NISHAT

Nishat Mills Limited

STRIVING For EXCELLENCE

ANNUAL REPORT 2016-17

Contents

Company Information

Board of Directors
Mian Umer Mansha
Chief Executive Officer

Mian Hassan Mansha
Chairman

Syed Zahid Hussain
Mr. Khalid Qadeer Qureshi
Mr. Farid Noor Ali Fazal
Mr. Ghazanfar Husain Mirza
Mr. Maqsood Ahmad

Audit Committee
Mr. Khalid Qadeer Qureshi
Chairman / Member

Syed Zahid Hussain
Member

Mr. Farid Noor Ali Fazal
Member

Human Resource & Remuneration (HR & R) Committee
Mr. Khalid Qadeer Qureshi
Chairman / Member

Mian Umer Mansha
Member

Mr. Farid Noor Ali Fazal
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.

Spinning units & Power plant
Plot No. 172-208, M-3 Industrial City, Sahianwala, FIEDMC,
2 K.M. Jhumra Chiniot Road, Chak Jhumra, Faisalabad.

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

Branch Office, Lahore
1st Floor, DYL Motorcycles Limited Office, 147-Q Block, behind Emporium Mall,
Johar Town, Lahore
Tel: 0303-4444795, 0323-8999514

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 20 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, Nishat Farms Supplies (Private) Limited and Hyundai Nishat Motor (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, Nishat Farms Supplies (Private) Limited and Hyundai Nishat Motor (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 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 45 years of rich professional experience. He also serves on the Board of D.G. Khan Cement Company Limited, Nishat Power Limited, Lalpir Power Limited, Pakgen Power Limited, Nishat Paper Products Company Limited and Nishat Commodities (Private) Limited.

Mr. Farid Noor Ali Fazal
Non-Executive Director

Mr. Ghazanfar Hussain Mirza
Non-Executive Director

Mr. Maqsood Ahmed
Executive Director

Mr. Farid Noor Ali Fazal is a Bachelor of Commerce, Bachelor of Laws and Bachelor of Management. He has more than 44 years' experience of marketing. He has worked on various positions in Middle East and USA. He is associated with cement industry in one form or the other and was the acting chairman of All Pakistan Cement Manufacturers Association in 2002. He also serves on the Board of D. G. Khan Cement Company Limited.

Mr. Ghazanfar Hussain Mirza has a Bachelor degree in Mechanical Engineering from NED University of Engineering & Technology.
Mr. Mirza has 37 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 holds a Masters degree and a rich professional experience of over 25 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.

Vision and Mission

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.

Chairman's Review Report

Financial year 2016-17 was another tough year for the textile sector in Pakistan. A significant drop was recorded in the textile exports which is mainly attributable to high cost of production as compared to that of our competitors. The cost of doing business such as high labour cost, expensive gas, soaring power tariff and over-valued Pak rupee created pressure on textile sector. Decline in textile exports is the continuation of consistent trend due to which textile exports have decreased by around 14% over the last ten years. Against this background, the Government of Pakistan announced Rs. 180 billion incentive package for the exports oriented sectors of which textile sector was the main beneficiary. This package included rebates on exports, reduction in import duties of machinery and man made fibers except polyester, imposition of additional duties on import of Indian yarn and subsidy on long term loans for up-gradation of plant and machinery.

Despite the difficulties faced by the textile sector, our Company performed considerably well and top line grew by 2.60% in the current year as compared to the corresponding last year. However, above mentioned high cost of production and intense competition were the main reasons for decrease in profits during the year. The Board and management of the Company are committed to enhance the rate of return for the shareholders of the Company. The Company expects better performance during the financial year 2017-18. The Company is also focused to fulfill the needs of its customers and several BMR projects are underway.

In addition to profits from its operations, dividend income is another regular source of income for the Company. The Company has made equity investment in a number of subsidiaries and associated companies. During the year, the Board approved equity investment in Hyundai Nishat Motor (Private) Limited for setting up a green field project for assembly and sales of HMC passenger and 1 ton range commercial vehicles in Pakistan.

It is matter of immense pleasure that the Company's contribution towards the society and country is enormous in terms of being one of the largest providers of employment and leading exporter.

Mian Hassan Mansha
Chairman

September 25, 2017
Lahore

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 2017 along with the financial statements and auditors' report thereon.

FINANCIAL REVIEW

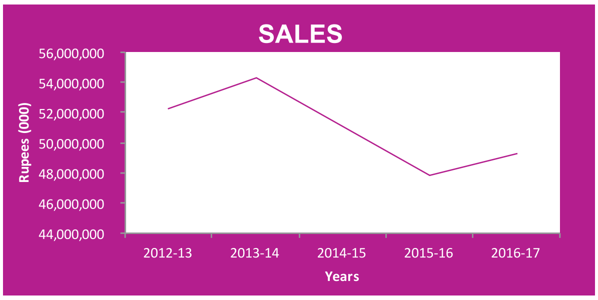
Financial Performance

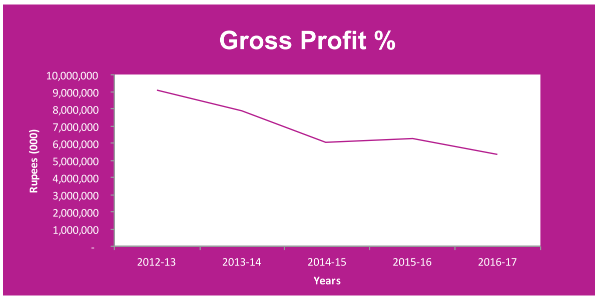
Profitability of the Company decreased during the financial year ended 30 June 2017 as compared to the profitability of corresponding last year ended 30 June 2016 mainly due to increase in cotton prices, increase in labour cost due to increase in minimum wages from Rs. 13,000 to Rs. 14,000 per month, increase in fuel and power cost and decrease in profit margins due to low demand in international market. However, finance cost decreased due to better financial planning and fund management.

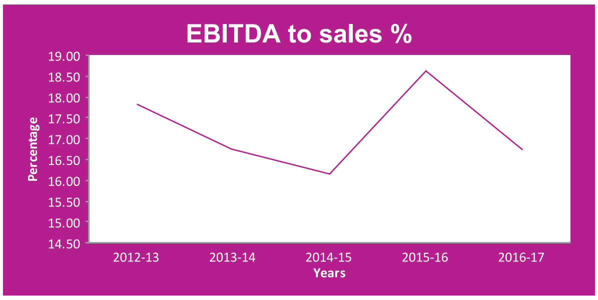
The summary of the key profitability measures is presented below.

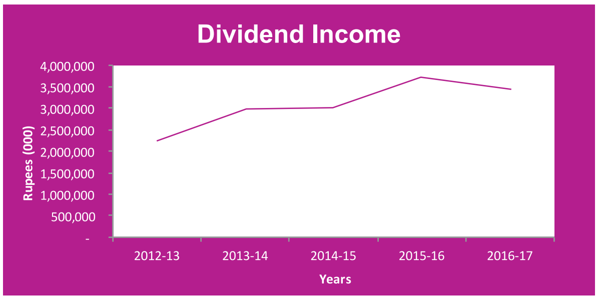
Financial highlights	2017	2016
	Rupees(000)	Rupees(000)
Revenue	49,247,657	47,999,179
Gross profit	5,379,838	6,239,391
EBITDA	8,235,549	8,937,616
Depreciation	2,300,135	2,166,357
Finance cost	915,072	1,046,221
Dividend Income	3,403,733	3,700,227
Pre-tax profit	5,020,342	5,725,038
After tax profit	4,262,342	4,923,038

Revenue recorded an increase of Rs. 1,248.478 million (2.60%) in the current year as compared to the corresponding year ended 30 June 2016. Primary reason for this increase was the increase in export sales from US$ 344.744 million to US$ 350.736 despite severe competition and slow global demand for textile products and amount of Rs. 841.530 million accrued on account of duty draw back incentive on export sales.







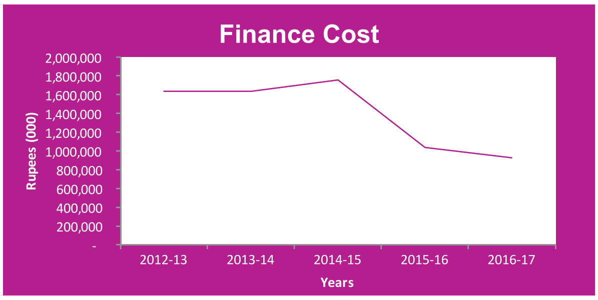


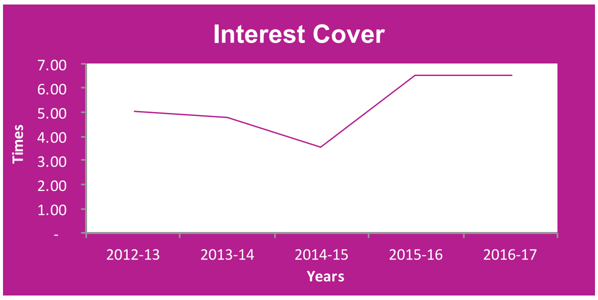
Despite an increase of 2.60% in revenue, gross profit of the Company decreased by Rs. 859.553 million (13.78%) in the current year as compared to gross profit of corresponding year ended 30 June 2016 since the cost of sales increased at a higher proportion (5.05%) as compared to the increase in sales (2.60%) . The reason for increase in cost of sales by 5.05% in the current year as compared to the corresponding last year was increase in cotton prices, increase in labour cost due to increase in minimum wages, increase in fuel & power cost and increase in depreciation charge of the Company due to commissioning of new Garment unit.

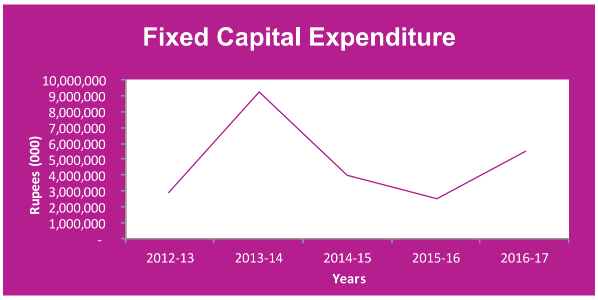
A review of EBITDA to sales ratio shows a marginal decrease from 18.62% in the corresponding last year to 16.72% in the current year which is an indication of sustainable financial performance despite cutthroat competition and higher input costs.

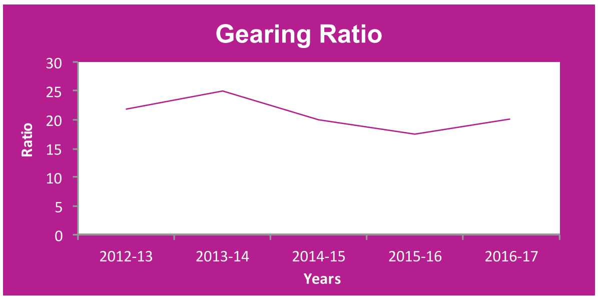
Contribution of dividend income towards the profitability of Company has always remained substantial. However, dividend income decreased from Rs. 3.700 billion to Rs. 3.404 billion in the current year as compared to corresponding last year mainly due to decrease in dividend received from Nishat Power Limited which is a subsidiary of the Company. However, it remained above the mark of Rs. 3.000 billion which shows a regular stream of cash flows are guaranteed from the equity investments of the Company.

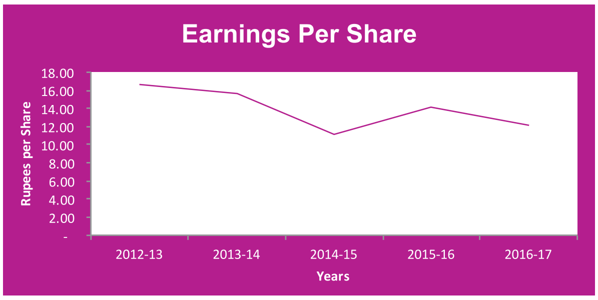
As a result of prudent financial management, finance cost of the Company was the lowest in the current year as compared to finance cost for the last five financial years. Finance cost decreased by 12.54% in the current year as compared to corresponding last year. The main reasons was the better cash flow management and availability of loans at subsidized mark-up rates which was reflected from the decrease in average borrowing

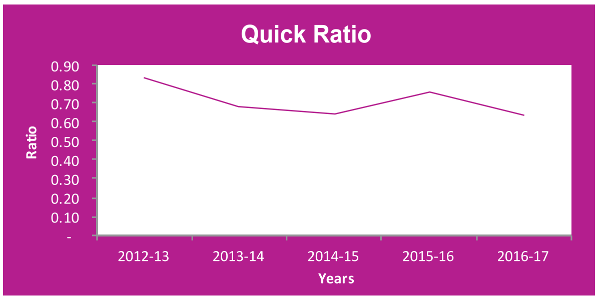


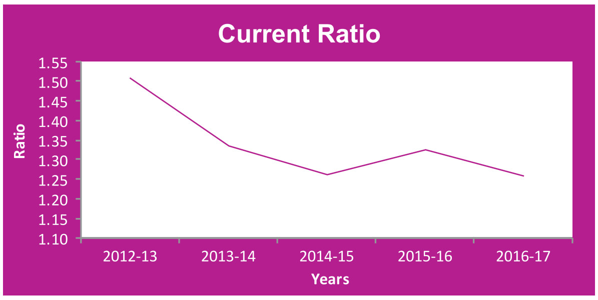


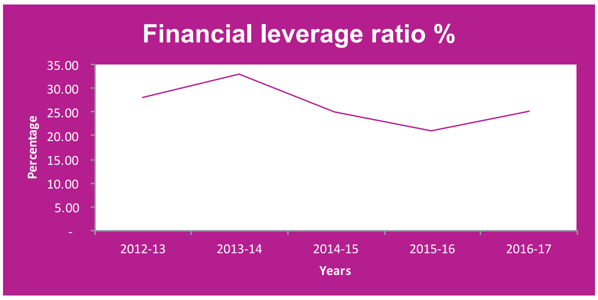












cost of debt from 4.60% in the last year to 3.50% in the current year. Interest cover ratio remained steady at the same higher level as was in the last year which is an indication of financial potential of the Company to run its operations and to carry out expansion projects.

Despite continuous economic difficulties faced by the Company being the key player in the troubled textile sector, after tax profit ratio decreased slightly by 1.61% to 8.65% in the current year as compared to the last year. The main reasons were sluggish demand in international market, expensive fuel mix, high cost of labor and expensive cotton.

Fixed Capital Expenditure

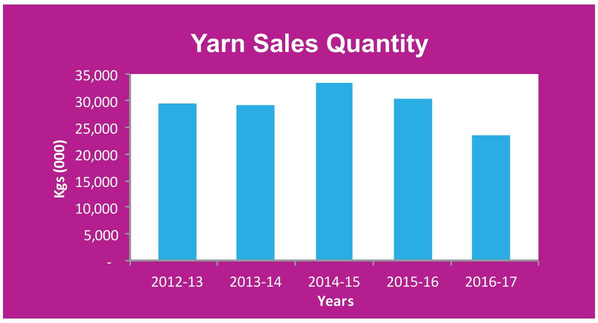
The Company incurred Rs. 5,500 million on account of fixed capital expenditure during the year which is an increase of 112% over the fixed capital expenditure of corresponding last year. Major amount of this expenditure includes establishment of a new spinning unit in Special Economic Zone located at M-3 Faisalabad Industrial Estate (FIEDMC).

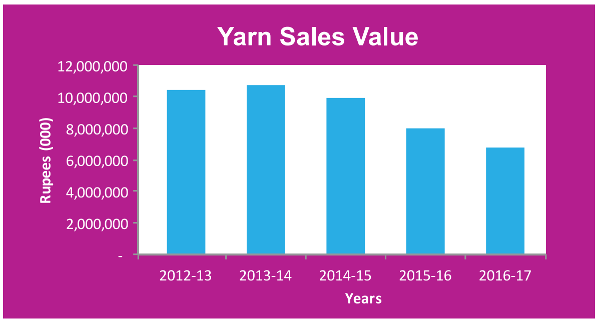
Working Capital Management

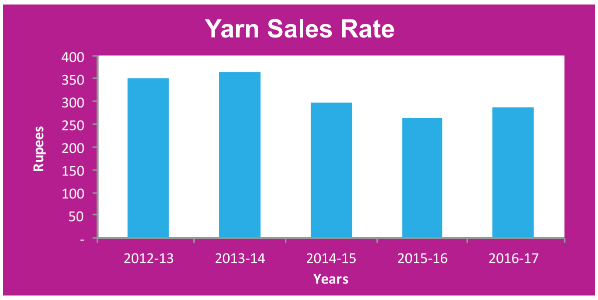
Liquidity ratios of the Company have remained steady over the last five years which is due to efficient working capital management of the company. Current ratio and quick ratio stands on 1.26 and 0.64 respectively in the current financial year despite the reduction in the profitability.

Capital Structure

The Company maintains an optimal capital structure which has provided a required impetus to the continuous growth of the Company over the years. A glance on the gearing ratios for the last five years shows that Nishat Mills Limited is a low geared company. The gearing and financial leverage ratios increased from 17.22% to 19.89% and 20.80% to 24.83% respectively due to ongoing fixed capital expenditures.







Appropriations

The Board of Directors of the Company has recommended 50% cash dividend (2016: 50%) and transferring of Rupees 2,504 million (2016: Rupees 3,165 million) to general reserve.

Earnings per Share (EPS)

Earnings per share of the Company has decreased from Rs. 14 per share in the last year to Rs. 12.12 per share in the current year as a result of low profitability but it has remained remarkable over the last five years.

SEGMENT ANALYSIS

Spinning

Start of the financial year 2016-17 was an obvious continuation of the last year's unfavorable circumstances for spinning industry as spinners were having expensive cotton stocks from the purchases of the last year. However, new cotton crop prices could not help spinners in making a good cotton price mix because local cotton prices stayed at higher level due to continuous buying by spinners during first three quarters. The Company, in order to mitigate the cotton supply and price risk, completed the purchase of raw cotton in December 2016 to fulfill the production requirements for the whole financial year. On the other hand, throughout the year, international cotton prices remained depressed due to reduced demand from major markets which was one of the reasons for low prices of yarn.

Although for a short period of time, high volume of trading in local cotton market increased the prices of yarn in local market but this trend didn't last long. Spinning Division of the Company successfully avoided negative results through improved pricing. The main market of cotton yarn, Hong Kong / China, remained low toned; however, marketing team kept working hard to get business from Malaysia, Japan, Korea, Taiwan, Bangladesh and Turkey.

Weaving

As already stated, financial year 2016-17 was a difficult year for textile business. The continuing upward trend in cotton prices adversely affected

already sluggish greige cloth market. Volatility in Euro and event of BREXIT created major hurdles in growth of our business in European region which is our major export market. Nevertheless, against all odds, we were able to maintain and even increase our business share with existing major customers.

In our product mix, a significant shift has happened towards industrial / technical fabric category. As more competition exists in fashion and work wear segment, we have focused more on functional, protective and outdoor fabrics rich in 100% polyester / blends with open end spinning. Down proof and binding fabrics is another sector where we have been successful particularly in Germany.

Last quarter of this fiscal year has witnessed immense price pressure owing to oversupply of fabric and weakening of raw material prices. Therefore, we foresee an extremely difficult business scenario during financial year 2017-18. Product diversification, cost cutting and operational efficiency will be some of the key factors to overcome this complex situation. Adapting quickly to market dynamics will be a key to success.

Dyeing

Despite fall in global demand of textile products and surge in domestic raw material prices which reduced our profit margins, Dyeing Segment performed fairly well during the financial year ended 30 June 2017. We were able to sell our products at reasonable contribution margins in highly unfavorable market conditions mainly by taking right steps at right time.

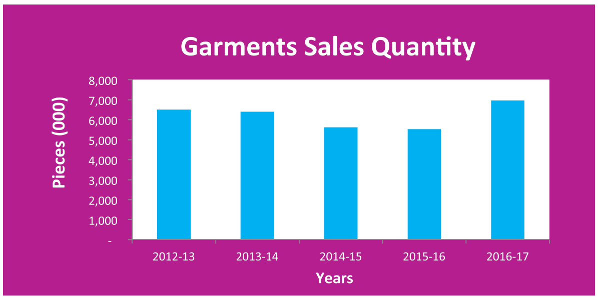
However, our profits have dropped in financial year 2016-17 as compared to profits in financial 2015-16 because in the presence of a highly competitive business environment, customers did not increase the prices despite significant increase in raw material cost. We are anticipating more challenges in the next year as it appears that fiscal year 2017-18 would be extremely difficult for textile sector. We are keeping a close eye on market situation and taking all possible measures to mitigate the impact of challenges ahead.

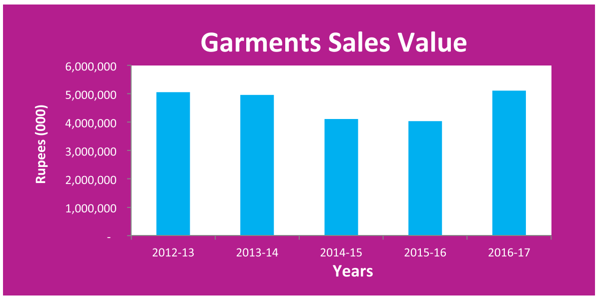
Home Textile

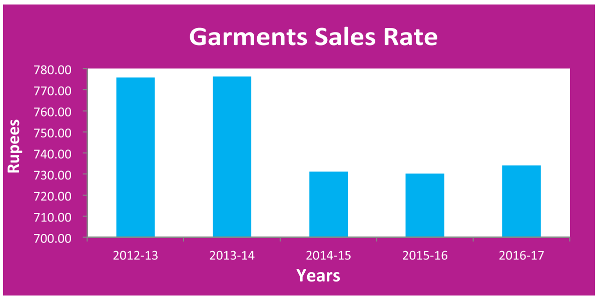
Last financial year witnessed numerous positive outcomes as well as several challenges which directly affected the pace of growth of the Division. As reported in the Director's Report for the nine months ended 31 March 2017, Home Textile Division has undergone an expansion phase which has increased its production capacity by around 20%. Therefore, expansion in our production facility, commissioning of new machinery and introduction of modernized techniques have started opening doors for new ventures. It has not only enhanced our business with the existing customers but also has increased our customer base.

We closed the last year with exceptional profitability figures and the Division was able to achieve the given targets. Now with added production capacity, we consider that we are well positioned to further enhance our profitability in the coming financial year of 2017-2018.

Recently, we have embarked on a serious effort to expand our supplies to the Chinese market. As per capita income is rising in China, the retail







customers in China are asking for higher quality textile products. Since Home Textile Segment operates primarily in the brands and high-end products, we have been able to secure a lot of interest from the largest retail chains in China.

Garments

Increase in minimum wages and other input costs along with recession in international market has badly affected apparel industry for the last couple of years which has created an environment of cutthroat competition for the Garments manufacturers. Nevertheless, Garments Division of the Company has been able to retain its business in the wake of all these challenges.

The Division has the capability to produce multiple range of products especially bottom products, denim and non-denim, including basic garment in long runs with average contribution margins and semi-basic to fashion garments with high contribution margins.

During the next financial year, the Division has the plan to enhance production efficiency and reduce cost by improving its production procedures and quality of human resource in terms of capacity, skills and capability. Simultaneously, efforts will be made in marketing, research and development based on current market requirements to develop the desirable products in order to achieve the best workable prices. Our focus is to select suitable customers with their multiple product range which will fully meet our capabilities and financial targets.

Power Generation

The Company is committed to ensure cheap, efficient and environmentally sustainable energy sources for its production facilities. A 9.6 MW Wartsila tri-fuel engine having specialized feature of direct conversion from gas to HFO with waste heat recovery mechanism from jacket water and exhaust gas was commissioned at spinning production facility located at Nishatabad, Faisalabad in October 2016 and is running efficiently. The Solar PV plant for Garments Segment II was also successfully commissioned in December 2016. Furthermore, to ensure cheap modes of energy sources, a 10 ton, low pressure coal fired boiler is being added at the location of Weaving Division, Bhikki which has started its commercial production during the first quarter of financial year 2017-18.

The Company has initiated a project to utilize fly ash, a waste from burning coal in Coal Fired Power Plant, for the production of pavers. For this purpose, a paver making machine was commissioned into production by the start of May 2017 and after successful test runs commercial production was started in the mid of May 2017.

A project for installation of a new 65 ton coal fired boiler at Nishat Dyeing & Finishing unit, Lahore is under planning process, where technical proposals have been accepted and commercial proposals are yet to be finalized. Design of the new captive power plant to cater for the spinning production facilities located at M-3 Faisalabad Industrial Estate, Faisalabad has also been completed and construction of building is in progress. In the first phase, three 6 MW Wartsila generators, one pure gas fired and two dual fuel generators are being shifted to this power plant from other locations of the Company. This phase is expected to start production by the end of October 2017.

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 coal, furnace oil, bio-mass and diesel. 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 and installation of 1.2 MW solar plant at new Apparel Denim Plant.

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 the demand for textile products.

TEXTILE INDUSTRY OVERVIEW

Textile is the largest and most important manufacturing sector in Pakistan. It provides employment to 40% of industrial labor force and its share in national exports is 62%. The sector recorded a growth of only 0.78% in the current year which is not up to the mark considering the key position of textile industry in the Pakistani economy. Textile exports decreased by 1% in the current year as compared to the previous year which is the continuation of declining trend for last ten years in which textile exports have gone down from US$ 14 Billion to US$ 12 Billion.

Diminishing demand for textile products worldwide and surge in raw material cost were the main challenges which textile industry in Pakistan faced during fiscal year 2016-17. Uncertainties created due to BRIXET also created an adverse environment for trade with UK and Europe. Although value added segments performed relatively better in second and third quarters of the fiscal year as compared to other segments of the industry but overall performance remained unsatisfactory.

In addition to external factors, textile sector is marred by internal problems which are the root cause of high input cost. Main reasons affecting the cost are production inefficiencies of the industry and inability to upgrade the plant and machinery. Majority of the units are operating without energy audits which results in wastage of electricity. By improving efficiency in this area alone they can significantly reduce their power cost. Moreover, productivity of our workers is low in comparison to regional countries particularly China and India. Majority of industry does not provide conducive work conditions to workers which hamper their productivity.

Considering global retail environment, cut-throat competition and high cost of doing business in Pakistan, the government announced incentive package for export oriented sectors of the country. As per the new package, duty drawback of taxes at specified rates was available on the FOB value of exports for the period starting from 16 January 2017 to 30 June 2017 on the selected product range of yarn, greige fabric, processed fabric, made-ups and garments. The announcement of this package was a healthy sign for the textile sector of the country. Government has also allowed sales tax zero rating facility to textile sector along with other exports-oriented sectors (textile, leather, surgical and sports goods and carpets) to provide relief to the sector from cash flow problems.

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 200MW 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

Subsidiary 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 89 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. Hyundai Nishat Motor (Private) Limited

Hyundai Nishat Motor (Private) Limited is a private limited Company incorporated in Pakistan under the Companies Ordinance, 1984 on 03 March 2017. The Subsidiary is a wholly owned subsidiary of Nishat Mills Limited. The principal activity of the Subsidiary is to carry out the import, assembly and distribution of Hyundai automobiles of both passenger and commercial category. Its registered office is situated at 53-A, Lawrence Road, Lahore.

7. Nishat Linen Trading LLC

Nishat Linen Trading LLC 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 11 retail outlets in UAE.

8. 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.

9. 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 Subsidiary 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.

10. Nishat USA Inc.

The subsidiary is a corporation service company incorporated in the State of New York. It is a wholly owned subsidiary of the Company and was 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.

11. 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.

12. Concept Garments and Textile Trading FZE

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

CORPORATE SOCIAL RESPONSIBILITY

The Company has strong commitment towards corporate social responsibility and allocates sizable resources for the benefit of environment and society.

Environment Protection

Textile manufacturing especially dyeing and printing processes can cause significant harm to environment if adequate measures are not taken to mitigate hazardous effects of textile processes. The Company is deeply concerned and has established effluent treatment plants at its dyeing, printing and garments manufacturing facilities. Moreover, a project is underway for installation 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. Apart from an elaborated policy for tree plantation at its manufacturing facilities, the Company is investing in solar technology for generation of energy to minimize the impact of CO_2 emission. The Code of Conduct for employees also requires using the Company's facilities and processes in environmentally sustainable way.

Energy Conservation

In addition to investing in the alternative energy sources, conservation of energy sources are under special focus of the Company. The Company is in the process of replacement of conventional tube lights with LED lights and installation of solar panels.

Waste Recycling

Another way to protect environment is to recycle waste. This is why the Company regularly acquires such technologies which can recycle waste generated by production processes. The Company has installed water treatment plants, cotton recycling plants and oil recycling machines at different sites to recycle the water, waste cloth and oil for maximum saving of natural resources. Recently, a paver making machine has been commissioned to make pavers from fly ash which is a waste from burning coal in Coal Fired Plant. Successful research has been carried out at the Company's facility to produce pavers by creating various combinations of ingredients to achieve standard compressive strength.

Occupational Safety and Health

The Company has a comprehensive policy for health and safety standards. Workers are engaged in manufacturing activities after taking into account professional safety measures. Apart from that, the Company arranges health awareness programs, medical camps for Malaria and Typhoid vaccination and routine fumigation of insecticide to prevent dengue and other diseases. The Company has also established dispensaries at its production facilities which are equipped with ambulances.

Equal Opportunity Employer

The Company takes pride in being an equal opportunity employer. The workforce of the Company comprises of people with diverse background including large number of women and disabled persons. The Company believes that collective creativity of people with varied background is the reason for its growth over the years.

Community Welfare Schemes

The medical camps organized by the Company not only provide free medical advice and treatment to workers and their families but also provide medical services to people living near the manufacturing facilities of the Company. Likewise, blood banks at different sites to deal with emergency needs have been established.

Consumer Protection Measures

The Company also ensures safety measures for the protection of its customers when they use its products. 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. 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.

CORPORATE GOVERNANCE

Best Corporate Practices

We are committed to good corporate governance and do comply with the requirements of Code of Corporate Governance 2012 (CCG 2012) included in the listing regulations of Pakistan Stock Exchange Limited. The statement of compliance with the CCG 2012 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. During the year under review, four Audit Committee Meetings were held, attendance position was as under:-

Sr.#	Name of Member	No. of Meetings Attended
1.	Mr. Khalid Qadeer Qureshi (Member/Chairman)	3
2.	Syed Zahid Hussain (Member)	4
3.	*Ms. Nabiha Shahnawaz Cheema (Member)	3
4.	*Mr. Farid Noor Ali Fazal (Member)	1

*Ms. Nabiha Shahnawaz Cheema retired as member on March 31, 2017 and Mr. Farid Noor Ali Fazal appointed as member audit committee in her place on April 06, 2017.

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.

During the year under review, two Human Resource & Remuneration (HR&R) Committee meetings were held, attendance position was as under:-

Sr.#	Name of Member	No. of Meetings Attended
1.	*Mr. Hassan Mansha (Member/Chairman)	1
2.	Mr. Umer Mansha (Member)	2
3.	*Mr. Khalid Qadeer Qureshi (Member/Chairman)	2
4.	**Ms. Nabiha Shahnawaz Cheema (Member)	2
5.	**Mr. Farid Noor Ali Fazal (Member)	0

*Mr. Hassan Mansha retired as Member / Chairman on April 06, 2017 and Mr. Khalid Qadeer Qureshi appointed as Member / Chairman of HR&R Committee in his place on April 06, 2017.
**Ms. Nabiha Shahnawaz Cheema retired as Member on March 31, 2017 and Mr. Farid Noor Ali Fazal appointed as Member HR&R committee in her place on April 06, 2017.

Meetings of the Board of Directors.

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

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

*Ms. Nabiha Shahnawaz Cheema retired on March 31, 2017
**Mr. Farid Noor Ali Fazal elected as director on March 31, 2017.

Directors' Statement

Following are the statements on Corporate and Financial Reporting framework in compliance with the Code of Corporate Governance:

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. Value of investments in respect of retirement benefits fund: Provident Fund: 30th June, 2017: Rs. 3,460.986 Million-Audited, (2016: Rs. 2,837.307 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. The detail of arrangements for transactions, as approved by the Board during the year, other than transactions in the ordinary course of business is as follows:

a. Loan up to Rs. 1 billion to Nishat Hotels and Properties Limited, an associated company, in accordance with its investment policy to earn higher interest rate as compared to other investment opportunities available to the Company.

b. Further investment up to Rs. 2 billion as loan and advances in Nishat Linen (Private) Limited, a wholly owned subsidiary of the Company, in accordance with its investment policy to earn higher interest rate as compared to other investment opportunities available to the Company.

c. Equity investment up to Rs. 100 million in Hyundai Nishat Motor (Private) Limited, a wholly owned subsidiary of the Company, to earn dividend and prospective capital gains.

d. Further equity investment of up to Rs. 1.213 billion in MCB Bank Limited, an associated company, to earn dividend and prospective capital gains.

e. The renewal of investment up to Rs. 1.5 billion as loan and advances in Nishat Power Limited, a subsidiary company, to earn higher interest rate as compared to other investment opportunities available to the Company.

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 2017 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 2018.

FUTURE PROSPECTS

The scenario of slow demand and stiff competition is anticipated in the next financial year as well. However, with the expectation of bumper cotton crop in Pakistan and world over, price stability in cotton is expected which is the most important factor in bringing the potential growth in the industry. Nishat Mills Limited, in addition to regularly carrying out BMR, also invests in the expansion of its manufacturing facilities. Currently, a plan to expand and relocate Spinning Segment located at Nishatabad, Faisalabad is underway according to which the Company has acquired land in Special Economic Zone (SEZ) located at M-3 Faisalabad Industrial Estate FIEDMC. In the first phase, 49,536 spindles are being planned to be installed on the newly acquired land which includes transfer of 22,176 spindles from existing production facility located at Nishatabad, Faisalabad and acquisition of 27,360 new spindles. The Company has acquired automatic machinery for the automation of production processes at this location like Automatic Luwa Waste Collection and Dust Removal Systems, Automatic Winders, Link Coners Eco Pulsars and Semi Automatic Bailing Press. This state of art unit with advanced technology and fully automatic procedures and systems will increase the future profitability and cash flows of the Company.

These spindles are expected to commence commercial production in first half of financial year 2017-18. The Company will enjoy benefits of tax and duty exemptions and infrastructure facilities especially designed for SEZ members at this location. The Company is also establishing a Power Unit at this location to provide electricity to Spinning Unit.

The Company is also planning to replace its existing 30 narrow width Tsudakoma looms located at Weaving Division, Bhikki, with wider width looms. These wider width looms with specialized technology will cater to lucrative Home Textile business.

The Company is also expanding the existing capacity of Dyeing Division by 500,000 meters per month to cater to the increased demand of its customers.

There have been no material changes and commitments affecting the financial position of the company which have occurred between 30 June 2017 and 25 September 2017.

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding as at June 30, 2017, which is required to be disclosed under the reporting framework, is included in the annexed shareholders' information at page No.181.

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

Mian Umer Mansha
Chief Executive Officer

Maqsood Ahmed
Director

Lahore
25 September 2017

Financial Highlights

Rupees in thousand

		2017	2016	2015	2014	2013	2012
Summarized Balance Sheet							
Non-Current Assets							
Property, plant and equipment		27,767,699	24,715,095	24,357,269	22,964,388	15,530,320	14,318,639
Long term investments		60,008,322	55,399,080	51,960,454	44,771,715	37,378,224	21,912,790
Other Non-Current Assets		756,107	634,214	631,833	537,482	521,490	547,283
Current Assets							
Stores, spares and loose tools		2,106,878	1,269,509	1,335,763	1,316,479	1,285,371	1,019,041
Stock in trade		12,722,712	9,933,736	10,350,193	12,752,495	10,945,439	9,695,133
Short term investments		2,535,973	2,065,217	2,189,860	3,227,560	4,362,880	1,589,093
Other current assets		12,828,220	12,582,368	10,314,628	11,478,458	10,610,870	7,544,404
Total Assets		118,725,911	106,599,219	101,140,000	97,048,577	80,634,594	56,626,383
Shareholders' Equity		88,762,796	82,155,155	76,142,823	68,589,176	58,917,035	37,762,749
Non-Current liabilities							
Long term financing		5,245,629	4,629,456	5,582,220	6,431,304	3,149,732	3,426,578
Deferred tax		783,292	261,567	247,462	474,878	499,415	310,305
Current Liabilities							
Short term borrowings		14,697,393	10,475,657	11,524,143	14,468,124	11,939,028	9,665,849
Current portion of long term liabilities		2,093,024	1,980,768	1,783,250	1,595,652	1,310,769	1,106,902
Other current liabilities		7,143,777	7,096,616	5,860,102	5,489,443	4,818,615	4,354,000
Total Equity and Liabilities		118,725,911	106,599,219	101,140,000	97,048,577	80,634,594	56,626,383
Profit & Loss							
Sales		49,247,657	47,999,179	51,200,223	54,444,091	52,426,030	44,924,101
Gross profit		5,379,838	6,239,391	6,046,784	7,863,774	9,044,485	6,789,191
EBITA		8,229,719	8,931,139	8,260,046	9,125,677	9,334,690	7,101,295
Operating profit		4,259,666	4,079,054	3,982,009	3,653,041	2,739,102	2,683,685
Profit before tax		5,020,342	5,725,038	4,389,925	5,975,552	6,356,853	4,081,567
Profit after tax		4,262,342	4,923,038	3,911,925	5,512,552	5,846,853	3,528,567
Cash Flows							
Cash Flow from Operating Activities		(1,378,557)	4,704,482	5,298,151	4,887,376	491,795	2,760,562
Cash Flow from Investing Activities		(3,893,286)	735,980	(3,042,332)	(7,909,028)	(2,695,026)	37,326
Cash Flow from Financing Activities		3,200,620	(3,377,513)	(5,005,916)	4,695,106	973,537	(1,572,033)
Changes in Cash & Cash Equivalents		(2,071,223)	2,062,949	(2,750,097)	1,673,454	(1,229,694)	1,225,855
Cash and cash equivalent-year end		43,945	2,115,168	52,219	2,802,316	1,128,862	2,358,556
Ratios							
Profitability Ratios							
Gross profit	%	10.92	13.00	11.81	14.44	17.25	15.11
EBITDA to sales	%	16.72	18.62	16.13	16.76	17.81	15.81
Pre tax Profit	%	10.19	11.93	8.58	10.98	12.13	9.09
After tax profit	%	8.65	10.26	7.64	10.13	11.15	7.85
Return on Equity	%	4.99	6.22	5.41	8.65	12.10	9.65
Return on Capital Employed	%	6.53	8.01	7.79	10.99	15.33	14.56
Operating Leverage Ratio		(4.75)	(1.66)	3.21	(1.27)	2.19	2.23

		2017	2016	2015	2014	2013	2012
Liquidity Ratios							
Current ratio		1.26	1.32	1.26	1.34	1.51	1.31
Quick ratio		0.64	0.75	0.65	0.68	0.83	0.60
Cash to current liabilities	Times	0.00	0.11	-	0.13	0.06	0.16
Cash flows from operations to sales	Times	(0.03)	0.10	0.10	0.09	0.01	0.06
Activity / Turnover Ratios							
Inventory turnover ratio	Times	3.87	4.12	3.91	3.93	4.20	3.90
No. of days in inventory	Days	94.32	88.83	93.35	92.88	86.90	93.85
Debtors turnover ratio	Times	21.89	18.22	17.22	11.87	10.77	15.05
No. of days in receivables	Days	16.67	20.09	21.20	30.75	33.89	24.32
Creditors turnover ratio	Times	4.30	4.65	5.84	7.25	8.01	8.46
No. of days in creditors	Days	84.88	78.71	62.50	50.34	45.57	43.26
Operating cycle	Days	26.11	30.21	52.05	73.29	75.22	74.91
Total assets turnover ratio	Times	0.41	0.45	0.51	0.56	0.65	0.79
Fixed assets turnover ratio	Times	1.77	1.94	2.10	2.37	3.38	3.14
Investment / Market Ratios							
Earnings per share	Rs.	12.12	14.00	11.13	15.68	16.63	10.04
Price earning ratio	Times	13.09	7.71	10.26	7.14	5.67	4.74
Dividend yield ratio	%	3.15	4.63	3.94	3.57	4.25	7.36
Dividend payout ratio	%	41.24	35.71	40.43	25.51	24.05	34.86
Dividend cover ratio	Times	2.42	2.80	2.47	3.92	4.16	2.87
Dividend per share	Rs.	5.00	5.00	4.50	4.00	4.00	3.50
Break-up value	Rs.	252.45	233.66	216.56	195.08	167.57	107.40
Proposed dividend	%	50	50	45	40	40	35
Market value per share							
Closing	Rs.	158.68	107.90	114.23	111.92	94.21	47.58
High	Rs.	185.63	86.83	137.49	141.70	108.00	60.49
Low	Rs.	110.65	122.05	97.00	85.00	47.99	38.10
							-
Capital Structure Ratios							
Financial leverage ratio	%	24.83	20.80	24.81	32.80	27.83	37.60
Weighted average cost of debt	%	4.68	5.82	8.43	8.28	10.57	12.22
Debt to equity ratio	%	5.91	5.64	7.33	9.38	5.35	9.07
Interest cover ratio	Times	6.49	6.47	3.52	4.71	4.93	3.32
Gearing ratio	%	19.89	17.22	19.88	24.70	21.77	27.33
Production machines							
No. of spindles		230,736	227,640	227,640	198,840	198,096	198,096
No. of looms		795	805	789	789	648	665
No. of thermosole dyeing machines		5	6	6	6	5	5
No. of rotary printing machines		4	4	4	4	3	3
No. of digital printing machines		7	2	2	2	1	-
No. of Stitching Machines		3,757	3,400	2,706	2,632	2,721	2,683

Statement of Compliance
with the Code of Corporate Governance [See clause 5.19.24]

Name of company : Nishat Mills Limited
Year ended : June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing Regulation No. 5.19.24 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 Mr. Farid Noor Ali Fazal 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. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year.

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 listed company(ies).

(ii) Three (3) Directors of the Company, Mr. Farid Noor Ali Fazal, Mr. Ghazanfar Hussain Mirza and Mr. Maqsood Ahmed have completed the directors training program.

10. The Board has approved appointment of Mrs. Hina Rauf as Head of Internal Audit including terms and conditions of her employment in place of Syed Arshad Ali Zaidi. The remuneration of CFO 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 and the chairman of the committee is a non executive 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 HR and Remuneration Committee. It comprises 3 members, of whom 2 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 requirments in the CCG have been complied with.

Mian Umer Mansha
Chief Executive Officer

Maqsood Ahmed
Director

Lahore
25 September 2017

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 2017 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 personnel and reviews 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 2017.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Lahore
September 25, 2017

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the Members of Nishat Mills Limited (the "Company") will be held on October 28, 2017 (Saturday) at 12:30 p.m. at the Grand Ball Room-D, the Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore, to transact the following business:

1. To receive, consider and adopt the Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2017 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, 2018 and fix their remuneration.

4. Special Business:-

    1. To consider and if deemed fit, to pass the following resolutions as special resolutions under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification, addition(s) or deletion(s).

    RESOLVED that approval of the members of Nishat Mills Limited (the "Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017, Regulation No. 7(e) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012 and subject to the compliance with all statutory and legal requirements, for renewal of investment up to PKR 1,000,000,000/- (Rupees 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 Shareholders, provided that the return on any outstanding amount of loan shall be 3 Months 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 said resolution shall be valid for one year starting from the date of approval by shareholders and 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 undertake the decision of said investment as and when required by NHPL and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolution.

By order of the Board

Lahore
September 25, 2017

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

Notes

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 21-10-2017 to 28-10-2017 (both days inclusive) for entitlement of 50% final cash dividend [i.e. Rs.5/- (Rupees Five Only) Per Ordinary Share] and for attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 20-10-2017 at Share Registrar, THK Associates (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, will be considered in time, for entitlement of 50% final cash dividend and 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.

Deduction of Withholding Tax on Dividend

Pursuant to the provisions of the Finance Act 2017 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- Filler	15%
- Non-Filler	20%

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.

Deduction of Withholding Tax on Dividend in case of Joint Account Holders

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar THK Associates (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, latest by October 20, 2017, otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		Nishat Mills Limited
Folio No. / CDS A/C No.		
No. of Shares Held		
Principal Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholder(s)	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

Signature of Primary Shareholder______________________________

EXEMPTION OF WITHOLDING TAX:-

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, Share Registrar THK Associates (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, upto October 20, 2017.

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 if not already provided to the Company or our Share Registrar, THK Associates (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore. The Shareholders while sending CNIC 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: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office:1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, 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 should also notify our Share Registrar, THK Associates (Pvt) Limited regarding any change in their addresses.

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

Securities and Exchange Commission of Pakistan through its Circular No. 18 dated August 01, 2017 has made it mandatory that Cash Dividend payments after November 01, 2017 shall be through electronic mode only and physical dividend warrants will not be issued / dispatched therefore the shareholders who have not provided their bank account details so far are advised to provide their below electronic dividend mandate information to our Share Registrar, M/s. THK Associates (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, and update their CDC accounts/ Sub accounts as the case may be, upto October 20, 2017, enabling the Company to credit your dividend promptly.

Folio No. / Investor Account Number / CDC Sub Account No.	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number	
Name of Network (if ported)	
Email Address	

Signature of Shareholder________________________________

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.

Circulation of Annual Reports Through Digital Storage

Pursuant to the SECP's notification SRO 470(I) / 2016 dated 31st May, 2016 the members of Nishat Mills Limited in EOGM held on 31st March 2017 had accorded their consent for transmission of annual reports including audited annual financial statements and other information contained therein of the Company through CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

Unclaimed Dividend / Shares

Shareholders who could not collect their dividend/ physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

Video Conference Facility

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at their address at least 7 days prior to the date of the meeting on the Standard Form available on the website of the Company.

STATEMENT UNDER SECTION134(3) OF THE COMPANIES ACT, 2017.

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 28, 2017.

The Company obtained approval from its Board of Directors and Shareholders on 27 September 2016 and 31 October 2016 respectively to make an investment up to Rs. 1 billion in the form of working capital loan for a period of one year at the interest rate of 3 Month KIBOR plus 0.50%. However, the Company did not make the investment in NHPL against the said approval because the funds were not required by the NHPL. The Board of Directors of the Company in their meeting held on September 25, 2017 has recommended renewal of the said investment for a period of another one year starting from the date of this AGM.

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 hotel and hospitality business in Pakistan. For the intended purpose, the company 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 started its commercial operation of Emporium Mall on 30 June 2016 and majority of the outlets have been handed over to tenants. Four Star Hotel has also started its commercial operations on 20 May 2017 and its occupancy rate is around 70%.

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

- 4 star hotel comprising of 198 rooms hotel
- 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 the approval of the shareholders for investment in NHPL has lapsed and Nishat Hotel and Properties Limited needs short term finance for meeting expense of staff salary, power generation, maintenance of HVAC and other working capital requirements and 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 renewing the working capital loan of 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 of the Company certify / undertake that the proposed investment is being recommended after due diligence and financial health of the borrowing company is such that it has the ability to repay the loan as per agreement. The duly signed recommendation of the due diligence report and directors undertaking/certificate shall be made available to the members for inspection at the 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>Information</th></tr>
<tr><td rowspan="2">I</td><td>Name of associated Company</td><td>Nishat Hotels and Properties Limited</td></tr>
<tr><td>Criteria of associated relationship</td><td>Common Directorship</td></tr>
<tr><td rowspan="2">ii</td><td>Amount of loans</td><td>Rs. 1,000,000,000/- (Rupees One Billion Only)</td></tr>
<tr><td>Purpose</td><td>Working capital needs of the associated company.</td></tr>
<tr><td>iii</td><td>Benefits</td><td>The Company will earn higher income from the investment.</td></tr>
<tr><td>Iv</td><td>Details of existing loans</td><td>Nil</td></tr>
<tr><td>V</td><td>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 2017</td><td><table>
<tr><th>Equity And Liabilities</th><th>Rupees</th><th>Assets</th><th>Rupees</th></tr>
<tr><td>Equity</td><td>9,363,103,571</td><td>Non-Current Assets</td><td>23,707,737,594</td></tr>
<tr><td>Non-Current Liabilities</td><td>11,890,297,305</td><td>Current Assets</td><td>3,370,566,055</td></tr>
<tr><td>Current Liabilities</td><td>5,824,902,773</td><td></td><td></td></tr>
<tr><td></td><td>27,078,303,649</td><td></td><td>27,078,303,649</td></tr>
</table></td></tr>
<tr><td>vi</td><td>Average borrowing cost of the investing company</td><td>3.50% for the year ended 30 June 2017</td></tr>
<tr><td>vii</td><td>Rate of interest, mark up, profit, fees or commission etc. to be charged</td><td>3 Month KIBOR plus 0.50%. 3 Month KIBOR as on 25 September 2017 is 6.15%. 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>Surplus funds of the company</td></tr>
</table>

Ref. No.	Requirement	Information
ix	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.	Not Applicable
X	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	Corporate guarantee of the associated company.
xi	If the loans or advances carry conversion feature:	No
xii	Repayment schedule and terms of loans or advances to be given to the investee company.	Repayment of principle will be made within one year of the approval by the members while payment of interest due will be made on monthly basis.
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 20^{th} 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.

Ref. No.	Requirement	Information
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 each 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 in Nishat Hotels and Properties Limited as follows:- % 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 in Nishat Mills Limited as follows:- % 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

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 Power Limited
Total Investment Approved:	Equity investment upto PKR 1.213 billion was approved by members in EOGM held on March 31, 2017 for the period of three (3) years.	Investment of Rs. 1.5 billion by way of loans and advances was approved by members in EOGM held on March 31, 2017 for the period of one year.
Amount of Investment Made to date:	Investment of Rupees 395.550 million has been made against this approval to date.	Nil
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.	No loan has been extended after the approval because funds request has not yet been made by the investee company.
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 available latest financial statements for the year ended December 31, 2016, the basic Earnings per share was Rs. 19.67 and Breakup value per share was Rs. 105.97. As per latest available un-audited financial statements for the half year ended June 30, 2017, the basic Earnings per share is Rs. 12.30 and Breakup value per share is Rs. 109.65.	At the time of approval, as per latest available audited financial statements for the year ended June 30, 2016, the basic Earnings per share was Rs. 8.052 and Breakup value per share was Rs.34.60. As per latest available audited financial statements for the year ended June 30, 2017, the basic Earnings per share is Rs. 8.152 and Breakup value per share is Rs. 39.25.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Financial Statements of NISHAT MILLS LIMITED

for the year ended June 30, 2017

NISHAT

Auditors' Report to the Members

We have audited the annexed balance sheet of NISHAT MILLS LIMITED as at 30 June 2017 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 repealed 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 repealed 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 repealed 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 repealed 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 2017 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

25 September 2017

LAHORE

Balance Sheet
As at June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2016: 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	85,246,797	78,639,156
Total equity		88,762,796	82,155,155
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	5,245,629	4,629,456
Deferred income tax liability	6	783,292	261,567
		6,028,921	4,891,023
CURRENT LIABILITIES			
Trade and other payables	7	5,837,390	5,737,896
Accrued mark-up	8	110,751	113,320
Short term borrowings	9	14,697,393	10,475,657
Current portion of non-current liabilities	10	2,093,024	1,980,768
Provision for taxation		1,195,636	1,245,400
		23,934,194	19,553,041
TOTAL LIABILITIES		29,963,115	24,444,064
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		118,725,911	106,599,219

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

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CHIEF EXECUTIVE OFFICER

	Note	2017	2016
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	27,767,699	24,715,095
Investment properties	13	466,935	472,765
Long term investments	14	60,008,322	55,399,080
Long term loans	15	167,526	97,762
Long term deposits	16	121,646	63,687
		88,532,128	80,748,389
CURRENT ASSETS			
Stores, spare parts and loose tools	17	2,106,878	1,269,509
Stock in trade	18	12,722,712	9,933,736
Trade debts	19	2,245,620	2,253,369
Loans and advances	20	7,637,999	6,111,644
Short term deposits and prepayments	21	60,454	65,433
Other receivables	22	2,828,285	2,023,092
Accrued interest	23	11,917	13,662
Short term investments	24	2,535,973	2,065,217
Cash and bank balances	25	43,945	2,115,168
		30,193,783	25,850,830
TOTAL ASSETS		118,725,911	106,599,219

CHIEF FINANCIAL OFFICER

DIRECTOR

Profit and Loss Account

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
REVENUE	26	49,247,657	47,999,179
COST OF SALES	27	(43,867,819)	(41,759,788)
GROSS PROFIT		5,379,838	6,239,391
DISTRIBUTION COST	28	(2,367,862)	(2,137,894)
ADMINISTRATIVE EXPENSES	29	(1,128,721)	(1,092,406)
OTHER EXPENSES	30	(207,507)	(316,886)
		(3,704,090)	(3,547,186)
		1,675,748	2,692,205
OTHER INCOME	31	4,259,666	4,079,054
PROFIT FROM OPERATIONS		5,935,414	6,771,259
FINANCE COST	32	(915,072)	(1,046,221)
PROFIT BEFORE TAXATION		5,020,342	5,725,038
TAXATION	33	(758,000)	(802,000)
PROFIT AFTER TAXATION		4,262,342	4,923,038
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	34	12.12	14.00

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Statement of Comprehensive Income

For the year ended June 30, 2017

	2017	2016
	(Rupees in thousand)	
PROFIT AFTER TAXATION	4,262,342	4,923,038
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	4,625,023	2,685,598
Deferred income tax relating to surplus on available for sale investments	(521,725)	(14,105)
Other comprehensive income for the year - net of tax	4,103,298	2,671,493
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,365,640	7,594,531

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

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

Cash Flow Statement

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	85,364	6,795,658
Finance cost paid		(917,641)	(1,154,295)
Income tax paid		(525,943)	(917,685)
Exchange gain / (loss) on forward exchange contracts received / (paid)		123,558	(8,550)
Net increase in long term loans to employees		(85,936)	(5,266)
Net increase in long term deposits		(57,959)	(5,380)
Net cash (used in) / generated from operating activities		(1,378,557)	4,704,482
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(5,500,140)	(2,595,237)
Proceeds from sale of property, plant and equipment		151,007	104,339
Investments made		(460,479)	(632,389)
Loans and advances to subsidiary companies		(21,792,896)	(15,509,708)
Repayment of loans from subsidiary companies		20,174,125	15,556,374
Interest received		131,364	112,374
Dividends received		3,403,733	3,700,227
Net cash (used in) / from investing activities		(3,893,286)	735,980
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		3,213,739	1,209,108
Repayment of long term financing		(2,485,310)	(1,964,354)
Short term borrowings - net		4,221,736	(1,048,486)
Dividend paid		(1,749,545)	(1,573,781)
Net cash from / (used in) financing activities		3,200,620	(3,377,513)
Net (decrease) / increase in cash and cash equivalents		(2,071,223)	2,062,949
Cash and cash equivalents at the beginning of the year		2,115,168	52,219
Cash and cash equivalents at the end of the year		43,945	2,115,168

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

CHIEF EXECUTIVE OFFICER　　CHIEF FINANCIAL OFFICER　　DIRECTOR

Statement of Changes in Equity

For the year ended June 30, 2017

(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	Unapprop-riated Profit	Sub Total		
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
Transaction with owners - Final dividend for the year ended 30 June 2016 @ Rupees 5.00 per share	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)
Transferred to general reserve	-	-	-	-	3,165,000	(3,165,000)	-	-	-
Profit for the year	-	-	-	-	-	4,262,342	4,262,342	4,262,342	4,262,342
Other comprehensive income for the year	-	-	4,103,298	4,103,298	-	-	-	4,103,298	4,103,298
Total comprehensive income for the year	-	-	4,103,298	4,103,298	-	4,262,342	4,262,342	8,365,640	8,365,640
Balance as at 30 June 2017	3,515,999	5,499,530	39,631,520	45,131,050	35,848,028	4,267,719	40,115,747	85,246,797	88,762,796

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Notes to the Financial Statements
For the year ended June 30, 2017

1 THE COMPANY AND ITS OPERATIONS

Nishat Mills Limited is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) 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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

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) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

The following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2016:

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1.

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.

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. However, the Company has not availed this option.

IAS 34 (Amendments) 'Interim Financial Reporting' (effective for annual periods beginning on or after 01 January 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

There are other amendments to published approved accounting 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.

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

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2017 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. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC 31' Revenue-Barter Transactions Involving Advertising Services. 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 'Leases', 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.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact 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 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have significant impact on Company's financial statements.

IAS 40 (Amendments), 'Investment Property' (effective for annual periods beginning on or after 01 January 2018). Amendments have been made to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list. The amendment is not likely to have a significant impact 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 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures'. These amendments are effective for annual periods beginning on or after 01 January 2017 and 01 January 2018 respectively. These amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) Standards and amendments to approved published standards that are not yet effective 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 2017 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 (I and II) 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 Government Grants

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

2.25 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

2017	2016		2017	2016
(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

3.1 Ordinary shares of the Company held by the associated companies:

	2017	2016
	(Number of shares)	
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	1,402,950	2,788,150
MCB Bank Limited	227	227
	31,692,678	33,077,878

	Note	2017	2016
		(Rupees in thousand)	
4 RESERVES			
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	39,631,520	35,528,222
		45,131,050	41,027,752
Revenue reserves			
General reserve		35,848,028	32,683,028
Unappropriated profit		4,267,719	4,928,376
		40,115,747	37,611,404
		85,246,797	78,639,156

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:

	Note	2017	2016
Balance as on 01 July		35,789,789	33,104,191
Fair value adjustment during the year		4,625,023	2,685,598
		40,414,812	35,789,789
Less: Deferred income tax liability on unquoted equity investments		783,292	261,567
Balance as on 30 June		39,631,520	35,528,222
5 LONG TERM FINANCING			
From banking companies - secured			
Long term loans	5.1	4,946,603	2,975,216
Long term musharika	5.2	2,392,050	3,635,008
		7,338,653	6,610,224
Less: Current portion shown under current liabilities	10	2,093,024	1,980,768
		5,245,629	4,629,456

	Lender	2017	2016	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
		(Rupees in thousand)						
5.1	**Long term loans**							
	Allied Bank Limited	192,727	256,970	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly installments commenced on 24 August 2014 and ending on 24 May 2020.	Quarterly	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).
	Bank Alfalah Limited	250,002	500,001	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).
	The Bank of Punjab	55,555	166,667	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.
	Pak Brunei Investment Company Limited	-	255,003	SBP rate for LTFF + 0.85%	Seven unequal quarterly installments commenced on 24 October 2015 and ended on 24 April 2017.	-	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.
	Pak Brunei Investment Company Limited	164,621	-	SBP rate for LTFF + 0.25%	Eighty unequal installments commencing on 30 August 2018 and ending on 22 June 2023.	-	Quarterly	
	Faysal Bank Limited	-	180,000	SBP rate for LTFF + 0.75%	Eight unequal installments commenced on 13 February 2016 and ended on 16 March 2017.	-	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Company (excluding land and building).
	Faysal Bank Limited	198,594	-	SBP rate for LTFF + 0.30%	Twenty unequal installments commencing on 22 November 2018 and ending on 25 May 2023.	-	Quarterly	

Lender	2017	2016	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Allied Bank Limited	-	241,039	SBP rate for LTFF + 0.50%	Thirty one unequal installments commenced on 26 September 2015 and ended on 25 April 2017.	-	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	150,000	225,000	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.
Pakistan Kuwait Investment Company (Private) Limited	115,683	132,603	SBP rate for LTFF + 1.00%	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.
Pakistan Kuwait Investment Company (Private) Limited	34,991	6,774	SBP rate for LTFF + 0.75%	Two hundred and thirty six unequal installments commenced on 15 September 2016 and ending on 16 September 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.
	150,674	139,377					
The Bank of Punjab	426,785	466,717	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced 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	104,285	108,763	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ending on 03 June 2022.	-	Quarterly	First pari passu hypothecation charge of Rupees 534 million on all present and future plant and machinery (excluding plant and machinery which is under exclusive charges of the Company's creditors).
Allied Bank Limited	998,884	-	SBP rate for LTFF + 0.25%	Two hundred and forty unequal installments commencing on 27 March 2018 and ending on 05 June 2023.	-	Quarterly	Initially ranking charge which is to be upgraded to first pari passu charge of Rupees 1,333 million (inclusive of 25% margin) on all present and future plant and machinery of the Company. Ranking charge to be upgraded to first pari passu charge within 90 days from date of first disbursement of loan.

Lender	2017	2016	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Bank Alfalah Limited	998,269	-	SBP rate for LTFF + 0.35%	Four hundred and sixty unequal installments commencing on 02 February 2018 and ending on 25 May 2023.	-	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).
Bank Alfalah Limited	280,911	-	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commencing on 31 August 2018 and ending on 31 May 2023.	-	Quarterly	Ranking hypothecation charge of Rupees 400 million with 25% margin on present and future plant and machinery of the Company, which is to be upgraded to first pari passu level within 180 days of disbursement.
Habib Bank Limited	975,296	435,679	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commencing on 17 September 2017 and ending on 25 November 2022.	-	Quarterly	Note 5.3
	4,946,603	2,975,216					

5.2 Long term musharika

Lender	2017	2016	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
Habib Bank Limited	468,630	754,341	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	740,206	970,131	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	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 14 March 2013 and ended 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	285,714	514,286	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).

Lender	2017	2016	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Meezan Bank Limited	175,000	275,000	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	222,500	333,750	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	500,000	750,000	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	2,392,050	3,635,008					

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	2017	2016
		(Rupees in thousand)	
7 TRADE AND OTHER PAYABLES			
Creditors	7.1	4,185,082	3,853,639
Accrued liabilities		698,678	558,501
Advances from customers	7.1	545,479	560,082
Securities from contractors - Interest free, repayable on completion of contracts		11,613	11,199
Retention money payable		95,018	61,580
Income tax deducted at source		1,294	876
Dividend payable		75,271	66,817
Payable to employees' provident fund trust		4,685	7,585
Fair value of forward exchange contracts		27,536	827
Workers' profit participation fund	7.2	192,734	301,483
Workers' welfare fund		-	315,307
		5,837,390	5,737,896

	Note	2017	2016
		(Rupees in thousand)	
7.1 This includes amounts due to following related parties:			
Creditors			
Nishat Linen (Private) Limited - subsidiary company		15,815	27,870
Nishat USA Inc. - subsidiary company		296	2,950
Nishat Hospitality (Private) Limited - subsidiary company		-	270
Nishat International FZE - subsidiary company		1,264	1,261
D.G. Khan Cement Company Limited - associated company		10,205	2,656
Security General Insurance Company Limited - associated company		19,942	28,334
Adamjee Insurance Company Limited - associated company		17,836	37,218
Adamjee Life Assurance Company Limited - associated company		-	3,636
Nishat (Chunian) Limited - related party		42,350	32,822
		107,708	137,017
Advance from customer			
Nishat (Chunian) Limited - related party		155	-
		155	-
7.2 Workers' profit participation fund			
Balance as on 01 July		301,483	241,876
Add: Provision for the year	30	192,734	301,483
Interest for the year	32	2,780	3,128
		496,997	546,487
Less: Payments during the year		304,263	245,004
Balance as on 30 June		192,734	301,483

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.

8 ACCRUED MARK-UP

	Note	2017	2016
Long term financing		43,834	50,450
Short term borrowings	8.1	66,917	62,870
		110,751	113,320

8.1 This includes mark-up of Rupees 1.267 million (2016: Rupees 0.580 million) payable to MCB Bank Limited - associated company.

	Note	2017	2016
		(Rupees in thousand)	
9 SHORT TERM BORROWINGS			
From banking companies - secured			
State Bank of Pakistan (SBP) refinance	9.1 and 9.3	12,009,969	9,993,000
Other short term finances	9.1 and 9.4	1,525,000	-
Temporary bank overdrafts	9.1, 9.2 and 9.5	1,162,424	482,657
		14,697,393	10,475,657

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 34,244 million (2016: Rupees 31,841 million).

9.2 These finances include Rupees 113.010 million (2016: Rupees 6.762 million) from MCB Bank Limited - associated company.

9.3 The rates of mark-up range from 2.15% to 2.85% (2016: 2.70% to 4.00%) per annum on the balance outstanding.

9.4 The rates of mark-up ranged from 0.87% to 5.92% (2016: 1.00% to 2.60%) per annum during the year on the balance outstanding.

9.5 The rates of mark-up range from 6.24% to 8.03% (2016: 6.55% to 9.01%) per annum on the balance outstanding.

10 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2017	2016
Current portion of long term financing	5	2,093,024	1,980,768

11 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) The Company is contingently liable for Rupees 0.631 million (2016: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.

ii) Guarantees of Rupees 1,519.832 million (2016: Rupees 973.358 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Government of Punjab against fulfillment of sales orders.

iii) Post dated cheques of Rupees 3,179.346 million (2016: Rupees 5,800.306 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

iv) The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The 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 75.342 million (2016: Rupees 77.482 million) paid on such goods in its respective monthly sales tax returns.

v) The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Company. Consequently, the Company has claimed input sales tax amounting to Rupees 97.221 million (2016: Rupees Nil) paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

b) Commitments

i) Contracts for capital expenditure are approximately of Rupees 728.034 million (2016: Rupees 1,031.214 million).

ii) Letters of credit other than for capital expenditure are of Rupees 980.674 million (2016: Rupees 338.967 million).

iii) Outstanding foreign currency forward contracts of Rupees 444.689 million (2016: Rupees 3,345.460 million).

	Note	2017	2016
		(Rupees in thousand)	
12 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - owned	12.1	23,481,153	23,058,934
Capital work-in-progress	12.2	4,286,546	1,656,161
		27,767,699	24,715,095

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 and office equipment	Computer equipment	Vehicles	Total	Plant and machinery
	(Rupees in thousand)										
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	-
Year ended 30 June 2017											
Opening 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	-
Additions	179,306	390,466	2,168,063	-	24,310	21,845	32,773	12,983	40,009	2,869,755	-
Disposals:											
Cost	-	(11,159)	(360,424)	-	-	-	(90)	(1,098)	(54,013)	(426,784)	-
Accumulated depreciation	-	8,648	262,897	-	-	-	42	670	27,494	299,751	-
	-	(2,511)	(97,527)	-	-	-	(48)	(428)	(26,519)	(127,033)	-
Adjustment	-	-	-	-	(26,198)	-	-	-	-	(26,198)	-
Depreciation charge	-	(480,104)	(1,661,438)	(7,711)	(28,581)	(19,766)	(17,051)	(16,816)	(62,838)	(2,294,305)	-
Closing net book value	1,129,773	4,644,346	16,672,545	72,585	275,324	188,647	171,077	45,450	281,406	23,481,153	-
At 30 June 2017											
Cost	1,129,773	8,484,586	30,244,464	318,713	823,877	393,297	389,332	207,936	586,617	42,578,595	-
Accumulated depreciation	-	(3,840,240)	(13,571,919)	(246,128)	(548,553)	(204,650)	(218,255)	(162,486)	(305,211)	(19,097,442)	-
Net book value	1,129,773	4,644,346	16,672,545	72,585	275,324	188,647	171,077	45,450	281,406	23,481,153	-
Annual rate of depreciation (%)	-	10	10	10	10	10	10	30	20		10

12.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Building								
Building - demolished	1	11,000	8,557	2,443	2,500	57	Negotiation	Al-Hasnan Construction Company, Lahore
		11,000	8,557	2,443	2,500	57		
Plant and Machinery								
Ring Spinning Frames	2	8,257	5,755	2,502	3,000	498	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	3	12,385	8,638	3,747	4,500	753	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	2	8,257	5,765	2,492	3,000	508	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	1	4,128	2,883	1,245	1,500	255	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	4	19,530	13,261	6,269	5,880	(389)	Negotiation	Sapphire Textile Mills Limited, Karachi
Slub Device	2	4,717	3,374	1,343	392	(951)	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	2	8,256	5,773	2,483	3,000	517	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	2	3,680	2,761	919	2,068	1,149	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Ring Spinning Frames	2	3,680	2,761	919	2,068	1,149	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Ring Spinning Frames	2	3,680	2,758	922	2,068	1,146	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Ring Spinning Frames	2	6,039	4,441	1,598	2,356	758	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Ring Spinning Frames	2	6,039	4,453	1,586	2,352	766	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Ring Spinning Frames	2	3,680	2,762	918	2,395	1,477	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Airjet Weaving Looms	4	10,784	8,162	2,622	2,223	(399)	Negotiation	Al-Karam Textile Mills Limited, Karachi
Airjet Weaving Looms	4	14,475	12,227	2,248	2,223	(25)	Negotiation	Al-Karam Textile Mills Limited, Karachi
Airjet Weaving Looms	36	85,628	65,441	20,187	14,380	(5,807)	Negotiation	Tithi Textile Mills (Private) Limited, Bangladesh
Airjet Weaving Looms	32	71,297	54,102	17,195	12,735	(4,460)	Negotiation	Tithi Textile Mills (Private) Limited, Bangladesh
Quilting Machine	1	806	725	81	231	150	Negotiation	Sang Joon Quilting, Lahore
Switch Track System	1	2,175	1,664	511	605	94	Negotiation	Mr. Muahmmad Riaz, Faisalabad
Dyeing and Washing Range (Pad Steam)	1	52,796	38,683	14,113	8,991	(5,122)	Negotiation	Yasir Afzal Textile (Private) Limited, Sargodha
Wascator Machine	1	2,800	1,846	954	984	30	Insurance Claim	Adamjee Insurance Company Limited, Security General Insurance Company Limited and IGI Insurance Company Limited
Steam Fired Absorption Chiller	1	10,212	7,349	2,863	4,850	1,987	Negotiation	Global Pharmaceuticals (Private) Limited, Islamabad
Rice Husk Boiler	1	17,123	7,313	9,810	3,500	(6,310)	Negotiation	Industrial Boilers (Private) Limited, Gujranwala
		360,424	262,897	97,527	85,301	(12,226)		
Vehicles								
Toyota Corolla LED-11-8758	1	1,457	884	573	783	210	Company Policy	Mr. Abdul Rehman, Company's employee, Sargodha
Honda City LEC-12-3430	1	1,444	852	592	843	251	Company Policy	Mr. Muhammad Ashfaq, Company's employee, Faisalabad
Honda Civic LEA-11-500	1	2,042	1,346	696	1,542	846	Negotiation	M/s Argosy Enterprises, Lahore
Honda Civic LEE-11-7770	1	1,918	1,214	704	1,024	320	Company Policy	Miss Zunnaria Aslam, Company's employee, Lahore
Honda Civic LE-11-5887	1	1,812	1,267	545	1,072	527	Company Policy	Mr. Muhammad Azam, Company's employee, Lahore
Audi A6 LEA-16-800	1	7,890	1,619	6,271	5,544	(727)	Negotiation	Mr. Shahzad Hussain Shah, Lahore
Suzuki Swift LE-17-2381	1	1,361	95	1,266	1,288	22	Negotiation	Mr. Amir Saleem, Lahore
Suzuki Swift LEB-13-7286	1	1,198	692	506	539	33	Company Policy	Mr. Munir-ud-Din Pasha, Company's ex-employee, Faisalabad
Suzuki Cultus LEB-13-8715	1	826	472	354	478	124	Company Policy	Mr. Khurram Jabbar, Company's employee, Lahore
Honda City LEC-12-1106	1	1,424	841	583	785	202	Company Policy	Mr. Zia-ur-Rehman, Company's employee, Swabi
Toyota Corolla LED-11-5273	1	1,416	900	516	788	272	Company Policy	Mr. Malik Muhammad Hussain Azeem, Company's employee, 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-12-2824	1	1,495	935	560	798	238	Company Policy	Mr. Arshad Khan, Company's employee, Sheikhupura
Honda City LED-15-3618	1	1,691	466	1,225	1,629	404	Negotiation	Mr. Muhammad Usman, Lahore
Toyota Corolla LEB-15-9692	1	1,281	419	862	1,227	365	Negotiation	Mr. Sheikh Wasif Samad, Lahore
Honda Civic LEA-12-7690	1	1,913	1,181	732	1,218	486	Negotiation	Mr. Muhammad Naeem, Lahore
Toyota Corolla LEB-11-2318	1	1,449	962	487	772	285	Company Policy	Mr. Sohail Ahmad, Company's employee, Lahore
Honda City LED-10-5692	1	1,337	932	405	712	307	Company Policy	Mr. Jawwad Khalid, Company's ex-employee, Lahore
Toyota Corolla LEC-11-3318	1	1,406	896	510	749	239	Company Policy	Mr. Shoaib Alam, Company's employee, Faisalabad
Toyota Corolla LED-11-8835	1	1,426	870	556	769	213	Company Policy	Mr. Abrar Ahmed Sayal, Company's employee, Lahore
Toyota Corolla LEC-13-2842	1	1,206	643	563	805	242	Negotiation	Mr. Asif Afzal, Lahore
Suzuki Cultus LEB-14-3609	1	1,072	486	586	896	310	Negotiation	Mrs. Sabin Ahmed, Lahore
Honda City LEE-13-4056	1	1,219	624	595	853	258	Negotiation	Miss Rahela Rasheed, Lahore
Honda Civic LEA-12-7691	1	1,913	1,150	763	1,311	548	Negotiation	Mr. Haji Gul Khan, Lahore
Toyota Corolla LEA-16A-6480	1	1,355	81	1,274	1,355	81	Negotiation	Mr. Ali Akbar, Lahore
Honda Civic LED-13-2488	1	2,374	1,293	1,081	1,112	31	Company Policy	Mr. Faisal Naseem Kari, Company's employee, Lahore
Toyota Corolla LEF-15-2875	1	1,695	515	1,180	1,639	459	Negotiation	Mr. Rehan Khan, Lahore
Suzuki Cultus LED-13-1589	1	1,033	579	454	630	176	Negotiation	Mr. Syed Hashim Raza, Lahore
Toyota Corolla LEC-12-2994	1	1,660	1,008	652	971	319	Company Policy	Mr. Abdul Qadir Khan, Company's employee, Karachi
Suzuki Bolan LEB-11-3093	1	605	413	192	518	326	Negotiation	Mr. Adnan Rafique Qureshi, Lahore
Suzuki Cultus LZS-3250	1	631	556	75	365	290	Negotiation	Mr. Jahanzeb Khan, Lahore
Honda Civic LWA-8802	1	1,024	891	133	864	731	Negotiation	Mr. Khurram Imtiaz, Lahore
		50,573	25,082	25,491	33,879	8,388		
Computer Equipment								
Dell Inspiron Laptop	1	85	11	74	74	-	Insurance claim	Security General Insurance Company Limited
MacBook	1	173	26	147	173	26	Company Policy	Mr. Faisal Naseem Kari, Company's employee, Lahore
		258	37	221	247	26		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		4,529	3,178	1,351	2,882	1,531		
		426,784	299,751	127,033	124,809	(2,224)		

	Note	2017	2016
		(Rupees in thousand)	
12.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of sales	27	2,201,908	2,065,498
Distribution cost	28	6,362	6,098
Administrative expenses	29	83,586	86,860
Capital work in progress		2,449	1,424
		2,294,305	2,159,880

12.1.3 Operating fixed assets having cost of Rupees 13.397 million (2016: Rupees 8.484 million) have been fully depreciated and are still in use of the Company.

12.2 Capital work in progress

	2017	2016
Buildings on freehold land	1,549,595	352,217
Plant and machinery	2,283,890	962,867
Factory equipment	-	1,380
Unallocated expenses	20,046	12,284
Letters of credit against machinery	534	1,883
Advances against purchase of land	391,941	314,988
Advances against furniture, fixtures and office equipment	17,560	-
Advances against vehicles	22,980	10,542
	4,286,546	1,656,161

13 INVESTMENT PROPERTIES

	Note	Land	Buildings	Total
		---------- (Rupees in thousand)----------		
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
Year ended 30 June 2017				
Opening net book value		414,463	58,302	472,765
Depreciation charge	30	-	(5,830)	(5,830)
Closing net book value		414,463	52,472	466,935
At 30 June 2017				
Cost		414,463	153,673	568,136
Accumulated depreciation		-	(101,201)	(101,201)
Net book value		414,463	52,472	466,935

13.1 Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 5.830 million (2016: Rupees 6.477 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 1,688.261 million (2016: Rupees 1,543.346 million). The valuation has been carried out by an independent valuer.

13.2 Land and building having book value of Rupees 239.383 million (2016: Rupees 239.383 million) and Rupees 17.799 million (2016: Rupees 19.777 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 (2016: Rupees 165.433 million) and Rupees 25.130 million (2016: Rupees 27.923 million) respectively have been given on operating lease to Nishat Linen (Private) Limited - subsidiary company.

	Note	2017	2016
		(Rupees in thousand)	
14 LONG TERM INVESTMENTS			
Subsidiary companies			
Nishat Power Limited - quoted 180,632,955 (2016: 180,632,955) fully paid ordinary shares of Rupees 10 each. Equity held 51.01% (2016: 51.01%)	14.1	1,806,329	1,806,329
Nishat USA Inc. - unquoted 200 (2016: 200) fully paid shares with no par value per share		3,547	3,547
Nishat Linen (Private) Limited - unquoted 1,067,913 (2016: 1,067,913) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2016: 100%)	14.2	261,603	261,603
Nishat Linen Trading LLC - unquoted 4,900 (2016: 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 (2016: 119,999,901) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2016: 100%)		1,199,999	1,199,999
Nishat International FZE - unquoted 18 (2016: 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

	Note	2017	2016
		(Rupees in thousand)	
Nishat Commodities (Private) Limited 1,000 (2016: 1,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2016: 100%)	14.4	10	10
Hyundai Nishat Motor (Private) Limited 6,000,000 (2016: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2016: Nil)	14.5	60,000	-
Available for sale			
Associated companies (with significant influence)			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2016: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2016: 31.40%)		3,418,145	3,418,145
Nishat Paper Products Company Limited - unquoted 11,634,199 (2016: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2016: 25%)	14.6	116,342	116,342
Lalpir Power Limited - quoted 109,393,555 (2016: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2016: 28.80%)	14.7	1,640,306	1,640,306
Pakgen Power Limited - quoted 102,524,728 (2016: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2016: 27.55%)	14.7	1,272,194	1,272,194
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2016: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2016: 12.24%)	14.8	600,000	600,000
Nishat Energy Limited - unquoted 250,000 (2016: 250,000) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2016: 25%)		2,500	2,500
Nishat Hotels and Properties Limited - unquoted 71,062,000 (2016: 71,062,000) fully paid ordinary shares of Rupees 10 each. Equity held 7.40% (2016: 7.40%)	14.9	710,620	710,620

	Note	2017	2016
		(Rupees in thousand)	
Associated companies (others)			
MCB Bank Limited - quoted 86,681,691 (2016: 84,913,391) fully paid ordinary shares of Rupees 10 each. Equity held 7.79% (2016: 7.63%)		9,933,520	9,534,351
Adamjee Insurance Company Limited - quoted 102,809 (2016: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2016: 0.03%)		2,774	2,774
		21,788,404	21,329,235
Less: Impairment loss recognized	14.10	(116,498)	(113,998)
Add: Fair value adjustment		38,336,416	34,183,843
		60,008,322	55,399,080

14.1 The Company has pledged its 180,585,155 (2016: 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 (2016: 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 Investment in Hyundai Nishat Motor (Private) Limited includes 4 shares held in the name of nominee directors of the Company.

14.6 Fair value per ordinary share of Nishat Paper Products Company Limited is determined at Rupees 27.50 by an independent valuer using present value technique.

14.7 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.

14.8 Fair value per ordinary share of Nishat Dairy (Private) Limited is determined at Rupees 8.455 by an independent valuer using present value technique.

14.9 Fair value per ordinary share of Nishat Hotels and Properties Limited is determined at Rupees 45.01 by an independent valuer using present value technique.

	Note	2017	2016
		(Rupees in thousand)	
14.10 Impairment loss recognized			
Balance as on 01 July		113,998	113,998
Add: Impairment loss recognized during the year	30	2,500	-
Balance as on 30 June		116,498	113,998

15 LONG TERM LOANS

	Note	2017	2016
Considered good:			
Executives - secured	15.1 & 15.2	190,814	133,518
Other employees - secured	15.2	36,988	8,348
		227,802	141,866
Less: Current portion shown under current assets	20		
Executives		50,314	40,721
Other employees		9,962	3,383
		60,276	44,104
		167,526	97,762

15.1 Reconciliation of carrying amount of loans to executives:

	2017	2016
Balance as on 01 July	133,518	120,698
Add: Disbursements	112,956	70,085
Transferred from other employees during the year	3,553	693
	250,027	191,476
Less: Repayments	59,213	57,958
Balance as on 30 June	190,814	133,518

15.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 190.814 million (2016: Rupees 133.518 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 instalments.

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.

16 LONG TERM DEPOSITS

	2017	2016
Security deposits	121,646	63,687

	Note	2017	2016
		(Rupees in thousand)	
17 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	17.1	1,723,258	928,269
Spare parts		384,241	343,474
Loose tools		3,816	2,822
		2,111,315	1,274,565
Less: Provision for slow moving, obsolete and damaged store items	17.2	4,437	5,056
		2,106,878	1,269,509

17.1 These include stores in transit of Rupees 905.454 million (2016: Rupees 96.569 million).

17.2 Provision for slow moving, obsolete and damaged store items

	Note	2017	2016
Balance as on 01 July		5,056	5,915
Less: Provision reversed during the year	31	619	859
Balance as on 30 June		4,437	5,056

	Note	2017	2016
18 STOCK IN TRADE			
Raw materials		7,433,874	5,312,509
Work-in-process	18.2	1,992,931	1,746,041
Finished goods	18.3	3,295,907	2,875,186
		12,722,712	9,933,736

18.1 Stock in trade of Rupees 526.776 million (2016: Rupees 476.569 million) is being carried at net realizable value.

18.2 This includes stock of Rupees 57.678 million (2016: Rupees 9.511 million) sent to outside parties for processing.

18.3 Finished goods include stock in transit of Rupees 558.410 million (2016: Rupees 523.636 million).

18.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 13.320 million (2016: Rupees 8.608 million).

		Note	2017	2016
			(Rupees in thousand)	
19	**TRADE DEBTS**			
	Considered good:			
	Secured (against letters of credit)		483,147	594,580
	Unsecured:			
	- Related parties	19.1 &19.3	167,860	261,957
	- Others	19.2	1,594,613	1,396,832
			2,245,620	2,253,369
	Considered doubtful:			
	Others - unsecured	19.4	131,758	131,758
	Less: Provision for doubtful debts		131,758	131,758
			-	-

19.1 This represents amounts due from following related parties:

	2017	2016
Nishat Linen (Private) Limited - subsidiary company	104,668	148,971
Nishat Hospitality (Private) Limited - subsidiary company	-	206
Nishat International FZE - subsidiary company	63,172	112,780
Nishat Developers (Private) Limited - associated company	20	-
	167,860	261,957

19.2 As at 30 June 2017, trade debts due from other than related parties of Rupees 39.925 million (2016: Rupees 106.242 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:

	2017	2016
Upto 1 month	26,898	104,478
1 to 6 months	8,723	-
More than 6 months	4,304	1,764
	39,925	106,242

19.3 As at 30 June 2017, trade debts due from related parties amounting to Rupees 104.688 million (2016: Rupees 149.177 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	2017	2016
Upto 1 month	104,675	149,151
1 to 6 months	13	26
More than 6 months	-	-
	104,688	149,177

19.4 As at 30 June 2017, trade debts of Rupees 131.758 million (2016: 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.

	Note	2017	2016
		(Rupees in thousand)	
20 LOANS AND ADVANCES			
Considered good:			
Employees - interest free:			
– Executives		542	11
– Other employees		4,726	4,868
		5,268	4,879
Current portion of long term loans	15	60,276	44,104
Advances to suppliers		198,912	86,174
Letters of credit		1,473	716
Income tax		1,981,917	2,232,390
Other advances	20.1	5,390,153	3,743,381
		7,637,999	6,111,644
Considered doubtful:			
Others		108	108
Less: Provision for doubtful debts		108	108
		-	-
		7,637,999	6,111,644

20.1 These include amounts due from following subsidiary companies:

	2017	2016
Nishat Linen (Private) Limited	5,098,299	3,324,507
Nishat Hospitality (Private) Limited	150,000	292,000
Nishat Commodities (Private) Limited	94,783	107,784
	5,343,082	3,724,291

21 SHORT TERM DEPOSITS AND PREPAYMENTS

	2017	2016
Deposits	1,117	1,117
Prepayments - including current portion	59,337	64,316
	60,454	65,433

22 OTHER RECEIVABLES

	2017	2016
Considered good:		
Export rebate and claims	257,174	241,194
Duty draw back	798,376	50,403
Sales tax refundable	1,736,092	1,673,414
Fair value of forward exchange contracts	-	22,494
Miscellaneous receivables	36,643	35,587
	2,828,285	2,023,092

		Note	2017	2016
			(Rupees in thousand)	
23	ACCRUED INTEREST			
	On short term loans and advances to:			
	Nishat Linen (Private) Limited - subsidiary company		11,225	7,250
	Nishat Hospitality (Private) Limited - subsidiary company		351	718
	Nishat Commodities (Private) Limited - subsidiary company		341	523
	On deposits with MCB Bank Limited - associated company		-	1,758
	On term deposit receipts		-	3,413
			11,917	13,662
24	SHORT TERM INVESTMENTS			
	Available for sale			
	Associated company (Other)			
	Security General Insurance Company Limited - unquoted 10,226,244 (2016: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2016: 15.02%)	24.1	11,188	11,188
	Related party (Other)			
	Nishat (Chunian) Limited - quoted 32,689,338 (2016: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2016: 13.61 %)		378,955	378,955
	Others			
	Alhamra Islamic Stock Fund - quoted (Formerly MCB Pakistan Islamic Stock Fund) 1,108,714 (2016: 997,990) units.		3,025	1,715
	Pakistan Petroleum Limited - quoted 434,782 (2016: 434,782) fully paid ordinary shares of Rupees 10 each.		95,217	95,217
			488,385	487,075
	Less: Impairment loss recognized	24.2	(30,808)	(27,804)
	Add: Fair value adjustment		2,078,396	1,605,946
			2,535,973	2,065,217

24.1 Fair value per ordinary share of Security General Insurance Company Limited is determined at Rupees 76.31 by an independent valuer using present value technique.

24.2 Impairment loss recognized

	Note	2017	2016
Balance as on 01 July		27,804	23,800
Add: Impairment loss recognized during the year	30	3,004	4,004
Balance as on 30 June		30,808	27,804

	Note	2017	2016
		(Rupees in thousand)	
25 CASH AND BANK BALANCES			
With banks:			
On current accounts	25.1 & 25.2		
Including US$ 87,659 (2016: US$ 329,889)		20,418	62,583
Term deposit receipts	25.3	-	1,981,000
On PLS saving accounts	25.4		
Including US$ 894 (2016: US$ 896)		94	94
		20,512	2,043,677
Cash in hand		23,433	71,491
		43,945	2,115,168

25.1 Cash at banks includes balance of Rupees 1.113 million (2016: Rupees 3.284 million) with MCB Bank Limited - associated company.

25.2 Cash at banks includes balance of Rupees 0.778 million (2016: Rupees 0.010 million) with MCB Islamic Bank Limited - related party.

25.3 These deposits of one month with banking companies have been matured and carried rate of profit ranged from 6.08% to 6.90% (2016: 6.10% to 7.10%) per annum.

25.4 Rate of profit on Pak Rupees bank deposits and US Dollar bank deposit ranges from 3.75% to 3.90% (2016: 4.25% to 5.80%) and Nil (2016: 0.01% to 0.10%) per annum respectively.

26 REVENUE

	Note	2017	2016
Export sales		36,712,413	35,931,078
Local sales	26.1	7,333,545	8,470,038
Processing income		4,187,169	3,439,346
Export rebate		173,000	158,717
Duty draw back		841,530	-
		49,247,657	47,999,179

26.1 Local sales

	Note	2017	2016
Sales	26.1.1	7,441,430	8,857,958
Less: Sales tax		107,885	387,920
		7,333,545	8,470,038

26.1.1 This includes sale of Rupees 1,988.253 million (2016: Rupees 2,600.012 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales includes waste sales of Rupees 1,063.409 million (2016: Rupees 1,169.215 million).

		Note	2017	2016
			(Rupees in thousand)	
27	COST OF SALES			
	Raw materials consumed	27.1	24,885,631	24,639,552
	Processing charges		321,876	277,302
	Salaries, wages and other benefits	27.2	5,283,799	4,466,527
	Stores, spare parts and loose tools consumed		4,886,261	4,523,950
	Packing materials consumed		1,147,088	996,473
	Repair and maintenance		331,861	304,105
	Fuel and power		4,921,472	4,214,043
	Insurance		44,315	39,217
	Other factory overheads		511,219	440,740
	Depreciation	12.1.2	2,201,908	2,065,498
			44,535,430	41,967,407
	Work-in-process			
	Opening stock		1,746,041	1,530,684
	Closing stock		(1,992,931)	(1,746,041)
			(246,890)	(215,357)
	Cost of goods manufactured		44,288,540	41,752,050
	Finished goods			
	Opening stock		2,875,186	2,882,924
	Closing stock		(3,295,907)	(2,875,186)
			(420,721)	7,738
			43,867,819	41,759,788

27.1 Raw materials consumed

	2017	2016
Opening stock	5,312,509	5,936,585
Add: Purchased during the year	27,006,996	24,015,476
	32,319,505	29,952,061
Less: Closing stock	7,433,874	5,312,509
	24,885,631	24,639,552

27.2 Salaries, wages and other benefits include provident fund contribution of Rupees 153.868 million (2016: Rupees 133.462 million) by the Company.

	Note	2017	2016
		(Rupees in thousand)	
28 DISTRIBUTION COST			
Salaries and other benefits	28.1	373,511	349,113
Outward freight and handling		1,123,357	926,083
Commission to selling agents		491,017	495,921
Fuel cost		133,833	117,456
Travelling and conveyance		103,337	104,838
Rent, rates and taxes		14,193	17,499
Postage and telephone		77,809	72,149
Insurance		20,112	20,092
Vehicles' running		9,459	12,977
Entertainment		7,728	7,065
Advertisement		13	1,220
Electricity and gas		784	553
Printing and stationery		1,461	3,170
Repair and maintenance		3,671	3,218
Fee and subscription		1,215	442
Depreciation	12.1.2	6,362	6,098
		2,367,862	2,137,894

28.1 Salaries and other benefits include provident fund contribution of Rupees 19.088 million (2016: Rupees 18.422 million) by the Company.

	Note	2017	2016
29 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	29.1	809,856	767,824
Vehicles' running		41,259	41,857
Travelling and conveyance		35,142	29,934
Rent, rates and taxes		989	1,609
Insurance		7,881	7,062
Entertainment		22,836	24,807
Legal and professional		27,421	22,024
Auditors' remuneration	29.2	4,467	4,061
Advertisement		388	717
Postage and telephone		5,948	7,487
Electricity and gas		3,821	4,346
Printing and stationery		21,141	20,606
Repair and maintenance		16,393	21,561
Fee and subscription		3,553	4,242
Depreciation	12.1.2	83,586	86,860
Miscellaneous		44,040	47,409
		1,128,721	1,092,406

29.1 Salaries and other benefits include provident fund contribution of Rupees 32.733 million (2016: Rupees 32.596 million) by the Company.

	Note	2017	2016
		(Rupees in thousand)	
29.2 Auditors' remuneration			
Audit fee		3,549	3,226
Half yearly review		781	710
Reimbursable expenses		137	125
		4,467	4,061

30 OTHER EXPENSES

	Note	2017	2016
Workers' profit participation fund	7.2	192,734	301,483
Impairment loss on equity investments	14.10 & 24.2	5,504	4,004
Loss on sale of property, plant and equipment		2,224	-
Depreciation on investment properties	13	5,830	6,477
Net exchange loss		-	4,753
Donations	30.1	1,215	169
		207,507	316,886

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

31 OTHER INCOME

	Note	2017	2016
Income from financial assets			
Dividend income	31.1	3,403,733	3,700,227
Profit on deposits with banks		29,531	27,609
Net exchange gain		143,040	-
Interest income on loans and advances to subsidiary companies		134,790	118,324
		3,711,094	3,846,160
Income from non-financial assets			
Gain on sale of property, plant and equipment		-	26,808
Scrap sales		114,052	124,461
Rental income		80,319	73,150
Reversal of provision for slow moving, obsolete and damaged store items	17.2	619	859
Reversal of provision for workers' welfare fund	31.2	346,655	-
Others		6,927	7,616
		548,572	232,894
		4,259,666	4,079,054

	Note	2017	2016
		(Rupees in thousand)	
31.1 Dividend income			
From related party / associated companies / subsidiary company			
Nishat (Chunian) Limited - related party		81,723	49,034
D.G. Khan Cement Company Limited - associated company		825,445	687,871
MCB Bank Limited - associated company		1,367,196	1,344,739
Adamjee Insurance Company Limited - associated company		411	309
Security General Insurance Company Limited - associated company		51,131	51,131
Nishat Paper Products Company Limited - associated company		17,451	11,634
Pakgen Power Limited - associated company		205,050	205,049
Lalpir Power Limited - associated company		218,788	218,787
Nishat Power Limited - subsidiary company		632,215	1,128,956
		3,399,410	3,697,510
Others			
Pakistan Petroleum Limited		2,826	2,717
Alhamra Islamic Stock Fund (Formerly MCB Pakistan Islamic Stock Fund)		1,497	-
		4,323	2,717
		3,403,733	3,700,227

31.2 Provisions for workers' welfare fund recognized in prior years have been reversed during the year in view of judgement of Honourable Supreme Court of Pakistan announced on 10 November 2016 declaring amendments made in Worker Welfare Ordinance, 1971 through Finance Acts 2006 and 2008 to be unlawful and ultra vires the Constitution of the Islamic Republic of Pakistan, 1973.

32 FINANCE COST

	Note	2017	2016
Mark-up on:			
Long term financing		346,821	462,445
Short term borrowings		323,605	329,014
Interest on payable to employees' provident fund trust		-	251
Interest on workers' profit participation fund	7.2	2,780	3,128
Bank charges and commission		241,866	251,383
		915,072	1,046,221

		Note	2017	2016
			(Rupees in thousand)	
33	TAXATION			
	Current	33.1	758,000	802,000

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.

34 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		2017	2016
Profit attributable to ordinary shareholders	(Rupees in thousand)	4,262,342	4,923,038
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	12.12	14.00

		Note	2017	2016
			(Rupees in thousand)	
35	CASH GENERATED FROM OPERATIONS			
	Profit before taxation		5,020,342	5,725,038
	Adjustments for non-cash charges and other items:			
	Depreciation		2,300,135	2,166,357
	Loss / (gain) on sale of property, plant and equipment		2,224	(26,808)
	Dividend income		(3,403,733)	(3,700,227)
	Impairment loss on equity investments		5,504	4,004
	Net exchange (gain) / loss		(143,040)	4,753
	Interest income on loans and advances to subsidiary companies		(134,790)	(118,324)
	Finance cost		915,072	1,046,221
	Reversal of provision for slow moving, obsolete and damaged store items		(619)	(859)
	Reversal of provision for workers' welfare fund	31.2	(346,655)	-
	Working capital changes	35.1	(4,129,076)	1,695,503
			85,364	6,795,658

	2017	2016
	(Rupees in thousand)	
35.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(836,750)	67,113
- Stock in trade	(2,788,976)	416,457
- Trade debts	76,434	807,669
- Loans and advances	(141,885)	(558)
- Short term deposits and prepayments	4,979	(20,584)
- Other receivables	(822,516)	(450,850)
	(4,508,714)	819,247
Increase in trade and other payables	379,638	876,256
	(4,129,076)	1,695,503

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 2017 of Rupees 5.00 per share (2016: Rupees 5.00 per share) at their meeting held on 25 September 2017.The Board of Directors also proposed to transfer Rupees 2,504 million (2016: Rupees 3,165 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, a tax shall be imposed at the rate of 7.5% of accounting profit before tax of the Company if it does not distribute at least 40% of its after tax profit for the year within six months of the end of the year ended 30 June 2017 through cash or bonus shares. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 25 September 2017 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, DIRECTORS 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	
	2017	2016	2017	2016	2017	2016
	--------------------(Rupees in thousand)------------------					
Managerial remuneration	24,486	20,071	10,228	7,714	645,505	537,945
Allowances						
Cost of living allowance	-	-	1	1	1,923	1,674
House rent	8,791	8,028	288	288	168,859	148,842
Conveyance	-	-	-	-	766	785
Medical	2,197	2,007	848	768	52,229	44,033
Utilities	-	-	3,063	2,747	74,938	65,406
Special allowance	-	-	2	2	1,092	891
Contribution to provident fund trust	-	-	810	733	53,696	42,420
Leave encashment	-	-	-	-	20,799	15,968
	35,474	30,106	15,240	12,253	1,019,807	857,964
Number of persons	1	1	1	1	495	419

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 four Directors (2016: one Director) was Rupees 0.682 million (2016: Rupees 0.375 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 parties 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:

	2017	2016
	(Rupees in thousand)	
Subsidiary companies		
Investment made	60,000	10
Dividend income	632,215	1,128,956
Purchase of goods and services	453,982	851,491
Sale of goods and services	4,979,733	4,130,009
Interest income	134,790	118,324
Rental income	46,719	42,091
Short term loans made	21,792,896	15,509,708
Repayment of short term loans made	20,174,125	15,556,374
Associated companies		
Investment made	399,169	632,379
Purchase of goods and services	124,508	58,449
Sale of goods	336	315
Rental income	650	605
Sale of operating fixed assets	79	-
Dividend income	2,685,472	2,519,520
Dividend paid	158,463	141,968
Insurance premium paid	147,693	109,221
Insurance claims received	32,539	21,060
Profit on term deposit receipt	11,059	1,758
Finance cost	4,929	2,388
Other related parties		
Dividend income	81,723	49,034
Purchase of goods and services	1,454,116	808,647
Sale of goods and services	43,143	28,486
Sale of operating fixed assets	-	9,750
Company's contribution to provident fund trust	205,689	184,772

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 audited financial statements of the provident fund:

	2017	2016
	(Rupees in thousand)	
Size of fund - total assets	4,642,647	4,145,105
Cost of investments out of provident fund trust	3,460,986	2,837,307
Fair value of investments out of provident fund trust	4,253,661	3,797,964
Percentage of investments out of provident fund trust	91.62%	91.63%

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

	2017	2016	2017	2016
	(Percentage)		(Rupees in thousand)	
Investment in listed debt securities	0.00%	0.00%	-	-
Investment in listed equity securities	25.61%	31.24%	886,478	886,478
Investment in listed debt collective investment schemes	74.38%	51.47%	2,574,342	1,460,236
Investment in listed equity collective investment schemes	0.00%	1.70%	-	48,364
Investment in Government securities	0.00%	1.74%	-	49,343
Bank balances	0.01%	13.85%	166	392,886
	100%	100%	3,460,986	2,837,307

39.2 As at the reporting date, the Nishat Mills Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose in terms of SRO 770(1)/2016 issued by Securities and Exchange Commission of Pakistan on 17 August 2016 which allows transition period of two years for bringing the Employees Provident Fund Trust in conformity with the requirements of rules.

40 NUMBER OF EMPLOYEES

	2017	2016
Number of employees as on June 30	19,005	18,747
Average number of employees during the year	19,104	17,882

41 SEGMENT INFORMATION

	Spinning						Weaving				Dyeing	
	Faisalabad I		Faisalabad II		Feroze Wattwan		Bhikki		Lahore			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)											
Revenue												
External	7,260,539	7,812,714	-	-	3,294,947	3,434,222	8,453,904	8,247,514	2,986,586	3,205,304	12,662,698	13,824,325
Intersegment	2,398,399	2,478,790	-	-	931,617	1,059,204	5,900,393	5,509,029	2,788,462	2,198,991	1,141,771	804,847
	9,658,938	10,291,504	-	-	4,226,564	4,493,426	14,354,297	13,756,543	5,775,048	5,404,295	13,804,469	14,629,172
Cost of sales	(9,199,049)	(9,845,980)	-	-	(4,009,284)	(4,193,195)	(13,087,192)	(12,541,307)	(5,397,024)	(5,056,317)	(12,176,215)	(12,321,739)
Gross profit / (loss)	459,889	445,524	-	-	217,280	300,231	1,267,105	1,215,236	378,024	347,978	1,628,254	2,307,433
Distribution cost	(228,630)	(218,284)	-	-	(88,294)	(99,036)	(402,901)	(379,662)	(127,503)	(129,422)	(636,866)	(624,011)
Administrative expenses	(202,194)	(209,312)	-	-	(67,894)	(64,135)	(171,851)	(168,040)	(89,812)	(89,905)	(204,932)	(208,168)
	(430,824)	(427,596)	-	-	(156,188)	(163,171)	(574,752)	(547,702)	(217,315)	(219,327)	(841,798)	(832,179)
Profit / (loss) before taxation and unallocated income and expenses	29,065	17,928	-	-	61,092	137,060	692,353	667,534	160,709	128,651	786,456	1,475,254

	Home Textile		Garments				Power Generation		Elimination of Inter-segment transactions		Total Company	
			I		II							
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)											
Revenue												
External	9,197,823	7,355,298	4,379,132	4,032,632	993,872	69,982	18,156	17,188	-	-	49,247,657	47,999,179
Intersegment	735,056	826,789	52,972	10,437	57,777	115,507	5,383,838	4,587,257	(19,390,285)	(17,590,851)	-	-
	9,932,879	8,182,087	4,432,104	4,043,069	1,051,649	185,489	5,401,994	4,604,445	(19,390,285)	(17,590,851)	49,247,657	47,999,179
Cost of sales	(8,571,009)	(6,989,815)	(4,094,491)	(3,619,696)	(1,324,907)	(181,435)	(5,398,933)	(4,601,155)	19,390,285	17,590,851	(43,867,819)	(41,759,788)
Gross profit / (loss)	1,361,870	1,192,272	337,613	423,373	(273,258)	4,054	3,061	3,290	-	-	5,379,838	6,239,391
Distribution cost	(468,645)	(403,628)	(363,659)	(282,557)	(51,335)	(1,292)	(29)	(2)	-	-	(2,367,862)	(2,137,894)
Administrative expenses	(209,158)	(181,834)	(95,358)	(102,192)	(31,858)	(4,762)	(55,664)	(64,058)	-	-	(1,128,721)	(1,092,406)
	(677,803)	(585,462)	(459,017)	(384,749)	(83,193)	(6,054)	(55,693)	(64,060)	-	-	(3,496,583)	(3,230,300)
Profit / (loss) before taxation and unallocated income and expenses	684,067	606,810	(121,404)	38,624	(356,451)	(2,000)	(52,632)	(60,770)	-	-	1,883,255	3,009,091
Unallocated income and expenses												
Other expenses											(207,507)	(316,886)
Other income											4,259,666	4,079,054
Finance cost											(915,072)	(1,046,221)
Taxation											(758,000)	(802,000)
Profit after taxation											4,262,342	4,923,038

41.1 Reconciliation of reportable segment assets and liabilities

	Spinning						Weaving				Dyeing	
	Faisalabad I		Faisalabad II		Feroze Wattwan		Bhikki		Lahore			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)											
Total assets for reportable segments	5,246,925	5,101,420	2,226,310	-	6,573,091	6,131,241	5,388,974	5,158,631	1,001,029	1,043,317	6,052,518	5,577,425
Total liabilities for reportable segments	658,522	576,547	32,220	-	67,385	101,081	467,615	477,581	124,158	157,231	468,085	531,458

	Home Textile		Garments				Power Generation		Total Company	
			I		II					
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)									
Total assets for reportable segments	7,483,326	5,396,834	2,059,565	1,816,734	2,590,105	1,943,239	7,513,802	6,646,771	46,135,645	38,815,612
Unallocated assets:										
Long term investments									60,008,322	55,399,080
Short term investments									2,535,973	2,065,217
Other receivables									2,828,285	2,023,092
Cash and bank balances									43,945	2,115,168
Other corporate assets									7,173,741	6,181,050
Total assets as per balance sheet									118,725,911	106,599,219
Total liabilities for reportable segments	765,205	802,069	309,785	293,277	250,650	123,833	2,084,308	1,662,330	5,227,933	4,725,407
Unallocated liabilities:										
Deferred income tax liability									783,292	261,567
Provision for taxation									1,195,636	1,245,400
Other corporate liabilities									22,756,254	18,211,690
Total liabilities as per balance sheet									29,963,115	24,444,064

41.2 Geographical information

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

	2017	2016
	(Rupees In thousand)	
Europe	13,799,308	12,504,096
Asia, Africa and Australia	18,331,288	19,587,109
United States of America and Canada	5,596,347	3,998,590
Pakistan	11,520,714	11,909,384
	49,247,657	47,999,179

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.

		2017	2016
		(Figures in thousand)	
42 PLANT CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Kgs.)	77,455	78,568
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Kgs.)	67,633	68,406
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Sq.Mtr.)	298,257	300,060
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Sq.Mtr.)	283,004	287,850
Dyeing and Finishing			
Production capacity for 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Mtr.)	54,000	54,000
Actual production on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Mtr.)	48,364	50,986
Power Plant			
Generation capacity	(MWH)	799	775
Actual generation	(MWH)	396	383

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) and Euro. 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:

	2017	2016
Cash at banks - USD	88,553	330,785
Trade debts - USD	13,060,978	11,248,718
Trade debts - Euro	987,388	1,021,991
Trade debts - AED	2,418,810	3,964,146
Trade and other payables - USD	(1,286,749)	(1,059,090)
Trade and other payables - Euro	(222,468)	(182,684)
Trade and other payables - AED	(44,319)	-
Net exposure - USD	11,862,782	10,520,413
Net exposure - Euro	764,920	839,307
Net exposure - AED	2,374,491	3,964,146

The following significant exchange rates were applied during the year:

	2017	2016
Rupees per US Dollar		
Average rate	104.55	104.29
Reporting date rate	104.80	104.50
Rupees per Euro		
Average rate	114.17	115.31
Reporting date rate	119.91	116.08
Rupees per AED		
Average rate	28.47	28.40
Reporting date rate	28.53	28.45

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and AED with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 58.369 million higher / lower (2016: Rupees 51.080 million higher / lower), Rupees 4.298 million (2016:Rupees 4.462 million) higher / lower and Rupees 3.183 million (2016: Rupees 5.301 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)	
	2017	2016	2017	2016
	(Rupees in thousand)			
PSX 100 (5% increase)	3,220	3,371	2,678,410	2,544,586
PSX 100 (5% decrease)	(3,220)	(3,371)	(2,678,410)	(2,544,586)

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:

	2017	2016
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	4,298,318	1,826,578
Short term borrowings	12,009,969	9,993,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	94	94
Term deposit receipts	-	1,981,000
Loans and advances to subsidiary companies	5,343,082	3,724,291
Financial liabilities		
Long term financing	3,040,335	4,783,646
Short term borrowings	2,687,424	482,657

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 3.654 million (2016: Rupees 4.171 million higher / lower) 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:

Investments	58,452,293	53,432,293
Loans and advances	5,623,223	3,890,126
Deposits	122,763	64,804
Trade debts	2,245,620	2,253,369
Other receivables	36,643	58,081
Accrued interest	11,917	13,662
Bank balances	20,512	2,043,677
	66,512,971	61,756,012

Notes to the Financial Statements
For the year ended June 30, 2017

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			2017	2016
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	2,453	6,960
Allied Bank Limited	A1+	AA+	PACRA	1,874	13,920
Askari Bank Limited	A1+	AA+	PACRA	40	55
Bank Alfalah Limited	A1+	AA+	PACRA	71	9,339
Faysal Bank Limited	A1+	AA	PACRA	5	255
Habib Bank Limited	A-1+	AAA	JCR-VIS	371	880,369
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,296	14,288
JS Bank Limited	A1+	AA-	PACRA	-	400,043
MCB Bank Limited	A1+	AAA	PACRA	1,113	3,284
NIB Bank Limited	A1+	AA -	PACRA	204	190
Samba Bank Limited	A-1	AA	JCR-VIS	150	98
Silkbank Limited	A-2	A -	JCR-VIS	2,194	167
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	160	7,749
United Bank Limited	A-1+	AAA	JCR-VIS	141	141
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	271	293
Deutsche Bank AG	P-2	A3	Moody's	-	134
Bank Islami Pakistan Limited	A1	A+	PACRA	89	348
Meezan Bank Limited	A-1+	AA	JCR-VIS	7,405	4,071
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	328	443
The Bank of Punjab	A1+	AA	PACRA	220	96
Soneri Bank Limited	A1+	AA-	PACRA	74	138
Summit Bank Limited	A-1	A-	JCR-VIS	269	280
Industrial and Commercial Bank of China	P-1	A1	Moody's	6	6
PAIR Investment Company Limited	A1+	AA	PACRA	-	200,000
MCB Islamic Bank Limited	A1	A	PACRA	778	501,010
				20,512	2,043,677
Investments					
Adamjee Insurance Company Limited	AA+		PACRA	7,028	5,157
Security General Insurance Company Limited	AA-		JCR-VIS	780,365	829,348
Alhamra Islamic Stock Fund (Formerly MCB Pakistan Islamic Stock Fund)	3 Star	4 Star	PACRA	13,582	10,599
Nishat (Chunian) Limited	A-2	A-	JCR-VIS	1,677,617	1,157,856
MCB Bank Limited	A1+	AAA	PACRA	18,240,428	18,682,644
Pakistan Petroleum Limited	Unknown		-	64,409	67,413
D.G. Khan Cement Company Limited	Unknown		-	29,325,317	26,206,509
Pakgen Power Limited	A1+	AA	PACRA	2,073,050	2,465,720
Lalpir Power Limited	A1+	AA	PACRA	2,244,756	2,373,840
Nishat Paper Products Company Limited	Unknown		-	319,940	410,687
Nishat Energy Limited	Unknown		-	-	2,500
Nishat Hotels and Properties Limited	A2	A-	PACRA	3,198,501	710,620
Nishat Dairy (Private) Limited	Unknown		-	507,300	509,400
				58,452,293	53,432,293
				58,472,805	55,475,970

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 2017, the Company had Rupees 19,546.607 million (2016: Rupees 21,365.343 million) available borrowing limits from financial institutions and Rupees 43.945 million (2016: Rupees 2,115.168 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 2017

	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	7,338,653	7,849,390	1,155,841	1,180,744	2,104,254	3,408,551
Trade and other payables	5,093,198	5,093,198	5,093,198	-	-	-
Short term borrowings	14,697,393	14,953,191	13,752,607	1,200,584	-	-
Accrued mark-up	110,751	110,751	110,751	-	-	-
	27,239,995	28,006,530	20,112,397	2,381,328	2,104,254	3,408,551

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

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 2017			
Assets as per balance sheet			
Investments	-	58,452,293	58,452,293
Loans and advances	5,623,223	-	5,623,223
Deposits	122,763	-	122,763
Trade debts	2,245,620	-	2,245,620
Other receivables	36,643	-	36,643
Accrued interest	11,917	-	11,917
Cash and bank balances	43,945	-	43,945
	8,084,111	58,452,293	66,536,404

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	7,338,653
Accrued mark-up	110,751
Short term borrowings	14,697,393
Trade and other payables	5,093,198
	27,239,995

	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

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.

		2017	2016
Borrowings	Rupees in thousand	22,036,046	17,085,881
Total equity	Rupees in thousand	88,762,796	82,155,155
Total capital employed	Rupees in thousand	110,798,842	99,241,036
Gearing ratio	Percentage	19.89	17.22

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

44 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

Judgements 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.

Recurring fair value measurements At 30 June 2017	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	53,632,605	13,582	4,806,106	58,452,293
Total financial assets	53,632,605	13,582	4,806,106	58,452,293
Financial liabilities				
Derivative financial liabilities	-	27,536	-	27,536
	-	27,536	-	27,536

Recurring fair value measurements At 30 June 2016	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	50,959,140	10,599	2,460,056	53,429,795
Derivative financial assets	-	22,494	-	22,494
Total financial assets	50,959,140	33,093	2,460,056	53,452,289
Financial liabilities				
Derivative financial liabilities	-	827	-	827
	-	827	-	827

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 2017 and 30 June 2016:

	Unlisted equity securities (Rupees in thousand)
Balance as on 01 July 2015	2,150,001
Add: Investment made during the year	210,620
Add : Surplus recognized in other comprehensive income	99,435
Balance as on 30 June 2016	2,460,056
Add : Surplus recognized in other comprehensive income	2,346,050
Balance as on 30 June 2017	4,806,106

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 2017	Fair value at 30 June 2016	Unobservable inputs	Range of inputs (probability-weighted average) 30 June 2017	Relationship of unobservable inputs to fair value
	(Rupees in thousand)				
Available for sale financial assets:					
Nishat Paper Products Company Limited	319,940	410,687	Revenue growth factor Risk adjusted discount rate	12.50% 16.38%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 44.792 million / - 39.324 million.
Nishat Dairy (Private) Limited	507,300	509,400	Terminal growth factor Risk adjusted discount rate	4% 15.46%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 81.780 million / - 58.260 million.
Security General Insurance Company Limited	780,365	829,348	Net premium revenue growth factor Risk adjusted discount rate	8% 17.49%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +49.393 million / - 43.973 million.
Nishat Hotels and Properties Limited	3,198,501	710,620	Terminal growth factor Risk adjusted discount rate	4% 8.60%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 2,981 million / - 1,190 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 half yearly reporting period during the 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

Judgements 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.

At 30 June 2017	Level 1	Level 2	Level 3	Total
	------------------- (Rupees in thousand) -------------------			
Investment properties	-	1,688,261	-	1,688,261
Total non-financial assets	-	1,688,261	-	1,688,261

At 30 June 2016	Level 1	Level 2	Level 3	Total
	------------------- (Rupees in thousand) -------------------			
Investment properties	-	1,543,346	-	1,543,346
Total non-financial assets	-	1,543,346	-	1,543,346

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 2017, the fair values of the investment properties have been determined by Al-Hadi Financial & Legal Consultants.

Changes in fair values are analysed at the end of each year during the 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	2017 Carried under Non-Shariah arrangements	2017 Carried under Shariah arrangements	2016 Carried under Non-Shariah arrangements	2016 Carried under Shariah arrangements
		(Rupees in thousand)			
Assets					
Loans and advances					
Loans to employees	15	97,753	130,049	26,255	115,611
Other advances					
Loans to subsidiary companies	20.1	5,343,082	-	3,724,291	-
Deposits					
Deposits	16 and 21	-	122,763	-	64,804
Bank balances	25	9,664	10,848	1,537,504	506,173
Liabilities					
Loan and advances					
Long term financing	5	4,946,603	2,392,050	2,975,216	3,635,008
Short term borrowings	9	10,942,393	3,755,000	9,225,657	1,250,000
Income					
Profit on deposits with banks	31	15,889	13,642	25,851	1,758
Other comprehensive income					
Unrealized gain / (loss) on investments	4.1	5,146,777	(521,754)	(2,305,732)	4,991,330

	Note	2017 (Rupees in thousand)	2016 (Rupees in thousand)
46.2 Dividend income earned from	31.1		
D.G. Khan Cement Company Limited		825,445	687,871
MCB Bank Limited		1,367,196	1,344,739
Nishat (Chunian) Limited		81,723	49,034
Security General Insurance Company Limited		51,131	51,131
Adamjee Insurance Company Limited		411	309
Pakgen Power Limited		205,050	205,049
Lalpir Power Limited		218,788	218,787
Nishat Power Limited		632,215	1,128,956
Pakistan Petroleum Limited		2,826	2,717
Nishat Paper Products Company Limited		17,451	11,634
Alhamra Islamic Stock Fund (Formerly MCB Pakistan Islamic Stock Fund)		1,497	-
		3,403,733	3,700,227

	Note	2017	2016
		(Rupees in thousand)	
46.3 Sources of other income	31		
Dividend income		3,403,733	3,700,227
Profit on deposits with banks		29,531	27,609
Gain on sale of property, plant and equipment		-	26,808
Net exchange gain		143,040	-
Interest income on loans and advances to subsidiary companies		134,790	118,324
Scrap sales		114,052	124,461
Rental income		80,319	73,150
Reversal of provision for slow moving, obsolete and damaged store items		619	859
Reversal of provision for workers' welfare fund		346,655	-
Others:			
Service fee		-	3,630
Licence fee		4,041	3,673
Interest income		2,886	313
		4,259,666	4,079,054
46.4 Exchange gain / (loss)			
Earned from actual currency		170,576	(26,419)
Earned from derivative financial instruments		(27,536)	21,666
46.5 Revenue (external) from different business segments	41		
Spinning:			
- Faisalabad - I		7,260,539	7,812,714
- Feroze Wattwan		3,294,947	3,434,222
Weaving:			
- Bhikki		8,453,904	8,247,514
- Lahore		2,986,586	3,205,304
Dyeing		12,662,698	13,824,325
Home Textile		9,197,823	7,355,298
Garments:			
- I		4,379,132	4,032,632
- II		993,872	69,982
Power Generation		18,156	17,188
		49,247,657	47,999,179

46.6 Relationship with banks

Name	Relationship	
	Non Islamic window operations	Islamic window operations
National Bank of Pakistan	✓	–
Allied Bank Limited	✓	–
Askari Bank Limited	✓	–
Bank Alfalah Limited	✓	–
Faysal Bank Limited	✓	–
Habib Bank Limited	✓	✓
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.	✓	–
Bank Islami Pakistan Limited	–	✓
Meezan Bank Limited	–	✓
Dubai Islamic Bank Pakistan Limited	–	✓
The Bank of Punjab	✓	–
Soneri Bank Limited	✓	–
Summit Bank Limited	✓	–
Industrial and Commercial Bank of China	✓	–
MCB Islamic Bank Limited	–	✓
Saudi Pak Commercial Bank Limited	✓	–
Pak Brunei Investment Company Limited	✓	–
Pakistan Kuwait Investment Company (Private) Limited	✓	–

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25 September 2017 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 | CHIEF FINANCIAL OFFICER | DIRECTOR

Consolidated Financial Statements of
Nishat Mills Limited
and its Subsidiaries
for the year ended June 30, 2017

NISHAT

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 2017. 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 LLC, Nishat International FZE, Nishat Global China Company Limited, Nishat UK (Private) Limited, Nishat Commodities (Private) Limited, Lalpir Solar Power (Private) Limited, Concept Garments and Textile Trading FZE and Hyundai Nishat Motor (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 2017 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 2017. 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, 2017.

The auditors' report also stated that un-audited financial statements of Lalpir Solar Power (Private) Limited which is a wholly owned subsidiary of Nishat Power Limited were included in the consolidated financial statements. Audit of financial statements of Lalpir Solar Power (Private) Limited 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 Lalpir Solar Power (Private) Limited were used in consolidation.

The auditors' report also stated that un-audited financial statements of Nishat Hotels and Properties Limited, an associated company, were used to account for under equity method. Audit of financial statements of Nishat Hotels and Properties Limited 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 Hotels and Properties Limited were used.

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 (2016: 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). Further details are mentioned in note 21.6 of the annexed consolidated financial statements. Based on the advice of the subsidiary company's legal counsel, Expert's determination and Arbitration Awards, management of the Subsidiary Company feels that above amount is likely to be recovered by the Subsidiary Company. Consequently, no provision for the above mentioned amount has been made in the consolidated financial statements.

For and on behalf of the Board of Directors

Mian Umer Mansha
Chief Executive Officer

Maqsood Ahmed
Director

25 September 2017
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 2017 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, Hyundai Nishat Motor (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 [wholly owned subsidiary of Nishat International FZE (Subsidiary Company)] and Lalpir Solar Power (Private) Limited [wholly owned subsidiary of Nishat Power Limited (Subsidiary Company)] for the year ended 30 June 2017 were unaudited. Hence, total assets of Rupees 44,384,756 as at 30 June 2017 and total turnover and net loss of Rupees 121,946,314 and Rupees 2,996,524 respectively for the year ended 30 June 2017 pertaining to the aforesaid Companies have been incorporated in these consolidated financial statements by the management using un-audited financial statements.

Adjustments of Rupees 5,610,000 made during the year ended 30 June 2017 in the carrying amount of investment in Nishat Hotels and Properties Limited (Associated Company), accounted for under equity method, are based on un-audited financial statements of that Associated Company.

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, Lalpir Solar Power (Private) Limited and Nishat Hotels and Properties Limited as referred to in above paragraphs of the report, the consolidated financial statements present fairly the financial position of Nishat Mills Limited and its Subsidiary Companies as at 30 June 2017 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 & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

25 September 2017

LAHORE

Consolidated Balance Sheet
As at June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2016: 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	84,631,159	79,400,014
Equity attributable to equity holders of the Holding Company		88,147,158	82,916,013
Non-controlling interest		6,808,446	6,001,587
Total equity		94,955,604	88,917,600
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	10,339,290	11,487,230
Long term security deposits	6	167,530	161,283
Retirement benefit obligation		8,719	5,381
Deferred liability - accumulating compensated absences		3,241	2,736
Deferred income tax liability	7	2,162,341	1,626,036
		12,681,121	13,282,666
CURRENT LIABILITIES			
Trade and other payables	8	6,876,569	6,376,389
Accrued mark-up	9	295,933	309,402
Short term borrowings	10	16,495,970	10,475,657
Current portion of non-current liabilities	11	3,858,847	3,500,416
Provision for taxation		1,403,634	1,374,735
		28,930,953	22,036,599
TOTAL LIABILITIES		41,612,074	35,319,265
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		136,567,678	124,236,865

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

CHIEF EXECUTIVE OFFICER

	Note	2017	2016
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	41,131,193	38,097,185
Investment properties	14	466,935	472,765
Intangible assets	15	17,479	24,481
Long term investments	16	51,618,680	49,024,857
Long term loans	17	192,442	116,979
Long term deposits	18	211,240	131,575
		93,637,969	87,867,842
CURRENT ASSETS			
Stores, spare parts and loose tools	19	2,811,300	1,827,949
Stock in trade	20	17,713,967	13,885,352
Trade debts	21	12,349,739	9,329,634
Loans and advances	22	2,888,707	3,170,986
Short term deposits and prepayments	23	254,311	209,219
Other receivables	24	3,786,527	2,782,581
Accrued interest	25	1,268	15,762
Short term investments	26	2,535,973	2,065,217
Cash and bank balances	27	587,917	3,082,323
		42,929,709	36,369,023
TOTAL ASSETS		136,567,678	124,236,865

CHIEF FINANCIAL OFFICER

DIRECTOR

Consolidated Profit and Loss Account

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
REVENUE	28	76,321,513	69,645,654
COST OF SALES	29	(63,919,297)	(57,073,635)
GROSS PROFIT		12,402,216	12,572,019
DISTRIBUTION COST	30	(4,983,500)	(3,963,480)
ADMINISTRATIVE EXPENSES	31	(1,783,271)	(1,679,797)
OTHER EXPENSES	32	(210,163)	(320,042)
		(6,976,934)	(5,963,319)
		5,425,282	6,608,700
OTHER INCOME	33	2,248,788	1,736,166
PROFIT FROM OPERATIONS		7,674,070	8,344,866
FINANCE COST	34	(1,699,910)	(1,939,779)
		5,974,160	6,405,087
SHARE OF PROFIT FROM ASSOCIATED COMPANIES	16.2	3,130,059	3,575,095
PROFIT BEFORE TAXATION		9,104,219	9,980,182
TAXATION	35	(1,520,125)	(2,493,952)
PROFIT AFTER TAXATION		7,584,094	7,486,230
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		6,170,139	6,089,787
NON-CONTROLLING INTEREST		1,413,955	1,396,443
		7,584,094	7,486,230
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	36	17.55	17.32

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

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2017

	2017	2016
	(Rupees in thousand)	
PROFIT AFTER TAXATION	7,584,094	7,486,230
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Remeasurement of retirement benefits - net of tax	(11,501)	10,963
Items that may be reclassified subsequently to profit or loss:		
Deficit arising on remeasurement of available for sale investments	(367,064)	(2,547,312)
Share of other comprehensive income / (loss) of associates	1,184,030	(987,911)
Exchange differences on translating foreign operations	(3,617)	18,162
Deferred income tax relating to surplus on available for sale investment	17,157	40,251
Other comprehensive income / (loss) for the year - net of tax	830,506	(3,476,810)
	819,005	(3,465,847)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,403,099	4,020,383
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	6,989,144	2,623,940
NON-CONTROLLING INTEREST	1,413,955	1,396,443
	8,403,099	4,020,383

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

CHIEF EXECUTIVE OFFICER   CHIEF FINANCIAL OFFICER   DIRECTOR

Consolidated Cash Flow Statement

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,182,529	13,692,158
Finance cost paid		(1,713,379)	(2,122,264)
Income tax paid		(741,945)	(1,076,147)
Long term security deposits received / (made)		6,247	(8,450)
Exchange gain / (loss) on forward exchange contracts received / (paid)		123,558	(8,550)
Net increase in retirement benefit obligation		3,338	487
Net increase in long term loans		(93,758)	(25,229)
Net increase in long term deposits and prepayments		(79,665)	(32,260)
Net cash (used in) / generated from operating activities		(1,313,075)	10,419,745
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		171,122	113,008
Capital expenditure on property, plant and equipment		(6,656,327)	(3,093,270)
Dividends received		2,771,518	2,571,271
Investments made		(400,479)	(632,379)
Interest received		61,750	54,983
Net cash used in investing activities		(4,052,416)	(986,387)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		3,215,449	1,209,108
Repayment of long term financing		(4,004,958)	(3,272,765)
Exchange differences on translation of net investments in foreign subsidiaries		(3,617)	18,162
Short term borrowings - net		6,020,313	(1,980,649)
Dividend paid		(2,356,102)	(2,657,360)
Net cash from / (used in) financing activities		2,871,085	(6,683,504)
Net (decrease) / increase in cash and cash equivalents		(2,494,406)	2,749,854
Cash and cash equivalents at the beginning of the year		3,082,323	332,469
Cash and cash equivalents at the end of the year		587,917	3,082,323

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

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended June 30, 2017

(RUPEES IN THOUSAND)

	Share Capital	Attributable to Equity Holders of the Holding Company											Non-Controlling Interest	Total Equity
		Capital Reserves						Revenue Reserves			Total Reserves	Shareholders' Equity		
		Premium on Issue of Right Shares	Fair Value Reserve	Exchange Translation Reserve	Statutory Reserve	Capital Redemption Reserve Fund	Sub Total	General Reserve	Unappropriated Profit	Sub Total				
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	-	-	(3,494,972)	18,162	-	-	(3,476,810)	-	10,963	10,963	(3,465,847)	(3,465,847)	-	(3,465,847)
Total comprehensive income / (loss) for the year	-	-	(3,494,972)	18,162	-	-	(3,476,810)	-	6,100,750	6,100,750	2,623,940	2,623,940	1,396,443	4,020,383
Balance as at 30 June 2016	3,515,999	5,499,530	15,522,561	7,156	232	111,002	21,140,481	52,012,882	6,246,651	58,259,533	79,400,014	82,916,013	6,001,587	88,917,600
Transaction with owners - Final dividend for the year ended 30 June 2016 @ Rupees 5.00 per share	-	-	-	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)	-	(1,757,999)
Transferred to general reserve	-	-	-	-	-	-	-	4,331,000	(4,331,000)	-	-	-	-	-
Transferred to statutory reserve	-	-	-	-	139	-	139	-	(139)	(139)	-	-	-	-
Transaction with owners - Dividend relating to year 2016 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(607,096)	(607,096)
Profit for the year	-	-	-	-	-	-	-	-	6,170,139	6,170,139	6,170,139	6,170,139	1,413,955	7,584,094
Other comprehensive income / (loss) for the year	-	-	834,123	(3,617)	-	-	830,506	-	(11,501)	(11,501)	819,005	819,005	-	819,005
Total comprehensive income / (loss) for the year	-	-	834,123	(3,617)	-	-	830,506	-	6,158,638	6,158,638	6,989,144	6,989,144	1,413,955	8,403,099
Balance as at 30 June 2017	3,515,999	5,499,530	16,356,684	3,539	371	111,002	21,971,126	56,343,882	6,316,151	62,660,033	84,631,159	88,147,158	6,808,446	94,955,604

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL 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
-Concept Garments and Textile Trading FZE
-Hyundai Nishat Motor (Private) Limited

NISHAT MILLS LIMITED

Nishat Mills Limited is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) 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 (Now Companies Act, 2017) 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% (2016: 48.99%).

NISHAT LINEN (PRIVATE) LIMITED

Nishat Linen (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 (Now Companies Act, 2017) 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 (Now Companies Act, 2017) 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 (Now Companies Act, 2017). 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 (Now Companies Act, 2017). 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.

CONCEPT GARMENTS AND TEXTILE TRADING FZE

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

HYUNDAI NISHAT MOTOR (PRIVATE) LIMITED

Hyundai Nishat Motor (Private) Limited is a private limited Company incorporated in Pakistan on 03 March 2017 under the Companies Ordinance, 1984 (Now Companies Act, 2017). It is a wholly owned subsidiary of Nishat Mills Limited. The registered office of the Company is situated at Nishat House, 53-A Lawrance Road, Lahore. The principal activity of the Company is to carry on the business of all sort of automobiles, motor vehicles, motor buses, commercial vehicles, motor vans and other vehicles, machinery and equipment (whether locally manufactured or not) and to carry on assembly, importing, manufacturing, export, trading, fabrication, distributorship and other allied services for all types of automobiles.

b) Significant restrictions

Cash and bank balances held in foreign countries 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 195.842 million (2016: Rupees 211.471 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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Group's operations and has also enhanced the definition of related parties.

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) Amendments to published approved accounting standards that are effective in current year and are relevant to the Group

The following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2016:

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1.

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.

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. However, the Group has not availed this option.

IAS 34 (Amendments) 'Interim Financial Reporting' (effective for annual periods beginning on or after 01 January 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

The application of the above amendments does not result in any impact on consolidated profit or loss, consolidated other comprehensive income and consolidated total comprehensive income.

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

There are other amendments to published approved accounting 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 financial statements and are therefore not detailed in these financial statements.

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

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2017 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. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC 31' Revenue-Barter Transactions Involving Advertising Services. The aforesaid standard is not expected to have a material impact 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 'Leases', 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.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Group's consolidated financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact 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 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have significant impact on Group's consolidated financial statements.

IAS 40 (Amendments), 'Investment Property' (effective for annual periods beginning on or after 01 January 2018). Amendments have been made to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list. The amendment is not likely to have a significant impact 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.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures'. These amendments are effective for annual periods beginning on or after 01 January 2017 and 01 January 2018 respectively. These amendments have no significant impact on the Group's consolidated financial statements and have therefore not been analyzed in detail.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2017 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:

	2017	2016
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(11,151,554)	(11,396,664)
Recognition of lease debtor	9,997,140	11,523,859
Increase in un-appropriated profit at the beginning of the year	127,195	506,529
Decrease in profit for the year	(1,281,609)	(379,334)
(Decrease) / Increase in un-appropriated profit at the end of the year	(1,154,414)	127,195

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 of 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

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.

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 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 (I and II) 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), Power Generation (Generation, transmission and distribution of power using gas, oil, steam, coal and biomass), Hotel (Business of hotel and allied services) and Automobiles (import, assembly and distribution of both passenger and commercial category automobiles).

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

2.27 Government grants

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

2.28 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

2017	2016		2017	2016
(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

3.1 Ordinary shares of the Holding Company held by the associated companies:

	2017	2016
	(Number of shares)	
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	1,402,950	2,788,150
MCB Bank Limited	227	227
	31,692,678	33,077,878

	Note	2017	2016
		(Rupees in thousand)	
4 RESERVES			
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	16,356,684	15,522,561
Exchange translation reserve		3,539	7,156
Statutory reserve		371	232
Capital redemption reserve fund		111,002	111,002
		21,971,126	21,140,481
Revenue			
General		56,343,882	52,012,882
Unappropriated profit		6,316,151	6,246,651
		62,660,033	58,259,533
		84,631,159	79,400,014

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:

	2017	2016
Balance as on 01 July	15,712,783	19,248,006
Fair value adjustment during the year	(367,064)	(2,547,312)
Gain transferred to consolidated profit and loss account on derecognition of available for sale investment	(402)	-
Share of fair value reserve of associates	1,184,432	(987,911)
	16,529,749	15,712,783
Less: Deferred tax liability on unquoted equity investment	(173,065)	(190,222)
Balance as on 30 June	16,356,684	15,522,561

	Note	2017	2016
5 LONG TERM FINANCING			
From banking companies - secured			
Long term loans	5.1	11,804,296	11,351,568
Long term musharika	5.2	2,392,050	3,635,008
Motor vehicles' loans	5.4	1,791	1,070
		14,198,137	14,987,646
Less: Current portion shown under current liabilities	11	3,858,847	3,500,416
		10,339,290	11,487,230

Lender	2017	2016	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
5.1 Long term loans							
Nishat Mills Limited - Holding Company							
Allied Bank Limited	192,727	256,970	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly installments commenced on 24 August 2014 and ending on 24 May 2020.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Holding Company (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in the favour of its existing creditors).
Bank Alfalah Limited	250,002	500,001	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 Holding Company has already created exclusive charges in the favour of existing creditors).
The Bank of Punjab	55,555	166,667	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 Holding Company excluding land and building.
Pak Brunei Investment Company Limited	-	255,003	SBP rate for LTFF + 0.85%	Seven unequal quarterly installments commenced on 24 October 2015 and ended on 24 April 2017.	-	Quarterly	First pari passu charge of Rupees 400 million over all the present and future plant and machinery of the Holding Company with 25% margin excluding those assets (part of the plant and machinery) on which the Holding Company has created exclusive charges in favour of existing creditors.
Pak Brunei Investment Company Limited	164,621	-	SBP rate for LTFF + 0.25%	Eighty unequal installments commencing on 30 August 2018 and ending on 22 June 2023.	-	Quarterly	
Faysal Bank Limited	-	180,000	SBP rate for LTFF + 0.75%	Eight unequal installments commenced on 13 February 2016 and ended on 16 March 2017.	-	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Holding Company (excluding land and building).
Faysal Bank Limited	198,594	-	SBP rate for LTFF + 0.30%	Twenty unequal installments commencing on 22 November 2018 and ending on 25 May 2023.	-	Quarterly	

Lender	2017	2016	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Allied Bank Limited	-	241,039	SBP rate for LTFF + 0.50%	Thirty one unequal installments commenced on 26 September 2015 and ended on 25 April 2017.	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Holding Company with 25% margin.
Bank Alfalah Limited	150,000	225,000	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 Holding Company with 25% margin.
Pakistan Kuwait Investment Company (Private) Limited	115,683	132,603	SBP rate for LTFF + 1.00%	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 Holding Company with 25% margin.
Pakistan Kuwait Investment Company (Private) Limited	34,991	6,774	SBP rate for LTFF + 0.75%	Two hundred and thirty six unequal installments commenced on 15 September 2016 and ending on 16 September 2022.	-	Quarterly	Ranking hypothecation charge of Rupees 267 million on plant and machinery of the Holding Company (excluding plant and machinery in respect of which the Holding 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.
	150,674	139,377					
The Bank of Punjab	426,785	466,717	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced 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 Holding Company.
National Bank of Pakistan	104,285	108,763	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ending on 03 June 2022.	-	Quarterly	First pari passu hypothecation charge of Rupees 534 million on all present and future plant and machinery (excluding plant and machinery which is under exclusive charges of the Holding Company's creditors).
Allied Bank Limited	998,884	-	SBP rate for LTFF + 0.25%	Two hundred and forty unequal installments commencing on 27 March 2018 and ending on 05 June 2023.	-	Quarterly	Initially ranking charge which is to be upgraded to first pari passu charge of Rupees 1,333 million (inclusive of 25% margin) on all present and future plant and machinery of the Holding Company. Ranking charge to be upgraded to first pari passu charge within 90 days from date of first disbursement of loan.

Lender	2017	2016	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Bank Alfalah Limited	998,269	-	SBP rate for LTFF + 0.35%	Four hundred and sixty unequal installments commencing on 02 February 2018 and ending on 25 May 2023.	-	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 Holding Company has already created exclusive charges in the favour of existing creditors).
Bank Alfalah Limited	280,911	-	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commencing on 31 August 2018 and ending on 31 May 2023.	-	Quarterly	Ranking hypothecation charge of Rupees 400 million with 25% margin on present and future plant and machinery of the Holding Company, which is to be upgraded to first pari passu level within 180 days of disbursement.
Habib Bank Limited	975,296	435,679	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commencing on 17 September 2017 and ending on 25 November 2022.	-	Quarterly	Note 5.3
	4,946,603	2,975,216					
Nishat Power Limited - Subsidiary Company							
Consortium of banks (Note 5.1.1)	6,857,693	8,376,352	3 Month KIBOR + 3.00%	Thirteen 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.
	6,857,693	8,376,352					
	11,804,296	11,351,568					

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 9.04% to 9.12% (2016: 9.35% to 10.01%) per annum.

5.2 Long term musharika - Nishat Mills Limited - Holding Company

Lender	2017	2016	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
Habib Bank Limited	468,630	754,341	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	740,206	970,131	3 Month offer KIBOR + 0.35%	Fifty six unequal installments commenced on 19 May 2016 and ending on 01 June 2020.	Quarterly	Quarterly	Note 5.3
Meezan Bank Limited	-	37,500	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 14 March 2013 and ended on 14 December 2016.	Quarterly	Quarterly	First exclusive charge of Rupees 400 million over specific plant and machinery of the Holding Company.

Lender	2017	2016	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Dubai Islamic Bank Pakistan Limited	285,714	514,286	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 Holding Company including but not limited to plant and machinery, furniture and fixtures, accessories etc. (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in favour of existing charge holders).
Meezan Bank Limited	175,000	275,000	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 Holding Company with 25% margin.
Meezan Bank Limited	222,500	333,750	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 Holding Company with 25% margin.
Standard Chartered Bank (Pakistan) Limited	500,000	750,000	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 Holding Company inclusive of 25% margin.
TOTAL	2,392,050	3,635,008					

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 Holding Company excluding specific and exclusive charges.

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 7.18% per annum repayable in 48 monthly instalments.

6 LONG TERM SECURITY DEPOSITS

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

	Note	2017	2016
		(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		173,065	190,222
Investments in associates		2,225,826	1,682,967
Accelerated tax depreciation	7.2	116,131	114,644
		2,515,022	1,987,833
Deductible temporary difference on:			
Turnover tax carried forward	7.3	(180,340)	(180,800)
Available tax losses		(11,269)	-
Deferred liabilities - accumulating compensated absences	7.4	(972)	(821)
Unabsorbed tax losses and tax credits	7.4	(160,100)	(180,176)
		(352,681)	(361,797)
		2,162,341	1,626,036

7.1 Provision for deferred tax on temporary differences other than relating to surplus on revaluation of unquoted equity investment 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 17.919 million (2016: Rupees 9.490 million) in respect of minimum tax paid and available for carry forward under section 113 and 153 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 It relates to Nishat Linen (Private) Limited - Subsidiary Company.

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

		Note	2017	2016
			(Rupees in thousand)	
8	TRADE AND OTHER PAYABLES			
	Creditors	8.1	4,903,548	4,147,849
	Accrued liabilities		804,577	648,897
	Advances from customers		593,405	631,520
	Securities from contractors - interest free and repayable on completion of contracts		14,426	13,199
	Retention money payable		95,018	61,580
	Income tax deducted at source		1,294	1,236
	Dividend payable		89,738	80,745
	Payable to employees provident fund trust		7,707	10,178
	Fair value of forward exchange contracts		27,536	827
	Workers' profit participation fund	8.2	336,920	452,020
	Workers' welfare fund		2,400	328,338
			6,876,569	6,376,389

8.1 This includes amounts due to following related parties:

	2017	2016
Creditors		
D.G. Khan Cement Company Limited - associated company	10,426	2,877
Security General Insurance Company Limited - associated company	25,850	33,558
Adamjee Insurance Company Limited - associated company	24,525	43,559
Adamjee Life Assurance Company Limited - associated company	-	3,636
Nishat (Chunian) Limited - related party	42,378	32,850
Nishat (Aziz Avenue) Hotels and Properties Limited - associated company	3,115	-
	106,294	116,480
Advance from customer		
Nishat (Chunian) Limited - related party	155	-
	155	-

8.2 Workers' profit participation fund

	Note	2017	2016
Balance as on 01 July		452,020	414,596
Add: Provision for the year		336,920	445,708
Interest for the year	34	2,907	3,919
		791,847	864,223
Less: Payments during the year		448,615	412,203
Reversal of provision for workers' profit participation fund		6,312	-
		336,920	452,020

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.

	Note	2017	2016
		(Rupees in thousand)	
9 ACCRUED MARK-UP			
Long term financing		199,962	245,711
Short term borrowings	9.1	95,971	63,691
		295,933	309,402

9.1 This includes mark-up of Rupees 1.267 million (2016: Rupees 0.580 million) payable to MCB Bank Limited - associated company.

	Note	2017	2016
10 SHORT TERM BORROWINGS			
From banking companies - secured			
Nishat Mills Limited - Holding Company			
State Bank of Pakistan (SBP) refinance	10.1 and 10.3	12,009,969	9,993,000
Other short term finances	10.1 and 10.4	1,525,000	-
Temporary bank overdrafts	10.1, 10.2 and 10.5	1,162,424	482,657
		14,697,393	10,475,657
Nishat Power Limited - Subsidiary Company			
Short term running finances	10.6	563,580	-
Short term finances	10.7	1,234,997	-
		1,798,577	-
		16,495,970	10,475,657

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 34,244 million (2016: Rupees 31,841 million).

10.2 These finances includes balance of Rupees 113.010 million (2016: Rupees 6.762 million) with MCB Bank Limited - associated company.

10.3 The rates of mark-up range from 2.15% to 2.85% (2016: 2.70% to 4.00%) per annum on the balance outstanding.

10.4 The rates of mark-up ranged from 0.87% to 5.92% (2016: 1.00% to 2.60%) per annum during the year on the balance outstanding.

10.5 The rates of mark-up range from 6.24% to 8.03% (2016: 6.55% to 9.01%) per annum on the balance outstanding.

10.6 The total running finance and running musharka main facilities obtained from various commercial banks under mark-up arrangements aggregate Rupees 4,526.52 million (2016: Rupees 4,976.52 million). Such facilities have been obtained 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 stock / inventory and present and future energy purchase price receivables. The mark-up rate charged during the year on the outstanding balance ranged from 6.44% to 8.12% (2016: 6.85% to 8.26%) per annum. Various sub facilities comprising money market loans and letter of guarantees have also been utilized under the aforementioned main facilities.

10.7 The total murabaha and term finance main facilities obtained from various commercial banks under mark-up arrangements aggregate Rupees 2,700 million (2016: Rupees 2,800 million). Such facilities have been obtained at mark-up rates ranging from one week to three months KIBOR plus 0.4% to 1.25% per annum, 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 NTDC. The mark-up rate charged during the year on the outstanding balance ranged from 6.17% to 7.52% (2016: 6.61% to 7.53%) per annum. Various sub facilities comprising running musharka and running finance have also been utilized under the aforementioned main facilities.

10.8 The main facilities for opening letters of credit and guarantees aggregate Rupees 800 million (2016: Rupees 550 million). The amount utilized at June 30, 2017, for letters of credit was Rupees 151.13 million (2016: Rupees 315.17 million) and for guarantees was Rupees 199.98 million (2016: Rupees 197.98 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	2017	2016
		(Rupees in thousand)	
11 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing	5	3,858,847	3,500,416

12 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (2016: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.

ii) Guarantees of Rupees 1,519.832 million (2016: Rupees 973.358 million) are given by the banks of the Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Government of Punjab against fulfillment of sales orders.

iii) Post dated cheques of Rupees 3,179.346 million (2016: Rupees 5,800.306 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

iv) The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The 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 75.342 million (2016: Rupees 77.482 million) paid on such goods in its respective monthly sales tax returns.

v) The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Holding Company. Consequently, the Holding Company has claimed input sales tax amounting to Rupees 97.221 million (2016: Rupees Nil) paid on packing material in its respective monthly sales tax returns. The management of the Holding Company, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

vi) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 5,720 million (2016: Rupees 5,881 million).

vii) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against the Nishat Power Limited - Subsidiary Company through order dated 11 December 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 to June 2012. The disallowance was primarily made on the grounds that since revenue derived by the Subsidiary Company on account of 'capacity purchase price' was not chargeable to sales tax, input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Subsidiary Company. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in Subsidiary Company's favour, however, certain other issues agitated by the Subsidiary Company were not adjudicated. Both the Subsidiary Company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which have not been adjudicated.

Subsequently, the above explained issue was taken up by department for tax periods of July 2009 to June 2013 (involving input sales tax of Rupees 1,722.811 million), however, the Subsidiary Company assailed the underlying proceedings before Lahore High Court ('LHC') directly and in this respect, through order dated 31 October 2016, LHC accepted the Subsidiary Company's stance and annulled the proceedings. The department has challenged the decision of LHC before Supreme Court of Pakistan and has also preferred an Intra Court Appeal against such order which are pending adjudication.

Similarly, for financial year 2014, Subsidiary Company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rupees 596.091 million). Subsidiary Company challenged the jurisdiction in respect of audit proceedings before LHC and while LHC directed the management of the Subsidiary Company to join the subject proceedings, department was debarred from passing the adjudication order and thus such litigation too is pending as of now.

Since, the issue has already been decided in Subsidiary Company's favour on merits by LHC, no provision on these accounts have been made in these consolidated financial statements.

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

a) Letter of guarantee of Rupees 9 million (2016: Rupees 7.5 million) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

b) Letter of guarantee of Rupees 190.484 million (2016 : Rupees 190.484 million) in favour of fuel suppliers.

c) Letter of guarantee of Rupees 0.5 million (2016: Nil) in favour of Punjab Revenue Authority, Lahore.

ix) Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.085 million (2016: Rupees 1.085 million) in favour of Director, Excise and Taxation, Karachi under the order of Sindh High Court in respect of the suit filed for levy of infrastructure cess.

x) 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 Nil (2016: Rupees 2.945 million).

xi) Guarantee of Rupees 19 million (2016: Rupees 6 million) is given by the bank of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess.

xii) Guarantee of Rupees 1 million (2016: Rupees Nil) is given by the bank of Nishat Linen (Private) Limited - Subsidiary Company to Chairman, Punjab Revenue Authority, Lahore against infrastructure cess.

xiii) Commissioner Inland Revenue (CIR) made certain additions to taxable income of the Nishat Linen (Private) Limited - Subsidiary Company for the tax year 2012 assessing the taxable income at Rupees 188.772 million against declared taxable income of Rupees 116.934 million. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of CIR which was partially allowed. The Subsidiary Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (Appeals) which was not allowed. The Subsidiary Company has filed an appeal against the order of ATIR with Honorable Lahore High Court, Lahore which suspended the operation of order passed by the ATIR. The Subsidiary Company expects a favourable outcome of the appeal as it has strong grounds of appeal. Hence, no provision there against has been made in these consolidated financial statements.

xiv) Nishat Linen (Private) Limited - Subsidiary Company is contesting sales tax demands of Rupees 5.534 million (2016: 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.

xv) Nishat Linen (Private) Limited - Subsidiary Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The 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 0.104 million (2016: Rupees 0.765 million) paid on such goods in its respective monthly sales tax returns.

xvi) Guarantee of Rupees 1.4 million (2016: Rupees 1.1 million) is given by the bank of Nishat Commodities (Private) Limited - Subsidiary Company in favour of Director Excise and Taxation to cover the disputed amount of infrastructure cess.

b) Commitments

i) Contracts for capital expenditure of the Group are approximately of Rupees 791.636 million (2016: Rupees 1,040.070 million).

ii) Letters of credit other than for capital expenditure of the Group are of Rupees 1,244.252 million (2016: Rupees 938.350 million).

iii) Outstanding foreign currency forward contracts of Rupees 444.689 million (2016: Rupees 3,345.460 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	2017	2016
		(Rupees in thousand)	
Not later than one year		13,759	12,461
Later than one year and not later than five years		67,824	60,490
		81,583	72,951

13 PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
Operating fixed assets - owned	13.1	36,737,466	36,136,234
Capital work in progress	13.2	4,301,039	1,818,733
Major spare parts and standby equipment	13.3	92,688	142,218
		41,131,193	38,097,185

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 and office equipment	Computer equipment	Vehicles	Kitchen equipment and crockery items	Total	Plant and machinery
	(Rupees in thousand)											
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	-
Year ended 30 June 2017												
Opening 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	-
Additions	499,300	556,044	2,893,692	-	26,388	23,188	89,571	39,518	95,241	298	4,223,240	-
Disposals:												
Cost	-	(11,858)	(1,189,291)	-	-	-	(90)	(1,684)	(61,147)	-	(1,264,070)	-
Accumulated depreciation	-	8,802	1,080,935	-	-	-	42	1,114	31,505	-	1,122,398	-
	-	(3,056)	(108,356)	-	-	-	(48)	(570)	(29,642)	-	(141,672)	-
Adjustment	-	-	-	-	(26,198)	-	-	-	-	-	(26,198)	-
Depreciation charge	-	(588,060)	(2,616,697)	(7,711)	(48,754)	(20,563)	(45,720)	(37,722)	(85,141)	(4,081)	(3,454,449)	-
Currency retranslation	-	278	-	-	-	-	30	(4)	7	-	311	-
Closing net book value	1,595,303	5,792,634	27,686,313	72,585	456,992	196,799	438,194	99,025	386,820	12,801	36,737,466	-
At 30 June 2017												
Cost	1,595,303	10,177,169	47,276,035	318,713	1,080,796	403,429	763,477	321,463	749,376	32,950	62,718,711	-
Currency retranslation	-	565	-	-	-	-	42	1	19	-	627	-
	1,595,303	10,177,734	47,276,035	318,713	1,080,796	403,429	763,519	321,464	749,395	32,950	62,719,338	-
Accumulated depreciation	-	(4,384,813)	(19,427,121)	(246,128)	(623,804)	(206,630)	(325,313)	(222,434)	(362,563)	(20,149)	(25,818,955)	-
Currency retranslation	-	(287)	-	-	-	-	(12)	(5)	(12)	-	(316)	-
	-	(4,385,100)	(19,427,121)	(246,128)	(623,804)	(206,630)	(325,325)	(222,439)	(362,575)	(20,149)	(25,819,271)	-
Accumulated impairment	-	-	(162,601)	-	-	-	-	-	-	-	(162,601)	-
Net book value	1,595,303	5,792,634	27,686,313	72,585	456,992	196,799	438,194	99,025	386,820	12,801	36,737,466	-
Annual rate of depreciation (%)	-	4-10	4-32.9	10	10	10	10	30-33	20	20-33		10

13.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Building								
Building - demolished	1	11,000	8,557	2,443	2,500	57	Negotiation	Al-Hasnan Construction Company, Lahore
Building	1	699	154	545	1,050	505	Insurance Claim	Security General Insurance Company Limited -
		11,699	8,711	2,988	3,550	562		
Plant and Machinery								
Ring Spinning Frames	2	8,257	5,755	2,502	3,000	498	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	3	12,385	8,638	3,747	4,500	753	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	2	8,257	5,765	2,492	3,000	508	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	1	4,128	2,883	1,245	1,500	255	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	4	19,530	13,261	6,269	5,880	(389)	Negotiation	Sapphire Textile Mills Limited, Karachi
Slub Device	2	4,717	3,374	1,343	392	(951)	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	2	8,256	5,773	2,483	3,000	517	Negotiation	Sapphire Textile Mills Limited, Karachi
Ring Spinning Frames	2	3,680	2,761	919	2,068	1,149	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Ring Spinning Frames	2	3,680	2,761	919	2,068	1,149	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Ring Spinning Frames	2	3,680	2,758	922	2,068	1,146	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Ring Spinning Frames	2	6,039	4,441	1,598	2,356	758	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Ring Spinning Frames	2	6,039	4,453	1,586	2,352	766	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Ring Spinning Frames	2	3,680	2,762	918	2,395	1,477	Negotiation	Crescent Cotton Mills Limited, Faisalabad
Airjet Weaving Looms	4	10,784	8,162	2,622	2,223	(399)	Negotiation	Al-Karam Textile Mills Limited, Karachi
Airjet Weaving Looms	4	14,475	12,227	2,248	2,223	(25)	Negotiation	Al-Karam Textile Mills Limited, Karachi
Airjet Weaving Looms	36	85,628	65,441	20,187	14,380	(5,807)	Negotiation	Tithi Textile Mills (Private) Limited, Bangladesh
Airjet Weaving Looms	32	71,297	54,102	17,195	12,735	(4,460)	Negotiation	Tithi Textile Mills (Private) Limited, Bangladesh
Quilting Machine	1	806	725	81	231	150	Negotiation	Sang Joon Quilting, Lahore
Switch Track System	1	2,175	1,664	511	605	94	Negotiation	Mr. Muhammad Riaz, Faisalabad
Dyeing and Washing Range (Pad Steam)	1	52,796	38,683	14,113	8,991	(5,122)	Negotiation	Yasir Afzal Textile (Private) Limited, Sargodha
Wascator Machine	1	2,800	1,846	954	984	30	Insurance Claim	Adamjee Insurance Company Limited - associated company, Security General Insurance Company Limited - associated company and IGI Insurance Company Limited
Steam Fired Absorption Chiller	1	10,212	7,349	2,863	4,850	1,987	Negotiation	Global Pharmaceuticals (Private) Limited, Islamabad
Rice Husk Boiler	1	17,123	7,313	9,810	3,500	(6,310)	Negotiation	Industrial Boilers (Private) Limited, Gujranwala
Spare Parts	1	51,084	40,255	10,829	15,320	4,491	Insurance Claim	Security General Insurance Company Limited - associated company
Assets written off		777,783	777,783	-	-	-	Life completed and scrapped	-
		1,189,291	1,080,935	108,356	100,621	(7,735)		
Vehicles								
Toyota Corolla LED-11-8758	1	1,457	884	573	783	210	Group Policy	Mr. Abdul Rehman, Holding Company's employee, Sargodha
Honda City LEC-12-3430	1	1,444	852	592	843	251	Group Policy	Mr. Muhammad Ashfaq, Holding Company's employee, Faisalabad
Honda Civic LEA-11-500	1	2,042	1,346	696	1,542	846	Negotiation	M/s Argosy Enterprises, Lahore
Honda Civic LEE-11-7770	1	1,918	1,214	704	1,024	320	Group Policy	Miss Zunnaria Aslam, Holding Company's employee, Lahore
Honda Civic LE-11-5887	1	1,812	1,267	545	1,072	527	Group Policy	Mr. Muhammad Azam, Holding Company's employee, Lahore
Audi A6 LEA-16-800	1	7,890	1,619	6,271	5,544	(727)	Negotiation	Mr. Shahzad Hussain Shah, Lahore
Suzuki Swift LE-17-2381	1	1,361	95	1,266	1,288	22	Negotiation	Mr. Amir Saleem, Lahore
Suzuki Cultus LEB-13-8715	1	826	472	354	478	124	Group Policy	Mr. Khurram Jabbar, Holding Company's employee, Lahore
Suzuki Swift LEB-13-7286	1	1,198	692	506	539	33	Group Policy	Mr. Munir-ud-Din Pasha, Holding Company's ex-employee, Faisalabad

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Honda City LEC-12-1106	1	1,424	841	583	785	202	Group Policy	Mr. Zia-ur-Rehman, Holding Company's employee, Swabi
Toyota Corolla LED-11-5273	1	1,416	900	516	788	272	Group Policy	Mr. Malik Muhammad Hussain Azeem, Holding Company's employee, Lahore
Toyota Corolla LEA-12-2824	1	1,495	935	560	798	238	Group Policy	Mr. Arshad Khan, Holding Company's employee, Sheikhupura
Honda City LED-15-3618	1	1,691	466	1,225	1,629	404	Negotiation	Mr. Muhammad Usman, Lahore
Suzuki Bolan LEB-11-3093	1	605	413	192	518	326	Negotiation	Mr. Adnan Rafique Qureshi, Lahore
Toyota Corolla LEB-15-9692	1	1,281	419	862	1,227	365	Negotiation	Mr. Sheikh Wasif Samad, Lahore
Honda Civic LEA-12-7690	1	1,913	1,181	732	1,218	486	Negotiation	Mr. Muhammad Naeem, Lahore
Toyota Corolla LEC-11-3318	1	1,406	896	510	749	239	Group Policy	Mr. Shoaib Alam, Holding Company's employee, Faisalabad
Suzuki Cultus LZS-3250	1	631	556	75	365	290	Negotiation	Mr. Jahanzeb Khan, Lahore
Toyota Corolla LED-11-8835	1	1,426	870	556	769	213	Group Policy	Mr. Abrar Ahmed Sayal, Holding Company's employee, Lahore
Toyota Corolla LEC-13-2842	1	1,206	643	563	805	242	Negotiation	Mr. Asif Afzal, Lahore
Suzuki Cultus LEB-14-3609	1	1,072	486	586	896	310	Negotiation	Mrs. Sabin Ahmed, Lahore
Honda City LEE-13-4056	1	1,219	624	595	853	258	Negotiation	Miss Rahela Rasheed, Lahore
Honda Civic LEA-12-7691	1	1,913	1,150	763	1,311	548	Negotiation	Mr. Haji Gul Khan, Lahore
Toyota Corolla LEB-11-2318	1	1,449	962	487	772	285	Group Policy	Mr. Sohail Ahmad, Holding Company's employee, Lahore
Honda City LED-10-5692	1	1,337	932	405	712	307	Group Policy	Mr. Jawwad Khalid, Holding Company's ex-employee, Lahore
Honda Civic LWA-8802	1	1,024	891	133	864	731	Negotiation	Mr. Khurram Imtiaz, Lahore
Toyota Corolla LEA-16A-6480	1	1,355	81	1,274	1,355	81	Negotiation	Mr. Ali Akbar, Lahore
Honda Civic LED-13-2488	1	2,374	1,293	1,081	1,112	31	Group Policy	Mr. Faisal Naseem Kari, Holding Company's employee, Lahore
Toyota Corolla LEF-15-2875	1	1,695	515	1,180	1,639	459	Negotiation	Mr. Rehan Khan, Lahore
Suzuki Cultus LED-13-1589	1	1,033	579	454	630	176	Negotiation	Mr. Syed Hashim Raza, Lahore
Toyota Corolla LEC-12-2994	1	1,660	1,008	652	971	319	Group Policy	Mr. Abdul Qadir Khan, Holding Company's employee, Karachi
Suzuki Cultus LE-14-4776	1	907	442	465	511	46	Negotiation	Nishat Hotels and Properties Limited - associated company
Honda City LEC-12-2386	1	1,423	853	570	834	264	Group Policy	Miss Sobia Ashraf, Subsidiary Company's Employee, Lahore
Toyota Corolla LEH-15-4957	1	1,678	727	951	951	-	Group Policy	Mr. Mubasher Saddique, Subsidiary Company's Employee, Lahore
Toyota Corolla LEF-12-4014	1	2,063	1,616	447	447	-	Group Policy	Mr. Muhammad Nawaz, Subsidiary Company's Employee, Lahore
Suzuki Cultus LEF-15-5127	1	1,064	373	691	850	159	Insurance Claim	Security General Insurance Company Limited - associated company
		57,708	29,093	28,615	37,472	8,857		
Computer Equipments								
Dell Inspiron Laptop	1	85	11	74	74	-	Insurance Claim	Security General Insurance Company Limited - associated company
MacBook	1	173	26	147	173	26	Group Policy	Mr. Faisal Naseem Kari, Holding Company's employee, Lahore
Notebook Apple Mac	1	262	120	142	152	10	Insurance Claim	Security General Insurance Company Limited - associated company
		520	157	363	399	36		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		4,852	3,502	1,350	2,882	1,532		
		1,264,070	1,122,398	141,672	144,924	3,252		

	Note	2017	2016
		(Rupees in thousand)	
13.1.2 Depreciation and amortization charge for the year has been allocated as follows:			
Cost of sales	29	3,287,966	3,187,166
Distribution cost	30	30,312	21,310
Administrative expenses	31	140,724	152,574
Capital work-in-progress		2,449	1,424
		3,461,451	3,362,474

13.1.3 Operating fixed assets having cost of Rupees 13.397 million (2016: Rupees 8.484 million) have been fully depreciated and are still in use of the Holding Company.

13.2 Capital work in progress

	2017	2016
Buildings on freehold land	1,549,595	512,838
Plant and machinery	2,285,956	962,867
Factory equipment	-	1,380
Unallocated expenses	24,418	12,284
Letters of credit against machinery	534	1,883
Advance against purchase of land	391,941	314,989
Advances against furniture and office equipment	17,560	-
Advances against vehicles	31,035	12,492
	4,301,039	1,818,733

13.3 Major spare parts and standby equipment

	2017	2016
Opening balance	142,218	23,030
Additions during the year {Including in transit Rupees Nil (2016: Rupees 6.374 million)}	666,080	305,934
	808,298	328,964
Transfers during the year	(715,610)	(186,746)
Closing balance	92,688	142,218

14 INVESTMENT PROPERTIES

	Note	Land	Buildings	Total
		---------- (Rupees in thousand)----------		
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

	Note	Land	Buildings	Total
		---------- (Rupees in thousand)----------		
Year ended 30 June 2017				
Opening net book value		414,463	58,302	472,765
Depreciation charge	32	-	(5,830)	(5,830)
Closing net book value		414,463	52,472	466,935
At 30 June 2017				
Cost		414,463	153,673	568,136
Accumulated depreciation		-	(101,201)	(101,201)
Net book value		414,463	52,472	466,935

14.1 Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 5.830 million (2016: Rupees 6.477 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 1,688.261 million (2016: Rupees 1,543.346 million). The valuation has been carried out by an independent valuer.

14.2 Land and building having book value of Rupees 239.383 million (2016: Rupees 239.383 million) and Rupees 17.799 million (2016: Rupees 19.777 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 (2016: Rupees 165.433 million) and Rupees 25.130 million (2016: Rupees 27.923 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 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

	Franchise fee	Computer software	Total
	---------- (Rupees in thousand)----------		
Year ended 30 June 2017			
Opening net book value	5,637	18,844	24,481
Amortization charged	(1,967)	(5,035)	(7,002)
Closing net book value	3,670	13,809	17,479
At 30 June 2017			
Cost	9,834	25,178	35,012
Accumulated amortization	(6,164)	(11,369)	(17,533)
Net book value	3,670	13,809	17,479
Annual amortization rate (%)	20	20	

	Note	2017	2016
		(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 (2016: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2016: 31.40%)		24,120,228	21,267,425
Lalpir Power Limited - quoted 109,393,555 (2016: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2016: 28.80%)	16.1	3,705,410	3,622,637
Pakgen Power Limited - quoted 102,524,728 (2016: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2016: 27.55%)	16.1	4,216,988	4,129,002
Nishat Paper Products Company Limited - unquoted 11,634,199 (2016:11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2016: 25%)		295,962	229,292
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2016: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2016: 12.24%)		330,838	379,501
Nishat Energy Limited - unquoted 500,000 (2016: 500,000) fully paid ordinary shares of Rupees 10 each. Equity held 50% (2016: 50%)		1,686	1,791
Less: Impairment loss recognized	32	(1,686)	-
		-	1,791
Nishat Hotels and Properties Limited - unquoted 71,062,000 (2016: 71,062,000) fully paid ordinary shares of Rupees 10 each. Equity held 7.40% (2016: 7.40%)		701,800	707,410
		33,371,226	30,337,058

	Note	2017	2016
		(Rupees in thousand)	
Available for sale			
Associated companies (Others)			
Adamjee Insurance Company Limited - quoted 102,809 (2016: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2016: 0.03%)		2,774	2,774
MCB Bank Limited - quoted 86,681,691 (2016: 84,913,391) fully paid ordinary shares of Rupees 10 each. Equity held 7.79% (2016: 7.63%)		13,979,047	13,579,878
		13,981,821	13,582,652
Less: Impairment loss recognized		(1,403,363)	(1,403,363)
Add: Fair value adjustment		5,668,996	6,508,510
		18,247,454	18,687,799
		51,618,680	49,024,857

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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(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	710,620	7,762,607	7,762,607
Share of post acquisition reserves:																
As at 01 July	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
Share of profit / (loss) after income tax	2,504,257	2,759,957	84,877	83,046	(48,663)	(83,228)	302,267	226,453	293,036	592,835	(105)	(774)	(5,610)	(3,194)	3,130,059	3,575,095
Share of other comprehensive income / (loss)	1,173,991	(977,079)	(756)	839	-	-	(706)	(708)	-	-	-	-	-	-	1,172,529	(976,948)
Dividend received	(825,445)	(687,871)	(17,451)	(11,634)	-	-	(218,788)	(218,787)	(205,050)	(205,049)	-	-	-	-	(1,266,734)	(1,123,341)
As at 30 June	2,852,803	1,095,007	66,670	72,251	(48,663)	(83,228)	82,773	6,958	87,986	387,786	(105)	(774)	(5,610)	(3,194)	3,035,854	1,474,806
	20,702,083	17,849,280	179,620	112,950	(269,162)	(220,499)	2,065,104	1,982,331	2,944,794	2,856,808	(3,314)	(3,209)	(8,820)	(3,210)	25,610,305	22,574,451
As at 30 June	24,120,228	21,267,425	295,962	229,292	330,838	379,501	3,705,410	3,622,637	4,216,988	4,129,002	1,686	1,791	701,800	707,410	33,372,912	30,337,058
16.2.1 Summarised balance sheet																
Current assets	27,300,684	30,835,521	1,067,460	1,134,105	451,537	551,281	16,473,070	14,200,857	18,319,496	19,411,662	475	506	3,371,349	2,560,327		
Non-current assets	81,070,635	52,582,744	792,869	740,438	2,779,609	2,926,400	9,528,694	10,025,582	8,967,942	9,799,714	5,324	3,075	23,731,433	19,820,360		
Current liabilities	14,849,803	10,056,634	482,215	672,785	336,910	178,472	12,606,090	10,554,949	11,422,477	13,220,079	2,428	-	5,813,537	696,762		
Non-current liabilities	18,652,637	7,578,202	195,026	285,346	211,886	219,288	529,677	1,092,902	557,281	1,003,106	-	-	11,890,297	12,209,172		
Net assets	74,868,879	65,783,429	1,183,088	916,412	2,682,350	3,079,921	12,865,997	12,578,588	15,307,680	14,988,191	3,371	3,581	9,398,948	9,474,753		
Reconciliation to carrying amounts:																
As at 01 July	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		
Share deposit money	-	-	-	-	-	-	-	-	-	-	-	-	-	1,600,000		
Profit / (loss) after income tax	7,975,341	8,789,672	339,507	332,183	(397,571)	(679,969)	1,049,539	786,297	1,063,653	2,151,848	(210)	(1,481)	(75,805)	(50,760)		
Other comprehensive income / (loss)	3,738,824	(3,111,718)	(3,026)	3,358	-	-	(2,452)	(2,459)	-	-	-	-	-	-		
Dividend paid	(2,628,715)	(2,190,596)	(69,805)	(46,537)	-	-	(759,678)	(759,678)	(744,164)	(744,164)	-	-	-	-		
As at 30 June	74,868,879	65,783,429	1,183,088	916,412	2,682,350	3,079,921	12,865,997	12,578,588	15,307,680	14,988,191	3,371	3,581	9,398,948	9,474,753		
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%	7.40%		
Group's share	23,508,800	20,655,997	295,773	229,103	328,320	376,983	3,705,410	3,622,637	4,216,988	4,129,002	1,686	1,791	695,522	701,132		
Goodwill	611,428	611,428	189	189	2,518	2,518	-	-	-	-	-	-	6,278	6,278		
Carrying amount	24,120,228	21,267,425	295,962	229,292	330,838	379,501	3,705,410	3,622,637	4,216,988	4,129,002	1,686	1,791	701,800	707,410		
16.2.2 Summarised statement of comprehensive income																
Revenue	30,136,165	29,703,758	2,483,988	2,366,046	1,110,088	1,176,156	18,031,830	17,522,899	19,186,785	9,489,228	-	-	-	-		
Profit / (loss) for the period	7,975,341	8,789,672	339,507	332,183	(397,571)	(679,969)	1,049,539	786,297	1,063,653	2,151,848	(210)	(1,481)	(75,805)	(50,760)		
Other comprehensive income / (loss)	3,738,824	(3,111,718)	(3,026)	3,358	-	-	(2,452)	(2,459)	-	-	-	-	-	-		
Total comprehensive income	11,714,165	5,677,954	336,481	335,541	(397,571)	(679,969)	1,047,087	783,838	1,063,653	2,151,848	(210)	(1,481)	(75,805)	(50,760)		
Dividend received from associates	825,445	687,871	17,451	11,634	-	-	218,788	218,787	205,050	205,049	-	-	-	-		

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		Measurement method	Quoted fair value		Carrying amount	
			2017	2016		2017	2016	2017	2016
						(Rupees in thousand)			
D.G. Khan Cement Company Limited	16.4.1	Pakistan	31.40%	31.40%	Equity method	29,325,317	26,206,510	24,120,228	21,267,425
Nishat Paper Products Company Limited	16.4.2	Pakistan	25.00%	25.00%	Equity method	-*	-*	295,962	229,292
Nishat Dairy (Private) Limited	16.4.3	Pakistan	12.24%	12.24%	Equity method	-*	-*	330,838	379,501
Lalpir Power Limited	16.4.4	Pakistan	28.80%	28.80%	Equity method	2,244,756	2,373,840	3,705,410	3,622,637
Pakgen Power Limited	16.4.5	Pakistan	27.55%	27.55%	Equity method	2,073,050	2,465,720	4,216,988	4,129,002
Nishat Energy Limited	16.4.6	Pakistan	50.00%	50.00%	Equity method	-*	-*	1,686	1,791
Nishat Hotels and Properties Limited	16.4.7	Pakistan	7.40%	7.40%	Equity method	-*	-*	701,800	707,410

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 in the 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.

Notes to the Financial Statements
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
17 LONG TERM LOANS			
Considered good:			
Executives - secured	17.1 & 17.2	216,209	153,283
Other employees - secured	17.2	43,151	12,319
		259,360	165,602
Less: Current portion shown under current assets	22		
Executives		55,477	44,093
Other employees		11,441	4,530
		66,918	48,623
		192,442	116,979

17.1 Reconciliation of carrying amount of loans to executives:

	2017	2016
Balance as on 01 July	153,283	123,064
Add: Disbursements	122,631	89,847
Transferred from other employees during the year	5,489	946
	281,403	213,857
Less: Repayments	65,194	60,574
Balance as on 30 June	216,209	153,283

17.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 216.652 million (2016: Rupees 153.820 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

	2017	2016
Security deposits	211,240	131,575

	Note	2017	2016
		(Rupees in thousand)	
19 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	19.1	1,760,546	956,968
Spare parts		1,038,459	864,191
Loose tools		16,732	11,846
		2,815,737	1,833,005
Less: Provision for slow moving, obsolete and damaged store items	19.2	4,437	5,056
		2,811,300	1,827,949

19.1 This includes stores in transit of Rupees 907.699 million (2016: Rupees 164.950 million).

19.2 Provision for slow moving, obsolete and damaged store items

	Note	2017	2016
Balance as on 01 July		5,056	5,915
Less: Provision reversed during the year	33	619	859
Balance as on 30 June		4,437	5,056

	Note	2017	2016
20 STOCK IN TRADE			
Raw materials		10,060,854	7,015,791
Work in process	20.2	2,610,154	2,263,340
Finished goods	20.3 & 20.5	5,048,653	4,606,221
Less: Provision for slow moving and obsolete stocks	32	5,694	-
		5,042,959	4,606,221
		17,713,967	13,885,352

20.1 Stock in trade of Rupees 588.740 million (2016: Rupees 527.209 million) is being carried at net realizable value.

20.2 This includes stock of Rupees 57.678 million (2016: Rupees 9.511 million) sent to outside parties for processing.

20.3 Finished goods include stock in transit of Rupees 650.111 million (2016: Rupees 679.128 million).

20.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 62.378 million (2016: Rupees 51.072 million).

20.5 Finished goods include stock of Rupees 414.094 million (2016: Rupees 448.037 million) which is in the possession of stockists of Nishat Linen (Private) Limited - Subsidiary Company.

		Note	2017	2016
			(Rupees in thousand)	
21	TRADE DEBTS			
	Considered good:			
	Secured		9,427,587	6,983,153
	Unsecured:			
	- Related parties	21.1 & 21.3	3,220	4,501
	- Other	21.2	2,918,932	2,341,980
			12,349,739	9,329,634
	Considered doubtful:			
	Others - unsecured		131,758	131,758
	Less: Provision for doubtful debts		131,758	131,758
			-	-

21.1 This represents amounts due from following related parties:

	2017	2016
Lalpir Power Limited - associated company	98	176
Pakgen Power Limited - associated company	45	-
Adamjee Insurance Company Limited - associated company	101	7
Adamjee Life Assurance Company Limited - associated company	147	-
D.G. Khan Cement Company Limited - associated company	546	634
Nishat Dairy (Private) Limited - associated company	-	42
Nishat Hotels and Properties Limited - associated company	1,172	1,719
MCB Bank Limited - associated company	1,091	1,703
Nishat (Chunian) Limited - related party	-	220
Nishat Developers (Private) Limited - associated company	20	-
	3,220	4,501

21.2 As at 30 June 2017, trade debts due from other than related parties of Rupees 1,235.066 million (2016: Rupees 865.874 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:

	2017	2016
Upto 1 month	1,120,977	712,058
1 to 6 months	73,896	151,908
More than 6 months	40,193	1,908
	1,235,066	865,874

21.3 As at 30 June 2017, trade debts due from related parties amounting to Rupees 3.220 million (2016: Rupees 4.501 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	2017	2016
	(Rupees in thousand)	
Upto 1 month	76	594
1 to 6 months	1,215	2,013
More than 6 months	1,929	1,894
	3,220	4,501

21.4 As at 30 June 2017, trade debts of Rupees 131.758 million (2016: 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 represent trade receivables from NTDC 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 three months KIBOR plus 4.5% per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranges from 10.48% to 14.71% (2016: 10.59% 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 (2016: Rupees 816.033 million) relating to capacity purchase price not acknowledged by NTDC 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 NTDC.

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 NTDC, therefore, management of the Subsidiary Company believes that Subsidiary Company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the Subsidiary Company had 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 NTDC whereby it was agreed that the constitutional petition filed by the Subsidiary Company before the Supreme Court of Pakistan on the abovementioned 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 NTDC, appointed an Expert for dispute resolution under the PPA.

During the financial year 2016, the Expert of the Subsidiary Company gave his determination whereby the aforesaid amount was determined to be payable to the Subsidiary Company by NTDC. Pursuant to the Expert's determination, the Subsidiary Company demanded the payment of the aforesaid amount of Rupees 816.033 million from NTDC that has not yet been paid by NTDC. Consequently, under the terms of PPA, the Subsidiary Company filed petition for arbitration in The London Court of International Arbitration ('LCIA'), whereby an arbitrator was appointed. In November 2015, the Government of Pakistan ('GOP') through Private Power and Infrastructure Board ('PPIB') filed a case in the court of Senior Civil Judge, Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication. Furthermore, NTDC filed a stay application in the LCIA before the Arbitrator to stay the arbitration proceedings. In response to NTDC's stay application, the Arbitrator through his order dated 08 July 2016, has declared that the arbitration shall proceed and has denied NTDC's request for a stay. Also, the Arbitrator has ordered NTDC 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.

Consequently, notices of arbitration were issued to the relevant parties including PPIB. In response to the aforementioned Arbitrator's order dated 08 July 2016, the Subsidiary Company and PPIB filed separate applications before the Civil Judge, Lahore. In its application, the Subsidiary Company prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the case against the Expert's determination. Meanwhile, PPIB, through its application, requested the Civil Court to grant interim relief in respect of the Expert's determination, notice of arbitration issued and interim orders of the Arbitrator. In respect of the aforementioned applications, through its interim orders dated 18 April 2017, the Civil Court, Lahore rejected the Subsidiary Company's application and granted the plea of PPIB whereby, the court suspended the arbitration proceedings and restrained the parties from participating in the arbitration proceedings till the final decision of the aforementioned case before the Senior Civil Judge, Lahore against the Expert's determination. Being aggrieved, the Subsidiary Company filed an application before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings, while NTDC and PPIB did not participate in any subsequent arbitration proceedings pursuant to the decisions of the Civil Court, Lahore dated 18 April 2017. Furthermore, in response to the Subsidiary Company's continued participation in the arbitration proceedings, PPIB filed a contempt petition before Lahore High Court ('LHC') in respect of the decision of the Civil Court, Lahore.

LHC decided the matter in the Subsidiary Company's favour through its order dated 31 May 2017 whereby the aforementioned order of the Civil Judge, Lahore in respect of the suspension of arbitration proceedings was suspended and the arbitration proceedings were restored. As a consequence of the aforementioned order of LHC, the Arbitrator on 08 June 2017, declared his Partial Final Award wherein he decided the matter principally in the Subsidiary Company's favour and declared that the above mentioned Expert's determination is final and binding on all parties. However, the matter of determining the appropriate quantum and form of the Subsidiary Company's claim, has been deferred by the Arbitrator for consideration at a further hearing which is scheduled for 01 October 2017. Furthermore, subsequent to the year end, the District Judge, Lahore through his order dated 08 July 2017 has set-aside the aforementioned orders of the Civil Judge, Lahore dated 18 April 2017 and has accepted Subsidiary Company's appeals for further proceedings. Meanwhile, the Subsidiary Company also filed a writ petition before LHC whereby, it again challenged the jurisdiction of Civil and District Courts (herein after referred to as 'Trial Courts') with respect to the matters relating to the aforesaid arbitration proceedings. LHC, through its order dated 07 September 2017, has suspended the aforesaid interim orders and proceedings of the Trial Courts till the final decision of LHC that is pending adjudication.

Based on the advice of the Subsidiary Company's legal counsel, Expert's determination and Arbitration Award, management of the Subsidiary Company strongly feels that under the terms of the PPA and Implementation Agreement, there are meritorious grounds to support the Subsidiary Company's stance the amount is likely to be recovered. Consequently, no provision for the above mentioned amount has been made in these consolidated financial statements.

	Note	2017	2016
		(Rupees in thousand)	
22 LOANS AND ADVANCES			
Considered good:			
Employees - interest free:			
– Executives		11,426	356
– Other employees		11,649	9,797
		23,075	10,153
Current portion of long term loans	17	66,918	48,623
Advances to suppliers	22.1	393,560	613,133
Letters of credit		1,697	1,387
Income tax		2,264,889	2,460,708
Other advances	22.2	138,568	36,982
		2,888,707	3,170,986
Considered doubtful:			
Others		108	108
Less: Provision for doubtful debts		108	108
		-	-
		2,888,707	3,170,986

22.1 This includes an amount of Rupees Nil (2016: Rupees 0.02 million) due from Nishat Hotels and Properties Limited - associated company.

22.2 This includes an amount of Rupees 6 million (2016: Rupees Nil) advanced to Nishat Aviators and Aviation (Private) Limited - associated company.

	Note	2017	2016
23 SHORT TERM DEPOSITS AND PREPAYMENTS			
Deposits		69,910	28,699
Prepayments		184,401	180,520
		254,311	209,219
24 OTHER RECEIVABLES			
Considered good:			
Export rebate and claims		257,174	241,194
Duty drawback		798,376	50,403
Sales tax refundable		2,089,638	1,845,045
Fair value of forward exchange contracts		-	22,494
Workers' profit participation fund receivable	24.1	567,720	579,369
Miscellaneous receivables	24.2	73,619	44,076
		3,786,527	2,782,581

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.

	Note	2017	2016
		(Rupees in thousand)	
24.2 This includes amount due from following related parties:			
Security General Insurance Company Limited - associated company		833	-
Nishat Energy Limited - associated company		2,283	2,732
		3,116	2,732

25 ACCRUED INTEREST

This represents interest receivable on term deposit receipts and saving accounts including Rupees 0.177 million (2016: Rupees 1.758 million) receivable from MCB Bank Limited - associated company.

26 SHORT TERM INVESTMENTS

	Note	2017	2016
Available for sale			
Associated company (Other)			
Security General Insurance Company Limited - unquoted 10,226,244 (2016: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2016: 15.02%)	26.1	11,188	11,188
Related party (Other)			
Nishat (Chunian) Limited - quoted 32,689,338 (2016: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2016: 13.61%)		378,955	378,955
Others			
Alhamra Islamic Stock Fund - quoted (Formerly MCB Pakistan Islamic Stock Fund) 1,108,714 (2016: 997,990) units		3,025	1,715
Pakistan Petroleum Limited - quoted 434,782 (2016: 434,782) fully paid ordinary shares of Rupees 10 each.		95,217	95,217
		488,385	487,075
Less: Impairment loss recognized	26.2	(30,808)	(27,804)
Add: Fair value adjustment		2,078,396	1,605,946
		2,535,973	2,065,217

26.1 The investment of the Holding Company in ordinary shares of Security General Insurance Company Limited has been valued at fair value of Rupees 76.31 by an independent valuer using present value technique.

	Note	2017	2016
		(Rupees in thousand)	
26.2 Impairment loss recognized			
Balance as on 01 July		27,804	23,800
Add: Impairment loss recognized during the year	32	3,004	4,004
Balance as on 30 June		30,808	27,804

27 CASH AND BANK BALANCES

	Note	2017	2016
With banks:			
On current accounts	27.1 & 27.2		
Including US$ 118,697.61 (2016: US$ 333,767.64) and UAE Dirhams 6,665,219 (2016: UAE Dirhams 6,949,984)		317,061	323,279
Term deposit receipts	27.3	-	1,981,000
On PLS saving accounts	27.1 & 27.4		
Including US$ 894 (2016: US$ 896)		240,782	677,938
		557,843	2,982,217
Cash in hand			
Including UAE Dirhams 85,204 (2016: UAE Dirhams 468,836)		30,074	100,106
		587,917	3,082,323

27.1 Cash at banks includes balance of Rupees 159.170 million (2016: Rupees 487.364 million) with MCB Bank Limited - associated company.

27.2 Cash at banks includes balance of Rupees 0.784 million (2016: Rupees 0.012 million) with MCB Islamic Bank Limited - related party.

27.3 These deposits of one month with banking companies have been matured and carried rate of profit ranged from 6.08% to 6.90% (2016: 6.10% to 7.10%) per annum.

27.4 Rate of profit on Pak Rupees bank deposits and US Dollar bank deposit ranges from 2.96% to 4.50% (2016: 3.52% to 6.50%) per annum and Nil (2016: 0.01% to 0.10%) per annum respectively.

28 REVENUE

	Note	2017	2016
Export sales		36,975,717	36,139,642
Local sales	28.1	38,020,063	33,017,601
Processing income		311,203	329,694
Export rebate		173,000	158,717
Duty drawback		841,530	-
		76,321,513	69,645,654
28.1 Local sales			
Sales	28.1.1	41,523,614	36,361,117
Less: Sales tax		2,391,421	2,411,519
Less: Discount		1,113,336	932,392
		38,018,857	33,017,206
Doubling income		1,206	395
		38,020,063	33,017,601

28.1.1 This includes sale of Rupees 1,988.253 million (2016: Rupees 2,600.012 million) made to direct exporters against standard purchase order (SPO). Further, local sales includes waste sale of Rupees 1,472.118 million (2016: Rupees 1,278.012 million).

		Note	2017	2016
			(Rupees in thousand)	
29	COST OF SALES			
	Raw materials consumed		42,242,928	38,191,759
	Processing charges		532,054	373,687
	Salaries, wages and other benefits	29.1	5,965,708	4,888,068
	Stores, spare parts and loose tools consumed		5,249,613	4,782,661
	Packing materials consumed		1,244,855	1,092,136
	Repair and maintenance		404,399	514,326
	Fuel and power		4,887,349	4,231,644
	Insurance		212,531	206,789
	Other factory overheads		678,404	561,879
	Depreciation and amortization	13.1.2	3,287,966	3,187,166
			64,705,807	58,030,115
	Work-in-process			
	Opening stock		2,263,340	1,575,230
	Closing stock		(2,610,154)	(2,263,340)
			(346,814)	(688,110)
	Cost of goods manufactured		64,358,993	57,342,005
	Finished goods			
	Opening stock		4,606,221	4,337,851
	Closing stock		(5,045,917)	(4,606,221)
			(439,696)	(268,370)
			63,919,297	57,073,635

29.1 Salaries, wages and other benefits include provident fund contributions of Rupees 175.616 million (2016: Rupees 146.109 million) and Rupees 0.419 million (2016: Rupees 1.696 million) in respect of provision for compensated absences.

	Note	2017	2016
		(Rupees in thousand)	
30 DISTRIBUTION COST			
Salaries and other benefits	30.1	632,052	536,460
Outward freight and handling		1,478,445	1,072,349
Sales promotion		541,167	544,834
Commission to selling agents		491,917	496,604
Fuel cost		134,316	117,457
Travelling and conveyance		114,092	116,022
Rent, rates and taxes		331,059	225,412
Postage and telephone		120,413	107,967
Insurance		31,076	26,736
Vehicles' running		13,997	16,549
Entertainment		16,033	12,088
Advertisement		434,439	421,575
Electricity and gas		80,900	60,087
Printing and stationery		5,660	6,076
Repair and maintenance		525,944	181,393
Fee and subscription		1,678	561
Depreciation	13.1.2	30,312	21,310
		4,983,500	3,963,480

30.1 Salaries and other benefits include provident fund contributions of Rupees 28.582 million (2016: Rupees 24.869 million).

	Note	2017	2016
31 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	31.1	1,090,066	1,001,498
Vehicles' running		48,380	47,246
Travelling and conveyance		119,970	118,986
Rent, rates and taxes		135,336	124,541
Insurance		8,861	8,509
Entertainment		24,425	26,680
Legal and professional		76,154	38,159
Auditors' remuneration	31.2	12,046	10,523
Advertisement		4,661	5,827
Postage and telephone		11,427	12,163
Electricity and gas		3,821	26,360
Printing and stationery		22,359	21,881
Repair and maintenance		17,972	22,400
Fee and subscription		9,225	6,397
Depreciation	13.1.2	140,724	152,574
Miscellaneous		57,844	56,053
		1,783,271	1,679,797

31.1 Salaries, wages and other benefits include provident fund contributions of Rupees 41.599 million (2016: Rupees 40.109 million), Rupees 0.343 million (2016: Rupee 1.040 million) in respect of provision for compensated absences and Rupees 2.137 million (2016: Rupees 2.032 million) in respect of retirement benefit - gratuity.

		Note	2017	2016
			(Rupees in thousand)	
31.2	**Auditors' remuneration**			
	Riaz Ahmad and Company			
	Audit fee		4,624	4,201
	Half yearly review		781	710
	Special audit fee		-	75
	Reimbursable expenses		137	125
			5,542	5,111
	A.F. Ferguson and Company			
	Statutory audit fee		2,196	2,033
	Half yearly review		840	800
	Tax services		1,560	1,210
	Other certification services		430	165
	Reimbursable expenses		284	238
			5,310	4,446
	Deloitte Yousuf Adil			
	Audit fee		66	-
	Griffin Nagda and Company			
	Audit fee		1,128	966
			12,046	10,523

32 OTHER EXPENSES

	Note	2017	2016
Workers' profit participation fund		192,734	303,155
Workers' welfare fund		-	136
Impairment loss on equity investments	16 & 26.2	4,690	4,004
Provision for slow moving and obsolete stocks	20	5,694	-
Depreciation on investment properties	14	5,830	6,477
Net exchange loss		-	6,101
Donations	32.1	1,215	169
		210,163	320,042

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

	Note	2017	2016
		(Rupees in thousand)	
33 OTHER INCOME			
Income from financial assets			
Dividend income	33.1	1,504,784	1,447,930
Profit on deposits with banks		47,256	59,211
Net exchange gain		138,487	-
		1,690,527	1,507,141
Income from non-financial assets			
Gain on sale of property, plant and equipment		3,252	28,599
Scrap sales		118,740	129,946
Rental income from investment properties		45,776	39,817
Reversal of provision for slow moving, obsolete and damaged store items	19.2	619	859
Reversal of provision for workers' profit participation fund		6,312	-
Reversal of provision for workers' welfare fund	33.2	357,120	-
Liabilities written back		163	10,740
Others		26,279	19,064
		558,261	229,025
		2,248,788	1,736,166

33.1 Dividend income

	2017	2016
From related party / associated companies		
MCB Bank Limited	1,367,196	1,344,739
Nishat (Chunian) Limited	81,723	49,034
Adamjee Insurance Company Limited	411	309
Security General Insurance Company Limited	51,131	51,131
	1,500,461	1,445,213
Others		
Pakistan Petroleum Limited	2,826	2,717
Alhamra Islamic Stock Fund (Formerly MCB Pakistan Islamic Stock Fund)	1,497	-
	4,323	2,717
	1,504,784	1,447,930

33.2 Provisions for workers' welfare fund recognized by Nishat Mills Limited - Holding Company and Nishat Linen (Private) Limited - Subsidiary Company in prior years have been reversed during the year in view of judgement of Honourable Supreme Court of Pakistan announced on 10 November 2016 declaring amendments made in Worker Welfare Ordinance, 1971 through Finance Acts 2006 and 2008 to be unlawful and ultra vires the Constitution of the Islamic Republic of Pakistan, 1973.

	Note	2017	2016
		(Rupees in thousand)	
34 FINANCE COST			
Mark-up on:			
Long term financing		1,023,972	1,320,152
Short term borrowings		392,976	335,237
Interest on payable to employees' provident fund trust		-	330
Interest on workers' profit participation fund	8.2	2,907	3,919
Bank charges and commission		280,055	280,141
		1,699,910	1,939,779
35 TAXATION			
Current - for the year		964,569	937,902
Deferred		553,462	1,563,001
Prior year adjustment		2,094	(6,951)
		1,520,125	2,493,952

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

There is no dilutive effect on the basic earnings per share which is based on:

		2017	2016
Profit attributable to ordinary shareholders of Holding Company	(Rupees in thousand)	6,170,139	6,089,787
Weighted average number of ordinary shares of Holding Company	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	17.55	17.32

	Note	2017	2016
		(Rupees in thousand)	
37 CASH GENERATED FROM OPERATIONS			
Profit before taxation		9,104,219	9,980,182
Adjustments for non-cash charges and other items:			
Depreciation and amortization		3,467,281	3,368,951
Provision for slow moving and obsolete items		5,694	-
Reversal of provision for slow moving, obsolete and damaged store items		(619)	(859)
Reversal of provision for workers' profit participation fund		(6,312)	-
Reversal of provision for workers' welfare fund		(357,120)	-
Net exchange (gain) / loss		(138,487)	6,101
Gain on sale of property, plant and equipment		(3,252)	(28,599)
Dividend income		(1,504,784)	(1,447,930)
Profit on deposits with banks		(47,256)	(59,211)
Share of profit from associated companies		(3,130,059)	(3,575,095)
Impairment loss on equity investment		4,690	4,004
Provision for accumulated compensated absences		505	2,736
Liabilities written back		(163)	(10,740)
Finance cost		1,699,910	1,939,779
Working capital changes	37.1	(7,911,718)	3,512,839
		1,182,529	13,692,158

37.1 Working capital changes

	2017	2016
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(982,732)	183,296
- Stock in trade	(3,834,309)	1,298,304
- Trade debts	(2,955,973)	2,124,213
- Loans and advances	104,755	(481,446)
- Short term deposits and prepayments	(45,092)	(66,647)
- Other receivables	(1,026,440)	(503,098)
	(8,739,791)	2,554,622
Increase in trade and other payables	828,073	958,217
	(7,911,718)	3,512,839

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 2017 of Rupees 5.00 per share (2016: Rupees 5.00 per share) at their meeting held on 25 September 2017. The Board of Directors also proposed to transfer Rupees 4,412 million (2016: Rupees 4,331 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, a tax shall be imposed at the rate of 7.5% of accounting profit before tax of the Holding Company if it does not distribute at least 40% of its after tax profit for the year within six months of the end of the year ended 30 June 2017 through cash or bonus shares. The requisite cash dividend has been proposed by the Board of Directors of the Holding Company in their meeting held on 25 September 2017 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, DIRECTORS 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	
	2017	2016	2017	2016	2017	2016
	--------------------(Rupees in thousand)------------------					
Managerial remuneration	24,486	20,071	10,228	7,714	645,505	537,945
Allowances						
Cost of living allowance	-	-	1	1	1,923	1,674
House rent	8,791	8,028	288	288	168,859	148,842
Conveyance	-	-	-	-	766	785
Medical	2,197	2,007	848	768	52,229	44,033
Utilities	-	-	3,063	2,747	74,938	65,406
Special allowance	-	-	2	2	1,092	891
Contribution to provident fund trust	-	-	810	733	53,696	42,420
Leave encashment	-	-	-	-	20,799	15,968
	35,474	30,106	15,240	12,253	1,019,807	857,964
Number of persons	1	1	1	1	495	419

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 four directors (2016: one director) of the Holding Company was Rupees 0.682 million (2016: Rupees 0.375 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:

	2017	2016
	(Rupees in thousand)	
Associated companies		
Investment made	399,169	632,379
Purchase of goods and services	232,386	157,054
Sale of goods and services	18,116	93,310
Rental income	650	605
Sale of operating fixed assets	231	-
Rent paid	51,800	12,461
Dividend paid	158,463	141,968
Insurance premium paid	335,042	288,866
Interest income	15,376	28,552
Insurance claims received	56,391	21,730
Profit on term deposit receipt	11,059	1,758
Finance cost	20,884	14,969
Other related parties		
Purchase of goods and services	1,527,307	808,647
Sale of goods and services	46,044	28,486
Sale of operating fixed assets	-	9,750
Group's contribution to provident fund trust	245,798	211,377

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 2017 and 30 June 2016:

	Nishat Mills Limited*		Nishat Power Limited**		Nishat Hospitality (Private) Limited***	
	2017	2016	2017	2016	2017	2016
	..............................(Rupees in thousand)..............................					
Size of the fund - total assets	4,642,647	4,145,105	103,428	62,164	17,664	11,463
Cost of investments out of provident fund	3,460,986	2,837,307	85,730	53,479	17,053	11,076
Fair value of investments out of provident fund	4,253,661	3,797,964	86,540	54,070	17,053	11,096
Percentage of investments out of provident fund	91.62%	91.63%	83.67%	86.98%	96.54%	96.80%
Break up of investments						
Investment in listed debt securities	-	-	-	-	-	-
Investment in listed equity securities	886,478	886,478	-	4,363	-	-
Investment in listed debt collective investment schemes	2,574,342	1,460,236	41,445	6,303	16,587	5,642
Investment in listed equity collective investment schemes	-	48,364	7,967	16,599	-	-
Investment in government securities	-	49,343	26,391	21,324	-	-
Bank balances	166	392,886	10,737	5,481	466	5,454
	3,460,986	2,837,307	86,540	54,070	17,053	11,096

	Nishat Mills Limited*		Nishat Power Limited**		Nishat Hospitality (Private) Limited***	
	2017	2016	2017	2016	2017	2016
	……………………………. (Percentage) ………………………………					
Investment in listed debt securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment in listed equity securities	25.61%	31.24%	0.00%	8.07%	0.00%	0.00%
Investment in listed debt collective investment schemes	74.38%	51.47%	47.89%	11.66%	97.27%	50.85%
Investment in listed equity collective investment schemes	0.00%	1.70%	9.21%	30.70%	0.00%	0.00%
Investment in government securities	0.00%	1.74%	30.49%	39.44%	0.00%	0.00%
Bank balances	0.01%	13.85%	12.41%	10.13%	2.73%	49.15%
	100%	100%	100%	100%	100%	100%

* As at the reporting date, the Nishat Mills Employees Provident Fund Trust is in the process of regularizing its investment in accordance with Section 218 of Companies Act, 2017 and the rules formulated for this purpose in terms of SRO 770(1)2016 issued by Securities and Exchange Commission of Pakistan on 17 August 2016 which allows transition period of two years for bringing the Employees Provident Fund Trust in conformity with the requirements of rules.

** The investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

*** The investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose except for the investment made in mutual funds which exceed the twenty percent threshold as set by the rules. However, as per SRO 770 (1)/2016 dated 17 August 2016, a transition period of two years from the date of the said SRO has been granted to bring all the investments of the Provident Fund in conformity with the provisions of the above said rules.

42 NUMBER OF EMPLOYEES

	2017	2016
Number of employees as on June 30	21,844	20,510
Average number of employees during the year	21,793	19,437

		2017	2016
		(Figures in thousand)	

43 PLANT CAPACITY AND ACTUAL PRODUCTION

a) Holding Company - Nishat Mills Limited

Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Kgs.)	77,455	78,568
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Kgs.)	67,633	68,406
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Sq.Mtr.)	298,257	300,060
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Sq.Mtr.)	283,004	287,850
Dyeing and Finishing			
Production capacity for 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Mtr.)	54,000	54,000
Actual production on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	(Mtr.)	48,364	50,986
Power Plant			
Generation capacity	(MWH)	799	775
Actual generation	(MWH)	396	383

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.

b) Subsidiary Company - Nishat Power Limited

Installed capacity [Based on 8,760 hours (2016: 8,784 hours)]	(MWH)	1,711	1,716
Actual energy delivered	(MWH)	1,240	1,272

c) Subsidiary Company - Nishat Hospitality (Private) Limited

	Total rooms available	
Nishat Suites	22,326	22,326

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

(Rupees in thousand)

	Spinning – Faisalabad-I 2017	Spinning – Faisalabad-I 2016	Spinning – Faisalabad-II 2017	Spinning – Faisalabad-II 2016	Spinning – Feroze Wattwan 2017	Spinning – Feroze Wattwan 2016	Spinning – Lahore 2017	Spinning – Lahore 2016
Revenue								
External	5,005,217	6,034,868	-	-	2,567,686	2,825,166	9,927,468	5,796,296
Intersegment	4,653,721	4,256,637	-	-	1,658,878	1,668,260	182,703	644,666
	9,658,938	10,291,505	-	-	4,226,564	4,493,426	10,110,171	6,440,962
Cost of sales	(9,199,050)	(9,845,980)	-	-	(4,009,284)	(4,193,195)	(9,714,669)	(6,405,674)
Gross profit / (loss)	459,888	445,525	-	-	217,280	300,231	395,502	35,288
Distribution cost	(228,630)	(218,284)	-	-	(88,294)	(99,036)	(136,738)	(24,822)
Administrative expenses	(202,194)	(209,312)	-	-	(67,894)	(64,135)	(3,555)	(418)
	(430,824)	(427,596)	-	-	(156,188)	(163,171)	(140,293)	(25,240)
Profit / (loss) before taxation and unallocated income and expenses	29,064	17,929	-	-	61,092	137,060	255,209	10,048

	Weaving – Bhikki 2017	Weaving – Bhikki 2016	Weaving – Lahore 2017	Weaving – Lahore 2016	Dyeing 2017	Dyeing 2016	Home Textile 2017	Home Textile 2016
Revenue								
External	7,926,709	7,824,251	2,896,000	3,038,800	12,662,670	13,824,325	14,358,400	11,831,127
Intersegment	6,427,588	5,932,292	2,879,048	2,365,496	1,141,799	804,847	736,198	826,789
	14,354,297	13,756,543	5,775,048	5,404,296	13,804,469	14,629,172	15,094,598	12,657,916
Cost of sales	(13,087,192)	(12,541,154)	(5,397,024)	(5,051,164)	(12,176,215)	(12,312,933)	(11,115,545)	(9,140,657)
Gross profit / (loss)	1,267,105	1,215,389	378,024	353,132	1,628,254	2,316,239	3,979,053	3,517,259
Distribution cost	(402,901)	(379,662)	(127,503)	(129,422)	(611,632)	(599,230)	(2,976,143)	(2,233,026)
Administrative expenses	(171,851)	(168,193)	(89,812)	(95,058)	(204,393)	(216,817)	(547,432)	(496,422)
	(574,752)	(547,855)	(217,315)	(224,480)	(816,025)	(816,047)	(3,523,575)	(2,729,448)
Profit / (loss) before taxation and unallocated income and expenses	692,353	667,534	160,709	128,652	812,229	1,500,192	455,478	787,811

	Garments – I 2017	Garments – I 2016	Garments – II 2017	Garments – II 2016	Power Generation 2017	Power Generation 2016	Hotel 2017	Hotel 2016	Automobile 2017	Automobile 2016	Elimination of Inter-segment transactions 2017	Elimination of Inter-segment transactions 2016	Total - Group 2017	Total - Group 2016
Revenue														
External	4,362,061	4,032,632	993,872	69,982	15,257,774	14,041,456	363,656	326,751	-	-	-	-	76,321,513	69,645,654
Intersegment	70,043	10,437	57,777	115,507	5,383,838	4,587,257	-	-	-	-	(23,191,593)	(21,212,188)	-	-
	4,432,104	4,043,069	1,051,649	185,489	20,641,612	18,628,713	363,656	326,751	-	-	(23,191,593)	(21,212,188)	76,321,513	69,645,654
Cost of sales	(4,094,491)	(3,618,110)	(1,324,907)	(181,435)	(16,733,631)	(14,719,496)	(258,882)	(276,025)	-	-	23,191,593	21,212,188	(63,919,297)	(57,073,635)
Gross profit / (loss)	337,613	424,959	(273,258)	4,054	3,907,981	3,909,217	104,774	50,726	-	-	-	-	12,402,216	12,572,019
Distribution cost	(359,330)	(278,214)	(51,335)	(1,292)	(994)	(492)	-	-	-	-	-	-	(4,983,500)	(3,963,480)
Administrative expenses	(95,358)	(103,778)	(31,858)	(4,762)	(309,375)	(267,424)	(51,842)	(53,478)	(7,707)	-	-	-	(1,783,271)	(1,679,797)
	(454,688)	(381,992)	(83,193)	(6,054)	(310,369)	(267,916)	(51,842)	(53,478)	(7,707)	-	-	-	(6,766,771)	(5,643,277)
Profit / (loss) before taxation and unallocated income and expenses	(117,075)	42,967	(356,451)	(2,000)	3,597,612	3,641,301	52,932	(2,752)	(7,707)	-	-	-	5,635,445	6,928,742
Unallocated income and expenses														
Other expenses													(210,163)	(320,042)
Other income													2,248,788	1,736,166
Finance cost													(1,699,910)	(1,939,779)
Share of profit from associated companies													3,130,059	3,575,095
Taxation													(1,520,125)	(2,493,952)
Profit after taxation													7,584,094	7,486,230

44.1 Reconciliation of reportable segment assets and liabilities

(Rupees in thousand)

	Spinning – Faisalabad-I 2017	Spinning – Faisalabad-I 2016	Spinning – Faisalabad-II 2017	Spinning – Faisalabad-II 2016	Spinning – Feroze Wattwan 2017	Spinning – Feroze Wattwan 2016	Spinning – Lahore 2017	Spinning – Lahore 2016	Weaving – Bhikki 2017	Weaving – Bhikki 2016	Weaving – Lahore 2017	Weaving – Lahore 2016
Total assets for reportable segments	5,159,627	4,988,421	2,226,310	-	6,573,091	6,131,241	1,105,073	686,821	5,388,973	5,148,759	1,001,029	1,041,593
Total liabilities for reportable segments	644,903	545,636	32,220	-	67,385	101,081	89,156	112,243	467,615	477,581	124,158	157,183

	Dyeing 2017	Dyeing 2016	Home Textile 2017	Home Textile 2016	Garments – I 2017	Garments – I 2016	Garments – II 2017	Garments – II 2016	Power Generation 2017	Power Generation 2016	Hotel 2017	Hotel 2016	Automobile 2017	Automobile 2016	Total - Group 2017	Total - Group 2016
Total assets for reportable segments	6,052,518	5,577,425	12,997,257	9,753,408	2,058,931	1,816,734	2,590,105	1,943,239	29,772,166	26,396,186	1,120,391	1,233,300	240	-	76,045,711	64,717,127
Unallocated assets:																
Long term investments															51,618,680	49,024,857
Short term investments															2,535,973	2,065,217
Other receivables															3,786,527	2,782,581
Cash and bank balances															587,917	3,082,323
Other corporate assets															1,992,870	2,564,760
Total assets as per balance sheet															136,567,678	124,236,865
Total liabilities for reportable segments	468,085	531,233	1,292,993	1,190,933	307,510	291,779	250,633	123,780	11,457,796	10,490,709	24,257	22,326	3,387	-	15,230,098	14,044,484
Unallocated liabilities:																
Deferred income tax liability															2,162,341	1,626,036
Provision for taxation															1,403,634	1,374,735
Other corporate liabilities															22,816,001	18,274,010
Total liabilities as per balance sheet															41,612,074	35,319,265

44.2 Geographical information

The Group's revenue from external customers by geographical location is detailed below:

	2017	2016
	(Rupees in thousand)	
Europe	13,799,308	12,504,096
Asia, Africa and Australia	18,572,294	19,760,061
United States of America and Canada	5,618,645	4,034,202
Pakistan	38,331,266	33,347,295
	76,321,513	69,645,654

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.

	2017	2016
	(Rupees in thousand)	
Summarised balance sheet		
Current assets	11,871,898	9,415,126
Current liabilities	4,272,673	1,965,859
Net current assets	7,599,225	7,449,267
Non-current assets	11,391,297	11,659,505
Non-current liabilities	5,092,325	6,857,693
Net non-current assets	6,298,972	4,801,812
Net assets	13,898,197	12,251,079
Accumulated non-controlling interest	6,808,446	6,001,587
Summarised statement of comprehensive income		
Revenue	15,041,692	13,896,036
Profit for the year	2,886,429	2,851,065
Other comprehensive income	-	-
Total comprehensive income	2,886,429	2,851,065
Profit allocated to non-controlling interest	1,413,955	1,396,443
Dividend paid to non-controlling interest	607,096	1,084,098
Summarised cash flows		
Cash flows from operating activities	1,134,611	5,332,338
Cash flows from investing activities	(687,550)	(310,702)
Cash flows from financing activities	(2,757,431)	(3,518,960)
Net (decrease) / increase in cash and cash equivalents	(2,310,370)	1,502,676

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 Holding Company and Subsidiary 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 and United Arab Emirates Dirham (AED). Currently, the Group's foreign exchange risk exposure is restricted to bank balances, long term loan, security deposit and the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2017	2016
Cash at banks - USD	119,592	334,664
Cash at banks - AED	6,750,423	7,418,820
Trade debts - USD	13,063,808	11,276,893
Trade debts - Euro	987,388	1,021,991
Trade debts - AED	3,282,541	5,521,095
Trade and other payables - USD	(1,333,482)	(1,080,423)
Trade and other payables - Euro	(222,468)	(182,684)
Trade and other payables - AED	(5,277,880)	(4,001,701)
Security deposit - USD	49,025	48,544
Motor vehicles' loan - AED	(62,781)	(37,630)
Net exposure - USD	11,898,943	10,579,677
Net exposure - Euro	764,920	839,307
Net exposure - AED	4,692,303	8,900,584

The following significant exchange rates were applied during the year:

	2017	2016
Rupees per US Dollar		
Average rate	104.55	104.29
Reporting date rate	104.80	104.50
Rupees per Euro		
Average rate	114.17	115.31
Reporting date rate	119.91	116.08
Rupees per AED		
Average rate	28.47	28.40
Reporting date rate	28.53	28.45

Sensitivity Analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and AED with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 58.548 million (2016: Rupees 51.361 million) higher / lower, Rupees 4.298 million (2016: Rupees 4.462 million) higher / lower and Rupees 6.313 million (2016: Rupees 11.375 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)	
	2017	2016	2017	2016
	(Rupees in thousand)			
PSX 100 (5% increase)	3,220	3,371	996,254	992,283
PSX 100 (5% decrease)	(3,220)	(3,371)	(996,254)	(992,283)

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:

	2017	2016
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - saving accounts	219,125	671,558
Financial liabilities		
Long term financing	4,300,109	1,827,648
Short term borrowings	12,009,969	9,993,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	21,658	6,325
Term deposit receipts	-	1,981,000
Trade debts - overdue	3,463,527	2,162,360
WPPF receivable from NTDCL - overdue	409,235	436,817
Financial liabilities		
Long term financing	9,898,028	13,159,998
Short term borrowings	4,486,001	482,657

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 99.651 million (2016: Rupees 86.033 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	20,783,429	20,753,017
Loans and advances	421,003	212,737
Deposits	281,150	160,274
Trade debts	12,349,739	9,329,634
Other receivables	73,619	66,570
Accrued interest	1,268	15,762
Bank balances	557,843	2,982,217
	34,468,051	33,520,211

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			2017	2016
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	4,621	11,361
Allied Bank Limited	A1+	AA+	PACRA	1,953	234,126
Askari Bank Limited	A1+	AA+	PACRA	145	68
Bank Alfalah Limited	A1+	AA+	PACRA	24,195	18,378
Faysal Bank Limited	A1+	AA	PACRA	19,489	256
Habib Bank Limited	A-1+	AAA	JCR-VIS	6,553	883,599
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,296	14,300
JS Bank Limited	A1+	AA-	PACRA	-	400,043
MCB Bank Limited	A1+	AAA	PACRA	328,186	585,338
NIB Bank Limited	A1+	AA -	PACRA	204	190
Samba Bank Limited	A-1	AA	JCR-VIS	150	98
Silkbank Limited	A-2	A -	JCR-VIS	2,195	167
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	14,805	24,121
United Bank Limited	A-1+	AAA	JCR-VIS	124,577	2,515
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	277	297
Deutsche Bank AG	P-2	A3	Moody's	-	134
Bank Islami Pakistan Limited	A1	A+	PACRA	92	351
Meezan Bank Limited	A-1+	AA	JCR-VIS	7,415	6,966
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	328	504
The Bank of Punjab	A1+	AA	PACRA	266	182
Soneri Bank Limited	A1+	AA-	PACRA	74	139
Summit Bank Limited	A-1	A-	JCR-VIS	269	280
Industrial and Commercial Bank of China	P-1	A1	Moody's	6	6
PAIR Investment Company Limited	A1+	AA	PACRA	-	200,000
MCB Islamic Bank Limited	A1	A	PACRA	780	501,012
Alfalah Sovereign (Formerly IGI Funds Limited)	Not available	AA-(f)	PACRA	6	6
JP Morgan Chase Bank	F1	A+	Fitch	-	405
HAB Bank	Unknown		-	3,253	-
Bank of China	P-1	A1	Moody's	5,336	3,635
Habib Bank AG Zurich, UAE	NP	Caa1	Moody's	9,564	60,472
ICBC Standard Bank	P-3	Baa3	Moody's	808	33,268
				557,843	2,982,217
Investments					
Adamjee Insurance Company Limited	AA+		PACRA	7,028	5,157
Security General Insurance Company Limited	AA-		JCR-VIS	780,365	829,348
Alhamra Islamic Stock Fund (Formerly MCB Pakistan Islamic Stock Fund)	3 Star	4 Star	PACRA	13,582	10,599
Nishat (Chunian) Limited	A-2	A-	JCR-VIS	1,677,617	1,157,856
MCB Bank Limited	A1+	AAA	PACRA	18,240,428	18,682,644
Pakistan Petroleum Limited	Unknown		-	64,409	67,413
				20,783,429	20,753,017
				21,341,272	23,735,234

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 2017, the Group had Rupees 24,974.550 million (2016: Rupees 29,141.863 million) available borrowing / financing limits from financial institutions and Rupees 587.917 million (2016: Rupees 3,082.323 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 2017

	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	14,198,137	14,709,203	2,005,663	2,096,884	6,542,451	4,064,205
Trade and other payables	5,934,843	5,934,843	5,934,843	-	-	-
Short term borrowings	16,495,970	16,751,768	15,551,184	1,200,584	-	-
Accrued mark-up	295,933	295,933	295,933	-	-	-
	36,924,883	37,691,747	23,787,623	3,297,468	6,542,451	4,064,205

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	15,635,230	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	31,687,829	17,766,219	2,116,071	4,075,137	7,730,402

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 2017			
Assets as per balance sheet			
Investments	-	20,783,429	20,783,429
Loans and advances	421,003	-	421,003
Deposits	281,150	-	281,150
Trade debts	12,349,739	-	12,349,739
Other receivables	73,619	-	73,619
Accrued interest	1,268	-	1,268
Cash and bank balances	587,917	-	587,917
	13,714,696	20,783,429	34,498,125

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	14,198,137
Trade and other payables	5,934,843
Short term borrowings	16,495,970
Accrued mark-up	295,933
	36,924,883

	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
	(Rupees in thousand)
Liabilities as per balance sheet	
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

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'.

		2017	2016
Borrowings	Rupees in thousand	30,694,107	25,463,303
Total equity	Rupees in thousand	94,955,604	88,917,600
Total capital employed	Rupees in thousand	125,649,711	114,380,903
Gearing ratio	Percentage	24.43	22.26

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.

Recurring fair value measurements At 30 June 2017	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	19,989,482	13,582	780,365	20,783,429
Total financial assets	19,989,482	13,582	780,365	20,783,429
Financial liabilities				
Derivative financial liabilities	-	27,536	-	27,536
Total financial liabilities	-	27,536	-	27,536

Recurring fair value measurements At 30 June 2016	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	19,913,070	10,599	829,348	20,753,017
Derivative financial assets	-	22,494	-	22,494
Total financial assets	19,913,070	33,093	829,348	20,775,511
Financial liabilities				
Derivative financial liabilities	-	827	-	827
Total financial liabilities	-	827	-	827

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 2017 and 30 June 2016:

	Unlisted equity securities (Rupees in thousand)
Balance as on 01 July 2015	971,493
Less : Deficit recognized in other comprehensive income	142,145
Balance as on 30 June 2016	829,348
Less : Deficit recognized in other comprehensive income	48,983
Balance as on 30 June 2017	780,365

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 2017	30 June 2016		30 June 2017	
	(Rupees in thousand)				
Available for sale financial assets:					
Security General Insurance Company Limited	780,365	829,348	Net premium revenue growth factor	8%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +49.393 million / - 43.973 million.
			Risk adjusted discount rate	17.49%	

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.

At 30 June 2017	Level 1	Level 2	Level 3	Total
	-------------------- (Rupees in thousand)			--------------------
Investment properties	-	1,688,261	-	1,688,261
Total non-financial assets	-	1,688,261	-	1,688,261

At 30 June 2016	Level 1	Level 2	Level 3	Total
	-------------------- (Rupees in thousand)			--------------------
Investment properties	-	1,543,346	-	1,543,346
Total non-financial assets	-	1,543,346	-	1,543,346

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 2017, the fair values of the investment properties have been determined by Al-Hadi Financial & Legal Consultants.

Changes in fair values are analysed at the end of each year during the 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 25 September 2017 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 CHIEF FINANCIAL OFFICER DIRECTOR

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2017

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
4458	1	100	163,795	0.0466
3968	101	500	1,011,093	0.2876
1127	501	1000	867,429	0.2467
1260	1001	5000	3,135,186	0.8917
269	5001	10000	2,068,745	0.5884
102	10001	15000	1,290,643	0.3671
67	15001	20000	1,210,628	0.3443
45	20001	25000	1,063,912	0.3026
33	25001	30000	923,218	0.2626
24	30001	35000	800,663	0.2277
21	35001	40000	807,419	0.2296
11	40001	45000	469,924	0.1337
22	45001	50000	1,075,316	0.3058
9	50001	55000	475,256	0.1352
11	55001	60000	642,400	0.1827
13	60001	65000	828,709	0.2357
7	65001	70000	475,346	0.1352
9	70001	75000	658,842	0.1874
4	75001	80000	318,000	0.0904
5	80001	85000	414,137	0.1178
6	85001	90000	529,400	0.1506
4	90001	95000	369,081	0.1050
12	95001	100000	1,193,700	0.3395
3	100001	105000	313,900	0.0893
3	105001	110000	321,500	0.0914
5	110001	115000	566,000	0.1610
3	115001	120000	349,742	0.0995
6	120001	125000	740,000	0.2105
5	125001	130000	646,296	0.1838
4	130001	135000	527,632	0.1501
2	135001	140000	276,580	0.0787
2	140001	145000	288,500	0.0821
8	145001	150000	1,192,667	0.3392
1	150001	155000	154,500	0.0439
2	155001	160000	319,100	0.0908
1	160001	165000	162,500	0.0462
6	165001	170000	1,001,755	0.2849
2	170001	175000	346,000	0.0984
2	175001	180000	357,000	0.1015
1	180001	185000	184,526	0.0525
1	190001	195000	191,500	0.0545
3	195001	200000	596,400	0.1696
2	200001	205000	401,095	0.1141
2	205001	210000	417,171	0.1186
2	210001	215000	424,675	0.1208
2	215001	220000	437,275	0.1244
1	220001	225000	221,400	0.0630
1	225001	230000	230,000	0.0654
1	230001	235000	235,000	0.0668
1	235001	240000	237,480	0.0675
1	240001	245000	243,200	0.0692
3	245001	250000	750,000	0.2133
1	260001	265000	261,243	0.0743
1	265001	270000	270,000	0.0768
1	270001	275000	272,100	0.0774
1	280001	285000	283,000	0.0805
2	285001	290000	571,319	0.1625
3	290001	295000	882,372	0.2510
3	305001	310000	923,592	0.2627
1	310001	315000	313,170	0.0891
1	315001	320000	315,349	0.0897
2	330001	335000	663,700	0.1888
2	340001	345000	689,030	0.1960
1	345001	350000	350,000	0.0995
2	355001	360000	719,700	0.2047

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
1	360001	365000	360,200	0.1024
3	365001	370000	1,101,965	0.3134
2	370001	375000	741,493	0.2109
1	380001	385000	383,100	0.1090
2	385001	390000	772,800	0.2198
2	395001	400000	799,500	0.2274
1	400001	405000	402,500	0.1145
3	415001	420000	1,254,731	0.3569
2	435001	440000	875,300	0.2489
2	450001	455000	903,900	0.2571
1	470001	475000	471,700	0.1342
1	475001	480000	480,000	0.1365
1	480001	485000	483,600	0.1375
1	495001	500000	500,000	0.1422
1	500001	505000	500,500	0.1423
1	515001	520000	516,300	0.1468
1	525001	530000	526,600	0.1498
1	535001	540000	537,800	0.1530
1	550001	555000	555,000	0.1578
1	555001	560000	558,500	0.1588
2	685001	690000	1,372,300	0.3903
2	695001	700000	1,400,000	0.3982
2	735001	740000	1,476,100	0.4198
1	755001	760000	756,000	0.2150
1	800001	805000	801,300	0.2279
1	825001	830000	826,000	0.2349
1	855001	860000	859,889	0.2446
1	890001	895000	890,100	0.2532
1	900001	905000	903,100	0.2569
1	925001	930000	926,500	0.2635
1	930001	935000	931,900	0.2650
1	970001	975000	973,000	0.2767
1	1060001	1065000	1,061,285	0.3018
1	1095001	1100000	1,100,000	0.3129
1	1100001	1105000	1,102,100	0.3135
1	1155001	1160000	1,160,000	0.3299
1	1160001	1165000	1,161,200	0.3303
1	1165001	1170000	1,169,200	0.3325
1	1195001	1200000	1,200,000	0.3413
1	1230001	1235000	1,233,074	0.3507
1	1240001	1245000	1,241,000	0.3530
1	1305001	1310000	1,307,500	0.3719
1	1330001	1335000	1,334,700	0.3796
1	1395001	1400000	1,400,000	0.3982
1	1400001	1405000	1,402,950	0.3990
1	1450001	1455000	1,450,277	0.4125
1	1475001	1480000	1,479,500	0.4208
1	1525001	1530000	1,526,590	0.4342
1	1610001	1615000	1,614,900	0.4593
1	1660001	1665000	1,660,600	0.4723
1	1750001	1755000	1,753,700	0.4988
1	1800001	1805000	1,801,900	0.5125
1	1940001	1945000	1,942,200	0.5524
1	1950001	1955000	1,953,700	0.5557
1	2015001	2020000	2,017,480	0.5738
1	2035001	2040000	2,038,700	0.5798
1	2050001	2055000	2,054,500	0.5843
1	2190001	2195000	2,191,900	0.6234
1	2285001	2290000	2,286,100	0.6502
1	2375001	2380000	2,377,841	0.6763
1	2390001	2395000	2,394,071	0.6809
1	2420001	2425000	2,421,000	0.6886
1	2455001	2460000	2,458,500	0.6992
1	2490001	2495000	2,490,500	0.7083
1	2540001	2545000	2,541,940	0.7230
1	2835001	2840000	2,839,871	0.8077

Number of Shareholders	Having shares From	To	Shares Held	Percentage
1	3080001	3085000	3,083,700	0.8770
1	3245001	3250000	3,250,000	0.9243
1	4050001	4055000	4,054,500	1.1532
1	4405001	4410000	4,405,699	1.2530
1	4745001	4750000	4,745,735	1.3498
1	4780001	4785000	4,785,000	1.3609
1	4795001	4800000	4,795,300	1.3639
1	5745001	5750000	5,749,700	1.6353
1	6120001	6125000	6,120,387	1.7407
1	6450001	6455000	6,450,913	1.8347
1	7645001	7650000	7,646,760	2.1748
1	13840001	13845000	13,844,092	3.9375
1	15075001	15080000	15,075,149	4.2876
1	18695001	18700000	18,698,357	5.3181
1	21190001	21195000	21,191,146	6.0271
1	23100001	23105000	23,101,426	6.5704
1	25670001	25675000	25,673,659	7.3020
1	26245001	26250000	26,248,841	7.4655
1	29225001	29230000	29,228,216	8.3129
11681			351,599,848	100.00

Sr. No.	Categories of Shareholders	Shares Held	Percentage
1	**DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN**	88,667,313	25.22
2	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**	31,692,678	9.01
3	**NIT AND ICP**	4,490,902	1.28
4	**Banks, Development Financial Institutions, Non banking Financial Institutions**	8,404,571	2.39
5	**Insurance Companies**	19,960,790	5.68
6	**Modarabas And Mutual Funds**	43,355,317	12.33
7	**Share Holders Holding 5% or above**	176,962,042	50.33
8	**General Public**		
	Local	89,063,943	25.33
	Foreign	1,086,600	0.31
9	**Others**		
	Foreign Companies	50,322,693	14.31
	Investment Companies	23,719	0.01
	Joint Stock Companies	7,919,914	2.25
	Provident / Pension Funds and Miscelaneous	6,611,408	1.88

Information Under Listing Regulation No. 5.19.11 (X)
of Pakistan Stock Exchange Limited Rule Book as on June 30, 2017

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	1,402,950	0.40
	3. MCB BANK LIMITED	227	0.00
(II)	MUTUAL FUNDS:		
	PRUDENTIAL STOCKS FUND LIMITED	110	0.0000
	SAFEWAY MUTUAL FUND LIMITED	13	0.0000
	PRUDENTIAL STOCKS FUND LTD (03360)	23,500	0.0067
	FIRST ALNOOR MODARABA	2,000	0.0006
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	200	0.0001
	MCBFSL - TRUSTEE JS VALUE FUND	386,000	0.1098
	CDC - TRUSTEE PICIC INVESTMENT FUND	402,500	0.1145
	CDC - TRUSTEE JS LARGE CAP. FUND	295,000	0.0839
	CDC - TRUSTEE PICIC GROWTH FUND	756,000	0.2150
	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	9,500	0.0027
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	700,000	0.1991
	CDC - TRUSTEE MEEZAN BALANCED FUND	125,000	0.0356
	CDC - TRUSTEE UBL GROWTH AND INCOME FUND	344,500	0.0980
	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	5,000	0.0014
	CDC - TRUSTEE JS ISLAMIC FUND	555,000	0.1578
	CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	5,000	0.0014
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	360,200	0.1024
	CDC - TRUSTEE ATLAS INCOME FUND	82,500	0.0235
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	526,600	0.1498
	CDC - TRUSTEE AKD INDEX TRACKER FUND	38,347	0.0109
	CDC - TRUSTEE AKD OPPORTUNITY FUND	35,000	0.0100
	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	103,900	0.0296
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	439,300	0.1249
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	3,083,700	0.8770
	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	45,000	0.0128
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	2,191,900	0.6234
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	480,000	0.1365
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	2,490,500	0.7083
	CDC - TRUSTEE NAFA STOCK FUND	2,421,000	0.6886
	CDC - TRUSTEE NAFA MULTI ASSET FUND	330,700	0.0941
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	35,000	0.0100
	SAFE WAY FUND LIMITED	1,200,000	0.3413
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	168,500	0.0479
	CDC - TRUSTEE APF-EQUITY SUB FUND	52,000	0.0148
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	124,400	0.0354
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	2,038,700	0.5798
	CDC - TRUSTEE HBL - STOCK FUND	1,169,200	0.3325
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	2,286,100	0.6502
	CDC - TRUSTEE APIF - EQUITY SUB FUND	80,000	0.0228
	MC FSL TRUSTEE JS - INCOME FUND	60,000	0.0171
	MC FSL - TRUSTEE JS GROWTH FUND	736,100	0.2094
	CDC - TRUSTEE HBL MULTI - ASSET FUND	129,300	0.0368
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	80,500	0.0229
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	516,300	0.1468
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	308,000	0.0876
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,377,841	0.6763
	CDC - TRUSTEE ABL STOCK FUND	1,801,900	0.5125
	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	28,000	0.0080

Information Under Listing Regulation No. 5.19.11 (X)
of Pakistan Stock Exchange Limited Rule Book as on June 30, 2017

Sr.No	Categories of Shareholders	Shares Held	Percentage
	CDC - TRUSTEE FIRST HABIB STOCK FUND	45,100	0.0128
	CDC - TRUSTEE LAKSON EQUITY FUND	931,900	0.2650
	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	471,700	0.1342
	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	38,700	0.0110
	CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	28,000	0.0080
	CDC - TRUSTEE PICIC INCOME FUND - MT	1,500	0.0004
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	386,800	0.1100
	CDC - TRUSTEE PICIC STOCK FUND	114,200	0.0325
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	37,500	0.0107
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	48,500	0.0138
	CDC - TRUSTEE ASKARI EQUITY FUND	41,000	0.0117
	CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	6,600	0.0019
	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	110,000	0.0313
	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	128,000	0.0364
	CDC - TRUSTEE LAKSON INCOME FUND - MT	1,800	0.0005
	CDC - TRUSTEE ATLAS INCOME FUND - MT	132,900	0.0378
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	801,300	0.2279
	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	286,000	0.0813
	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	17,500	0.0050
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	28,000	0.0080
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	903,100	0.2569
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	5,400	0.0015
	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	26,000	0.0074
	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	3,900	0.0011
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	452,200	0.1286
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	399,500	0.1136
	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	196,400	0.0559
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	6,200	0.0018
	CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	60,600	0.0172
	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	38,300	0.0109
	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	40,500	0.0115
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1,334,700	0.3796
	CDC - TRUSTEE PIML VALUE EQUITY FUND	17,000	0.0048
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	111,200	0.0316
	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	15,000	0.0043
	CDC-TRUSTEE NITPF EQUITY SUB-FUND	8,000	0.0023
	MCBFSL - TRUSTEE NAFA INCOME FUND - MT	73,500	0.0209
	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	4,054,500	1.1532
	CDC - TRUSTEE PIML ASSET ALLOCATION FUND	31,500	0.0090
	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	973,000	0.2767
	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	149,500	0.0425
	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	167,000	0.0475
	CDC - TRUSTEE LAKSON TACTICAL FUND	145,667	0.0414
	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	24,039	0.0068
	CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1,900	0.0005
	MCBFSL TRUSTEE MCB PAKISTAN FREQUENT PAYOUT FUND - MT	9,700	0.0028
	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	926,500	0.2635
	CDC - TRUSTEE UNITED GROWTH AND INCOME FUND - MT	93,700	0.0266

Information Under Listing Regulation No. 5.19.11 (X)

of Pakistan Stock Exchange Limited Rule Book as on June 30, 2017

Sr.No	Categories of Shareholders		Shares Held	Percentage
(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. MR. FARID NOOR ALI FAZAL	DIRECTOR	500	0.00
	5. MR. MAQSOOD AHMED	DIRECTOR	500	0.00
	6. MR. GHAZANFAR HUSSAIN MIRZA	DIRECTOR	1,000	0.00
(IV)	EXECUTIVES		NIL	-
(V)	PUBLIC SECTOR, COMPANIES AND CORPORATIONS			
	JOINT STOCK COMPANIES		7,919,914	2.25
(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		23,719	0.01
	2. INSURANCE COMPANIES		19,960,790	5.68
	3. FINANCIAL INSTITUTIONS		8,404,571	2.39
	4. MODARABAS COMPANIES		13,318	0.00
	5. PENSION / PROVIDENT FUNDS		6,598,090	1.88

Information Under Listing Regulation No. 5.19.11 (XII)

of Pakistan Stock Exchange Limited Rule Book as on June 30, 2017

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.

ڈائریکٹرز کی مجموعی مالی حسابات پر رپورٹ

ڈائریکٹرز 30 جون 2017 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 ہاسپٹیلٹی (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 کموڈیٹیز (پرائیویٹ) لمیٹڈ، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ، کنسیپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE اور ہونڈائی نشاط موٹر (پرائیویٹ) لمیٹڈ کے مالی حسابات پر مشتمل ہیں۔ ہولڈنگ کمپنی نے IFRS اور کمپنیز آرڈیننس 1984 کی ضروریات کے مطابق اپنے مجموعی مالی حسابات کے ساتھ ساتھ اپنے علیحدہ مالیاتی حسابات منسلک کئے ہیں۔ ڈائریکٹرز رپورٹ میں 30 جون 2017 کو ختم ہونے والے سال کے لئے نشاط ملز لمیٹڈ کی کارکردگی کی تفسیر الگ پیش کی گئی ہے۔ اس میں ہولڈنگ کمپنی کی تمام ذیلی کمپنیوں کی مختصر وضاحت بھی شامل ہے۔

محاسب کی رپورٹ میں کوالیفیکیشن کی وضاحت

ممبران کو اپنی رپورٹ میں محاسب نے وضاحت کی ہے کہ مجموعی مالیاتی حسابات میں نشاط ملز لمیٹڈ کی ایک ذیلی کمپنی، نشاط یو ایس اے انکارپوریٹڈ ("ذیلی کمپنی") سے متعلق ان آڈیٹڈ اعداد وشمار شامل ہیں۔ ذیلی کمپنی نیویارک کی ریاست کے بزنس کارپوریشن قانون کے تحت قائم شدہ ہے۔ وہاں کے سرکاری قانون کے مطابق ذیلی کمپنی کے مالی گوشواروں کے آڈٹ کی ضرورت نہیں ہے۔ لہٰذا، ہم نے مجموعی مالیاتی حسابات کی تیاری میں ذیلی کمپنی کے ان آڈیٹڈ مالیاتی حسابات استعمال کئے ہیں۔

محاسب نے اپنی رپورٹ میں اراکین کو یہ بھی 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 ان آڈیٹڈ 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 2017 کو اسکے مالی سال کے اختتام کے بعد آڈٹ کیا جائے گا۔ اس لئے ہم نے 30 جون 2017 کو ختم ہونے والے سال کے لئے نشاط ملز لمیٹڈ اور اس کی ذیلی کمپنیوں کے مجموعی مالیاتی حسابات کی تیاری میں ان آڈیٹڈ مالیاتی حسابات استعمال کئے ہیں۔

محاسب نے یہ بھی وضاحت کی ہے کہ لال پیر سولر پاور (پرائیویٹ) لمیٹڈ جو نشاط پاور لمیٹڈ کی ایک ذیلی کمپنی ہے کے ان آڈیٹڈ مالیاتی حسابات مجموعی مالیاتی حسابات میں شامل کئے گئے ہیں۔ نشاط ملز لمیٹڈ اور اس کی ذیلی کمپنیوں کو حتمی شکل دینے کے وقت لال پیر سولر پاور (پرائیویٹ) لمیٹڈ کے مالیاتی حسابات کا آڈٹ ہو رہا تھا جس وجہ سے لال پیر سولر پاور (پرائیویٹ) لمیٹڈ کے ان آڈیٹڈ مالیاتی حسابات استعمال کئے گئے۔

محاسب نے یہ بھی وضاحت کی ہے کہ ایکوئٹی طریقہ کے استعمال کے تحت نشاط ہوٹلز اور پراپرٹیز لمیٹڈ، ایک ذیلی کمپنی، کے ان آڈیٹڈ مالیاتی حسابات استعمال کئے گئے۔ نشاط ملز لمیٹڈ اور اس کی ذیلی کمپنیوں کے مجموعی مالی حسابات کو حتمی شکل دینے کے وقت نشاط ہوٹلز اور پراپرٹیز لمیٹڈ کے مالیاتی حسابات کا آڈٹ نامکمل تھا جس کی وجہ سے نشاط ہوٹلز اور پراپرٹیز لمیٹڈ کے ان آڈیٹڈ مالیاتی حسابات استعمال کئے گئے۔

محاسب ممبران کی توجہ مجموعی مالیاتی حسابات کے نوٹ 21.6 پر مبذول کرانا چاہتے ہیں، جس سے مراد نشاط پاور لمیٹڈ (نشاط ملز لمیٹڈ کی ذیلی کمپنی) کے ٹریڈ ڈیٹس میں شامل پر چیز پرائس کیپسٹی میں شامل کردہ 816 ملین روپے (2016: روپے 816 ملین) کی رقم ہے جس کو نیشنل ٹرانسمیشن اینڈ ڈیسپیچ کمپنی لمیٹڈ (NTDCL) قبول نہیں کرتی۔ مزید تفصیلات منسلکہ مجموعی مالیاتی حسابات کے نوٹ 21.6 میں مذکور ہیں۔ ذیلی کمپنی کی قانونی کونسل کے مشیر، ماہرین کی رائے اور ثالثی فیصلوں کی بنیاد پر انتظامیہ محسوس کرتی ہے کہ مذکورہ بالا رقم ذیلی کمپنی کو ملنے کا قوی امکان ہے۔ چنانچہ ان مجموعی مالیاتی نتائج میں مذکورہ بالا رقم کے لئے کوئی پروویژن نہیں کی گئی ہے۔

منجانب بورڈ آف ڈائریکٹرز

Umer Mansha

میاں عمر منشا

چیف ایگزیکٹو آفیسر

25 ستمبر 2017

لاہور

مقصود احمد

ڈائریکٹر

ڈائریکٹرز کی رپورٹ (جاری ہے)

مسلسل بی ایم آر کو باقاعدہ طور پر سرانجام دینے کے علاوہ نشاط ملز لمیٹڈ، اپنی مینوفیکچرنگ تنصیبات کی توسیع میں بھی سرمایہ کاری کرتی ہے۔ فی الحال نشاط آباد، فیصل آباد میں واقع سپننگ سیگمنٹ کی توسیع اور منتقلی کا منصوبہ جاری ہے جس کے مطابق کمپنی نے M-3 فیصل آباد انڈسٹریل اسٹیٹ FIEDMC میں واقع خصوصی اقتصادی زون (SEZ) میں زمین حاصل کی ہے۔ پہلے مرحلے میں، نئی حاصل کردہ زمین پر 49,536 سپنڈلوں کو نصب کرنے کی منصوبہ بندی کی جا رہی ہے جس میں نشاط آباد، فیصل آباد میں واقع موجودہ پیداواری تنصیبات سے 22,176 سپنڈلز کی منتقلی اور 27,360 نئے سپنڈلز کی خریداری شامل ہے۔ کمپنی نے آٹومیٹک Luwa ویسٹ کولیکشن اور ڈسٹ ریموول سسٹمز، آٹومیٹک وائنڈرز، لنک کونرز Eco پلسر زاور سیمی آٹومیٹک بیلنگ پریس جیسے خودکار پیداواری عوامل کے لئے آٹومیٹک مشینری خرید لی ہے۔ اعلیٰ درجے کی ٹیکنالوجی اور مکمل طور پر خودکار طریقے اور نظام کے ساتھ لیس یہ جدید یونٹ کمپنی کے آئندہ منافع اور نقد بہاؤ میں اضافہ کرے گا۔

ان سپنڈلز سے مالی سال 18-2017 کی پہلی ششماہی میں تجارتی پیداوار شروع ہونے کی توقع ہے۔ کمپنی اس محل وقوع میں SEZ اراکین کے لئے ٹیکس اور ڈیوٹی میں رعائت اور خصوصی بنیادی ڈھانچے کے ڈیزائن سے لطف اندوز ہوگی۔ کمپنی سپننگ یونٹ کو بجلی فراہم کرنے کے لئے اس مقام پر پاور یونٹ بھی قائم کر رہی ہے۔

کمپنی تنگ چوڑائی کی تمیں Tsudakoma لومز کو جو کہ بھکی میں واقع ویونگ ڈویژن میں ہیں کو زیادہ چوڑائی کی لومز کے ساتھ تبدیل کرنے کی منصوبہ بندی کر رہی ہے۔ یہ زیادہ چوڑائی والی لومز مخصوص ٹیکنالوجی کی حامل ہیں جو کہ ہوم ٹیکسٹائل کے منافع بخش کاروبار میں مدد دے گیں۔

کمپنی موجودہ ڈائنگ ڈویژن کو بھی گاہکوں کی بڑھتی ہوئی مانگ سے نپٹنے کے لیے ماہانہ 500,000 میٹر سے بڑھا رہی ہے۔

30 جون 2017 سے لے کر 25 ستمبر 2017 کے درمیان کمٹمنٹ اور دوسری بنیادی تبدیلی رونما نہیں ہوئی جس کی وجہ سے کمپنی کی مالی حالت میں فرق آیا ہو۔

پیٹرن آف ہولڈنگ

30 جون 2017 میں شیئر ہولڈنگ کے پیٹرن کا ایک بیان، جس میں رپورٹنگ کے فریم ورک کے تحت انکشاف کیا جانا ضروری ہے، صفحہ نمبر 181 پر درج ہے۔

اعتراف

بورڈ کمپنی کے ملازمین کی مسلسل لگن اور کوششوں سے خوش ہے۔

منجانب بورڈ آف ڈائریکٹرز

میاں عمر منشا

چیف ایگزیکٹو آفیسر

25 ستمبر 2017

لاہور

مقصود احمد

ڈائریکٹر

3 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۔

4 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۔

5 اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

6 کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

7 کارپوریٹ گورنس کی لسٹنگ ضابطے میں تفصیلی بہترین طریقوں میں سے کوئی مادی انحراف نہیں ہو رہا ہے۔

8 ریٹائرمنٹ بینیفٹس فنڈ کی مد میں سرمایہ کاری کی قدر: پراویڈنٹ فنڈ: 30 جون 2017 : 3,460.986 ملین روپے آڈٹڈ، (30 جون 2016 : 2,837.307 ملین روپے آڈٹڈ) 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 سٹاک ایکسچینج لمیٹڈ کی لسٹنگ کے ضابطے میں موجود منتقلی پرائسنگ کے بہترین طریقوں پر عمل پیرا ہے۔

سال کے دوران بورڈ کی منظوری کے مطابق، کاروبار کے عام کورس میں لین دین کے علاوہ، لین دین کے انتظامات کی تفصیل مندرجہ ذیل ہے:

a۔ کمپنی کو دستیاب دیگر سرمایہ کاری کے مواقع کے مقابلے میں زیادہ شرح پر منافع کمانے کے لئے اپنی سرمایہ کاری پالیسی کے مطابق، ایک شریک کمپنی، نشاط ہوٹلز اینڈ پراپرٹیز لمیٹڈ میں ایک بلین روپے تک قرض فراہم کرنا۔

b۔ کمپنی کو دستیاب دیگر سرمایہ کاری کے مواقع کے مقابلے میں زیادہ شرح پر منافع کمانے کے لئے اپنی سرمایہ کاری پالیسی کے مطابق، نشاط لینن (پرائیویٹ) لمیٹڈ میں بطور قرض اور پیشگیاں 2 بلین روپے کی مزید سرمایہ کاری کرنا۔

c۔ ڈیویڈنڈ اور متوقع منافع حاصل کرنے کے لئے ہنڈائی نشاط موٹر (پرائیویٹ) لمیٹڈ میں 100 ملین روپے کی ایکوئٹی سرمایہ کاری کرنا۔

d۔ ڈیویڈنڈ اور متوقع سرمایہ کاری حاصل کرنے کے لئے، ایک شریک کمپنی، ایم سی بی بینک لمیٹڈ میں 1.213 بلین روپے کی مزید ایکوئٹی سرمایہ کاری کرنا۔

e۔ کمپنی کو دستیاب دیگر سرمایہ کاری کے مواقع کے مقابلے میں زیادہ شرح پر منافع کمانے کے لئے، ایک ذیلی کمپنی، نشاط پاور لمیٹڈ میں بطور قرض اور پیشگیاں 1.5 بلین روپے کی سرمایہ کاری کی تجدید کرنا۔

محاسب

کمپنی کے موجودہ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 30 جون 2017 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 2018 کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔

مستقبل کے امکانات

اگلے مالی سال میں سست طلب اور سخت مقابلہ متوقع ہے۔ تاہم پاکستان اور دنیا بھر میں کپاس کی بھرپور فصل کی توقع کے ساتھ، کپاس میں قیمت کا استحکام متوقع ہے جو صنعت میں غیر معمولی نمو لانے میں بہت ہی اہم عنصر ہے۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

ہیومن ریسورس & ریمنریشن (HR &R) کمیٹی

ہیومن ریسورس & ریمنریشن کمیٹی، بورڈ آف ڈائریکٹرز سے مقرر کردہ ریفرنس کی شرائط میں اپنے فرائض سرانجام دے رہی ہے۔

زیر جائزہ مالی سال کے دوران ہیومن ریسورس & ریمنریشن کمیٹی کی 2 میٹنگز ہوئیں اور حاضری کی پوزیشن حسب ذیل ہے:

نمبر شمار	ممبر کے نام	تعداد حاضری
1	*میاں حسن منشا (ممبر/چیئرمین)	1
2	میاں عمر منشا (ممبر)	2
3	*جناب خالد قدیر قریشی (ممبر/چیئرمین)	2
4	** محترمہ نبیحہ شاہنواز چیمہ (ممبر)	2
5	**جناب فرید نور علی فضل (ممبر)	0

* میاں حسن منشا 06 اپریل 2017 کو ممبر/چیئرمین کی حیثیت سے ریٹائر ہوئے اور جناب خالد قدیر قریشی ان کی جگہ ممبر/چیئرمین منتخب ہوئے۔

** محترمہ نبیحہ شاہنواز چیمہ 31 مارچ 2017 کو ممبر کی حیثیت سے ریٹائر ہوئیں اور جناب فرید نور علی فضل ان کی جگہ پر ممبر منتخب ہوئے۔

بورڈ آف ڈائریکٹرز کے اجلاس

زیر جائزہ سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز کے سات اجلاس پاکستان میں منعقد ہوئے اور حاضری کی پوزیشن حسب ذیل ہے:

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	میاں عمر منشا (چیف ایگزیکٹو آفیسر)	7
2	میاں حسن منشا (چیئرمین)	4
3	جناب سید زاہد حسین	7
4	جناب خالد قدیر قریشی	5
5	جناب مقصود احمد	7
6	* محترمہ نبیحہ شاہنواز چیمہ	3
7	جناب غضنفر حسین مرزا	5
8	** جناب فرید نور علی فضل	2

* محترمہ نبیحہ شاہنواز چیمہ 31 مارچ 2017 کو ریٹائر ہو گئیں۔

** جناب فرید نور علی فضل کو بطور ڈائریکٹر 31 مارچ 2017 کو منتخب کیا گیا۔

ڈائریکٹرز کا بیان

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں، ہم کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر درج ذیل بیان کرتے ہیں:

1 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۔

2 کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

ملازمت کے مساوی مواقع

کمپنی کو مساوی مواقع ایمپلائر ہونے کا فخر حاصل ہے۔ کمپنی کی ورک فورس خواتین اور معذور افراد کی بڑی تعداد سمیت متنوع بیک گراونڈ کے حامل لوگوں پر مشتمل ہے۔ کمپنی اس بات پر یقین رکھتی ہے کہ متنوع بیک گراونڈ کے حامل لوگوں کی اجتماعی تخلیقی صلاحیت سالوں سے اسکی ترقی کی وجہ ہے۔

معاشرے کی فلاح کے منصوبے

کمپنی کی طرف سے منعقدہ طبی کیمپس نہ صرف کارکنوں اور ان کے خاندانوں کو مفت طبی مشورے اور علاج مہیا کرتے ہیں بلکہ کمپنی کی مینوفیکچرنگ تنصیبات کے قریب سکونتی لوگوں کو بھی طبی خدمات مہیا کرتے ہیں۔اسی طرح ہنگامی ضروریات کو پورا کرنے کے لئے مختلف مقامات پر بلڈ بینک بھی قائم کئے گئے ہیں۔

صارف کے لئے حفاظتی اقدامات

کمپنی اپنے صارفین، جب وہ اس کی مصنوعات استعمال کرتے ہیں، کے تحفظ کے لئے حفاظتی اقدامات کو بھی یقینی بناتی ہے۔ہماری وسیع 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۔

ہم نے مصنوعات میں کسی بھی نقصان دہ مادہ کی روک تھام اور پتہ لگانے کے لئے میٹل ڈیٹیکٹروں کی تنصیب کا نظام قائم کیا ہے۔ اس کے لئے، کمپنی OEKO ٹیکس معیارات 100 کو پورا کرتی ہے جو پیداوار کے تمام مراحل میں ٹیکسٹائل کے خام مال، درمیان اور آخر میں 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 کسٹمز-ٹریڈ پارٹنر شپ حاصل کرلی ہے۔اس کے علاوہ کمپنی نے SA-8000، WRAP اور SEDEX سرٹیفکیشن حاصل کی ہے۔

کارپوریٹ گورننس

بہترین کارپوریٹ طرز عمل

ہم اچھے کارپوریٹ گورننس کے پابند ہیں اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے لسٹنگ ضابطے میں شامل کوڈ آف کارپوریٹ گورننس 2012 (CCG 2012) کی ضروریات پر عمل کرتے ہیں۔ CCG 2012 پر تعمیل کا بیان منسلک کیا جاتا ہے۔

بورڈ کمیٹیاں

آڈٹ کمیٹی

آڈٹ کمیٹی، بورڈ آف ڈائریکٹرز سے مقرر کردہ ریفرنس کی شرائط میں اپنے فرائض سرانجام دے رہی ہے۔

زیر جائزہ مالی سال کے دوران آڈٹ کمیٹی کی 4 میٹنگز ہوئیں اور حاضری کی پوزیشن حسب ذیل ہے:

نمبر شمار	ممبر کا نام	تعداد حاضری
1	جناب خالد قدیر قریشی (ممبر/چیئرمین)	3
2	جناب سید زاہد حسین (ممبر)	4
3	*محترمہ نبیحہ شاہنواز چیمہ (ممبر)	3
4	*جناب فرید نورعلی فضل (ممبر)	1

* محترمہ نبیحہ شاہنواز چیمہ 31 مارچ 2017ء کو ممبر کی حیثیت سے ریٹائر ہوئی اور جناب فرید نورعلی فضل ان کی جگہ آڈٹ کمیٹی کے ممبر 6 اپریل 2017ء کو منتخب ہوئے۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

11۔نشاط یو کے (پرائیویٹ) لمیٹڈ

نشاط یو کے (پرائیویٹ) لمیٹڈ 8 جون 2015 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 بنیادی کام ریٹیل آؤٹ لیٹس اور ہول سیل آپریشن کے ذریعے انگلینڈ اور ویلز میں ٹیکسٹائل کی مصنوعات فروخت کرنا ہے۔

12۔کنسیپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE

کنسیپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE کو ایک فری زون کمپنی کے طور پر قانون نمبر: 9 آف 1992 کے مطابق لمیٹڈ لائیبلٹی کے ساتھ قائم کیا گیا جو جبل علی فری زون اتھارٹی کے رجسٹرار کی طرف سے لائسنس یافتہ ہے۔ یہ نشاط ملز لمیٹڈ کے ایک مکمل ملکیتی ذیلی ادارہ نشاط انٹرنیشنل FZE کا مکمل ملکیتی ذیلی ادارہ ہے۔ کمپنی 11 اکتوبر 2016 کو قائم ہوئی۔ کنسیپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE کا رجسٹرڈ دفتر جبل علی فری زون، دبئی میں واقع ہے۔ کمپنی کا اصل کاروبار ٹیکسٹائل اور اس سے متعلقہ مصنوعات فروخت کرنا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی کارپوریٹ سماجی ذمہ داری کی طرف پختہ عزم رکھتی ہے اور ماحول اور معاشرے کی فلاح کے لئے قابل قدر وسائل مختص کرتی ہے۔

ماحولیات کا تحفظ

اگر ٹیکسٹائل عمل کے خطرناک اثرات کو کم کرنے کے لئے مناسب اقدامات نہیں کیے جاتے ہیں تو ٹیکسٹائل مینوفیکچرنگ خاص طور پر ڈائنگ اور پرنٹنگ عوامل سے ماحول کو بہت نقصان پہنچ سکتا ہے۔ کمپنی اس بارے میں بہت زیادہ فکرمند ہے اور اس نے اپنی ڈائنگ، پرنٹنگ اور گارمنٹس مینوفیکچرنگ سہولیات میں مائع کی ٹریٹمنٹ کے پلانٹس قائم کیے ہیں۔ اس کے علاوہ، ایک نئے ویسٹ واٹر ٹریٹمنٹ پلانٹ کی تنصیب جاری ہے۔ جو ڈائنگ اور ہوم ٹیکسٹائل کے شعبہ کی پیداواری تنصیبات میں فی گھنٹہ 200 کیوبک میٹر تک گندے پانی کی صفائی کے لئے موجودہ صلاحیت میں اضافہ کرے گا۔ اپنی مینوفیکچرنگ سہولیات پر تجرکاری کے لئے ایک وسیع پالیسی کے علاوہ، کمپنی بجلی کی پیدائش سے CO▮ کے اخراج کے اثرات کو کم کرنے کے لئے شمسی توانائی کی ٹیکنالوجی میں سرمایہ کاری کر رہی ہے۔ کمپنی کی تنصیبات اور عوامل کو ماحولیاتی پائیداری کی طرز پر استعمال کرنے کے لئے ملازمین سے کمپنی کے ضابطۂ اخلاق پر عمل کرنے کی توقع کی جاتی ہے۔

توانائی کا تحفظ

بجلی کے متبادل ذرائع میں سرمایہ کاری کے علاوہ، بجلی کے ذرائع کا تحفظ کمپنی کی خصوصی توجہ کا مرکز ہے۔ کمپنی روایتی روشنی کے منبع کو ایل ای ڈی لائٹس میں تبدیل اور سولر پینلز کی تنصیب پر عمل کر رہی ہے۔

ویسٹ کی ری سائیکلنگ

ماحول کے تحفظ کا ایک اور طریقہ ویسٹ کی ری سائیکلنگ ہے۔ اس لئے کمپنی باقاعدگی سے ایسی ٹیکنالوجیز خریدتی ہے جو پیداواری عوامل سے پیدا شدہ فضلہ کو ری سائیکل کر سکتی ہیں۔ کمپنی نے قدرتی ذرائع کو زیادہ سے زیادہ بچانے کی خاطر واٹر، ویسٹ کپڑا اور تیل کی ری سائیکلنگ کے لئے مختلف مقامات پر واٹر ٹریٹمنٹ پلانٹس، کاٹن ری سائیکلنگ پلانٹس اور آئل ری سائیکلنگ مشینیں نصب کی ہیں۔ حال ہی میں، اڑنے والی راکھ جو کول فائرڈ پلانٹس میں جلتے کوئلہ کی ویسٹ ہے سے پیور زبنانے کے لئے پیور بنانے والی مشین کمشن کی گئی ہے۔ بہت ہی مضبوط معیار کے حصول کے لئے مختلف اجزاء کو ملا کر پیور زبنانے کے لئے کمپنی کی تنصیبات پر کامیاب تحقیق کی گئی ہے۔

کاروباری تحفظ اور صحت

کمپنی صحت اور تحفظ کے معیارات کے لئے جامع پالیسی رکھتی ہے۔ کارکن پیشہ ورانہ حفاظتی اقدامات اٹھانے کے بعد مینوفیکچرنگ سرگرمیوں میں حصہ لیتے ہیں۔ اس کے علاوہ کمپنی صحت اور حفاظت کے متعلق بیداری پروگرام، ملیریا اور ٹائیفائیڈ کے لئے میڈیکل کیمپ اور ڈینگی اور دیگر بیماریوں کو روکنے کے لئے معمول کے تجزیے کے عمل کے متواتر انتظامات کرتی ہے۔ کمپنی نے اپنی پیداواری تنصیبات پر ڈسپنسریاں بھی قائم کی ہیں جو ایمبولینس کی سہولت بھی رکھتی ہیں۔

3۔ نشاط ہاسپٹیلٹی (پرائیویٹ) لمیٹڈ

یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت ادارے کے مقاصد ملک بھر میں ہوٹلوں کے ایک سلسلہ کو چلانا 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 ادارے نے یکم مارچ 2014 کو اپنے آپریشنز کا آغاز کیا۔

4۔ نشاط کموڈیٹیز (پرائیویٹ) لمیٹڈ

یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت ادارے کا مقصد اشیاء کی تجارت جس میں شامل ہے 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 ادارے نے مارچ 2016 میں اپنے آپریشنز کا آغاز کیا۔

5۔ لال پیر سولر پاور (پرائیویٹ) لمیٹڈ

لال پیر سولر پاور (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ کمپنی ہے جو پاکستان میں 09 نومبر 2015 کو قائم ہوئی۔ یہ نشاط ملز لمیٹڈ کے ذیلی ادارہ نشاط پاور لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے۔ ذیلی ادارے نے ابھی تک اپنا تجارتی آپریشن شروع نہیں کیا ہے۔ کمپنی کی اصل سرگرمی سولر پاور پراجیکٹ کی تعمیر، ملکیت، چلانا اور برقرار رکھنا یا سرمایہ کاری ہوگی۔

6۔ ہونڈائی نشاط موٹر (پرائیویٹ) لمیٹڈ

ہونڈائی نشاط موٹر (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ کمپنی ہے جو پاکستان میں کمپنیز آرڈیننس، 1984 کے تحت 03 مارچ 2017 کو قائم ہوئی۔ ذیلی ادارہ نشاط ملز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے۔ ذیلی ادارے کی اصل سرگرمی مسافروں اور تجارتی دونوں قسم کے ہونڈائی آٹوموبائل کی درآمد، اسمبلی اور تقسیم کرنے کی ہے۔ اس کا رجسٹرڈ دفتر A-53، لارنس روڈ، لاہور میں واقع ہے۔

7۔ 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 ویئر 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 2011 میں اپنا تجارتی آپریشن شروع کر دیا تھا اور اس وقت متحدہ عرب امارات میں اس کی 11 ریٹیل آؤٹ لیٹس کام کر رہے ہیں۔

8۔ 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 جبیل علی فری زون دبئی میں فری زون اسٹیبلشمنٹ کمپنی کے طور پر قائم کیا گیا ہے۔ یہ 7 فروری 2013 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۔

9۔ 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 آپریشنس شروع کر دیے تھے۔

10۔ نشاط یو ایس اے انکارپوریٹڈ

ذیلی ادارہ نیویارک کی ریاست میں قائم ایک کارپوریشن سروس کمپنی ہے۔ یہ ایک مکمل ملکیتی ماتحت ادارہ یکم اکتوبر 2008 کو کمپنی نے حاصل کیا تھا۔ کارپوریشن کمپنی کی مارکیٹنگ، معلومات اور امریکی مارکیٹ سے متعلق دیگر خدمات فراہم کرنے کا ایک رابطہ دفتر ہے۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

ٹیکسٹائل کی صنعت کا مجموعی جائزہ

ٹیکسٹائل پاکستان میں سب سے بڑا اور سب سے اہم مینوفیکچرنگ شعبہ ہے۔ یہ 40 فیصد تک صنعتی لیبر فورس کو روزگار فراہم کرتا ہے اور قومی برآمدات میں اس کا حصہ 62 فیصد ہے۔ اس شعبے نے موجودہ سال میں صرف 0.78 فیصد کی نمو درج کی ہے جو پاکستانی معیشت میں ٹیکسٹائل انڈسٹری کی اہم حیثیت کے حوالے سے مناسب نہیں ہے۔ گزشتہ سال کے مقابلے موجودہ سال میں ٹیکسٹائل برآمدات میں 1 فیصد کی واقع ہوئی ہے جو گزشتہ دس سالوں میں کمی کے رجحان کا تسلسل ہے جس میں ٹیکسٹائل برآمدات 14 بلین امریکی ڈالر سے 12 بلین امریکی ڈالر تک نیچے آ گئی ہیں۔

دنیا بھر میں ٹیکسٹائل مصنوعات کی کم طلب اور خام مال کی لاگت میں اضافہ اہم چیلنجز ہیں جو مالی سال 17-2016 کے دوران ٹیکسٹائل صنعت کو پاکستان میں درپیش تھیں۔ BRIXET کی وجہ سے پیدا ہونے والی غیر یقینی صورتحال نے برطانیہ اور یورپ کے ساتھ تجارت کے لئے بھی ایک خراب ماحول کو جنم دیا ہے۔ اگرچہ ویلیو ایڈڈ شعبوں نے صنعت کے دیگر شعبوں کے مقابلے مالی سال کی دوسری اور تیسری سہ ماہیوں میں نسبتاً بہتر کارکردگی کا مظاہرہ کیا ہے، لیکن مجموعی طور پر کارکردگی ناقابل افادیت رہی ہے۔

خارجی عوامل کے علاوہ، ٹیکسٹائل سیکٹر اندرونی مسائل سے متاثر ہے جو ان پٹ کی بڑھتی لاگت کے بنیادی اسباب ہیں۔ لاگت کو متاثر کرنے کی اہم وجوہات صنعت کی پیداوار میں غیر فعالیت اور پلانٹ اور مشینری کو اپ گریڈ کرنے میں ناکامی ہیں۔ اکثر یونٹس توانائی پر نظر ثانی کے بغیر کام کر رہے ہیں جس کے نتیجے میں بجلی ضائع ہوتی ہے۔ صرف اسی شعبہ کی کارکردگی کو بہتر بنا کے وہ اپنے توانائی کے اخراجات کو نمایاں طور پر کم کر سکتے ہیں۔ اس کے علاوہ، علاقائی ممالک خاص طور پر چین اور بھارت کے مقابلے میں ہمارے کارکنوں کی پیداواری صلاحیت کم ہے۔ اکثر صنعتیں کارکنوں کے لئے سازگار کام کے حالات فراہم نہیں کرتی ہیں جس کی وجہ سے ان کی پیداواری صلاحیت کم ہے۔

عالمی خوردہ ماحول، پاکستان میں کاروبار کا cutthroat مقابلہ اور زیادہ لاگت پر غور کرتے ہوئے، حکومت نے ملک کے برآمد پر مبنی شعبوں کے لئے امدادی پیکج کا اعلان کیا ہے۔ نئے پیکج کے مطابق مخصوص نرخوں پر ٹیکسز کی ڈیوٹی کی واپسی یارن، بھورے کپڑے، تیار کپڑے، بنے ہوئے کپڑے اور گارمنٹس کی منتخب مصنوعات کی رینج پر 16 جنوری 2017 سے 30 جون 2017 تک شروع ہونے والی مدت کے لئے برآمدات کی FOB قیمت پر دستیاب ہوئی۔ اس پیکیج کا اعلان ملک کے ٹیکسٹائل سیکٹر کے لئے ایک صحت مند علامت تھا۔ حکومت نے نقدی بہاؤ کے مسائل سے ٹیکسٹائل سیکٹر کو مدد فراہم کرنے کے لئے ٹیکسٹائل سیکٹر کے ساتھ ساتھ دیگر برآمد کرنے والے اداروں (ٹیکسٹائل، چمڑے، جراحی اور کھیلوں کے سامان اور قالین) کو صفر درجہ سیلز ٹیکس سہولت کی بھی اجازت دی ہے۔

ذیلی کمپنیاں

کمپنی نے IFRS اور کمپنیز آرڈیننس، 1984 کی ضروریات کے مطابق اپنے علیحدہ اور مجموعی مالیاتی حسابات بھی منسلک کئے 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، پاکستان میں 200 میگاواٹ کی مجموعی صلاحیت رکھنے والا ایندھن سے چلنے والا بجلی گھر تعمیر کرنا، چلانا اور برقرار رکھنا ہے۔ ذیلی ادارے 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 ادارے نے جولائی 2011 میں اپنے آپریشنز شروع کر دیئے اور اس وقت پاکستان میں اس کی 89 ریٹیل آؤٹ لیٹس کام کر رہی ہیں۔

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 زر مبادلہ کے خطرہ کی سرمایہ کاری بینک بیلنس اور غیر ملکی اداروں کو/سے وصولی/قابل ادائیگی رقوم تک محدود ہے۔

سودی شرح کا خطرہ

کمپنی کو سودی 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 رینک 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 سودی شرح کے خطرہ کا سامنا نہیں ہے۔

کریڈٹ رسک

کمپنی کا کریڈٹ رسک اور اس کے تجارتی قرضوں سے متعلق نقصانات کا خطرہ اسکے 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۔

لیکویڈیٹی 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۔

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 لیوریجڈ سرمایہ کی ساخت کو برقرار رکھتی ہے۔ ہم گیئرنگ تناسب کی بنیاد پر سرمایہ کی ساخت کی نگرانی کرتے ہیں۔ ہماری حکمت عملی زیادہ سے زیادہ 40فیصد ایکوئٹی اور 60فیصد قرض پر گیئرنگ 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 پر برآمدات فروخت کرنے کے لئے ایک پائیدار ترقی فراہم کرتا ہے؛
- متحرک مقامی اور بین الاقوامی ذیلی کمپنیاں ہماری مصنوعات کی طلب پیدا کرتی ہیں؛
- عمودی انضمام آپریشنل تعاون کے فائدہ کا حصول ممکن بناتا ہے؛
- ملک میں کپاس کی کافی 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۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

نشاط ڈائنگ اور فنشنگ یونٹ، لاہور میں ایک نئے 65 ٹن کول فائرڈ بوائلر کی تنصیب کے لئے منصوبہ بندی کی جا رہی ہے، جسکے متعلق تکنیکی تجاویز قبول کر لی گئی ہیں اور تجارتی پروپوزل کو بھی حتمی شکل دی جائے گی۔ M-3 فیصل آباد انڈسٹریل اسٹیٹ، فیصل آباد میں واقع سپننگ پیداواری سہولیات کی ضروریات کو پورا کرنے کے لئے نئے کیپٹو پاور پلانٹ کا ڈیزائن بھی مکمل کیا جا چکا ہے اور عمارت کی تعمیر جاری ہے۔ پہلے مرحلے میں، 6 میگاواٹ کے تین وارٹسیلا جنریٹر، ایک بیور گیس فائرڈ اور دو ڈیوئل فیول جنریٹر کمپنی کے دیگر مقامات سے اس پلانٹ پر منتقل کئے جا رہے ہیں۔ توقع ہے کہ یہ مرحلہ اکتوبر 2017 کے آخر تک پیداوار شروع کر دے گا۔

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 موثر 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 اس صورت میں لئے جاتے ہیں اگر مواقع خطرات سے زیادہ ہوں۔

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 سے 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 بنیاد 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 رسد 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 کا نااہل بنا سکتا ہے۔ کمپنی نے بائیوماس 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 اور راہیرل ڈینم پلانٹ میں 1.2 MW سولر پلانٹ کی تنصیب 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۔

ہوم ٹیکسٹائل

گذشتہ مالی سال میں کئی مثبت نتائج اور کئی چیلینجز کا مشاہدہ کیا گیا جس نے براہ راست ڈویژن کی ترقی کی رفتار کو متاثر کیا۔ 31 مارچ 2017 کو ختم ہونے والی نو ماہی کے لئے ڈائریکٹرز کی رپورٹ میں بیان کے مطابق، ہوم ٹیکسٹائل ڈویژن توسیع کے مرحلے میں ہے جس سے اس کی پیداواری صلاحیت میں تقریباً 20 فیصد اضافہ ہوا ہے۔ لہٰذا، ہماری پروڈکشن سہولت میں توسیع، نئی مشینری کی کمیشننگ اور جدید ترین تراکیب کے تعارف نے نئے منصوبوں کے لئے دروازے کھولنے کا آغاز کیا ہے۔ اس نے موجودہ صارفین کے ساتھ نہ صرف ہمارا کاروبار بڑھایا بلکہ ہماری کسٹمر بیس میں بھی اضافہ کیا ہے۔

ہم نے گزشتہ سال کا اختتام غیر معمولی منافع بخش اعداد و شمار کے ساتھ کیا اور ڈویژن دیئے گئے ہدف کو حاصل کرنے کے قابل ہوا۔ اب اضافی پیداواری صلاحیت کے ساتھ، ہمارا خیال ہے کہ ہم آئندہ مالی سال 18-2017 میں اپنے منافع کو مزید بڑھانے کے لیے بہتر حالت میں ہیں۔

حال ہی میں، ہم نے اپنی سپلائز کو چینی مارکیٹ میں بڑھانے کے لئے سنجیدہ کوشش شروع کی ہے۔ چین میں فی کس آمدنی بڑھ رہی ہے، چین میں خوردہ صارفین اعلیٰ معیاری ٹیکسٹائل کی مصنوعات طلب کر رہے ہیں۔ چونکہ ہوم ٹیکسٹائل ڈویژن بنیادی طور پر برانڈز اور اعلیٰ مصنوعات تیار کرتا ہے جسکی وجہ سے ہم چین میں سب سے بڑی ریٹیل چین کی بہت زیادہ دلچسپی حاصل کر چکے ہیں۔

گارمنٹس

کم از کم اجرت اور دیگر لاگتی اخراجات میں اضافہ کے ساتھ ساتھ بین الاقوامی مارکیٹ میں کساد بازاری نے گزشتہ چند برسوں سے کپڑوں کی صنعت کو متاثر کیا ہے جس نے گارمنٹس مینوفیکچررز کے لئے cutthroat مقابلہ کے ماحول کو جنم دیا ہے۔ اس کے باوجود کمپنی کا گارمنٹس ڈویژن ان تمام چیلنجوں میں اپنے کاروبار کو برقرار رکھنے میں کامیاب رہا ہے۔

ڈویژن خاص طور پر بنیادی مصنوعات، ڈینم اور غیر ڈینم، اوسط شراکتی مارجنز کے ساتھ لمبا عرصہ چلنے والے بنیادی لباس اور اعلیٰ شراکتی مارجن کے ساتھ نیم بنیادی لباس سمیت مصنوعات کی ایک وسیع رینج پیدا کرنے کی صلاحیت رکھتی ہے۔

اگلے مالی سال کے دوران، ڈویژن نے پیداوار کے طریقہ کار اور صلاحیت، مہارت اور اہلیت کے لحاظ سے انسانی وسائل کے معیار کو بہتر بنا کر پیداواری کارکردگی کو بڑھانے اور لاگت کو کم کرنے کی منصوبہ بندی کی ہے۔ اس کے ساتھ ساتھ، بہترین قابل عمل قیمتیں حاصل کرنے کی خاطر مطلوبہ مصنوعات کو بہتر بنانے کے لئے موجودہ مارکیٹ ضروریات پر مبنی مارکیٹنگ، ریسرچ اور ڈویلپمنٹ کی کوششیں کی جا رہی ہیں۔ ہماری توجہ اپنی کثیر مصنوعات کی رینج کے مطابق موزوں صارفین کو منتخب کرنا ہے جو ہماری صلاحیتوں اور مالی اہداف کو مکمل طور پر پورا کریں۔

بجلی کی پیداوار

کمپنی اپنی پیداواری سہولیات کے لئے سستی، موثر اور ماحول دوست پائیدار توانائی کے ذرائع کو یقینی بنانے کے لئے مصروف ہے۔ 9.6 میگاواٹ وارٹسیلا ٹرائی فیول انجن جیکٹ پانی سے فاضل ہیٹ ریکوری میکانزم اور بائیوگیس گیس کے ساتھ گیس سے براہ راست HFO پر تبدیل ہونے کی خصوصی خوبی کا حامل ہے اکتوبر 2016 میں نشاط آباد فیصل آباد پر واقع سپننگ پیداواری سہولت میں کمیشننگ کیا گیا جو موثر انداز میں چل رہا ہے۔ گارمنٹس شعبہ II کے لئے سولر پی وی پلانٹ بھی دسمبر 2016 میں کامیابی سے کمیشن کیا گیا ہے۔ اس کے علاوہ توانائی کے ذرائع کے سستے طریقوں کو یقینی بنانے کے لئے، 10 ٹن، کم پریشر کول فائر بوائلر کا ویونگ ڈویژن بھکی کے مقام پر اضافہ کیا جا رہا ہے، جسکی مالی سال 18-2017 کی پہلی سہ ماہی کے دوران کمیشننگ ہونے کی توقع ہے۔

کمپنی نے بیورز کی پیداوار کے لئے کول فائرڈ پاور پلانٹ میں جلتے ہوئے کوئلے سے اٹھنے والی راکھ اور ویسٹ کو استعمال میں لانے کا ایک منصوبہ شروع کیا ہے۔ اس مقصد کے لئے مئی کے مہینے کے آغاز میں ایک بیور سازی کی مشین کمیشن کی گئی اور کامیاب تجربہ کے بعد مئی 2017 کے وسط میں تجارتی پیداوار کا آغاز کیا گیا۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

سیگمنٹ تجزیہ

سپننگ (کتائی)

مالی سال 17-2016 کا آغاز سپننگ صنعت کے لئے گزشتہ سال کے ناموزوں حالات کا واضح تسلسل تھا کیونکہ اسپیرز کے پاس پچھلے سال کی خریداری سے مہنگی کپاس کا اسٹاک تھا۔ تاہم، نئی کپاس کی فصل کی قیمتوں سے اسپنروں کو کپاس کی اچھی قیمت حاصل کرنے میں مدد نہیں مل سکتی تھی کیونکہ مقامی کپاس کی قیمتیں پہلی تین سہ ماہیوں کے دوران اسپنروں کی طرف مسلسل خریداری کے باعث اونچی سطح پر قائم رہیں۔ کمپنی نے کپاس کی فراہمی اور قیمت کے خطرے کو کم کرنے کے لئے دسمبر 2016 میں خام کپاس کی خریداری پورے مالی سال کے دوران پیداواری ضروریات کو پورا کرنے کے لئے مکمل کرلی۔ دوسری طرف، پورے سال میں، بین الاقوامی کپاس کی قیمتیں اہم مارکیٹوں سے کم طلب کی وجہ سے دباؤ میں رہیں جو یارن کی کم قیمتوں کی وجوہات میں سے ایک اہم وجہ ہے۔

اگرچہ تھوڑے عرصے کے لئے، مقامی کپاس کی مارکیٹ میں تجارت کے اعلیٰ حجم نے مقامی مارکیٹ میں یارن کی قیمتوں کو بڑھادیا لیکن یہ رجحان زیادہ عرصہ تک نہیں رہا۔ کمپنی کے اسپننگ ڈویژن نے بہتر قیمتوں کے ذریعے منفی نتائج سے مکمل طور پر گریز کیا۔ 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، بنگلہ دیش اور ترکی سے کاروبار حاصل کرنے کے لئے سخت محنت کی۔

ویونگ

جیسا کہ پہلے ہی بیان کیا گیا ہے، مالی سال 17-2016 ٹیکسٹائل کے کاروبار کے لئے ایک کٹھن سال تھا۔ کپاس کی قیمتوں میں مسلسل اضافہ کے رجحان نے پہلے ہی غیر فعال گرے کپڑے کی مارکیٹ کو متاثر کیا۔ یورو کے عدم استحکام اور BREXIT کے واقع نے یورپی خطے میں ہمارے کاروبار کی ترقی میں اہم رکاوٹوں کو جنم دیا جو ہماری بڑی برآمدی مارکیٹ ہے۔ اس کے باوجود، تمام مشکلات کے برعکس، ہم موجودہ اہم صارفین کے ساتھ اپنا کاروباری حصہ برقرار رکھنے اور بڑھانے کے قابل رہے ہیں۔

ہماری مصنوعات میں، ایک اہم تبدیلی صنعتی/تکنیکی کپڑے کی اقسام کا اضافہ ہوا ہے۔ جیسا کہ فیشن اور کام کے لباس میں زیادہ مقابلہ موجود ہے اس لیے ہم نے 100فیصد پالیسٹر/کھلے سرے کی سپننگ کے ساتھ مرکب میں فعال، حفاظتی اور بیرونی کپڑے پر زیادہ توجہ مرکوز کی ہے۔ ڈاؤن پروف اور بائنڈنگ فیبرکس ایک اور شعبہ ہے جہاں ہم خاص طور پر جرمنی میں کامیاب ہوگئے ہیں۔

اس مالی سال کے آخری سہ ماہی میں کپڑے کی وافر سپلائی اور خام مال کی قیمتوں میں کمی کی وجہ سے قیمت کا بہت دباؤ دیکھا گیا ہے۔ لہٰذا، ہم مالی سال 18-2017 کے دوران انتہائی مشکل کاروباری منظر کی پیش گوئی کرتے ہیں۔ اس پیچیدہ صورت حال پر قابو پانے کے لئے متنوع مصنوعات، اخراجات میں کمی اور مؤثر آپریشنل کارکردگی اہمیت کی حامل ہوگی۔ مارکیٹ کی حرکیات کو تیزی سے اختیار کرنا کامیابی کی کلید ہوگی۔

ڈائنگ (رنگائی)

ٹیکسٹائل مصنوعات کی عالمی طلب میں کمی اور ڈومیسٹک خام مال کی قیمتوں میں اضافہ جس نے ہمارے منافع کے مارجنز کو کم کیا، کے باوجود 30 جون 2017 کو ختم ہونے والے مالی سال کے دوران ڈائنگ شعبے نے کافی اچھی کارکردگی کا مظاہرہ کیا ہے۔ ہم صحیح طریقے سے صحیح وقت پر صحیح قدم اٹھا کر اپنی مصنوعات کو انتہائی غیر موزوں مارکیٹ حالات میں مناسب شراکت کے مارجنز پر فروخت کرنے کے قابل ہوئے ہیں۔

تاہم، مالی سال 16-2015 میں منافع کے مقابلے مالی سال 17-2016 میں انتہائی مسابقتی کاروباری ماحول کی موجودگی میں صارفین نے خام مال کی قیمتوں میں نمایاں اضافہ کے باوجود قیمتوں میں اضافہ نہیں کیا جس کی وجہ سے ہمارا منافع گر گیا۔ ہم اگلے سال میں مزید چیلنجز کی توقع کررہے ہیں کیونکہ یہ ظاہر ہوتا ہے کہ مالی سال 18-2017 ٹیکسٹائل شعبے کے لئے انتہائی مشکل ہوگا۔ ہم مارکیٹ کی صورتحال پر گہری نظر رکھے ہوئے ہیں اور مستقبل کے چیلنجوں کے اثرات کو کم کرنے کے لئے تمام ممکنہ اقدامات اٹھا رہے ہیں۔

کمپنی کے منافع میں ڈیویڈینڈ آمدنی کا حصہ ہمیشہ ہی کافی رہا ہے۔ تاہم، ڈیویڈینڈ آمدنی میں گذشتہ سال میں 3.700 بلین روپے کے مقابلے رواں سال میں 3.404 بلین روپے تک کی بنیادی طور پر نشاط پاور لمیٹڈ جو کمپنی کا ایک ذیلی ادارہ ہے سے وصول ہونے والے ڈیویڈینڈ میں کمی کے باعث ہوئی۔ پھر بھی اس نے 3.00 بلین روپے کا مارک پاس کیا جو کمپنی کے ایکوئٹی سرمایہ کاری کی ضمانت اور نقدی کے بہاؤ کی باقاعدگی کو ظاہر کرتی ہے۔

محتاط مالیاتی انتظامات کے نتیجے میں، گزشتہ پانچ مالی سالوں کے دوران فی سال مالیاتی اخراجات کے مقابلے موجودہ سال میں کمپنی کے مالیاتی اخراجات سب سے کم تھے۔ موجودہ سال میں گزشتہ سال کے مقابلے مالیاتی لاگت میں 12.54 فیصد کی آئی ہے۔ اہم وجوہات نقد رقم کے بہاؤ میں بہتری اور اعانتی شرحوں پر قرضوں کی دستیابی ہے جس سے گزشتہ سال میں 4.60 فیصد سے موجودہ سال میں 3.50 فیصد قرض کی اوسط لاگت میں کمی کی عکاسی ہوتی ہے۔ شرح سود کے احاطہ کا تناسب پچھلے سال کی طرح اعلیٰ سطح پر رہا جس سے کمپنی کے آپریشن کو چلانے اور توسیع کے منصوبوں کو چلانے کے لئے کمپنی کی مالی صلاحیت ظاہر ہوتی ہے۔

مضطرب ٹیکسٹائل سیکٹر میں اہم کھلاڑی ہونے کے ناطے کمپنی کو درپیش مسلسل اقتصادی مشکلات کے باوجود گزشتہ سال کے مقابلے موجودہ سال میں ٹیکس کے بعد منافع کا تناسب 8.65 فیصد سے 1.61 فیصد معمولی کم ہوا۔ بین الاقوامی مارکیٹ میں سست روی، مہنگے فیول مکس، مزدوروں کی زیادہ اجرت اور مہنگی کپاس اہم وجوہات ہیں۔

فیکسڈ کیپیٹل اخراجات

کمپنی کو سال کے دوران فیکسڈ کیپیٹل اخراجات کی بابت 5,500 ملین روپے خرچ کرنا پڑے جو گذشتہ سال کے فیکسڈ کیپیٹل اخراجات میں 112 فیصد کا اضافہ ہے۔ اس خرچ کی بڑی رقم میں M-3 فیصل آباد انڈسٹریل اسٹیٹ (FIEDMC) میں واقع خصوصی اقتصادی زون میں نئے سپننگ یونٹ کے قیام پر خرچ بھی شامل ہے۔

ورکنگ کیپیٹل مینجمنٹ

کمپنی کے لیکویڈیٹی تناسب گذشتہ پانچ سالوں سے مستحکم ہیں جو کمپنی کے موثر ورکنگ کیپیٹل مینجمنٹ کی وجہ سے ممکن ہوا ہے۔ منافع میں کمی کے باوجود Current اور Quick تناسب موجودہ سال میں بالترتیب 1.26 اور 0.64 پر قائم رہا ہے۔

کیپیٹل اسٹرکچر

کمپنی ایک بہترین سرمایہ کاری ساخت کو برقرار رکھتی ہے جس نے کمپنی کی مسلسل ترقی کے لئے کئی سالوں کے لئے مطلوبہ محرک فراہم کیا ہے۔ پچھلے پانچ سالوں کے لئے گیئرنگ تناسب پر ایک نظر سے ظاہر ہوتا ہے کہ نشاط ملز لمیٹڈ ایک کم گیئرڈ کمپنی ہے۔ گیئرنگ اور رمالی بیعانہ تناسبوں میں مسلسل مقررہ سرمایہ کے اخراجات کی وجہ سے بالترتیب 17.22 فیصد سے 19.89 فیصد اور 20.80 فیصد سے 24.83 فیصد اضافہ ہوا۔

تقسیم منافع

کمپنی کے بورڈ آف ڈائریکٹرز نے 50 فیصد نقد منافع منقسمہ (2016: 50 فیصد) اور جنرل ریزرو میں 2,504 ملین روپے (2016: 3,165 ملین روپے) منتقلی کی سفارش کی ہے۔

فی شیئر آمدنی (EPS)

کمپنی کی فی شیئر آمدنی میں گزشتہ سال میں 14 روپے فی شیئر کے مقابلے موجودہ سال میں 12.12 روپے فی شیئر کی واقع ہوئی ہے لیکن یہ گزشتہ پانچ سالوں کی غیر معمولی سطح پر برقرار رہی ہے۔

ڈائریکٹرز کی رپورٹ

نشاط ملز لمیٹڈ (" کمپنی") کے ڈائریکٹرز 30 جون 2017 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ بمعہ مالیاتی حسابات اور اس پر بیرونی محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جائزہ

مالیاتی کارکردگی

کمپنی کا منافع گزشتہ سال 30 جون 2016 ء کو ختم ہونے والے مالیاتی سال کے منافع کے موازنہ میں بنیادی طور پر کپاس کی قیمتوں میں اضافہ، کم از کم اجرتوں میں 13,000 روپے سے 14,000 روپے تک اضافہ کی بدولت لیبر کاسٹ میں اضافہ، ایندھن اور بجلی کی قیمت میں اضافہ اور عالمی مارکیٹ میں سست روی کے باعث منافع کی شرح میں کمی کی وجہ سے 30 جون 2017 ء کو ختم ہونے والے مالیاتی سال کے دوران کم ہوا تاہم، مالی لاگت میں بہتر مالی منصوبہ بندی اور فنڈز مینجمنٹ کی وجہ سے کمی واقع ہوئی۔

کلیدی منافع کی پیمائش کا خلاصہ حسب ذیل میں پیش کیا جاتا ہے۔

مالی جھلکیاں	2017 روپے (000)	2016 روپے (000)
آمدنی	49,247,657	47,999,179
مجموعی منافع	5,379,838	6,239,391
EBITDA	8,235,549	8,937,616
ڈیپریسیئیشن (Depreciation)	2,300,135	2,166,357
مالی لاگت	915,072	1,046,221
ڈیویڈینڈ آمدن	3,403,733	3,700,227
قبل از ٹیکس منافع	5,020,342	5,725,038
بعد از ٹیکس منافع	4,262,342	4,923,038

30 جون 2016 ء کو ختم ہونے والے سال کے مقابلے رواں سال میں آمدنی 1,248.478 ملین روپے (2.60%) زیادہ ہوئی ہے۔ اس اضافہ کی بنیادی وجہ، ٹیکسٹائل مصنوعات کے سخت مقابلہ اور عالمی سطح پر سست طلب کے باوجود برآمد فروخت میں 344.744 امریکی ڈالر سے 350.736 امریکی ڈالر اضافہ اور برآمد فروخت پر ڈیوٹی ڈرا بیک مراعات کی مد میں 841.530 ملین روپے رقم کی وصولی ہے۔ آمدنی میں 2.60 فیصد اضافہ کے باوجود، کمپنی کا مجموعی منافع 30 جون 2016 ء کو ختم ہونے والے سال کے مجموعی منافع کے موازنہ میں رواں سال میں 859.553 ملین روپے (13.78%) سے کم ہوا کیونکہ فروخت کی لاگت میں اضافہ فروخت (2.60%) میں اضافہ کے تناسب کے مقابلے میں 5.05% سے زیادہ ہوئی۔ گزشتہ سال کے موازنہ میں رواں سال کے دوران فروخت کی لاگت میں 5.05 فیصد تک اضافہ کی وجہ کپاس کی قیمتوں میں اضافہ، کم سے کم اجرت میں اضافہ کی وجہ سے مزدور کی اجرت میں اضافہ، ایندھن اور بجلی کی قیمت میں اضافہ اور نئے گارمنٹ یونٹ کی کمیشننگ کے باعث کمپنی کی ڈیپریسیئیشن میں اضافہ تھا۔

فروخت کے تناسب میں EBITDA کا جائزہ گزشتہ سال میں 18.62 فیصد سے موجودہ سال میں 16.72 فیصد تک کی معمولی کمی ظاہر کرتا ہے جو cutthroat مقابلہ اور بھاری لاگتی اخراجات کے باوجود مستحکم مالی کارکردگی کا اشارہ ہے۔

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 28, 2017 (Saturday), at 12:30 p.m at Grand Ball Room-D, the Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

as witness may hand this ______________ day of ______ 2017

Signed by the said member ____________________________

in presence of ________________________________

Please affix revenue stamp Rs. 5

Signature of witness ....

Name ....

Address ....

....

CNIC # ....

Signature(s) of Member(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 اسکی عدم موجودگی کی صورت میں

مسمی/مسماۃ ------------------------------ ساکن ------------------------ کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا/کرتی ہوں تاکہ وہ میری/ہماری جگہ اور میری/ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ 28 اکتوبر 2017ء بوقت دوپہر 12:30 بجے گرینڈ ہوٹل بال روم ڈی، نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپوسنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ ------------ دن ---------- 2017ء

پانچ روپے کی ریونیو سٹمپ
چسپاں کریں

گواہ کوائف

دستخط: ------------------------

نام: ------------------------

پتہ: ------------------------

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ----------

دستخط: ---------------------------

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

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 48 گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔

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