	–	(1,679,797)	(1,633,408)
	(816,047)	(810,445)	(2,729,448)	(2,308,522)	(381,992)	(394,202)	(6,054)	–	(267,916)	(241,656)	(53,478)	(54,436)	–	–	(5,643,277)	(5,385,477)
Profit / (loss) before taxation and unallocated income and expenses	1,500,192	1,269,173	787,811	860,229	42,967	(33,294)	(2,000)	–	3,641,301	4,459,735	(2,752)	(86,618)	–	–	6,928,742	7,811,880
Unallocated income and expenses:																
Other expenses															(320,042)	(294,442)
Other income															1,736,166	1,861,390
Finance cost															(1,939,779)	(3,196,196)
Share of profit from associated companies															3,575,095	2,609,403
Taxation															(2,493,952)	(519,979)
Profit after taxation															7,486,230	8,272,056

44.1 **RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES**

	Spinning – Faisalabad 2016	Spinning – Faisalabad 2015	Spinning – Feroze Wattwan 2016	Spinning – Feroze Wattwan 2015	Spinning – Lahore 2016	Spinning – Lahore 2015	Weaving – Bhikki 2016	Weaving – Bhikki 2015	Weaving – Lahore 2016	Weaving – Lahore 2015
	(Rupees in thousand)									
Total assets for reportable segments	4,988,421	4,820,639	6,131,241	6,832,566	686,821	1,074,078	5,148,759	5,657,115	1,041,593	1,322,429
Total liabilities for reportable segments	545,636	478,500	101,081	57,530	112,243	67,199	477,581	314,950	157,183	106,662

	Dyeing 2016	Dyeing 2015	Home Textile 2016	Home Textile 2015	Garments I 2016	Garments I 2015	Garments II 2016	Garments II 2015	Power Generation 2016	Power Generation 2015	Hotel 2016	Hotel 2015	Total Group 2016	Total Group 2015
	(Rupees in thousand)													
Total assets for reportable segments	5,577,425	5,413,806	9,753,408	9,192,152	1,816,734	1,848,829	1,943,239	1,196,247	26,396,186	29,326,735	1,233,300	1,357,055	64,717,127	68,041,651
Unallocated assets:														
Long term investments													49,024,857	49,344,345
Other receivables													2,782,581	2,327,351
Cash and bank balances													3,082,323	332,469
Other corporate assets													4,629,977	4,124,346
Total assets as per balance sheet													124,236,865	124,170,162
Total liabilities for reportable segments	531,233	519,416	1,190,933	1,009,189	291,779	279,402	123,780	34,381	10,490,709	12,779,707	22,326	47,267	14,044,484	15,694,203
Unallocated liabilities:														
Deferred income tax liability													1,626,036	103,286
Provision for taxation													1,374,735	904,170
Other corporate liabilities													18,274,010	19,904,989
Total liabilities as per balance sheet													35,319,265	36,606,648

44.2 **GEOGRAPHICAL INFORMATION**

The Group's revenue from external customers by geographical location is detailed below:

	2016	2015
	(Rupees in thousand)	
Europe	14,336,245	13,751,689
Asia, Africa and Australia	23,336,921	22,305,226
United States of America and Canada	5,438,739	4,109,456
Pakistan	26,533,749	39,294,188
	69,645,654	79,460,559

44.3 Significant non-current assets of the Group as at reporting dates are located and operating in Pakistan.

44.4 **REVENUE FROM MAJOR CUSTOMERS**

Nishat Power Limited - Subsidiary Company sells electricity only to NTDCL whereas the Group's revenue from other segments is earned from a large mix of customers.

45 INTERESTS IN OTHER ENTITIES

45.1 Non-controlling interest (NCI)

Set out below is summarised financial information for Nishat Power Limited- Subsidiary Company that has non-controlling interests that are material to the Group. The amount disclosed for Subsidiary Company are before inter-company eliminations.

	2016	2015
	(Rupees in thousand)	
Summarised balance sheet		
Current assets	9,415,126	10,708,578
Current liabilities	1,965,859	3,040,281
Net current assets	7,449,267	7,668,297
Non-current assets	11,659,505	12,321,122
Non-current liabilities	6,857,693	8,376,351
Net Non-current assets	4,801,812	3,944,771
Net assets	12,251,079	11,613,068
Accumulated non-controlling interest	6,001,587	5,689,242
Summarised statement of comprehensive income		
Revenue	13,896,036	22,313,634
Profit for the year	2,851,065	3,116,709
Other comprehensive income	–	–
Total comprehensive income	2,851,065	3,116,709
Profit allocated to non-controlling interest	1,396,443	1,526,810
Dividend paid to non-controlling interest	1,084,098	910,641
Summarised cash flows		
Cash flows from operating activities	5,332,338	4,510,346
Cash flows from investing activities	(310,702)	(63,867)
Cash flows from financing activities	(3,518,960)	(3,272,557)
Net increase in cash and cash equivalents	1,502,676	1,173,922

46 FINANCIAL RISK MANAGEMENT

46.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the finance departments of the Holding Company and Subsidiary Companies under the policies approved by their respective Board of Directors. The Companies' finance departments evaluates and hedge financial risks. The Board of each Group Company provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro, United Arab Emirates Dirham (AED) and British Pound (GBP). Currently, the Group's foreign exchange risk exposure is restricted to bank balances, short term finances, security deposit and the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2016	2015
Cash at banks - USD	334,664	204,107
Cash at banks - AED	7,418,820	4,452,134
Trade debts - USD	11,276,893	20,596,367
Trade debts - Euro	1,021,991	526,199
Trade debts - AED	5,521,095	5,310,113
Trade debts - GBP	–	938
Trade and other payables - USD	(1,080,423)	(2,218,980)
Trade and other payables - Euro	(182,684)	(121,077)
Trade and other payables - AED	(4,001,701)	(1,651,401)
Other short term finances - USD	–	(24,456,056)
Security deposit - USD	48,544	48,544
Motor vehicles' loan - AED	(37,630)	(110,570)
Net exposure - USD	10,579,677	(5,826,018)
Net exposure - Euro	839,307	405,122
Net exposure - AED	8,900,584	8,000,276
Net exposure - GBP	–	938

The following significant exchange rates were applied during the year:

	2016	2015
Rupees per US Dollar		
Average rate	104.29	101.31
Reporting date rate	104.50	101.50
Rupees per Euro		
Average rate	115.31	120.86
Reporting date rate	116.08	113.57
Rupees per AED		
Average rate	28.40	27.58
Reporting date rate	28.45	27.64
Rupees per GBP		
Average rate	153.27	159.50
Reporting date rate	140.12	159.59

Sensitivity Analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 51.444 million (2015: Rupees 29.134 million) lower / higher, Rupees 4.462 million (2015: Rupees 2.156 million) higher / lower, Rupees 38.174 million (2015: Rupees 10.430 million) higher / lower and Rupees Nil (2015: Rupees 0.007 million) higher / lower respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to commodity price risk.

Sensitivity Analysis

The table below summarises the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on Group's profit after taxation for the year and on other comprehensive income (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

Index	Impact on profit after taxation		Impact on statement of other comprehensive income (fair value reserve)	
	2016	2015	2016	2015
	(Rupees in thousand)			
PSX 100 (5% increase)	3,371	3,571	992,283	1,084,664
PSX 100 (5% decrease)	(3,371)	(3,571)	(992,283)	(1,084,664)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as available for sale.

iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from long term financing, short term borrowings, trade debts and bank balances in saving accounts. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Group's interest bearing financial instruments was:

	2016	2015
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balance - saving account	671,558	104,143
Financial liabilities		
Long term financing	1,827,648	1,028,837
Accrued finance cost	718	250
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	6,325	8,370
Term deposit receipts	1,981,000	–
Trade debts - overdue	2,162,360	3,118,693
WPPF receivable from NTDCL - overdue	436,817	280,982
Financial liabilities		
Long term financing	13,159,998	16,022,467
Short term borrowings	10,475,657	12,456,306

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 180.967 million (2015: Rupees 238.172 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amount of liabilities outstanding at balance sheet date were outstanding for the whole year.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Investments	20,753,017	22,882,574
Loans and advances	212,737	188,543
Deposits	160,274	124,012
Trade debts	9,329,634	11,408,623
Other receivables	66,570	117,509
Accrued interest	15,762	11,535
Bank balances	2,982,217	309,835
	33,520,211	35,042,631

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2016	2015
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	11,361	3,932
Allied Bank Limited	A1+	AA+	PACRA	234,126	262
Askari Bank Limited	A1+	AA+	PACRA	68	128
Bank Alfalah Limited	A1+	AA	PACRA	18,378	6,355
Faysal Bank Limited	A1+	AA	PACRA	256	344
Habib Bank Limited	A-1+	AAA	JCR-VIS	883,599	8,458
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	14,300	9,685
JS Bank Limited	A1+	A+	PACRA	400,043	12
MCB Bank Limited	A1+	AAA	PACRA	585,338	53,103
NIB Bank Limited	A1+	AA -	PACRA	190	184
Samba Bank Limited	A-1	AA	JCR-VIS	98	272
Silk Bank Limited	A-2	A -	JCR-VIS	162	172
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	24,121	20,203
United Bank Limited	A-1+	AAA	JCR-VIS	2,515	2,690
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	190	357
Citibank N.A.	P-1	A1	Moody's	–	10,893
Deutsche Bank AG	P-2	Baa2	Moody's	134	275
Bank Islami Pakistan Limited	A1	A+	PACRA	351	144
Meezan Bank Limited	A-1+	AA	JCR-VIS	6,966	4,128
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	504	235
The Bank of Punjab	A1+	AA-	PACRA	182	95,587
Soneri Bank Limited	A1+	AA-	PACRA	139	247
Summit Bank Limited	A-1	A-	JCR-VIS	280	72
Burj Bank Limited	A-2	BBB+	JCR-VIS	107	106
Industrial and Commercial Bank of China	P-1	A1	Moody's	6	8
PAIR Investment Company Limited	A1+	AA	PACRA	200,000	–
MCB Islamic Bank Limited	A1	A	PACRA	501,012	–
Saudi Pak Commercial Bank Limited	A1+	AA+	JCR-VIS	5	8
Alfalah Sovereign (Formerly IGI Funds Limited)	Not available	AA-(f)	PACRA	6	6
JP Morgan Chase Bank	F1	AA+	Fitch	405	105
Bank of China	P-1	A1	Moody's	3,635	15,183
Habib Bank AG Zurich, UAE	Not available			60,472	66,703
ICBC Standard Bank	Baa3	P-3	Moody's	33,268	–
Mashreq Bank, UAE	P-2	Baa1	Moody's	–	9,978
				2,982,217	309,835
Investments					
Adamjee Insurance Company Limited	AA+		PACRA	5,157	4,896
Security General Insurance Company Limited	AA-		JCR-VIS	829,348	971,493
MCB Pakistan Islamic Stock Fund	3 Star	3 Star	PACRA	10,599	10,177
Nishat (Chunian) Limited	A-2	A-	JCR-VIS	1,157,856	1,136,772
MCB Bank Limited	A1+	AAA	PACRA	18,682,644	20,687,819
Pakistan Petroleum Limited	Unknown		–	67,413	71,417
				20,753,017	22,882,574
				23,735,234	23,192,409

The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 21.

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Accordingly the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2016, the Group had Rupees 29,141.863 million (2015: Rupees 25,136.214 million) available borrowing / financing limits from financial institutions and Rupees 3,082.323 million (2015: Rupees 332.469 million) cash and bank balances. Management believes the liquidity risk to be low.

Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2016:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities						
Long term financing	14,987,646	15,635,231	1,869,741	1,959,950	4,075,137	7,730,402
Trade and other payables	4,953,097	4,953,097	4,953,097	–	–	–
Short term borrowings	10,475,657	10,790,100	10,633,979	156,121	–	–
Accrued mark-up	309,402	309,402	309,402	–	–	–
	30,725,802	31,687,830	17,766,219	2,116,071	4,075,137	7,730,402

Contractual maturities of financial liabilities as at 30 June 2015:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities						
Long term financing	17,051,304	18,171,936	1,736,400	1,839,786	5,575,908	9,019,842
Trade and other payables	4,261,938	4,261,938	4,261,938	–	–	–
Short term borrowings	12,456,306	13,022,173	12,741,565	280,608	–	–
Accrued mark-up	491,887	491,887	491,887	–	–	–
	34,261,435	35,947,934	19,231,790	2,120,394	5,575,908	9,019,842

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / markup have been disclosed in note 5 and note 10 to these consolidated financial statements.

46.2 Financial instruments by categories

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2016			
Assets as per balance sheet			
Investments	–	20,753,017	20,753,017
Loans and advances	212,737	–	212,737
Deposits	160,274	–	160,274
Trade debts	9,329,634	–	9,329,634
Other receivables	66,570	–	66,570
Accrued interest	15,762	–	15,762
Cash and bank balances	3,082,323	–	3,082,323
	12,867,300	20,753,017	33,620,317

	Financial liabilities at amortized cost
Liabilities as per balance sheet	**(Rupees in thousand)**
Long term financing	14,987,646
Trade and other payables	4,953,097
Short term borrowings	10,475,657
Accrued mark-up	309,402
	30,725,802

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2015			
Assets as per balance sheet			
Investments	–	22,882,574	22,882,574
Loans and advances	188,543	–	188,543
Deposits	124,012	–	124,012
Trade debts	11,408,623	–	11,408,623
Other receivables	117,509	–	117,509
Accrued interest	11,535	–	11,535
Cash and bank balances	332,469	–	332,469
	12,182,691	22,882,574	35,065,265

	Financial liabilities at amortized cost
Liabilities as per balance sheet	**(Rupees in thousand)**
Long term financing	17,051,304
Trade and other payables	4,261,938
Short term borrowings	12,456,306
Accrued mark-up	491,887
	34,261,435

47 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, short term borrowings obtained by the Group as referred to in note 5, note 10 and note 11 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

		2016	2015
Borrowings	Rupees in thousand	25,463,303	29,507,610
Total equity	Rupees in thousand	88,917,600	87,563,514
Total capital employed	Rupees in thousand	114,380,903	117,071,124
Gearing ratio	Percentage	22.26	25.20

48 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 these financial statements. 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.

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Recurring fair value measurements As at 30 June 2016				
Financial assets				
Available for sale financial assets	19,913,070	10,599	829,348	20,753,017
Total financial assets	19,913,070	10,599	829,348	20,753,017
Recurring fair value measurements As at 30 June 2015				
Financial assets				
Available for sale financial assets	21,900,904	10,177	971,493	22,882,574
Total financial assets	21,900,904	10,177	971,493	22,882,574

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 year. 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 year ended 30 June 2016 and 30 June 2015:

	Unlisted equity securities
	(Rupees in thousand)
Balance as on 01 July 2014	1,902,081
Less : Deficit recognized in other comprehensive income	930,588
Balance as on 30 June 2015	971,493
Less : Deficit recognized in other comprehensive income	142,145
Balance as on 30 June 2016	829,348

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		Unobservable inputs	Range of inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
	30 June 2016	30 June 2015		30 June 2016	
	(Rupees in thousand)				
Available for sale financial assets:					
Security General Insurance Company Limited	829,348	971,493	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 +48.881 million / -43.973 million.
			Risk adjusted discount rate	19.06%	

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.

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.

49 RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

i) Fair value hierarchy

Judgments and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Recurring fair value measurements				
As at 30 June 2016				
Financial assets				
Available for sale financial assets	–	1,543,346	–	1,543,346
Total financial assets	–	1,543,346	–	1,543,346
Recurring fair value measurements				
As at 30 June 2015				
Financial assets				
Available for sale financial assets	–	1,513,643	–	1,513,643
Total financial assets	–	1,513,643	–	1,513,643

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.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

ii) Valuation techniques used to determine level 2 fair values

The Group obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year. As at 30 June 2016, the fair values of the investment properties have been determined by Al-Hadi Financial & Legal Consultants.

Changes in fair values are analysed at each reporting date during the annual valuation discussion between the Chief Financial Officer of the Holding Company and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

50 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 27 September 2016 by the Board of Directors.

51 CORRESPONDING FIGURES

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

52 GENERAL

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

Chief Executive Officer **Director**

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2016

Number of Shareholders	Having Shares From	To	Shares Held	Percentage
4,273	1	100	148,851	0.042
3,910	101	500	1,009,768	0.287
1,160	501	1,000	908,071	0.258
1,317	1,001	5,000	3,260,532	0.927
292	5,001	10,000	2,286,455	0.650
107	10,001	15,000	1,360,160	0.387
68	15,001	20,000	1,224,381	0.348
60	20,001	25,000	1,406,392	0.400
40	25,001	30,000	1,128,750	0.321
23	30,001	35,000	767,208	0.218
18	35,001	40,000	692,845	0.197
13	40,001	45,000	563,861	0.160
30	45,001	50,000	1,471,832	0.419
10	50,001	55,000	520,773	0.148
3	55,001	60,000	179,000	0.051
7	60,001	65,000	445,209	0.127
10	65,001	70,000	686,900	0.195
8	70,001	75,000	581,742	0.166
4	75,001	80,000	310,860	0.088
5	80,001	85,000	413,337	0.118
8	85,001	90,000	701,700	0.200
5	90,001	95,000	459,666	0.131
10	95,001	100,000	998,000	0.284
3	100,001	105,000	313,800	0.089
6	105,001	110,000	649,100	0.185
4	110,001	115,000	451,100	0.128
8	115,001	120,000	939,281	0.267
4	120,001	125,000	489,777	0.139
1	125,001	130,000	130,000	0.037
3	130,001	135,000	397,832	0.113
1	135,001	140,000	137,081	0.039
3	140,001	145,000	430,100	0.122
6	145,001	150,000	899,024	0.256
2	150,001	155,000	306,600	0.087
2	155,001	160,000	314,500	0.089
2	160,001	165,000	321,432	0.091
2	165,001	170,000	333,655	0.095
2	170,001	175,000	345,595	0.098
1	175,001	180,000	176,496	0.050
2	185,001	190,000	379,000	0.108
4	195,001	200,000	797,500	0.227
2	205,001	210,000	416,900	0.119
2	215,001	220,000	438,075	0.125
2	220,001	225,000	450,000	0.128
1	225,001	230,000	228,300	0.065
1	235,001	240,000	237,480	0.068
2	240,001	245,000	482,979	0.137
5	245,001	250,000	1,248,500	0.355
2	250,001	255,000	506,500	0.144
1	255,001	260,000	256,754	0.073
1	265,001	270,000	270,000	0.077
1	275,001	280,000	276,075	0.079
1	280,001	285,000	285,000	0.081
1	285,001	290,000	285,319	0.081
2	295,001	300,000	596,000	0.170
1	300,001	305,000	303,000	0.086
4	305,001	310,000	1,233,942	0.351
1	310,001	315,000	313,170	0.089
4	315,001	320,000	1,276,022	0.363
2	320,001	325,000	649,500	0.185
2	345,001	350,000	694,900	0.198
1	350,001	355,000	351,500	0.100

Number of Shareholders	Having Shares From	To	Shares Held	Percentage
2	355,001	360,000	717,700	0.204
3	365,001	370,000	1,101,965	0.313
2	370,001	375,000	744,693	0.212
1	375,001	380,000	376,700	0.107
1	385,001	390,000	389,000	0.111
1	390,001	395,000	393,800	0.112
2	395,001	400,000	796,703	0.227
1	405,001	410,000	409,700	0.117
3	410,001	415,000	1,238,500	0.352
1	415,001	420,000	418,000	0.119
1	425,001	430,000	429,000	0.122
1	435,001	440,000	437,500	0.124
1	445,001	450,000	450,000	0.128
2	470,001	475,000	940,530	0.268
1	485,001	490,000	486,000	0.138
1	490,001	495,000	495,000	0.141
3	495,001	500,000	1,500,000	0.427
1	510,001	515,000	513,500	0.146
1	515,001	520,000	518,500	0.148
1	550,001	555,000	553,345	0.157
2	555,001	560,000	1,114,023	0.317
1	600,001	605,000	602,100	0.171
1	610,001	615,000	610,500	0.174
1	615,001	620,000	619,500	0.176
1	695,001	700,000	697,600	0.198
2	730,001	735,000	1,469,389	0.418
1	750,001	755,000	753,297	0.214
1	795,001	800,000	800,000	0.228
1	800,001	805,000	803,700	0.229
1	815,001	820,000	820,000	0.233
1	820,001	825,000	822,500	0.234
1	850,001	855,000	853,900	0.243
1	870,001	875,000	872,500	0.248
1	900,001	905,000	903,200	0.257
1	945,001	950,000	949,100	0.270
1	955,001	960,000	957,000	0.272
1	980,001	985,000	983,600	0.280
2	1,005,001	1,010,000	2,016,000	0.573
1	1,060,001	1,065,000	1,061,285	0.302
1	1,065,001	1,070,000	1,070,000	0.304
1	1,080,001	1,085,000	1,083,100	0.308
1	1,150,001	1,155,000	1,150,900	0.327
1	1,175,001	1,180,000	1,175,895	0.334
1	1,190,001	1,195,000	1,193,500	0.339
1	1,195,001	1,200,000	1,200,000	0.341
1	1,230,001	1,235,000	1,233,000	0.351
1	1,235,001	1,240,000	1,236,000	0.352
2	1,240,001	1,245,000	2,484,900	0.707
1	1,245,001	1,250,000	1,250,000	0.356
1	1,250,001	1,255,000	1,253,500	0.357
1	1,255,001	1,260,000	1,260,000	0.358
1	1,445,001	1,450,000	1,450,000	0.412
1	1,450,001	1,455,000	1,450,277	0.413
1	1,490,001	1,495,000	1,492,295	0.424
1	1,605,001	1,610,000	1,610,000	0.458
1	1,620,001	1,625,000	1,620,500	0.461
1	1,655,001	1,660,000	1,658,700	0.472
1	1,780,001	1,785,000	1,782,700	0.507
1	1,825,001	1,830,000	1,826,000	0.519
1	1,920,001	1,925,000	1,924,636	0.547
1	1,980,001	1,985,000	1,981,000	0.563
1	2,015,001	2,020,000	2,017,480	0.574

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2016

Number of Shareholders	Having Shares From	To	Shares Held	Percentage
1	2,050,001	2,055,000	2,054,500	0.584
1	2,060,001	2,065,000	2,064,187	0.587
1	2,375,001	2,380,000	2,377,841	0.676
1	2,390,001	2,395,000	2,394,071	0.681
1	2,430,001	2,435,000	2,431,500	0.692
1	2,785,001	2,790,000	2,788,150	0.793
1	2,835,001	2,840,000	2,839,871	0.808
1	3,030,001	3,035,000	3,030,400	0.862
1	3,540,001	3,545,000	3,540,500	1.007
1	3,750,001	3,755,000	3,754,900	1.068
1	3,870,001	3,875,000	3,873,600	1.102
1	4,610,001	4,615,000	4,612,900	1.312
1	4,780,001	4,785,000	4,785,000	1.361
1	4,995,001	5,000,000	4,997,940	1.422
1	5,500,001	5,505,000	5,503,235	1.565
1	5,625,001	5,630,000	5,629,899	1.601
1	6,450,001	6,455,000	6,450,913	1.835
1	10,245,001	10,250,000	10,247,760	2.915
1	13,840,001	13,845,000	13,844,092	3.938
1	15,075,001	15,080,000	15,075,149	4.288
1	18,695,001	18,700,000	18,698,357	5.318
1	21,190,001	21,195,000	21,191,146	6.027
1	23,100,001	23,105,000	23,101,426	6.570
1	25,670,001	25,675,000	25,673,659	7.302
1	26,245,001	26,250,000	26,248,841	7.466
1	29,225,001	29,230,000	29,228,216	8.313
11578			**351,599,848**	**100.00**

Sr. No.	Categories of Shareholders	Shares Held	Percentage
1	**DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN**	88,670,438	25.22
2	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**	33,077,878	9.41
3	**NIT AND ICP**	5,715,102	1.63
4	**Banks, Development Financial Institutions, Non-banking Financial Institutions**	9,154,471	2.60
5	**Insurance Companies**	12,272,940	3.49
6	**Modarabas and Mutual Funds**	32,120,376	9.14
7	**Share Holders Holding 5% or above**	176,962,042	50.33
8	**General Public**		
	Local	94,747,907	26.95
	Foreign	1,301,460	0.37
9	**Others**		
	Foreign Companies	53,021,573	15.08
	Investment Companies	8,822	0.00
	Joint Stock Companies	11,555,714	3.29
	Provident / Pension Funds and Miscellaneous	9,953,167	2.83

Information Under Listing Regulation No.5.19.11(X)

of Pakistan Stock Exchange Limited Rule Book as on June 30, 2016

Sr. No.	Categories of Shareholders	Shares Held	Percentage
I	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**		
	1. D. G. KHAN CEMENT COMPANY LIMITED	30,289,501	8.61
	2. ADAMJEE INSURANCE COMPANY LIMITED	2,788,150	0.79
	3. MCB BANK LIMITED	227	0.00
II	**MUTUAL FUNDS:**		
	PRUDENTIAL STOCKS FUND LIMITED	110	0.00
	SAFEWAY MUTUAL FUND LIMITED	13	0.00
	PRUDENTIAL STOCKS FUND LTD (03360)	23,500	0.01
	EFULAL-MANAGED GROWTH FUND	400,000	0.11
	EFULAL-TAKAFUL GROWTH FUND	100,000	0.03
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	2,431,500	0.69
	MCBFSL - TRUSTEE JS VALUE FUND	48,000	0.01
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	91,000	0.03
	CDC - TRUSTEE JS LARGE CAP. FUND	225,000	0.06
	CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	418,000	0.12
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,450,000	0.41
	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	5,000	0.00
	CDC - TRUSTEE JS ISLAMIC FUND	373,500	0.11
	CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	45,000	0.01
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	32,000	0.01
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	376,700	0.11
	CDC - TRUSTEE AKD INDEX TRACKER FUND	39,847	0.01
	CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	285,000	0.08
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	12,300	0.00
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	949,100	0.27
	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	389,000	0.11
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1,009,500	0.29
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	500,000	0.14
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1,981,000	0.56
	CDC - TRUSTEE NAFA STOCK FUND	3,030,400	0.86
	CDC - TRUSTEE NAFA MULTI ASSET FUND	409,700	0.12
	CDC - TRUSTEE FIRST HABIB INCOME FUND	190,000	0.05
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	21,000	0.01
	SAFEWAY FUND LIMITED	1,200,000	0.34
	CDC - TRUSTEE DAWOOD ISLAMIC FUND	5,000	0.00
	CDC - TRUSTEE APF-EQUITY SUB FUND	112,500	0.03
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	610,500	0.17
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1,083,100	0.31
	CDC - TRUSTEE APIF - EQUITY SUB FUND	107,500	0.03
	MC FSL - TRUSTEE JS GROWTH FUND	250,000	0.07
	CDC - TRUSTEE HBL MULTI - ASSET FUND	30,500	0.01
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	822,500	0.23
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	30,000	0.01
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	486,000	0.14
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	317,000	0.09
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,377,841	0.68
	CDC - TRUSTEE ABL STOCK FUND	872,500	0.25
	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	15,000	0.00
	CDC - TRUSTEE FIRST HABIB STOCK FUND	31,000	0.01
	CDC - TRUSTEE LAKSON EQUITY FUND	853,900	0.24
	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	319,400	0.09

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	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT		13,500	0.00
	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT		52,000	0.01
	CDC - TRUSTEE PICIC INCOME FUND - MT		134,100	0.04
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND		117,500	0.03
	CDC - TRUSTEE PICIC STOCK FUND		10,000	0.00
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND		30,000	0.01
	CDC - TRUSTEE HBL PF EQUITY SUB FUND		17,500	0.01
	CDC - TRUSTEE ASKARI EQUITY FUND		28,000	0.01
	CDC - TRUSTEE KSE MEEZAN INDEX FUND		197,500	0.06
	CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND		25,000	0.01
	CDC - TRUSTEE ATLAS INCOME FUND - MT		189,000	0.05
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND		1,260,000	0.36
	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT		219,500	0.06
	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT		103,800	0.03
	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND		112,000	0.03
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND		27,300	0.01
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND		107,500	0.03
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I		83,100	0.02
	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND		92,000	0.03
	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT		115,500	0.03
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND		518,500	0.15
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND		309,500	0.09
	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND		10,000	0.00
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II		347,600	0.10
	CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT		89,000	0.03
	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND		21,000	0.01
	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND		10,000	0.00
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND		734,500	0.21
	CDC - TRUSTEE PIML VALUE EQUITY FUND		117,500	0.03
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND		50,000	0.01
	MCBFSL - TRUSTEE NAFA INCOME FUND - MT		154,000	0.04
	CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND		200,000	0.06
	CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND - MT		1,000	0.00
	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND		1,620,500	0.46
	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND		513,500	0.15
	CDC - TRUSTEE FAYSAL MTS FUND - MT		20,000	0.01
	CDC - TRUSTEE LAKSON TACTICAL FUND		75,360	0.02
III	**DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN**			
	1. MIAN UMER MANSHA	DIRECTOR / CHIEF EXECUTIVE OFFICER	44,292,572	12.60
	2. MIAN HASSAN MANSHA	DIRECTOR / CHAIRMAN	44,372,016	12.62
	3. MR. KHALID QADEER QURESHI	DIRECTOR	725	0.00
	4. MS. NABIHA SHAHNAWAZ CHEEMA	DIRECTOR	3,625	0.00
	5. MR. MAQSOOD AHMED	DIRECTOR	500	0.00
	6. MR. GHAZANFAR HUSSAIN MIRZA	DIRECTOR	1,000	0.00

Information Under Listing Regulation No.5.19.11(X)

of Pakistan Stock Exchange Limited Rule Book as on June 30, 2016

Sr. No.	Categories of Shareholders		Shares Held	Percentage
IV	**EXECUTIVES**		NIL	–
V	**PUBLIC SECTOR, COMPANIES AND CORPORATIONS**			
	JOINT STOCK COMPANIES		11,555,714	3.29
VI	**SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTREST IN THE LISTED COMPANY**			
	1. MRS NAZ MANSHA	SHAREHOLDER	29,088,712	8.27
	2. MIAN RAZA MANSHA	SHAREHOLDER	28,919,241	8.23
	3. MIAN UMER MANSHA	DIRECTOR / CHIEF EXECUTIVE OFFICER	44,292,572	12.60
	4. MIAN HASSAN MANSHA	DIRECTOR / CHAIRMAN	44,372,016	12.62
	5. D. G. KHAN CEMENT COMPANY LIMITED	ASSOCIATED COMPANY	30,289,501	8.61
VII	**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL,MODARABAS AND PENSION FUNDS**			
	1. INVESTMENT COMPANIES		8,822	0.00
	2. INSURANCE COMPANIES		12,272,940	3.49
	3. FINANCIAL INSTITUTIONS		9,154,471	2.60
	4. MODARABAS COMPANIES		33,205	0.01
	5. PENSION / PROVIDENT FUNDS		9,953,167	2.83

Information Under Listing Regulation No.5.19.11(XII)

of Pakistan Stock Exchange Limited Rule Book as on June 30, 2016

There is no trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their spouses and minor children and other employees of the Company for whom the Board of Directors have set the threshold except following purchase by the new Director as qualification shares.

Name of Director		No of Shares	Date
MR. GHAZANFAR HUSSAIN MIRZA	DIRECTOR	1,000	19 April 2016

ڈائریکٹرز کی مجموعی مالی حسابات پر رپورٹ

ڈائریکٹرز 30 جون 2016ء کو ختم ہونے والے سال کے لئے نشاط ملز لمیٹڈ ("ہولڈنگ کمپنی") اور اس کی ذیلی کمپنیوں (باہم گروپ کے طور پر) کے مجموعی مالی حسابات کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ مجموعی مالی نتائج نشاط ملز لمیٹڈ، نشاط پاور لمیٹڈ، نشاط لینن (پرائیویٹ) لمیٹڈ، نشاط ہاسپیٹیلٹی (پرائیویٹ) لمیٹڈ، نشاط یو ایس اے انکارپوریٹڈ، نشاط لینن ٹریڈنگ LLC، نشاط انٹرنیشنل FZE، نشاط گلوبل چائنا کمپنی لمیٹڈ، نشاط یو کے (پرائیویٹ) لمیٹڈ، نشاط کموڈٹیز (پرائیویٹ) لمیٹڈ اور لال پیر سولر پاور (پرائیویٹ) لمیٹڈ کے مالی حسابات پر مشتمل ہیں۔ ہولڈنگ کمپنی نے IFRS اور کمپنیز آرڈیننس 1984 کی ضروریات کے مطابق اپنے مجموعی مالیاتی حسابات کے ساتھ ساتھ اپنے الگ الگ مالیاتی حسابات منسلک کئے ہیں۔ نشاط ملز لمیٹڈ کے 30 جون 2016ء کو ختم ہونے والے سال کے لئے ڈائریکٹرز رپورٹ علیحدہ سے پیش کی گئی ہے۔ اس میں ہولڈنگ کمپنی کی تمام ذیلی کمپنیوں کی مختصر وضاحت بھی شامل ہے۔

محاسب کی رپورٹ میں کوالیفکیشنز کی وضاحت

محاسب نے اپنی رپورٹ میں ممبران کو واضح کیا ہے کہ مجموعی مالیاتی حسابات میں نشاط یو ایس اے انکارپوریٹڈ، نشاط ملز کی ذیلی کمپنی، سے متعلق اَن- آڈٹڈ اعداد و شمار شامل ہیں۔ ذیلی کمپنی نیویارک کی ریاست کے بزنس کارپوریشن قانون کے تحت قائم شدہ ہے۔ اس قانون کے مطابق ذیلی کمپنی کا آڈٹ ضروری نہیں ہے۔ لہذا، ہم نے مجموعی مالیاتی حسابات کی تیاری میں ذیلی کمپنی کے اَن- آڈٹڈ مالیاتی حسابات استعمال کئے ہیں۔

محاسب نے اپنی رپورٹ میں اراکین کو آگاہ کیا ہے کہ نشاط انٹرنیشنل FZE، جو نشاط ملز لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے، کی ایک مکمل ملکیتی ذیلی کمپنی نشاط گلوبل چائنا کمپنی لمیٹڈ ("چینی ذیلی کمپنی") کے اَن- آڈٹڈ مالیاتی حسابات کمپنی کے مجموعی مالیاتی حسابات میں شامل کئے گئے ہیں۔ چین کے قوانین کے مطابق، کمپنیوں کا مالی سال 31 دسمبر کو ختم ہوتا ہے، اس وجہ سے، چینی ذیلی کمپنی کے مالیاتی حسابات پر 31 دسمبر 2016 کو اسکے مالی سال کے اختتام کے بعد آڈٹ کیا جائے گا۔ اس لئے ہم نے 30 جون 2016 کو ختم ہونے والے سال کے لئے نشاط ملز لمیٹڈ اور اس کی ذیلی کمپنیوں کے مجموعی مالیاتی حسابات کی تیاری میں اَن- آڈٹڈ مالیاتی حسابات استعمال کئے ہیں۔

محاسب نے یہ بھی وضاحت کی ہے کہ نشاط یو کے (پرائیویٹ) لمیٹڈ اور لال پیر سولر پاور (پرائیویٹ) لمیٹڈ کے اَن- آڈٹڈ مالیاتی حسابات مجموعی مالیاتی حسابات میں شامل کئے گئے ہیں۔ نشاط ملز لمیٹڈ اور اس کی ذیلی کمپنیوں کے مجموعی مالی حسابات کو حتمی شکل دینے کے وقت ان دونوں کمپنیوں کے مالیاتی حسابات کے آڈٹ نامکمل تھے جس وجہ سے نشاط یو کے (پرائیویٹ) لمیٹڈ اور لال پیر سولر پاور (پرائیویٹ) لمیٹڈ کے اَن- آڈٹڈ مالیاتی حسابات استعمال کئے گئے۔

محاسب ممبران کی توجہ مجموعی مالیاتی حسابات کے نوٹ 21.6 پر دلانا چاہتے ہیں، جس سے مراد نشاط پاور لمیٹڈ (نشاط ملز لمیٹڈ کی ذیلی کمپنی) کے ٹریڈ ڈیٹس میں شامل پرچیز پرائس کپیسٹی سے منہا کردہ 816 ملین روپے (2015: 816 ملین روپے) کی رقم ہے جس کو نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی لمیٹڈ (NTDCL) اس وجہ سے قبول نہیں کرتی کہ پلانٹ بجلی پیدا کرنے کے لئے مکمل طور پر دستیاب نہیں تھا۔ تاہم، پلانٹ کی صلاحیت کی اس عدم دستیابی کی واحد وجہ NTDCL کی طرف سے عدم ادائیگیوں کی وجہ سے ایندھن کی عدم دستیابی تھی، اس وجہ سے، انتظامیہ اس بات پر یقین رکھتی ہے کہ ذیلی کمپنی کو پاور پرچیز ایگریمنٹ (PPA) کے تحت NTDCL سے بروقت ادائیگی میں ناکامی کی وجہ سے ادائیگی روکنے کی صورت میں سزا نہیں دی جاسکتی ہے۔ لہذا، ذیلی کمپنی نے موزوں فوروموں پر مسئلہ پیش کیا ہے یعنی یہ معاملہ PPA میں درج شدہ تنازعات کے حل کے طریقہ کار کے مطابق اجاگر کیا گیا ہے اور اس پر کارروائی جاری ہے۔ ذیلی کمپنی کی قانونی مشیر کے مشورہ کی بنیاد پر انتظامیہ محسوس کرتی ہے کہ ذیلی کمپنی کے موقف کی حمایت کے لئے کافی وجوہات ہیں اور ایسی رقوم کی واپسی کا قوی امکان ہے چنانچہ ان مجموعی مالیاتی نتائج میں مذکورہ بالا رقم کے لئے کوئی پرووِیژن نہیں کی گئی ہے۔

منجانب بورڈ آف ڈائریکٹرز

Umr Mansha

میاں عمر منشاء، چیف ایگزیکٹو آفیسر

27 ستمبر 2016ء

لاہور

کمپنی میں کارکردگی کی بنیاد پر انعام یقینی بنانے اور مستقبل کی جانشینی کے لئے اعلیٰ سطح کے لوگوں کی تیاری کے لئے کارکردگی کے انتظام کے نظام پر عمل کیا جاتا ہے۔ کمپنی اچھی صحت، حفاظت، کام اور زندگی کا توازن اور روزگار کی مفید منصوبہ بندی سمیت مارکیٹ کے مطابق معاوضہ پیکیج فراہم کرنے میں بھی یقین رکھتی ہے۔ کمپنی نے انکم ٹیکس آرڈیننس 2001ء کے تحت ایک تسلیم شدہ پراویڈنٹ فنڈ کو قائم کیا ہے، کمپنی اور ملازمین دونوں فنڈ میں برابر کا حصہ ڈالتے ہیں۔ فنڈ میں کی جانے والی سرمایہ کاریوں کی مناسب قدر 30 جون 2016ء کو 3,794 ملین روپے تھی جس میں گزشتہ سال کے مناسب قدر 100 ملین روپے کا اضافہ ہوا۔

مستقبل کا نقطہ نظر

مستقبل کا نقطہ نظر

کمپنی کی انتظامیہ امید کرتی ہے کہ مالی سال 17-2016ء کے دوران مجموعی منافع کا تناسب 14 فیصد کے ارد گرد رہے گا۔ مالی سال 17-2016ء میں فروخت بھی 5 فیصد تک زیادہ ہونے کی توقع ہے۔

سال 2016 میں کارکردگی

بین الاقوامی منفی اقتصادی حالات کی وجہ سے جمود کا شکار ٹیکسٹائل مصنوعات کی عالمی طلب کے باعث کمپنی کی فروخت مالی سال 16-2015ء میں 6.25 فیصد کم ہوئی۔ تاہم، کمپنی کی فروخت میں ویلیو ایڈڈ شعبہ کا حصہ بڑھ گیا۔

2015 کا مستقبل کا نقطہ نظر

کمپنی کی فروخت مالی سال 15-2014 میں فروخت کے مقابلے میں مالی سال 16-2015 میں 10 فیصد تک بڑھنے کی امید ہے۔ کل فروخت میں ویلیو ایڈڈ مصنوعات کا حصہ بڑھانے پر توجہ مرکوز ہوگی۔

مستقبل کے امکانات

کمپنی کی مالیاتی کارکردگی مالی سال 16-2015 کے دوران مشکلات کے باوجود نمایاں طور پر بہتر ہوئی۔ ہمیں توقع ہے کہ ایسے ہی ایشوز آئندہ مالی سال میں بھی ہمارے لئے چیلنجز پیدا کریں گے کیونکہ دنیا بھر میں کپاس کی کمی کی وجہ سے کپاس کی قیمتیں بڑھ رہی ہیں۔ کپاس ٹیکسٹائل سیکٹر کا بنیادی خام مال ہے اور کپاس کی قیمتوں میں کوئی بھی غیر معمولی تحریک پوری ویلیو چین کو متاثر کرے گی۔ تاہم، ہمیں امید ہے کہ کمپنی کی قابل اور مجاز انتظامیہ تخلیق اور جدت کے اطلاق سے ان چیلنجوں کو منافع بخش مواقعوں میں تبدیل کر دے گی۔ اس امید کی بنیاد پر، کمپنی نے کمپنی کے ہر ایک کاروبار کے شعبہ کے لئے BMR کا منصوبہ بنایا ہے۔ بڑے منصوبوں کی سرسری جھلکی مندرجہ ذیل ہے:-

کمپنی نے فیصل آباد میں واقع اپنے سپننگ شعبہ کو وسعت دینے اور اس کے موجودہ مقام سے خصوصی اقتصادی زون (SEZ) میں دوسری جگہ منتقل کرنے کا منصوبہ بنایا ہے۔ لہذا، کمپنی نے فیصل آباد انڈسٹریل اسٹیٹ ڈویلپمنٹ اینڈ مینجمنٹ کمپنی، حکومت پنجاب (FIEDMC) سے M-3، انڈسٹریل سٹی، فیصل آباد میں 170 ایکڑ زمین حاصل کر لی ہے۔ کمپنی SEZ ارکان کے لئے ٹیکس اور ڈیوٹی میں رعائت اور خصوصی بنیادی ڈھانچے کے ڈیزائن سے فائدہ اُٹھائے گی۔

ویونگ شعبہ کے لئے، کمپنی کو فوجی/ پولیس کی وردی کے کپڑے کے خصوصی کاروبار میں زبردست مواقع اور ترقی کے امکانات حاصل ہوئے ہیں۔ اس کے علاوہ، مردوں کے لباس کے کاروبار میں بھی بہت بڑا حصہ ہے جس کے لئے ہم نے چند خاص لومز میں سرمایہ کاری کی ہے۔ ویونگ سیگمنٹ بھی کے لئے 10 مزید 210 سینٹی میٹر Tsudakoma ائیر جیٹ لومز کے ساتھ ساتھ وارپنگ مشینوں میں سرمایہ کاری زیر غور ہے۔ مستقبل کے منصوبوں میں پرانی تنگ لومز کی جگہ وسیع تر چوڑائی کی ائیر جیٹ لومز کی خریداری بھی شامل ہے۔

کمپنی نے ویلیو ایڈڈ سیکٹر میں تین اور ڈیجیٹل پرنٹنگ مشینیں لگانے کا منصوبہ بنایا ہے جس کے بعد ہوم ٹیکسٹائل کا شعبہ ملک کا سب سے بڑا اسیٹ اپ بن جائے گا جو وسیع اور کم چوڑائی کے ملبوسات سے لیکر ہوم ٹیکسٹائل کی اشیاء کی فروخت کرے گا۔ نئی واشنگ رینج اور فنشنگ پلانٹس میں مزید سرمایہ کاری بھی شعبہ کی پروسیسنگ صلاحیت کو بڑھانے کے لئے مددگار ہوگی۔

اعتراف

بورڈ کمپنی کے ملازمین کی مسلسل لگن اور کوششوں سے خوش ہے۔

منجانب بورڈ آف ڈائریکٹرز

میاں عمر منشاء، چیف ایگزیکٹو آفیسر

27 ستمبر 2016

لاہور

۱۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

۲۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

۳۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

۴۔ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

۵۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

۶۔ کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

۷۔ کارپوریٹ گورننس کی لسٹنگ ضابطے میں تفصیلی بہترین طریقوں میں سے کوئی مادی انحراف نہیں ہو رہا ہے۔

۸۔ کمپنی کی 30 جون 2016 پر پیٹرن آف شیئر ہولڈنگ بھی اس رپورٹ میں آویزاں کردی گئی ہے۔

۹۔ ریٹائرمنٹ بینیفٹس فنڈ کی مد میں سرمایہ کاری کی قدر: پراویڈینٹ فنڈ: 30 جون 2016 کو 2,809.780 ملین روپے غیر نظر ثانی شدہ (2015: 2,450.766 ملین روپے نظر ثانی شدہ) ہے۔

متعلقہ فریقوں کے ساتھ معاملات

متعلقہ پارٹیوں کے درمیان لین دین آزادانہ قیمتوں کے موازنہ کے طریقہ کار کے مطابق قابل رسائی قیمتیں مقرر کر کے کیا گیا۔ کمپنی پاکستان میں سٹاک ایکسچینجز کی لسٹنگ کے ضابطے میں موجود منتقلی پرائسنگ کے بہترین طریقوں پر عمل پیرا ہے۔

محاسب

کمپنی کے موجودہ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 30 جون 2016 کو ختم ہونے والے سال کے لئے سالانہ آڈٹ مکمل کیا ہے اور انکوالیفائیڈ آڈٹ رپورٹ جاری کی ہے۔ محاسب کمپنی کے سالانہ عام اجلاس کے اختتام پر ریٹائرڈ ہو جائیں گے، اور انہوں نے اہل ہونے کی بناء پر 30 جون 2017 کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔

کمپنیز آرڈیننس 1984 کی دفعہ 218 کے تحت معلومات

کمپنی کی مجلس نظماء نے 27 ستمبر 2016 کو منعقدہ اپنے اجلاس میں کمپنی کے چیف ایگزیکٹو آفیسر میاں عمر منشاء کے ماہانہ مشاہرہ موئثر از یکم جولائی 2016 سے 2,508,800 روپے سے بڑھا کر 2,747,136 روپے ماہانہ اور کمپنی کے سروس قوانین کے مطابق 2,508,800 روپے بونس اور دیگر سہولیات کی منظوری دی ہے۔ انکی تقرری کی دیگر شرائط وضوابط میں کوئی تبدیلی نہیں ہے۔

انتظامیہ کے مقاصد اور حکمت عملی

بورڈ کلیدی بصیرت فراہم کرتے ہوئے، کمپنی کی انتظامیہ کو اندرونی اور بیرونی عوامل کی مد میں موثر وسائل کے انتظام کے ذریعے قدر کی پیداوار اور تحفظ کے ذریعے پائیدار ترقی اور منافع کے لئے جواب طلب کام تفویض کرتا ہے۔ لہذا، پچھلے سال کی طرح، لاگت میں کمی اور پیداوار کی کارکردگی میں اضافہ انتظامیہ کا بنیادی مقصد رہے گا کیونکہ عالمی اقتصادی حالات دشوار رہنے کی توقع ہے۔ گزشتہ سال کے دوران، انتظامیہ نے پیداوار کے عمل میں نئی ٹیکنالوجی کا حصول اور اطلاق کر کے، لین مینوفیکچرنگ طرز عمل متعارف کرا کے اور توانائی کے تحفظ کے تصورات کو لاگو کر کے کمپنی کے تمام کاروباری شعبہ جات میں کامیابی سے زیادہ سے زیادہ فعال سٹرکچرز پیدا کیے۔ اس سال انتظامیہ کی بنیادی حکمت عملی، مروجہ طریقوں کے مطابق بھرتی کے طریقہ کار کو تبدیل کر کے، اپنی مرضی کی تربیت کے سیشن کا انعقاد اور نئے انعاماتی نظام کو لاگو کرنے کے ذریعے ملازمین کی حوصلہ افزائی کر کے کمپنی کے انسانی وسائل کے معیار کو بہتر بنانے کی ہوگی۔

کاروبار کے تسلسل کا منصوبہ

کسی بھی کمپنی کی طویل مدتی کامیابی اور نتیجہ خیزی کے لیے آپریشنل تسلسل کلیدی اہمیت کا حامل ہے۔ نشاط ملز لمیٹڈ کاروباری تسلسل کی منصوبہ بندی رکھتی ہے جو متعلقہ معاملات میں ڈیزاسٹر ریکوری کے لئے ایک طریقہ بھی فراہم کرتی ہے۔ کمپنی نے اپنے پے رول پر اچھی طرح تربیت یافتہ سیکورٹی عملے کی خدمات حاصل کر کے تمام فیکٹری سائٹس کی سیکورٹی کا انتظام کیا ہے۔ تمام مادی اثاثوں کو مناسب طریقے سے محفوظ اور بیمہ کرایا گیا ہے۔ مجازی اثاثوں جیسے کہ IT پروگراموں اور سافٹ ویئر کی بیک اپ کا باقاعدگی سے اہتمام کیا جاتا ہے۔ بہت ہی مؤثر آگ بجھانے کا نظام ہماری تمام مینوفیکچرنگ تنصیبات پر رکھا گیا ہے۔ تمام کاموں کے لئے معیاری آپریٹنگ طریقہ کار وضع کیا گیا ہے اور صنعت میں موجودہ بہترین طریقہ کار کے مطابق دستاویزات تیار کی گئی ہے۔ کمپنی کے تمام لین دین اور امور کو مناسب طریقے سے دستاویزی کیا جاتا ہے اور یہ دستاویزات مناسب طریقے سے ریکارڈ کی حفاظت کے لئے اپنی پالیسی کے مطابق محفوظ ہیں۔

انسانی سرمایہ

کمپنی کے لئے اس کے لوگ بہت اہم ہیں۔ یہ نقطہ نظر ہماری ثقافت میں جڑیں رکھتا ہے اور ہمیں پائیدار ترقی کے قابل بناتا ہے۔ ہمارا اعتماد ہے کہ کسی بھی کاروبار کی کامیابی افرادی قوت کے معیار پر منحصر ہے اور اس وجہ سے لوگوں کی ترقی ہماری ترجیح ہے۔ ہم تربیت کے لئے موزوں وقت پر سرمایہ کاری کرتے ہیں اور مستقبل میں اس میں اضافہ کریں گے۔ مختلف افعال میں مستقبل کی قیادت تیار کرنے کے لئے ہم نے مینجمنٹ ٹرینی سکیم کا قیام کیا ہے اور توقع ہے کہ نوجوان ذہانت کمپنی کو نئی بلندیوں پر لے جائے گی۔

کارپوریٹ گورننس

بہترین کارپوریٹ طرزِ عمل

ہم اچھے کارپوریٹ گورننس کے پابند ہیں اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے لسٹنگ ضابطے میں شامل کارپوریٹ گورننس کوڈ کی ضروریات پرعمل کرتے ہیں۔ کارپوریٹ گورننس کے کوڈ پرتعمیل کا بیان منسلک کیا جاتا ہے۔

بورڈ کمیٹیاں

آڈٹ کمیٹی

آڈٹ کمیٹی، بورڈ آف ڈائریکٹرز سے مقرر کردہ ریفرنس کی شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے۔

کمیٹی کی تشکیل درج ذیل ہے:

جناب خالد قدیر قریشی	چیئرمین/رکن
جناب سید زاہد حسین	رکن
محترمہ نبیجہ شاہنواز چیمہ	رکن

ہیومن ریسورس & ریومنریشن (HR&R) کمیٹی

ہیومن ریسورس & ریومنریشن کمیٹی، بورڈ آف ڈائریکٹرز سے مقرر کردہ ریفرنس کی شرائط میں اپنے فرائض سرانجام دے رہی ہے۔

کمیٹی کی تشکیل درج ذیل ہے:

میاں حسن منشاء	چیئرمین/رکن
میاں عمر منشاء	رکن
جناب خالد قدیر قریشی	رکن
محترمہ نبیجہ شاہنواز چیمہ	رکن

بورڈ آف ڈائریکٹرز کے اجلاس

زیر جائزہ سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس پاکستان میں منعقد ہوئے اور حاضری پوزیشن حسب ذیل ہے:

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	میاں عمر منشاء (چیف ایگزیکٹو آفیسر)	5
2	میاں حسن منشاء (چیئرمین)	4
3	سید زاہد حسین (امیدوار این آئی ٹی)	5
4	جناب خالد قدیر قریشی	3
5	محترمہ نبیجہ شاہنواز چیمہ	5
6	جناب مقصود احمد	5
7	*جناب سعید احمد علوی	2
8	**جناب غضنفر حسین مرزا	1

*جناب سعید علوی 21 مارچ 2016 کو انتقال کر گئے

**جناب غضنفر حسین مرزا کو اتفاقی خالی آسامی کو پُر کرنے کے لئے ڈائریکٹرز کی طرف سے 04 اپریل 2016 کو بورڈ پر مقرر کیا گیا۔

ڈائریکٹرز کا بیان

کارپوریٹ گورننس کے ضابطہء اخلاق کی تعمیل میں، ہم کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر درج ذیل بیان کرتے ہیں:

ماحولیات کا تحفظ

کمپنی ایسی ٹیکنالوجیز جو ماحولیاتی آلودگی کے اثرات کو کم سے کم کریں میں باقاعدگی سے سرمایہ کاری کے ذریعے قدرتی ماحول پر اپنی سرگرمیوں کے اثرات کو کم کرنے کے لئے پُرعزم اور توجہ مرکوز کئے ہوئے ہے۔ ایک نیا ویسٹ واٹر ٹریٹمنٹ پلانٹ خریدنے کی تجویز زیرغور ہے جو ڈائنگ اور ہوم ٹیکسٹائل شعبہ کی پیداواری تنصیبات میں فی گھنٹہ 200 کیوبک میٹر تک گندے پانی کی صفائی کے لئے موجودہ صلاحیت میں اضافہ کرے گا۔ ہمارے گارمنٹس کے شعبوں میں، ہم نے ہیٹ، وینٹیلیشن اور ائر کنڈیشنگ (HVAC) سسٹم اور ڈبل گلیز ڈ شیشے جیسی گرین بلڈنگ ٹیکنالوجیز کا استعمال کیا ہے۔ ماحولیاتی تحفظ کی ثقافت کو فروغ دینے کی کوشش میں، کمپنی کی تنصیبات اور عوامل کو ماحولیاتی حفاظت کیلئے استعمال کرنے کے لئے ملازمین کا کمپنی کے ضابطہ اخلاق پر عمل کرنے کی ضرورت ہوتی ہے۔

توانائی کا تحفظ

سستے اور موثر ذرائع سے بجلی پیدا کرنے کی کوششوں کے علاوہ، کمپنی بجلی بچانے کے طریقے تلاش اور استعمال کرنے میں بھی مصروف ہے۔ رواں سال کے دوران، ہم نے زیادہ سے زیادہ روایتی روشنی کے منبع کو ایل ای ڈی اور T5 لائٹس میں تبدیلی پر عمل کیا ہے۔ کمپنی نے 1.2 میگاواٹ کے سولر پینل میں سرمایہ کاری کا منصوبہ بھی بنایا ہے جس کے اکتوبر 2016ء میں آپریشنل ہونے کی توقع کی جارہی ہے۔

ویسٹ کی ری سائیکلنگ

ہم نے ویسٹ کی ری سائیکلنگ ٹیکنالوجی میں بھاری سرمایہ کاری کی ہے جو ماحول کے تحفظ کا ایک اور طریقہ ہے۔ ہمارا یقین ہے کہ ہمارے ان چھوٹے اقدامات کا بھی ماحول پر بڑا اثر پڑتا ہے جیسا کہ کیمیکلز کی چھوٹی پیکنگ اور کثیف شکل میں خریداری کی بجائے دوبارہ استعمال کے قابل انٹرمیڈیٹ بلک کنٹینرز میں خریداری کرنا جس سے کمپنی کے پیکنگ اور نقل وحمل کے اخراجات اور کمپنی کے کاربن فٹ پرنٹس کو کم کرنے میں مدد ملتی ہے۔ ہم پانی کے ری سائیکلنگ پلانٹ کی خریداری کا منصوبہ بھی بنا رہے ہیں جو موجودہ واٹر ٹریٹمنٹ پلانٹ سے پانی حاصل کرنے کے بعد اسکے مضر اثرات کو بے اثر بنادے گا۔ یہ پانی باغبانی اور واش رومز میں استعمال کیا جائے گا۔

کاروباری تحفظ اور صحت

ہماری پائیدار ترقی ہمارے کارکنوں کی صحت اور حفاظت سے ہماری وابستگی کا ثبوت ہے جو غیر ملکی خریداروں کی طرف سے عائد کردہ سخت صحت اور سیفٹی معیارات کی کلیدی ضرورت بھی ہے۔ ہم باقاعدگی سے صحت اور حفاظت کے بیداری پروگراموں، ملیریا اور ٹائیفائیڈ ویکسی نیشن کے لئے میڈیکل کیمپ اور ڈینگی اور دیگر بیماریوں کو روکنے کے لئے معمول کے تبخیر کے عمل کے متواتر انتظامات کرتے ہیں۔ کمپنی نے اپنی تمام مینوفیکچرنگ تنصیبات میں آگ بجھانے کا ساز وسامان اور گاڑیاں فراہم کی ہیں۔ اسی طرح ملز میں کسی بھی ہنگامی صورت حال سے نمٹنے کے لئے، ڈسپنسریوں اور ایمبولینسوں کو تیار موڈ میں رکھا جاتا ہے۔

ملازمت کے مساوی مواقع

تمام ملازمین سے مساوی سلوک اور تعصب سے پاک ماحول کی بحالی بھی ملازمین کے ضابطہء اخلاق کی اہم خصوصیات ہیں۔ کمپنی پاکستان بھر میں تمام مینوفیکچرنگ تنصیبات اور دفاتر میں جاری اپنے آپریشنز میں تخلیقی صلاحیتوں کی حوصلہ افزائی میں متنوع اور کثیر ثقافتی پس منظر کے ساتھ لوگوں کے کردار کو تسلیم کرتی ہے۔ مزید برآں، کمپنی خواتین اور معذور افراد کے لیے روزگار کے مساوی مواقع فراہم کرتی ہے۔

معاشرے کی فلاح کے منصوبے

معاشرے کے ساتھ اچھے تعلقات ایک اور ثقافتی قدر ہے جس میں ہم فخر محسوس کرتے ہیں۔ کمپنی غیر ہنر مند کارکنوں کی تربیت کے لئے نیچرل ووکیشنل اینڈ ٹیکنیکل ٹریننگ کمیشن اور ٹیکنیکل ایجوکیشن اینڈ ووکیشنل ٹریننگ اتھارٹی کے ساتھ کام کر رہی ہے اور ہنرمند کارکنوں کے لئے روزگار کے مواقع پیدا کر رہی ہے۔ ہم نے ہنگامی صورت حال سے نمٹنے کے لئے تمام ملوں میں بلڈ بینک بھی قائم کیا ہے۔ کمپنی عام عوام کو مفت طبی مشورہ کے لئے سال میں دو بار مفت طبی کیمپ کا انعقاد کرتی ہے۔

صارف کے لئے حفاظتی اقدامات

ہماری بڑھتی ہوئی کسٹمر بیس اور صارفین کے ساتھ ہمارے طویل مدتی تعلقات اس دیکھ بھال کو ظاہر کرتے ہیں جو ہم اپنے مال کی نقل وحمل اور مینوفیکچرنگ میں اپنے صارفین کے تحفظ کے لئے کرتے ہیں۔ کمپنی اپنی مصنوعات میں نقصان دہ مادہ کا پتہ لگانے اور روک تھام کے لئے میٹل ڈٹیکٹروں میں مزید سرمایہ کاری کرنے کا ارادہ رکھتی ہے۔ ہم نے مصنوعات میں کسی بھی نقصان دہ مادہ کی روک تھام اور پتہ لگانے کے لئے میٹل ڈٹیکٹروں کی تنصیب کا نظام قائم کیا ہے۔ اس کے لئے، کمپنی OEKO-Tex Standards 100 کو پورا کرتی ہے جو پیداوار کے تمام مراحل میں ٹیکسٹائل کے خام مال، نامکمل اور مکمل مصنوعات کے لئے ایک آزاد ٹیسٹنگ اور سرٹیفکیشن کا نظام ہے۔ کمپنی نے اپنی تمام پیداواری تنصیبات پر دہشت گردی کے خلاف C-TPAT سرٹیفکیشن (Customs-Trade Partnership against Terrorism) حاصل کر لی ہے۔ اس کے علاوہ کمپنی نے SA-8000، WRAP اور SEDEX سرٹیفکیشن حاصل کی ہے۔

قومی خزانہ اور معیشت میں حصہ

برآمدات پر مبنی ادارے کے طور پر، کمپنی نے رواں سال کے دوران 344.744 ملین امریکی ڈالر کا قیمتی زرمبادلہ کمایا ہے۔ اس کے علاوہ، کمپنی نے 1,861.470 ملین روپے انکم ٹیکس، سیلز ٹیکس، کسٹمز ڈیوٹیاں، ایکسپورٹ ڈویلپمنٹ سرچارج، ایجوکیشن Cess، کپاس Cess، سوشل سیکورٹی اور EOBI شراکت وغیرہ کے ذریعے قومی خزانے میں اپنا حصہ شامل کیا ہے۔ کمپنی ایف بی آر کے لئے ود ہولڈنگ ایجنٹ کے طور پر بھی کام کر رہی ہے۔

پاکستان میں 200 میگاواٹ کی مجموعی صلاحیت رکھنے والا ایندھن سے چلنے والا بجلی گھر تعمیر کرنا، چلانا اور برقرار رکھنا ہے۔ ذیلی ادارہ نے 09 جون 2010 کو اپنی تجارتی پیداوار شروع کی۔

2۔ نشاط لینن (پرائیویٹ) لمیٹڈ

یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ذیلی کمپنی کے بنیادی مقاصد ٹیکسٹائل اور دیگر مصنوعات کی فروخت کے لئے ریٹیل آؤٹ لیٹس چلانا اور اپنی پیداواری تنصیبات سے اور دوسری کمپنیوں سے ٹیکسٹائل کے سامان کی پروسیسنگ کروا کے ٹیکسٹائل مصنوعات فروخت کرنا ہیں۔ ذیلی ادارہ نے جولائی 2011ء میں اپنے آپریشنز شروع کر دیئے اور اس وقت پاکستان میں اس کی 76 ریٹیل آؤٹ لیٹس کام کر رہی ہیں۔

3۔ نشاط ہاسپیٹیلیٹی (پرائیویٹ) لمیٹڈ

یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت ادارے کے مقاصد ملک بھر میں ہوٹلوں کے ایک سلسلہ کو چلانے کا ہے۔ فی الحال یہ "نشاط سینٹ جیمز ہوٹل" کے نام سے بین الاقوامی معیار پر لاہور میں ایک چار ستارہ ہوٹل چلا رہا ہے۔ ذیلی ادارہ نے یکم مارچ 2014ء کو اپنے آپریشنز کا آغاز کیا۔

4۔ نشاط کموڈٹیز (پرائیویٹ) لمیٹڈ

یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت ادارے کا مقصد اشیاء کی تجارت ہے جن میں ایندھن، کوئلہ، کسی بھی شکل یا صورت میں تیار تعمیراتی مواد، نیم تیار خام مال اور پاکستان میں ان کی درآمد اور فروخت کرنا شامل ہے۔ ذیلی ادارہ نے مارچ 2016 میں اپنے آپریشنز کا آغاز کیا۔

5۔ لال پیر سولر پاور (پرائیویٹ) لمیٹڈ

یہ کمپنی 9 نومبر 2015 کو پاکستان میں بنائی گئی۔ یہ کمپنی نشاط ملز لمیٹڈ کی ذیلی کمپنی، نشاط پاور لیمیٹڈ، کی مکمل ملکیتی ماتحت کمپنی ہے۔ ذیلی ادارہ نے ابھی تک تجارتی آپریشنز کا آغاز نہیں کیا ہے۔ کمپنی کی پرنسپل سرگرمی میں شمسی توانائی کے پراجیکٹ پر سرمایہ کاری کرنا، چلانا اور برقرار رکھنا شامل ہے۔

6۔ نشاط لینن ٹریڈنگ LLC

یہ ذیلی ادارہ ایک محدود ذمہ دار کمپنی کے طور پر دبئی، متحدہ عرب امارات میں قائم کیا گیا ہے۔ یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ذیلی ادارہ بنیادی طور پر متحدہ عرب امارات بھر میں ریٹیل آؤٹ لیٹس اور وئیر ہاؤسز کے ذریعے ٹیکسٹائل، کمبل، تولیے، چادریں، ریڈی میڈ گارمنٹس، گارمنٹس کی اشیاء اور چمڑے کی مصنوعات کی ٹریڈنگ میں مصروف ہے۔ ذیلی ادارہ نے مئی 2011ء میں اپنا تجارتی آپریشن شروع کر دیا تھا اور اس وقت متحدہ عرب امارات میں اس کی 10 ریٹیل آؤٹ لیٹس کام کر رہی ہیں۔

7۔ نشاط انٹرنیشنل FZE

یہ بھی نشاط ملز لمیٹڈ کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ یہ متحدہ عرب امارات (یو اے ای) کے قوانین کے مطابق جبل علی فری زون دبئی میں فری زون اسٹیبلشمنٹ کمپنی کے طور پر قائم کیا گیا ہے۔ یہ 7 فروری 2013ء کو FZE رجسٹر میں رجسٹرڈ ہوا ہے۔ ذیلی کمپنی کی بنیادی سرگرمی ٹیکسٹائل مصنوعات مثلاً کمبل، تولیے اور عمومی چادریں، ریڈی میڈ گارمنٹس، گارمنٹس کی اشیاء اور چمڑے کی مصنوعات مثلاً جوتے، ہینڈ بیگ وغیرہ میں ٹریڈنگ ہے۔

8۔ نشاط گلوبل چائنا کمپنی لمیٹڈ

نشاط گلوبل چائنا کمپنی لمیٹڈ فارن کیپٹل انٹرپرائزز اور دیگر متعلقہ قوانین وضوابط پر عوامی جمہوریہ چین کے قانون کے مطابق، فارن انویسٹڈ کمرشل انٹرپرائزز "FICE" کے طور پر، Yuexiu ضلع، گوانگ، چین میں قائم کی گئی ہے۔ نشاط گلوبل چائنا کمپنی لمیٹڈ نشاط انٹرنیشنل FZE کا ایک مکمل ملکیتی ماتحت ادارہ ہے جو کہ نشاط ملز لمیٹڈ کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ کمپنی کا بنیادی کاروبار ہول سیل، کمیشن ایجنسی (نیلامی کے علاوہ)، ٹیکسٹائل اشیاء اور عورتوں کے فیشن کی اشیاء کی درآمد اور برآمد ہے۔ ماتحت ادارے نے جنوری 2014 میں اپنا تجارتی آپریشن شروع کر دیا تھا۔

9۔ نشاط یو ایس اے انکارپوریٹڈ

ذیلی ادارہ نیویارک کی ریاست میں قائم ایک کارپوریشن سروس کمپنی ہے۔ یہ مکمل ملکیتی ماتحت ادارہ یکم اکتوبر 2008ء کو کمپنی نے حاصل کیا تھا۔ کارپوریشن کمپنی کی مارکیٹنگ، معلومات اور امریکی مارکیٹ سے متعلق خدمات فراہم کرنے کا ایک رابطہ دفتر ہے۔

10۔ نشاط یو کے (پرائیویٹ) لمیٹڈ

نشاط یو کے (پرائیویٹ) لمیٹڈ 8 جون 2015ء کو انگلینڈ اور ویلز میں قائم کی گئی ایک پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ نشاط انٹرنیشنل FZE کا ایک مکمل ملکیتی ماتحت ادارہ جو نشاط ملز لمیٹڈ کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ نشاط یو کے (پرائیویٹ) لمیٹڈ کا ابتدائی کام ریٹیل آؤٹ لیٹس اور ہول سیل آپریشن کے ذریعے انگلینڈ اور ویلز میں ٹیکسٹائل کی مصنوعات فروخت کرنا ہے۔

کارپوریٹ ذمہ داری

ماحول کی بہتری اور معاشرہ کی فلاح کے لئے کمپنی کی طرف سے اٹھائے گئے اقدامات اس کی سماجی اور ماحولیاتی ذمہ داری کی پالیسی پر مبنی ہیں۔ پالیسی کے بنیادی اصولوں میں زندگی اور ماحول، اخلاقی رویے اور سماجی معاملات کا تحفظ شامل ہیں۔

سرمایہ کا خطرہ

سرمایہ کے انتظام کے وقت، حصص یافتگان اور دیگر حصہ داران کے لئے ریٹرنز مہیا کرنے اور سرمایہ کی ساخت کو برقرار رکھنے اور سرمایہ کے اخراجات کو کم کرنے کے لئے کمپنی کی صلاحیت کی حفاظت ہمارا اہم مقصد ہوتا ہے۔ کمپنی کم لیور یجڈ سرمایہ کی ساخت کو برقرار رکھتی ہے۔ ہم گیئر یںگ تناسب کی بنیاد پر سرمایہ کی ساخت کی نگرانی کرتے ہیں۔ ہماری حکمت عملی زیادہ سے زیادہ 40 فیصد ایکوئٹی اور 60 فیصد قرض پر گیئر یںگ تناسب رکھنے کی ہے۔

مواقع

ملک کی معروف ٹیکسٹائل کمپنی کے طور پر، کمپنی کئی مواقعوں سے فائدہ اٹھانے اور استعمال کرنے کی پوزیشن میں ہے۔

چند شاندار مواقع کا خلاصہ مندرجہ ذیل ہے:-

- دنیا بھر میں علاقوں کے لحاظ سے متنوع کسٹمر کی بنیاد برآمدات فروخت کرنے کے لئے ایک پائیدار ترقی فراہم کرتی ہے؛
- متحرک مقامی اور بین الاقوامی ذیلی کمپنیاں ہماری مصنوعات کی طلب پیدا کرتی ہیں؛
- عمودی انضمام آپریشنل تعاون کے فائدے کا حصول ممکن بناتا ہے؛
- ملک میں کپاس کی فراہمی وافر ہے؛
- ملک کی آبادی میں تیز اضافہ مناسب افرادی قوت کا ایک ذریعہ اور ٹیکسٹائل کی مصنوعات کے لئے مقامی طلب کو بڑھانے میں ایک محرک ہے۔

ٹیکسٹائل کی صنعت کا مجموعی جائزہ

ٹیکسٹائل سیکٹر کی کارکردگی مالی سال 16-2015 کے دوران مایوس کن تھی اور گزشتہ مالی سال کے دوران 0.97 فیصد کی ترقی کے مقابلے میں صرف 0.62 فی صد کا اضافہ ریکارڈ کیا گیا۔ ٹیکسٹائل برآمدات بھی بڑی تیزی سے گر گئیں جو تشویشناک ہے کیونکہ ملک کے لئے زرمبادلہ کمانے کی خاطر ٹیکسٹائل سیکٹر کی شراکت پاکستان میں کسی بھی دوسرے شعبے کے مقابلے میں زیادہ ہے۔ مصنوعات کے تنوع کا فقدان اور دنیا بھر میں ٹیکسٹائل مصنوعات کی طلب کی کمی اس ناقص مظاہرہ کے اہم عوامل ہیں۔ ٹیکسٹائل کی صنعت برآمدات کے لیے نئے مقامات دریافت نہیں کر سکی کیونکہ اس نے تنوع اور جدت میں سرمایہ کاری نہیں کی۔ یہ بنیادی وجہ ہے کہ کیوں ٹیکسٹائل برآمد کنندگان پاکستان کی ٹیکسٹائل برآمدات کو بڑھانے کے لئے یورپی یونین کے جنرلائزڈ سسٹم آف پریفرنس (GSP) پلس سٹیٹس سے مستفید نہیں ہو سکے۔

اس کے علاوہ ٹیکسٹائل کی صنعت، خاص طور پر ویلیو ایڈڈ سیگمنٹ، توانائی کی قلت، بھاری ٹیکسوں، کم از کم اجرت میں مسلسل اضافے، اور سلامتی کی بگڑتی صورت حال کی وجہ سے عالمی منڈی میں مسابقت کو کھو رہی ہے۔ امریکہ اور یورپ سے خریداروں کی اکثریت سلامتی کے خدشات کی وجہ سے پاکستان کے دورے پر آنے سے گریز کرتی ہے۔ جس کی وجہ سے کاروباری ایگزیکٹوز اور انٹرپرینیورز کو بیرون ملک کثرت سے سفر کرنا پڑتا ہے جو فروخت کو مزید مشکل اور پیچیدہ بنا دیتا ہے۔ لہذا، کپاس کی پیداوار میں دنیا کا چوتھا بڑا ملک ہونے کے باوجود، پاکستان اپنی مقامی پیداوار کو خطے میں دیگر کھلاڑیوں جیسا کہ بنگلا دیش اور بھارت کے مقابلے میں ویلیو ایڈڈ مصنوعات میں تبدیل نہیں کر سکا۔ کپاس کی پیداوار میں بڑے پیمانے پر کمی جو گزشتہ سال 13.960 ملین گانٹھوں کے مقابلہ میں سال 16-2015 میں 10.074 ملین گانٹھوں پر رہی ایک بڑے پیمانے پر 27.8 فیصد کی کمی ظاہر کر رہی ہے۔

پاکستان کی معاشی ترقی میں ٹیکسٹائل سیکٹر کا کردار نظر انداز نہیں کیا جا سکتا ہے۔ حکومت پاکستان نے ٹیکسٹائل برآمدات میں اضافہ کرنے، کاروبار کے اخراجات کو کم کرنے اور لیکویڈٹی کو بہتر بنانے کے لئے فروری 2015 کو ٹیکسٹائل پالیسی 19-2014 کا اعلان کیا۔ پالیسی میں برآمدات کو بڑھانے کے لئے خصوصی ڈیوٹی واپسی کی ترغیبات، پلانٹس اور مشینری پر ڈیوٹی میں استثناء، طویل مدتی قرضوں پر سبسڈی اور دیگر ترقیاتی سبسڈیز بھی شامل ہیں۔ پالیسی موجودہ 13 بلین امریکی ڈالر کی سطح سے 2019 تک 26 بلین امریکی ڈالر تک برآمدات بڑھانے پر ٹیکسٹائل اور کلاتھنگ سیکٹر کے لئے 64.15 بلین روپے نقد سبسڈی کی پیشکش کرتی ہے۔ ٹیکسٹائل سیکٹر کی ترقی کی حوصلہ افزائی کرنے کے لئے مزید کوشش میں حکومت نے صفر درجہ سیلز ٹیکس ریجائم میں دیگر چار برآمدی شعبوں کے ساتھ ساتھ ٹیکسٹائل سیکٹر کو بھی شامل کیا ہے۔

نشاط ملز لمیٹڈ کا مارکیٹ میں حصہ

کمپنی پاکستان کے سب سے بڑے جامع ٹیکسٹائل مینوفیکچرنگ یونٹ میں سے ایک ہے۔ اس نے جدید ترین ٹیکنالوجی کا استعمال کرتے ہوئے، گاہکوں کی اکثر تغیر پذیر ضروریات کو پورا کرتے ہوئے، متعلقہ قوانین اور قواعد وضوابط پر عمل اور معاشرے کی طرف اپنی ذمہ داری کو کامیابی سے پورا کرتے ہوئے کئی سالوں سے ٹیکسٹائل کے شعبے میں ایک قابل بھروسہ اور مسابقتی پوزیشن حاصل کر لی ہے۔ کمپنی پاکستان کی ٹیکسٹائل برآمدات میں تقریباً 3 فیصد کی شراکت کر کے قیمتی زرمبادلہ کماتی ہے۔

ذیلی کمپنیاں

کمپنی نے IFRS اور کمپنیز آرڈیننس 1984ء کی ضروریات کے مطابق اس رپورٹ میں علیحدہ اور مجموعی مالی حسابات بھی دیئے ہیں۔

نشاط ملز لمیٹڈ کی تمام ذیلی کمپنیوں کی مختصر وضاحت حسب ذیل ہے:

1۔ نشاط پاور لمیٹڈ

کمپنی اس ماتحت ادارے کے 51.01 فیصد حصص کی مالک ہے اور اس پر کنٹرول رکھتی ہے۔ ماتحت ادارہ پاکستان اسٹاک ایکسچینج لمیٹڈ پر درج ہے۔ ماتحت ادارے کا بنیادی کاروبار جمبر کلاں، تحصیل پتوکی، ضلع قصور، پنجاب،

ڈائریکٹرز کی رپورٹ (جاری ہے)

خطرات اور ان خطرات کو کم کرنے کی حکمت عملی کا خلاصہ مندرجہ ذیل ہے:

کلیدی خطرات

ہم جدت طرازی، معیار اور قیمت کے معاملات کے ایک مسابقتی ماحول میں سرگرم ہیں۔ یہ خطرہ مسلسل تحقیق اور ترقی اور BMR کے تحت نئی ٹیکنالوجیز کے مسلسل تعارف کے ذریعے کم کیا جاتا ہے۔ کلیدی خطرہ تمام خطرات میں سے سب زیادہ اہم سمجھا جاتا ہے۔ تمام کاروباری ڈویژنوں کے سربراہ بین الاقوامی اور قومی سطح کے دونوں خطرات سے نمٹنے کے لئے ایک مربوط حکمت عملی تشکیل دینے کے لئے باقاعدہ بنیادوں پر باہم ملتے رہتے ہیں۔

کاروباری خطرات

کمپنی کو مندرجہ ذیل کاروباری خطرات کا سامنا ہے:

کپاس کی فراہمی اور قیمت

کپاس کی فراہمی اور قیمتیں مقامی اور بین الاقوامی کاٹن مارکیٹوں کی طلب اور فطرت کے محرکات کے تحت ہیں۔ مقامی اور بین الاقوامی مارکیٹ میں کپاس کی قیمتوں میں اضافہ اور کپاس کی عدم دستیابی کا خطرہ ہمیشہ رہتا ہے۔ کمپنی کپاس کی چنائی کے موسم کے آغاز ہی میں بڑی مقدار میں کپاس خرید کر اس خطرے کو کم کر دیتی ہے۔

برآمدی طلب اور قیمت

برآمدات ہماری فروخت کا اہم حصہ ہیں۔ ہمیں بین الاقوامی مارکیٹ میں اپنی مصنوعات کی طلب میں کمی اور مقابلہ کے خطرے کا سامنا ہے۔ ہم معیار پر سمجھوتہ کیے بغیر صارفین کے ساتھ مضبوط تعلقات استوار کر کے، اپنے گاہکوں کی بنیاد کو وسعت دے کر، جدید مصنوعات کو ترقی دے کر، صارفین کو بروقت ترسیل فراہم کر کے اس خطرے کو کم کرتے ہیں۔

توانائی کی دستیابی اور اخراجات

توانائی کی بڑھتی ہوئی لاگت، بجلی کی عدم دستیابی اور گیس کی قلت مینوفیکچرنگ کی صنعت کے لئے ایک بڑا خطرہ ہے۔ یہ خطرہ، اگر کم نہ ہوا، تو ہمیں بین الاقوامی مارکیٹ میں مقابلہ کرنے کیلئے نااہل بنا سکتا ہے۔ کمپنی نے بائیو ماس اور کوئلہ جیسے متبادل ایندھن کے انتخاب سے توانائی کے اخراجات میں اضافے کے خطرہ کو کم کر دیا ہے۔ کمپنی کی تمام مینوفیکچرنگ سہولیات پر توانائی کے تحفظ کے لیے بھی اقدامات کئے گئے ہیں۔ اسی طرح، توانائی کی عدم دستیابی کے خطرہ کو واپڈا سے بجلی کے کنکشن کی دستیابی کے ساتھ ساتھ کمپنی کے تقریباً تمام مقامات پر بجلی پیدا کرنے کے لئے پاور پلانٹس نصب کر کے کم سے کم کیا جا چکا ہے۔

مالی خطرات

کمپنی کی مجلس نظماء کمپنی کے محکمہ خزانہ کی طرف سے لاگو کی گئی مالیاتی خطرات کے انتظام کی پالیسیاں وضع کرنے کی ذمہ دار ہے۔

کمپنی کو مندرجہ ذیل مالیاتی خطرات کا سامنا ہے:

کرنسی رسک

کمپنی کو بنیادی طور پر امریکی ڈالر (USD)، عرب امارات درہم (AED) اور یورو کے لحاظ سے مختلف کرنسی کی سرمایہ کاری سے پیدا ہونے والے کرنسی خطرات کا سامنا ہے۔ کمپنی کے زرمبادلہ کے خطرہ کی سرمایہ کاری بینک بیلنس اور غیر ملکی اداروں کو/ سے وصولی/ قابل ادائیگی رقوم تک محدود ہے۔

سود کی شرح کا خطرہ

کمپنی کو سود کی شرح کا خطرہ اکاؤنٹس کی بچت میں طویل مدتی فنانسنگ، مختصر مدتی قرض گیری، ذیلی کمپنیوں کو قرضوں اور پیشگی رقوم، ٹرم ڈیپازٹ رسیدیں اور بینک بیلنس کے عوض واجبات سے پیدا ہوتا ہے۔ مناسب قدر اور نقد بہاؤ کی حساسیت کا تجزیہ ظاہر کرتا ہے کہ کمپنی کے منافع کو سود کی شرح کے خطرہ کا سامنا نہیں ہے۔

کریڈٹ رسک

کمپنی کا کریڈٹ رسک اور اس کے تجارتی قرضوں سے متعلق نقصانات کا خطرہ اُسکے ٹریڈ ڈیٹس سے متعلق ہے۔ یہ خطرہ اس حقیقت سے کم کیا جاتا ہے کہ ہمارے صارفین کی اکثریت ایک مضبوط مالی حیثیت رکھتی ہے اور ہمارا اپنے تمام گاہکوں کے ساتھ ایک طویل عرصے سے کاروباری تعلق ہے۔ ہمیں اپنے صارفین سے غیر کارکردگی کی توقع نہیں ہے، اس وجہ سے، کریڈٹ رسک کم سے کم ہے۔

لیکوڈیٹی رسک

بینکوں اور مالیاتی اداروں سے طے شدہ کریڈٹ کی سہولیات کے ذریعے کافی فنڈز کی دستیابی کی وجہ سے یہ خطرہ کم از کم ہے۔

ڈائنگ (رنگائی)

30 جون 2016 کوختم ہونے والے مالی سال کے دوران ڈائنگ شعبہ کی مالی کارکردگی قابل ذکر تھی۔ پہلی سہ ماہی میں سست آغاز کے باوجود باقی مالی سال 16-2015 کے دوران سیگمنٹ نے زبردست کارکردگی کا مظاہرہ کیا ہے۔ گزشتہ سال کی اسی مدت کے مقابلے میں سیگمنٹ کے منافع میں نمایاں اضافہ ہوا ہے، اگرچہ مارکیٹ کی موجودہ صورتحال میں یہ انتہائی مشکل کام تھا لیکن شعبہ اپنی وسیع کسٹمر بیس، متنوع مصنوعات کی رینج اور فعال مارکیٹنگ حکمت عملی کی وجہ سے اس مقصد کو حاصل کرنے میں کامیاب رہا ہے۔

ہم عالمی مارکیٹ میں مالی سال 17-2016 میں ٹیکسٹائل مصنوعات کی یکساں طلب میں متوقع اضافہ کی وجہ سے پاکستان، بھارت اور چین میں دیگر ملوں سے شدید مقابلہ کے باعث آگے مزید چیلنجوں کی اُمید کر رہے ہیں۔ خام مال کی قیمتوں میں متوقع اضافے کے اثرات کو کم کرنے کے لئے، ہم نے پہلے سے ہی اپنے تمام بڑے پروگراموں کے لئے کپڑا خرید لیا ہے جس کی صارفین نے آئندہ موسم میں خریدنے کے لئے رضامندی ظاہر کی ہے۔ ہمیں یقین ہے کہ اس طرح کے تمام اقدامات سے ہم مالی سال 17-2016 میں صحت مند کارکردگی کا مظاہرہ کرنے کے قابل ہو جائیں گے۔

ہوم ٹیکسٹائل

ٹیکسٹائل سیکٹر کو درپیش دشوار معاشی حالات نے کسی دیگر ٹیکسٹائل سیکٹر کے مقابلہ میں ہوم ٹیکسٹائل سیکٹر کو زیادہ متاثر کیا ہے۔ امریکہ اور یورپ کی خوردہ مارکیٹوں میں سست طلب نے کمپنی کے ہوم ٹیکسٹائل کے کاروبار کو بُری طرح متاثر کیا ہے۔ تاہم، ہوم ٹیکسٹائل شعبہ نے یورپ اور مشرق وسطی میں کمپنی کی متنوع مصنوعات کے باعث اچھی کارکردگی کا مظاہرہ کیا ہے۔

کمپنی کی کاروباری حکمت عملی کی بنیادی توجہ، ویلیو ایڈڈ مصنوعات کو فروغ دینے پر ہے جو کہ یورپ، امریکہ اور آسٹریلیا میں نئے گاہکوں کی پورٹ فولیو میں شمولیت اور منافع میں اضافہ کے لحاظ سے شعبہ کے لیے فائدہ مند ہے۔ اعلی درجہ کے ڈیجیٹل پرنٹنگ آرٹیکلز نے کمپنی کی مصنوعات کی طلب توقعات سے بھی سے زیادہ بڑھا دی ہے۔ لہذا، کمپنی تین مزید ڈیجیٹل پرنٹنگ مشینوں کا اضافہ کر کے ڈیجیٹل پرنٹنگ ٹیکنالوجی میں مزید سرمایہ کاری کرنے کا ارادہ رکھتی ہے جو شعبہ کو گاہکوں کی ہوم ٹیکسٹائل کی طلب کو پورا کرنے کے قابل بنائیں گیں۔

کمپنی کافی پرامید ہے کہ جدید ٹیکنالوجیز میں ہماری سرمایہ کاری خوردہ سیکٹر کی سست رفتاری کے باوجود مختلف مصنوعات کی ہماری پُرکشش رینج آئندہ مالی سال کے دوران ہمارے حریفوں کے مقابلہ میں زیادہ فائدہ مند ثابت ہوگی۔

گارمنٹس

گارمنٹس شعبہ کی مالی کارکردگی بھی مالی سال 16-2015 کے دوران بہتر ہوئی۔ گارمنٹس سیگمنٹ نمبر ا میں ہم نے گزشتہ دو سالوں کے مقابلے میں اعلٰی پیداواری صلاحیتیں حاصل کیں اور ہماری کارکردگی عالمی معیار کے مطابق برقرار رہی۔ نتیجاً، ہماری صلاحیتوں پر ہمارے صارفین کے اعتماد میں کئی گنا اضافہ ہوا ہے۔ کئی نئے یورپی صارفین کو پورٹ فولیو میں شامل کیا گیا ہے۔ مصنوعات کی ترقی میں ہماری سرمایہ کاریاں سود مند ثابت ہو رہی ہے۔ دنیا کے سب سے بڑے برانڈز میں سے ایک برانڈ نے ہمیں سبز پلانٹ کہا ہے۔ پیداوار کو فروغ دینے کے لئے خودکار تکمیلی آلات اور RFID ٹیکنالوجیز میں کی جانے والی سرمایہ کاری سے ہمیں ہمارے حریفوں پر برتری حاصل ہے۔ ورکرز کے لیے نیا اور بہتر کارکردگی کی نبیاد پر اجر کا نظام زیادہ سے زیادہ پیداواری صلاحیتیں حاصل کرنے کے لئے لاگو کیا گیا ہے۔

ہمارے نئے ڈینیم گارمنٹس پلانٹ (گارمنٹس سیگمنٹ نمبر۲) نے مالی سال 16-2015ء کی آخری سہ ماہی میں کام شروع کر دیا ہے۔ پلانٹ کیلنڈر سال 2016 کے اختتام تک اپنی دستیاب صلاحیت کے 50 فیصد کو چھو لے گا۔ ایک موثر اور معیاری پیداوار کی تنصیب قائم کرنے کے لئے چند بہترین مشینیں اور آلات نصب کئے گئے ہیں۔ خودکار طریقہ سے چلنے والی سلائی مشینوں سے لیبر کے اخراجات میں نمایاں طور پر بچت ہوگی۔ نئے گارمنٹس سیگمنٹ کے اضافہ کے نتیجہ میں گارمنٹس کی تنصیبات کی مشترکہ پیداوار مالی سال 17-2016ء کے دوران 1.3 ملین گارمنٹس فی ماہ تک ہو جائے گی۔

بجلی کی پیداوار

بھکی، فیروز وٹواں اور لاہور میں نصب جدید ترین ماڈل کے ٹرائی فیول وارٹسیلا جنریٹرز، فرنس آئل کی قیمتوں اور آر ایل این جی کی قیمتوں میں بڑے پیمانے پر کمی کی وجہ سے بہت ہی اچھے مالیاتی نتائج دکھا رہے ہیں جو ان اعلی کارکردگی کے جنریٹرز سے وابستہ ایک حقیقی کامیابی ہے۔ ان جنریٹرز کی کارکردگی کو دیکھتے ہوئے، فیصل آباد میں سپننگ کی پیداواری تنصیبات میں اسی طرح کا ایک 9.6 میگاواٹ کا جنریٹر نصب کرنے کے لئے خریدا گیا ہے اور زیر تنصیب ہے جس کے نومبر 2016ء تک پیداوار شروع کرنے کا امکان ہے۔ یہ جنریٹر فیصل آباد میں نصب یارن ڈائنگ یونٹ کے لئے فی گھنٹہ 4 ٹن بھاپ پیدا کرے گا۔

9 میگاواٹ بجلی اور فی گھنٹہ 25 ٹن بھاپ کی فراہمی کے لئے لاہور میں ایک اور کول فائرڈ کمبائنڈ ہیٹ اینڈ پاور پلانٹ نے کامیابی سے مارچ 2016ء میں کام شروع کر دیا ہے۔ 1,260 کلوواٹ کی صلاحیت کے ایک سولر PV پلانٹ کی تنصیب کا منصوبہ گارمنٹس سیگمنٹ II کے لئے جاری ہے جو ملک میں ماحولیاتی آلودگی کو کم کرنے اور اپنے ذاتی بجلی گھر کی پورٹ فولیو کی سبز طاقت میں اضافہ کے لئے نشاط کے عزم کی عکاسی کرتا ہے۔

خطرات اور مواقع

نشاط ملز لمیٹڈ کاروبار کے معمول کے معاملات میں خطرات مول لیتی ہے اور مواقع پیدا کرتی ہے۔ مقابلہ میں رہنے اور پائیدار کامیابی کو یقینی بنانے کے لئے خطرہ مول لینا ضروری ہے۔ ہماری خطرات اور مواقع کو استعمال کرنے کا انتظام ایک اچھی طرح سے کنٹرول ماحول میں کاروبار کرنے کے لئے ایک مؤثر فریم ورک کا احاطہ کرتا ہے جہاں خطرہ کم سے کم اور مواقع دستیاب ہوں۔ کسی انتخاب سے پہلے ہر خطرہ اور موقع کی مناسب طریقے سے جانچ بھی کی جاتی ہے۔ فیصلے صرف اُس صورت میں لئے جاتے ہیں اگر مواقع خطرات سے زیادہ ہوں۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

کیپیٹل اخراجات

کمپنی نے سال کے دوران کیپیٹل اخراجات کی مد میں 2,595 ملین روپے خرچ کئے۔ اس خرچ کا بڑا حصہ کمپنی کی نمو کے لئے نئی ٹیکنالوجیز جیسا کہ ڈیجیٹل پرنٹنگ مشینیں اور ٹرائی فیول وارٹسیلا جنریٹر کے حصول کے لیئے خرچ کیا گیا۔

ورکنگ کیپیٹل مینجمنٹ

Current اور Quick تناسبوں میں اضافے کا رجحان ریکارڈ کیا گیا ہے اور گزشتہ سال سے بالترتیب 1.26 گنا اور 0.65 گنا کے مقابلے میں موجودہ سال میں بالترتیب 1.32 گنا اور 0.75 گنا تک اضافہ ہوا ہے۔ یہ اضافہ منافع میں اضافہ کے نتیجے میں بہتر نقدی بہاؤ سے منسوب ہے۔ موثر ورکنگ کیپیٹل مینجمنٹ کی وجہ سے، کمپنی کا آپریٹنگ سائیکل بھی گزشتہ سال میں 52 دنوں سے 30 دن تک بہتر ہوا ہے۔

کیپیٹل اسٹرکچر

رواں مالی سال میں گیئرنگ تناسب 17.22 فیصد گزشتہ پانچ سالوں کے مقابلے میں سب سے کم ہے جو گزشتہ سال میں 19.88 فیصد تھا۔ یہ بھی ایک اشارہ ہے جس کی وجہ سے مالی اخراجات اپنی کم ترین سطح پر تھے۔

فی شیئر آمدنی (EPS)

منافع میں بہتری کمپنی کی فی شیئر آمدنی میں اضافہ سے بھی عیاں ہے۔ جو گزشتہ سال میں 11.13 روپے فی شیئر کے مقابلے موجودہ سال میں 14.00 روپے فی شیئر تک بڑھ چکی ہے۔ کمپنی کی فی شیئر آمدنی گزشتہ پانچ سالوں کی غیر معمولی سطح پر برقرار رہی ہے۔

تقسیم منافع

کمپنی کے بورڈ آف ڈائریکٹرز نے 50 فیصد نقد منافع منقسمہ (2015: 45 فیصد) اور جنرل ریزرو میں 3,165 ملین روپے (2015: 2,329 ملین روپے) منتقلی کی سفارش کی ہے۔

سیگمنٹ تجزیہ

سپننگ (کتائی)

سپننگ صنعت کے لئے مالی سال 16-2015 ایک کٹھن ترین سال تھا۔ مالی سال کے آغاز میں کپاس کی کم قیمتوں کی امید جلد ہی کپاس کی کمی اور کپاس کی فصل کے ناقص معیار کی وجہ سے مایوسی میں بدل گئی جس کے باعث کپاس کے نرخ بھی بڑھ گئے۔ توقعات اور حقیقت میں فرق نے صنعت کے لئے منفی نتائج پیدا کیے۔ کمپنی نے سازگار نرخوں پر کپاس کے حصول کے لئے مختلف حکمت عملیاں اپنائیں جس میں مقامی مارکیٹ سے کپاس خریدنے کے علاوہ کپاس کی درآمد شامل ہے، لیکن ایک بہترین کپاس اسٹاک مکس کے حصول کے لئے کمپنی کے مقصد کو مکمل طور پر پورا نہیں کیا جاسکا۔

کم طلب کے ساتھ مہنگی کپاس اور کاٹن یارن کی قیمت نے سپننگ صنعت کے لئے ایک مشکل مرحلہ پیدا کر دیا۔ بین الاقوامی مارکیٹ میں کاٹن یارن کی قیمت اور طلب 30 جون کو ختم ہونے والے سال میں کم ترین سطح پر رہی۔ کاٹن یارن کی بڑی منڈیاں یعنی ہانگ کانگ/ چین سست روی کا شکار رہیں، تاہم، کمپنی کی مارکیٹنگ ٹیم نے دیگر مارکیٹوں جیسا کہ ملائیشیا، جاپان، کوریا اور تائیوان سے کاروبار حاصل کرنے کے لئے سخت محنت کی۔ ابتدائی طور پر، مقامی مارکیٹ میں طلب بھی کم تھی، لیکن موجودہ مالی سال کی دوسری اور تیسری سہ ماہی کے دوران کچھ بہتری آئی۔ تاہم، کمپنی کی مارکیٹنگ ٹیم نے بین الاقوامی مارکیٹ میں نئے گاہکوں تک رسائی حاصل کر کے اپنی کسٹمر بیس کو وسعت دی جس سے مثبت نتائج برآمد ہوئے۔

ویونگ (بنائی)

گرے فیبرک کی قیمتوں میں کمی کا رجحان بھی منفی اقتصادی حالات اور دستیاب کپاس کے ناقص معیار کی وجہ سے مالی سال 16-2015 کے دوران بین الاقوامی مارکیٹ میں کم طلب کے نتیجے میں ریکارڈ کیا گیا۔ چین کے لئے ملک کی برآمدات میں کمی کی وجہ سے مقامی مارکیٹ میں کم قیمت پر گرے فیبرک فروخت ہوا۔ اس صورت حال کے باعث کمپنی کی مجموعی فروخت پر منفی اثرات پڑے کیونکہ چین ہمیشہ کمپنی کے ویونگ سیگمنٹ کے لئے ایک اہم مارکیٹ رہا ہے۔

یورپ میں ہماری فروخت کی دو اقسام میں درجہ بندی کی جا سکتی ہے: فیشن کے کپڑے اور تکنیکی کپڑے۔ خوردہ مارکیٹ میں کم طلب اور یورو کی قیمت میں کمی کی وجہ سے فیشن کے کپڑے کے شعبہ کو مشکلات کا سامنا کرنا پڑا، تاہم، فیشن کے کپڑے کی غیر مستحکم مارکیٹ کے مقابلے میں تکنیکی اور کام کے لباس کے کپڑے کی فروخت کی طلب کی نوعیت مستحکم ہونے کی وجہ سے فروخت نمایاں طور پر بڑھ گئی ہے۔ اس کے علاوہ، تکنیکی کپڑے کی فروخت بھی زیادہ منافع بخش ہے کیونکہ اس کی تیاری میں پولی ایسٹر بطور خام مال استعمال کیا جاتا ہے جو آئل مارکیٹ میں مندی کی وجہ سے سازگار قیمتوں پر خریدا جا سکتا ہے۔ ہماری خصوصی مصنوعات کی کسٹمر بیس میں یورپ اور امریکہ سے نئے صارفین نے شمولیت اختیار کی ہے۔ ہماری نئی سولہ عدد '210 سینٹی میٹر 'Tsudakoma لومز پہنچ چکی ہیں اور انہوں نے اپریل 2016 میں پیداوار شروع کر دی ہے۔ انہوں نے ہمیں اپنے صارفین کو زیادہ متنوع مصنوعات کی رینج اور بہتر خدمات پیش کرنے کے قابل بنا دیا ہے۔

ڈائریکٹرز کی رپورٹ

نشاط ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 30 جون 2016ء کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ معہ مالیاتی حسابات اور اس پر بیرونی محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جائزہ

مالیاتی کارکردگی

کمپنی کی مالی کارکردگی گزشتہ سال کے موازنہ میں عالمی معاشی سست روی اور شدید مقابلہ کی وجہ سے محدود طلب کے باوجود رواں سال کے دوران غیر معمولی تھی۔ کمپنی کا بعد از ٹیکس منافع مالی سال 15-2014 میں 3,912 ملین روپے سے مالی سال 16-2015 میں 4,923 ملین روپے تک بڑھ گیا، جو 25.85 فیصد کا ایک قابل ذکر اضافہ ہے۔ منافع میں اس قابل ذکر اضافہ کی اہم وجوہات ویلیو ایڈڈ کاروبار کی کارکردگی میں بہتری، بہترین ایندھن کے مجموعہ کا استعمال اور اخراجات پر بہتر کنٹرول کے ذریعے لاگت کی بچت کا حصول ہیں۔

کلیدی منافع کی پیمائش کا خلاصہ حسب ذیل میں پیش کیا جاتا ہے۔

مالی جھلکیاں	2016 روپے (000)	2015 روپے (000)
خالص فروخت	47,999,179	51,200,223
مجموعی منافع	6,264,308	6,046,784
EBITDA	8,937,616	8,260,046
ڈیپریسیئشن (Depreciation)	2,166,357	2,125,348
مالی لاگت	1,046,221	1,744,773
ڈیویڈینڈ آمدن	3,700,227	2,947,006
قبل از ٹیکس منافع	5,725,038	4,389,925
بعد از ٹیکس منافع	4,923,038	3,911,925

گزشتہ سال کی اسی مدت میں فروخت کے مقابلے میں کمپنی کی فروخت موجودہ سال میں 3,201 ملین روپے (6.25 فیصد) تک کم ہوئی۔ ناموافق حجم اور جامد عالمی طلب کے باعث قیمتوں میں کمی کے باوجود فروخت کی رقم 47,999 ملین روپے تک ریکارڈ کی گئی، جو گزشتہ پانچ سالوں کے دوران فروخت کے مستحکم رجحان کا تسلسل ہے۔

موثر انتظامی اخراجات کی وجہ سے فروخت میں 6.25 فیصد کمی کے مقابلے میں فروخت کی لاگت میں 7.57 فیصد کی زیادہ تناسبی کمی دیکھی گئی۔ جس کے نتیجے میں گزشتہ سال کے مجموعی منافع کے مقابلے میں رواں سال کے مجموعی منافع میں 217.524 ملین روپے (3.60 فیصد) تک اضافہ ہوا۔ فروخت کے مقابلے میں فروخت کے اخراجات میں کمی کی بنیادی وجہ بہترین ایندھن کے مجموعہ کا استعمال، تجارتی اسٹاک کے بہتر انتظامات اور اخراجات پر بہترین کنٹرول کے نتیجہ میں اخراجات بچانے کا حصول ہے۔ فروخت کا مجموعی منافع سے تناسب گزشتہ سال کی اسی مدت میں 11.81 فیصد کے مقابلے موجودہ سال میں 13.05 فیصد قابل ذکر حد تک بہتر ہوا ہے۔

EBITDA میں 677.570 ملین روپے (8.20 فیصد) کا نمایاں اضافہ ریکارڈ کیا گیا جو گزشتہ سال کے مقابلے میں موجودہ سال میں کمپنی کی طرف سے صحت مند کارکردگی کی علامت ہے۔ کمپنی کا موجودہ سال کا EBITDA سے فروخت کا تناسب 18.62 فیصد ہے جو کہ پچھلے پانچ سالوں کے مقابلے میں سب سے زیادہ ہے۔ یہ تناسب مالی سال 12-2011 میں 15.81 فیصد سے بڑھ کر موجودہ سال کے تناسب تک پہنچا۔

کمپنی کے سرمایہ کاری پورٹ فولیو نے منافع میں قابل ذکر اضافہ کیا اور گزشتہ سال کی منقسم آمدن کے مقابلے میں موجودہ سال میں 753.221 ملین روپے (25.56 فیصد) تک منقسم آمدن بڑھ گئی۔ گزشتہ پانچ سالوں کا جائزہ منقسم آمدن میں 13.04 فیصد کا مستحکم اور شاندار سالانہ اضافہ ظاہر کرتا ہے۔

کمپنی کے مالیاتی اخراجات گزشتہ پانچ سالوں کے دوران مالی سال 16-2015 میں سب سے کم تھے اور گزشتہ سال کی اسی مدت کے مقابلے میں موجودہ سال میں 40.04 فیصد کمی ریکارڈ کی گئی۔ کمی کی اہم وجوہات منافع میں اضافہ کی وجہ سے نقد رقم کے بہاؤ میں بہتری، آسان شرح پر قرضوں کی دستیابی اور سخت مالیاتی انتظامات ہیں۔ کمپنی کے اوسط قرض کی شرح گزشتہ سال کی اسی مدت میں 6.81 فیصد کے مقابلے میں موجودہ سال میں 4.60 فیصد تک کم ہوگئی۔ انٹرسٹ کور 6.47 گنا رہا جو گزشتہ پانچ سالوں کے دوران سب سے زیادہ تھا جس سے کمپنی کی صحت مند ممکنہ آمدنی ظاہر ہوتی ہے۔

فروخت کے تناسب سے بعد از ٹیکس منافع کی شرح گزشتہ سال میں 7.64 فیصد کے مقابلے موجودہ سال میں 10.26 فیصد تک نمایاں طور پر بڑھ گئی ہے۔ اخراجات کے استعمال میں کفایت، بہترین ایندھن کے مجموعہ کا استعمال، مالی اخراجات میں کمی اور دیگر آمدنی میں اضافے بعد از ٹیکس منافع میں اضافہ کی وجوہات ہیں۔

Form of Proxy

I/We ____

of ____

being a member of Nishat Mills Limited, hereby appoint ______________________________

____

of ____

or failing him/her ____

of ____

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 31, 2016 (Monday), at 3:00 p.m at Nishat Hotel, 9-A, Gulberg III, Main Mahmood Ali Kasuri Road, Lahore.

as witness may hand this ____________ day of ________ 2016

Signed by the said member ______________________________

in presence of ______________________________

Please affix revenue stamp Rs. 5

Signature of witness ....

Name ....

Address ....

....

CNIC # ....

Signature(s) of Members(s)

Please quote:

Folio No.	Shares held	CDC A/C. No.

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time to holding the annual general meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary

NISHAT MILLS LIMITED
Nishat House,
53 - A, Lawrence Road, Lahore.
Tel : 042 - 36360154
UAN : 042 - 111 113 333

پراکسی فارم

میں/ہم مسمی/مسماۃ ------------------------------ساکن------------------------ضلع--

بحثیت ممبر کمپنی، مسمی /مسماۃ ---------------------------------ساکن ------------------------------------کمپنی ممبر یا اُسکی عدم موجودگی کی صورت میں

مسمی/مسماۃ-------------------------------ساکن------------------------------کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا/ کرتی ہوں تا کہ وہ میری/ہماری جگہ اور میری/ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ ۳۱ اکتوبر ۲۰۱۶ء بوقت دوپہر 03:00 بجے نشاط ہوٹل، A-9، گلبرگ III، میاں محمود علی قصوری روڈ لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ ----------------دن----------۲۰۱۶ء

پانچ روپے کی ریونیو سٹمپ
چسپاں کریں

گواہ کے کوائف

دستخط:----------------------------

نام:------------------------------

پتہ:------------------------------

کمپیوٹرآئزڈ قومی شناختی کارڈ نمبر:--------------

دستخط:-------------------------------

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہیں)

فولیو نمبر:---------------------------

سی ڈی سی کھاتہ نمبر:----------------------

حصص کی تعداد:----------------------

اہم:

پراکسی فارم، کمپنی کے رجسٹرڈ آفس، نشاط ہاؤس، 53-A، لارنس روڈ، لاہور، میں اجلاس کے انعقاد سے کم از کم ۴۸ گھنٹے قبل جمع کرانا لازمی ہے۔ بصورتِ دیگر وہ قابل قبول نہ ہوگا۔

AFFIX
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Glossary of Terms

AFS	Available For Sale
APTMA	All Pakistan Textile Mills Association
Board	Board of Directors
CDC	Central Depository Company of Pakistan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CCG	Code of Corporate Governance
COO	Chief Operating Officer
CPI	Critical Performance Indicators
CSR	Corporate Social Responsibility
EBIT	Earnings Before Interest and Taxation
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortization
EOBI	Employees' Old Age Benefit Institute
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
FBR	Federal Board of Revenue
GoP	Government of Pakistan
HR	Human Resource
HR & R	Human Resource and Remuneration
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
ISO	International Organization for Standards
IT	Information Technology
KG	Kilo Gram
KIBOR	Karachi Interbank Offer Rate
KPI	Key Performance Indicators
PSX	Pakistan Stock Exchange Limited
Lbs	Pounds
NRV	Net Realisable Value
NML	Nishat Mills Limited
SECP	Securities and Exchange Commission of Pakistan
TFC	Term Finance Certificate
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

NISHAT

REGISTERED OFFICE:
Nishat House, 53-A, Lawrence Road, Lahore
Tel: 042-36360154, 042-111 113 333
nishat@nishatmills.com