Annual Report
2018

NISHAT

Nishat Mills Limited

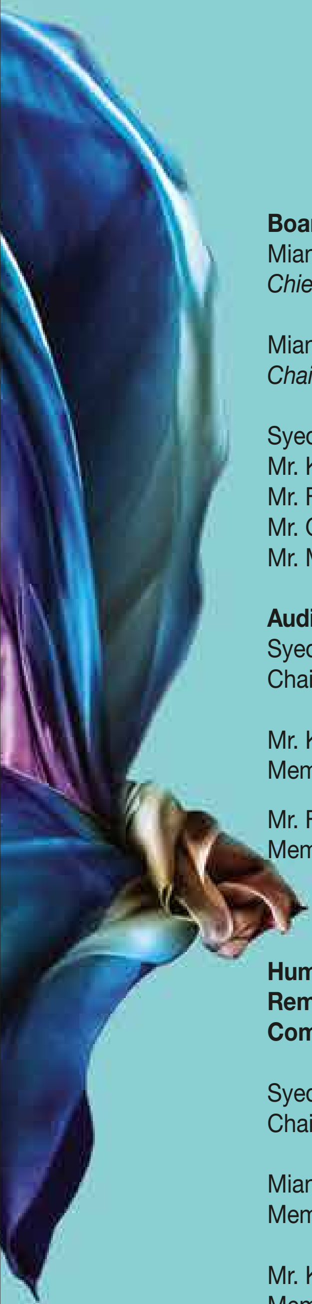
A great fly,
a great future

Contents

Corporate

Financial Statements of Nishat Mills Limited

Consolidated Financial Statements of Nishat Mills Limited and its Subsidiaries



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
Syed Zahid Hussain
Chairman / Member

Mr. Khalid Qadeer Qureshi
Member

Mr. Farid Noor Ali Fazal
Member

Human Resource & Remuneration (HR & R) Committee

Syed Zahid Hussain
Chairman / Member

Mian Umer Mansha
Member

Mr. Khalid Qadeer Qureshi
Member

Chief Financial Officer
Mr. Badar-ul-Hassan

Company Secretary
Mr. Khalid Mahmood Chohan

Auditors
Riaz Ahmad & Company
Chartered Accountants

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

Bankers to the Company
Albaraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Citibank N.A.
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
Pak Brunei Investment Company Limited
Pakistan Kuwait Investment Company (Private) 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
Plot No. 172-180 & 188-197, M-3 Industrial City, Sahianwala, FIEDMC, 2 K.M. Jhumra Chiniot Road, Chak Jhumra, Faisalabad.

Spinning units & Power plant
20 K.M. Sheikhupura Faisalabad Road, Feroze Watwan.

Weaving units & Power plant
12 K.M. Faisalabad Road, Sheikhupura.

Weaving units, Dyeing & Finishing unit,Processing unit, Stitching units and Power plants
5 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.

Stitching unit
21 K.M. Ferozepur Road, Lahore.

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

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

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

Shares Registrar
THK Associates (Private) Limited

Head Office, Karachi
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

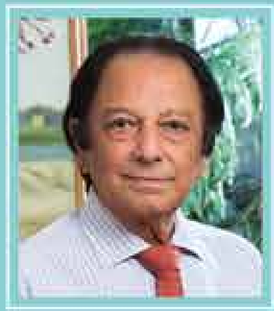
Head Office
7, Main Gulberg, Lahore.
Tel: 042-35716351-59,
042-111 332 200
Fax: 042-35716349-50
E-mail: nishat@nishatmills.com
Website: www.nishatmillsltd.com

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 Hassan Mansha
Chairman



Syed Zahid Hussain
Independent Non-Executive Director

Mr. Khalid Qadeer Qureshi
Non-Executive Director

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 21 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, Hyundai Nishat Motor (Private) Limited and Nishat Agrotech Farm (Private) Limited.

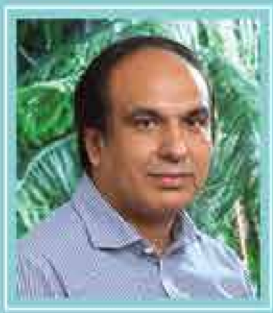
Mian Hassan Mansha has been serving on the Board of various listed companies for several years. He also serves on the Board of Nishat Power Limited, Security General Insurance Company Limited, Lalpir Power Limited, Pakgen Power Limited, Nishat Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels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

Syed Zahid Hussain is a seasoned professional in Pakistan's corporate world. He possesses multifaceted 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 is a fellow member of the Institute of Chartered Accountants of Pakistan. He has over 46 years of rich professional experience. He also serves on the Board of D.G. Khan Cement Company Limited, Nishat Power Limited, Lalpir Power 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 45 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, Nishat Paper Products Company Limited and Nishat Automobile (Private) Limited.

Mr. Ghazanfar Hussain Mirza has a Bachelor degree in Mechanical Engineering from NED University of Engineering & Technology. Mr. Mirza has 38 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 26 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 decision making process 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

Nishat Mills Limited ("the Company") has a seven member Board of Directors ("the Board") which comprises of individuals with diverse background having core competencies, knowledge and experience relevant to the business of the Company. The Composition of the Board and its Committees is in accordance with the requirements of Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2017.

The Board has developed a mechanism for annual evaluation of Board's own performance, members of the Board and its Committees in compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations 2017. The performance evaluation mechanism also ensures that all statutory and legal requirements are fulfilled with regard to procedures, meetings and oversight role of the Board.

The Board carried out annual evaluation of Board's own performance, members of the Board and its Committees on 27 April 2018. The performance of the Board, its members and committees was up to the mark as per defined performance evaluation mechanism. The Board also suggested improvements in the performance evaluation mechanism for the next year to further improve its performance.

During the financial year 2017-18, the Board successfully achieved targets and objectives set for the growth of the Company by performing the following functions:

- Ensured effective and robust oversight.
- Supervised overall corporate strategy, key financial performance indicators and other budgetary targets.
- Ensured the quality and appropriateness of financial reporting and the transparency of disclosures.
- Carried out risk assessment especially relating to regulatory and legal requirements, market trends, cotton supply and price, energy availability and cost, foreign exchange fluctuations, interest rate and liquidity.
- Reviewed effectiveness of internal control system.
- Evaluated the significant investments.
- Reviewed details of financing facilities availed by the Company.
- Ensured timely dissemination of price sensitive and inside information to relevant regulatory authorities.

Mian Hassan Mansha
Chairman

Lahore
26 September 2018

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 2018 along with the financial statements and independent auditors' report thereon.

FINANCIAL REVIEW

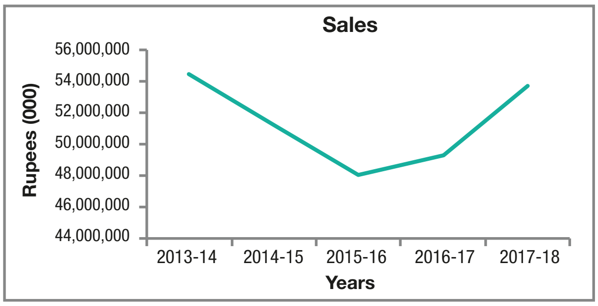
Financial Performance

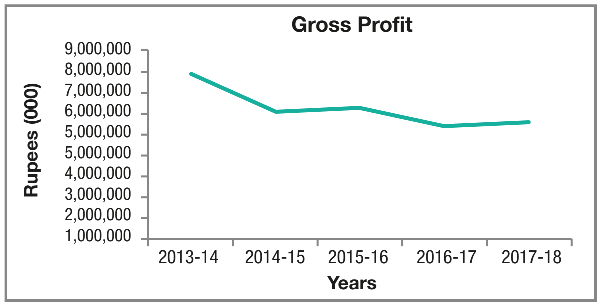
Financial year 2017-18 was marked with unpredictable raw material prices, low international demand for textile products and high cost of production which were the main reasons for decrease in profit after tax of the Company by Rs. 165.215 million in the current year as compared to corresponding financial year despite an unprecedented increase in topline by Rs. 4,481.467 million.

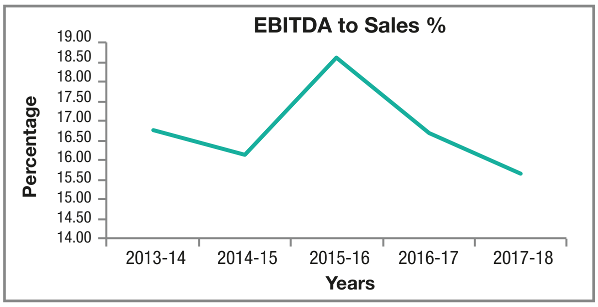
The summary of the key profitability measures is presented below.

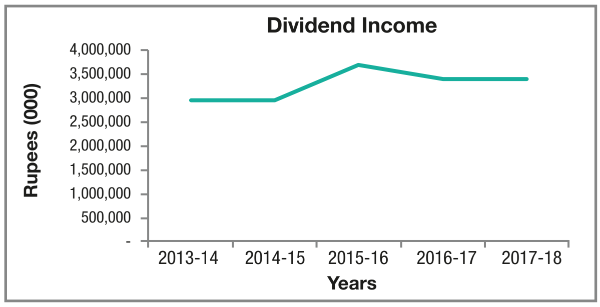
Financial highlights	2018 Rupees(000)	2017 Rupees(000)
Revenue	53,729,124	49,247,657
Gross profit	5,550,446	5,379,838
EBITDA	8,395,775	8,233,100
Depreciation	2,444,824	2,297,686
Finance cost	993,824	915,072
Dividend Income	3,391,397	3,403,733
Pre-tax profit	4,957,127	5,020,342
After tax profit	4,097,127	4,262,342

Overall marketing strategy of the Company worked well which resulted in a significant increase in revenue by 9.10%. Export sales recorded an increase of Rs. 2,149.681 million due to favorable rate variances. Duty Drawback incentive on export sales also contributed to increase in revenue by Rs. 443.033 million in the current year as compared to corresponding last year. The Company also achieved 10% growth in yarn and



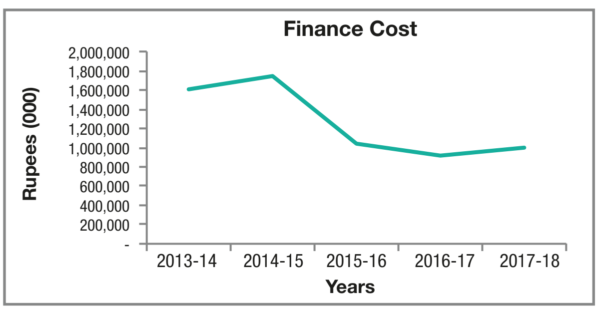






griege cloth exports in terms of US Dollars in the current year as compared to corresponding last year which made it eligible to avail the remaining 50% duty drawback incentive available on achievement of 10% growth in exports as stipulated in "Duty Drawback on Taxes Order 2017-18".

Gross Profit of the Company increased by 3.17% in the current year as compared to the corresponding last year. Reason for lower percentage increase in gross profit as compared to increase in sales percentage is high cost of raw materials and energy and increase in depreciation charge mainly due to commissioning of new unit of Spinning Division located at Special Economic Zone (SEZ) located at M-3 Faisalabad Industrial Estate, FIEDMC.

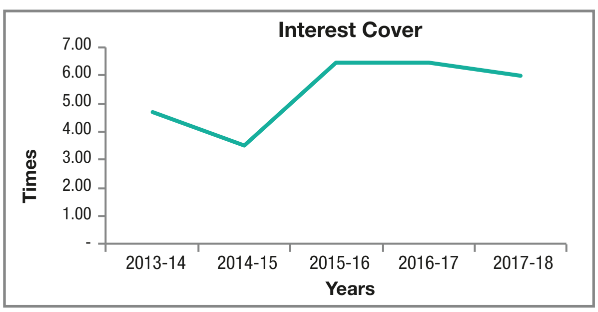


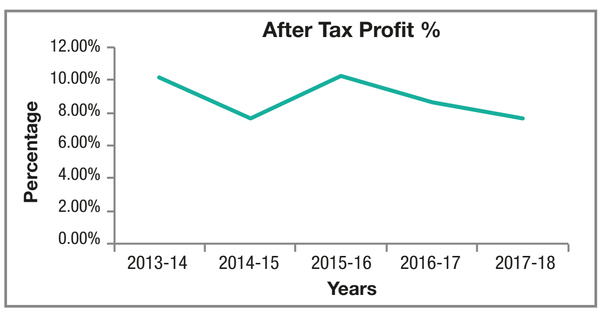
EBITDA increased from Rs. 8,233.100 million in the corresponding last year to Rs. 8,395.775 million in the current financial year. However, EBITDA to sales percentage decreased marginally by 1.09%.

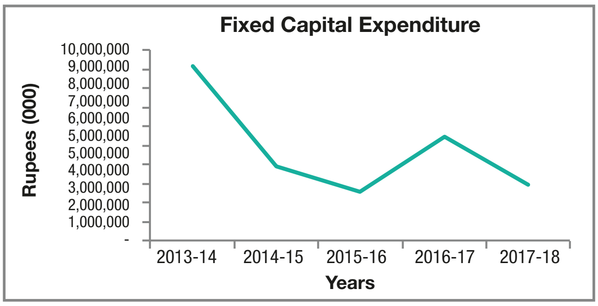
Contribution of healthy investment portfolio maintained by the Company towards the profitability remained significant in terms of dividend income which remained steady around Rs. 3 billion per annum over the last five years.

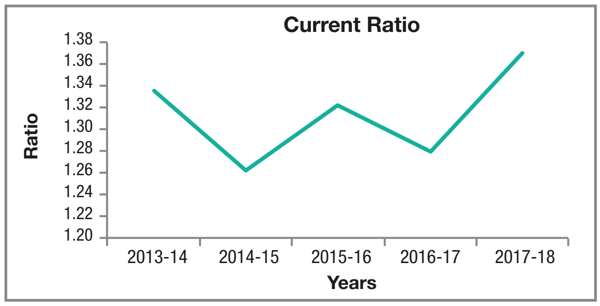
Finance cost of the Company increased by Rs. 78.752 million (8.61%) from Rs. 915.072 million to Rs. 993.824 million on account of financing the increased working capital requirements to achieve a reasonable sales growth and incurring the fixed capital expenditure to ensure future earning streams for the Company. Another major reason for increase in finance cost is the delay in disbursement of duty drawback incentive and sales tax and income tax refunds which blocked the funds of the Company, therefore, the Company had to borrow funds. Increased finance cost pushed down interest cover ratio marginally by 0.5% to 5.99% which is still well over the sustainable position.

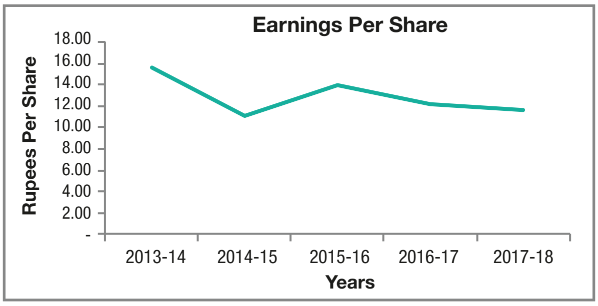
After tax profit of the Company has decreased by

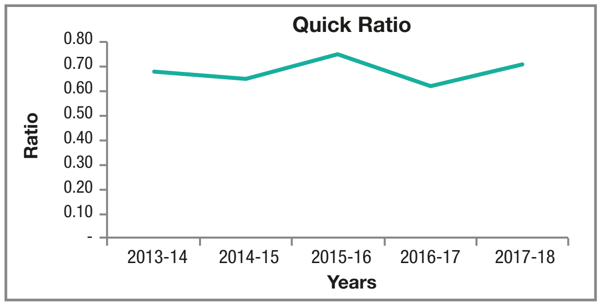


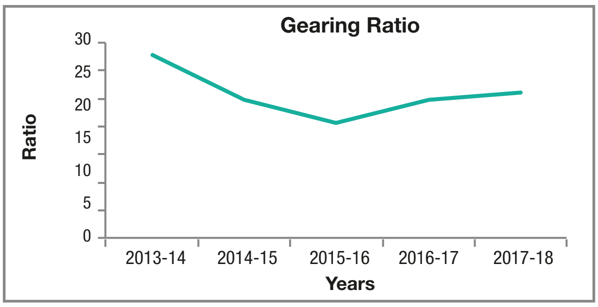


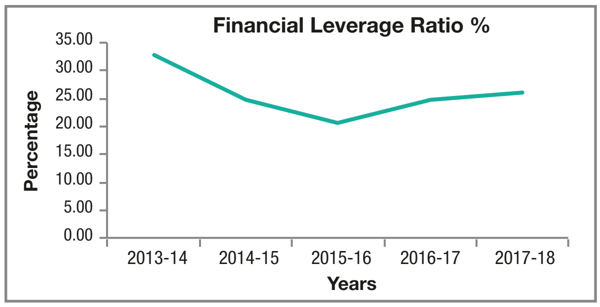












Rs. 165.215 million due to the continuous hardships faced by the textile industry. Profit after tax % of sales dropped to 7.63% in the current financial year.

Fixed Capital Expenditure

The Company regularly reinvests a part of its profit in new projects and BMR of existing plant and machinery. Our plant and machinery, currently, stands at Rs. 28,180 million which has increased by Rs. 12,650 million from Rs. 15,530 million in financial year 2013. It shows a resolve of the Company to stay at top in textile industry by investing in innovative and new technologies.

Working Capital Management

Liquidity position of the Company has improved significantly in the current year as compared to the corresponding last year due to substantial increase in sales. This is also reflected from the current ratio which now stands at the highest level as compared to the last five years.

Capital Structure

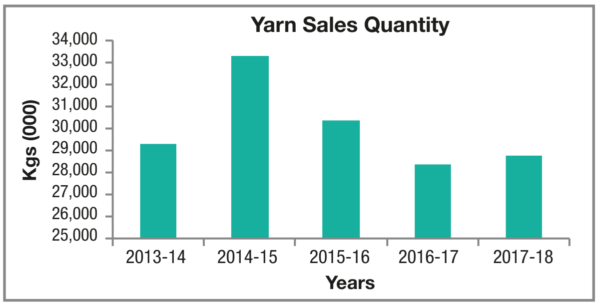
The Company makes effective and efficient utilization of available borrowing facilities which is why capital structure of the Company is well balanced. Both the financial leverage and gearing ratios of the Company are at its optimum level.

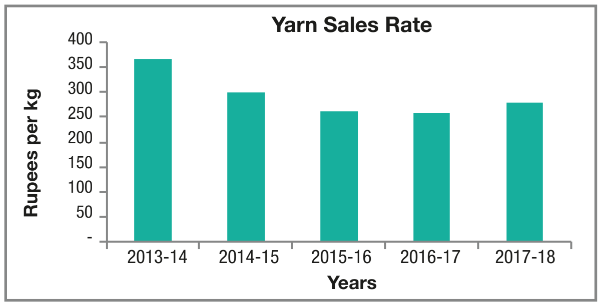
Appropriations

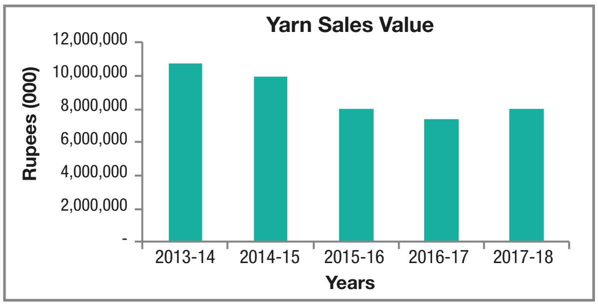
The Board of Directors of the Company has recommended 47.50% cash dividend (2017: 50%) and transferring of Rupees 2,427 million (2017: Rupees 2,504 million) to general reserve.

Earnings per Share (EPS)

Earnings Per share of the Company remained somehow steady in the current year as compared to the last year at Rs. 11.65 per share.







SEGMENT ANALYSIS

Spinning

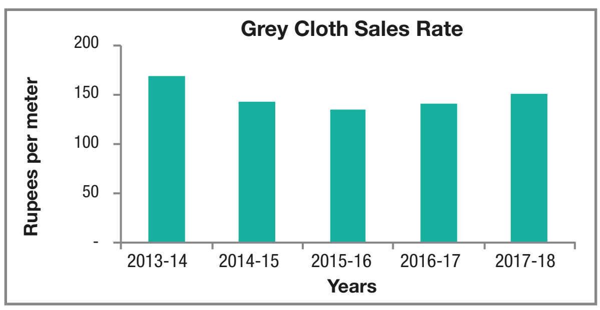
Expensive cotton stocks were a matter of major concern for Pakistani spinners at the start of financial year 2017-18 because it made the competition in international yarn market difficult. New cotton crop was available at low rates in both local and international markets till the end of first quarter, but this trend did not last long. The Company completed the procurement of raw cotton in bulk by the start of third quarter. Cotton prices continued to fluctuate throughout the year which created uncertainty and resistance from the yarn buyers to accept proportionate increase in yarn prices.

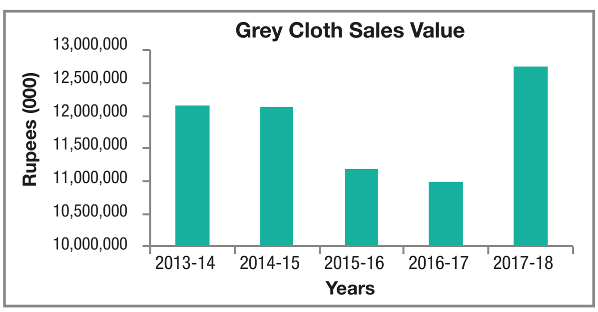
Despite challenging dynamics of local and international cotton and yarn markets, financial performance of Spinning Division of the Company improved. Cotton yarn demand and market prices passed through many ups and downs during the year. During the fourth quarter, significant and sudden increase in international cotton prices created an opportunity for marketing department to sell at higher rates which contributed towards positive results. Careful planning by marketing department to get competitive prices enabled the Division to achieve a growth of 10% in exports due to which the Division became eligible for the remaining 50% of rate of duty drawback incentive of 4% available on achieving 10% growth in exports in accordance with the “Duty Drawback of Taxes Order 2017-18”.

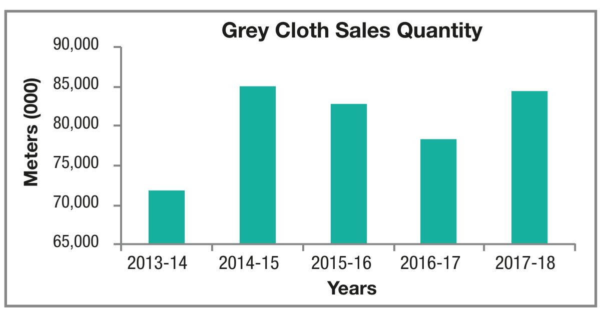
Weaving

Unprecedented rise in cotton prices and devaluation of Pak Rupee against US Dollar caused a sharp rise in yarn prices, but it was really difficult to adjust this increase in greige fabric prices especially in export market. Despite all these odds, export sales of the Division increased by 13% in terms of dollar value in the financial year 2017-18 as compared to the financial year 2016-17 due to which the Division became eligible for the remaining 50% of rate of duty drawback incentive of 4% available on achieving 10% growth in exports in accordance with the “Duty Drawback of Taxes Order 2017-18”.

We have successfully completed our planned shifting from narrow to wider width looms. This has greatly helped us in reducing our sale dependence on narrow width looms. Our production mix at the







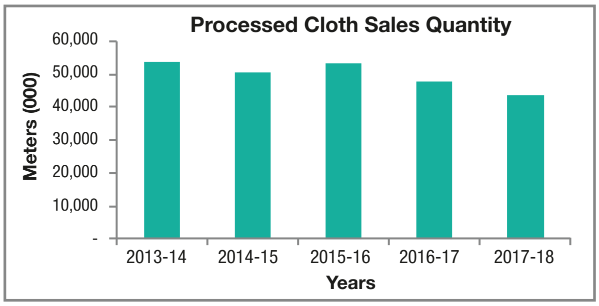
moment is almost 35% wider and 65% narrow. This decision has really paid off and we are almost booked in advance for 4 months on wider width looms and 2 months on narrow width looms. Due to sharp increase in polyester prices this year, our workwear business remained under pressure and we compensated this by increasing in other businesses like fashion / technical fabrics.

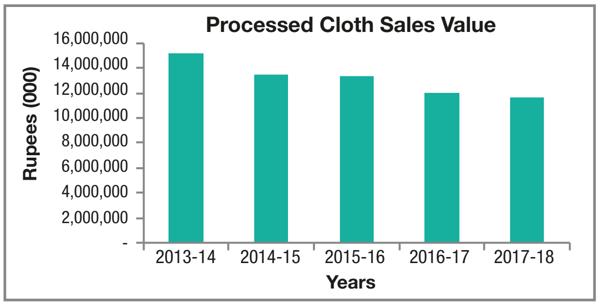
Dyeing

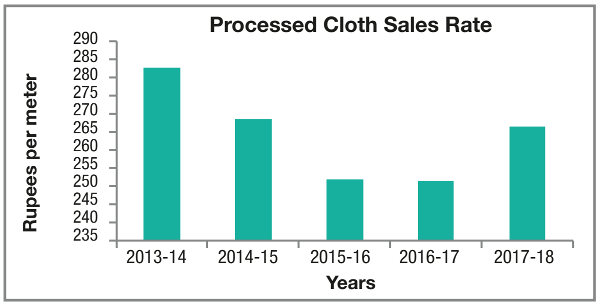
Financial performance of Dyeing Division was reasonably well during the financial year 2017-18 in the light of difficulties faced by textile sector. First and last quarters were slow as April to July is lean period in our business cycle. Filling capacities in this time frame has always been tough but this year drastic increase in raw material cost made this task even more challenging. However, the Division did well in second and third quarters of financial year.

We are foreseeing more challenges ahead in financial year 2018-19 because of stagnant demand of textile products worldwide and expected further increase in raw material & chemicals costs. This situation will lead to tough competition in the region.

We are keeping a close eye on market situation and taking all required measures proactively. In order to reduce the impact of swelling raw materials cost we have already procured some portion of greige fabric for our core programs in which customers have given us bookings / projections for next season. We are hopeful that with all such measures we will be able to show good performance in financial year 2018-19.







Home Textile

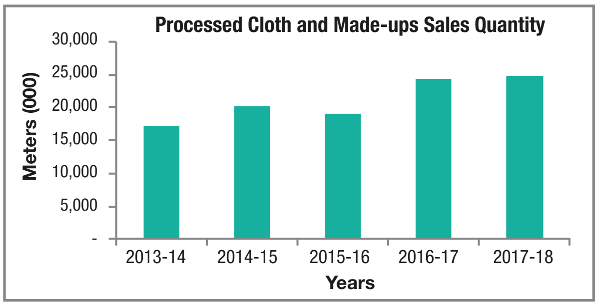
During the financial year 2017-18, Home Textile Division pursued an aggressive marketing strategy to enhance its exports. Initially, the Division was very successful in achieving the growth in export sales in financial year 2018 as compared to export sales of financial year 2017. However by the end of the second quarter, oil prices started increasing which directly affected all petrochemical products and dyes & chemicals used in our production processes. Later on, cotton prices also started increasing along with prices of imported inputs, making it very difficult for buyers and sellers to establish a steady pricing approach for a long term and volume based business. All these changes were quite swift and before these could be absorbed by the industry, an unexpected sudden drop in rupee value created one more uncertainty. These phenomena contributed a negative impact on the overall business strategies which were devised during the earlier half of the financial year. Such situations always create a chaos and push buyers to take conservative buying approach, resulting in instant reduction in order placements which affected our capacity utilization.

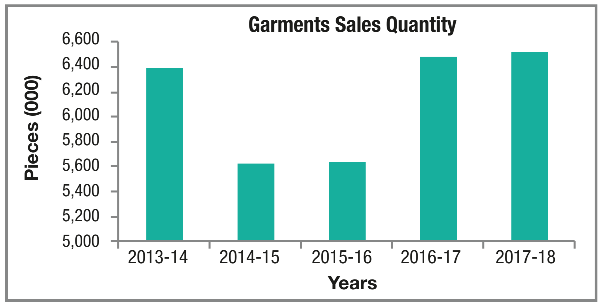
Despite all these challenges, Home Textile Division proactively invested in capacity building and established a new work-wear and technical fabric arrangement that has also started exporting in addition to our already established supply line for the domestic armed forces.

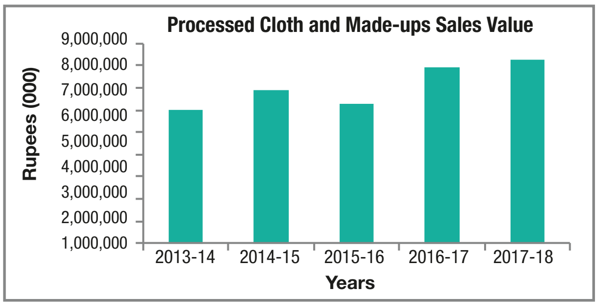
Garments

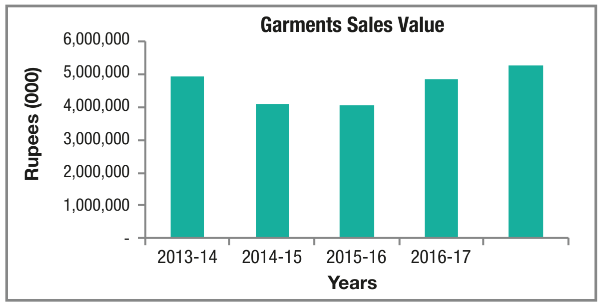
Garments division took many initiatives to improve production efficiency and energy optimization in order to reduce cost of production. Effects of these steps have started to show up in the form of reduction in cost per garment which has provided us a competitive advantage in international market. Management of the Division also implemented plans of research and development, labor training and production system automation which resulted in better quality products.

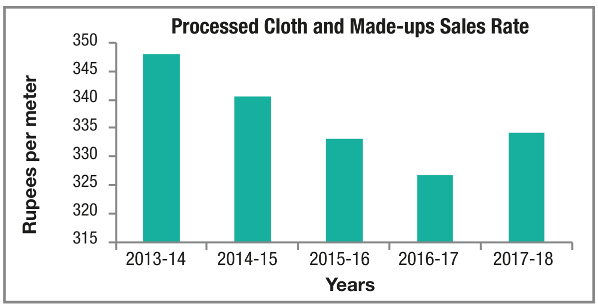
The main feature of our long term business strategy

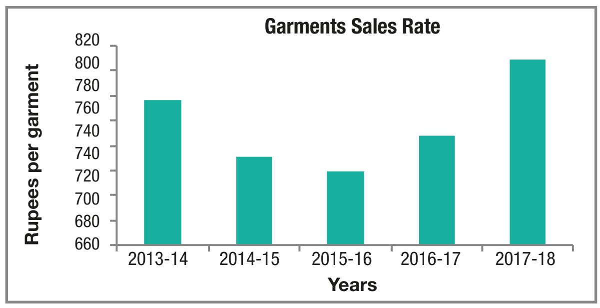












is to concentrate on exploring potential markets with aggressive sales and marketing strategies. We also plan to initiate collaborations with international customers to exchange knowledge and skills to re-engineer our production systems to further enhance our efficiencies which will further reduce our production costs per unit. These initiatives will help us to compete better in a rapidly changing market while ensuring sustainable business growth. Aggressive sales and marketing strategies coupled with increased international presence will surely increase our sales during next financial year which will subsequently increase our exports volume and profits in a sustainable manner.

Power Generation

Energy security and efficiency is the key element of strategic vision of the Company. The Company spends a major part of its annual fixed capital expenditure budget to ensure cheap and sustainable sources of electricity and steam for its textile units. A 10 ton coal fired boiler installed at manufacturing facility of the Company at Bhikhi was commissioned in July 2017. The Division has also made structural changes in its Power plant located at Bhikhi to increase efficiency and reduce cost. The new captive power plant to cater to the needs of spinning production facilities located at M-3 Faisalabad Industrial Estate, Faisalabad was commissioned in December 2017.

A further plan is underway for efficient utilization of available resources by acquisition of a 3MW steam turbine which will generate electricity from the steam produced by 9MW Combined Heat and Power Plant which is installed at Nishat Dyeing and Finishing unit of the Company. The pressure / temperature of this steam which is presently transmitted to production halls of Dyeing and Home Textile Divisions is very high while steam at low pressure / temperature can fulfill the requirements of these Divisions. Therefore, extra pressure / heat go into waste. The proposed steam turbine will use present high pressure / temperature steam to generate electricity and transmit the steam at low temperature / pressure to production halls.

Since the Company is committed to safeguard environment, we regularly invest in environmentally friendly technologies. Power Division of the Company has successfully converted two filtration plants based on Reverse Osmosis (RO) technology. Commissioning of these plants has been completed by the end of May 2018 which will result in the saving of energy, chemical and filtration cost. These plants perform combined operation to reprocess waste water with higher than normal salted water contents which was previously being drained after treatment.

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 intervals 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 remains 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), Euro and Japanese Yen (JPY). 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, liabilities against assets subject to finance lease, 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 most important sector in Pakistan because it is an export oriented industry. It is important to note that textile products have maintained an average share of about 60 percent in national exports. Fiscal year 2017-18 was very challenging for textile sector due to high cost of raw material and low demand of textile products.

Apart for stiff competition in international market, the Sector is facing a number of difficulties which may further slow down growth in the next year. One of the major issues is liquidity problem on account of delay in sales tax refund, disbursement of duty drawback incentive and payment of export rebate to textile sector.

Another issue which has directly affected the competitiveness of the Sector in international market is availability of gas at high cost for manufacturing facilities in Punjab. It is worth mentioning that most of textile industry is located in Punjab. The industry in Punjab is supplied gas at a price which is mix of system gas rate and RLNG rate. RLNG rate is linked with Brent crude oil price and USD. Textile units in other provinces are provided gas at system gas rate. The RLNG is currently provided at Rs. 1,517.28 per mmbtu whereas system gas is available at Rs. 600 per mmbtu plus GIDC. If this issue of discrimination in gas price is not addressed immediately, the textile units in Punjab will not survive in the long run.

Since textile sector has a key position in Pakistani economy, sales tax refunds along with immediate payment of duty drawback incentive should be allowed to solve the cash flow crises of the Sector. Similarly, discrimination in gas price should be removed to provide level playing field to all textile units across the country.

Subsidiary Companies

The Company has also annexed consolidated financial statements along with separate financial statements in accordance with the requirements of International Financial Reporting Standards and Companies Act, 2017.

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 90 retail outlets in Pakistan.

3. Nishat Hospitality (Private) Limited

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

4. Nishat Commodities (Private) Limited

This is a wholly owned subsidiary of the Company. The object of the subsidiary is to carry on the business of trading of commodities including fuels, coals, building material in any form or shape manufactured, semi-manufactured, raw materials and their import and sale in Pakistan. The subsidiary started its operations in March 2016.

5. Lalpir Solar Power (Private) Limited

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

6. Nishat Linen Trading LLC

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 12 retail outlets in UAE.

7. Nishat International FZE

This is also a wholly owned subsidiary of Nishat Mills Limited. It was 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 07, 2013. The principal activity of the Subsidiary Company is trading in textile products such as blankets, towels & linens, ready-made garments, garments accessories and leather products such as shoes, handbags and all such ancillaries thereto.

8. Nishat Global China Company Limited

Nishat Global China Company Limited is incorporated in Yuexiu District, Guangzhou, China, as Foreign Invested Commercial Enterprises "FICE", in accordance with the Law of Peoples Republic of China on Foreign-Capital enterprises and other relevant Laws and Regulations. Nishat Global China Company Limited is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The principal business of the 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.

9. 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.

10. Nishat UK (Private) Limited

Nishat UK (Private) Limited is a private limited company incorporated in England and Wales on 8 June 2015. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The primary function of Nishat UK (Private) Limited is sale of textile and related products in England and Wales through retail outlets and wholesale operations. The Company has not yet started its operations.

11. 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 readymade garments and textile products.

CORPORATE SOCIAL RESPONSIBILITY

The Company is at the forefront of implementing the best practices of Corporate Social Responsibility (CSR) in textile industry.

Environment Protection

The Company has installed Effluent Treatment Plants (ETPs) for the purification of the water at those manufacturing facilities of the Company where danger of contamination of water due to the usage of textile chemicals exists. Recently, up gradation of ETP at Dyeing and Home Textile Divisions has been achieved by enhancing capacity of waste water treatment up to 400 cubic meters per hour. Moreover, ETP in house laboratory has been established in Garments Division for continuous monitoring of ETP plant to ensure efficient performance. Other key area where company invests heavily for environment protection is tree plantation at it manufacturing facilities and offices.

Energy Conservation

The Company is determined to save energy by adopting techniques such as replacement of existing conventional tube lights with LED lights, by installing waste and heat recovery plants to generate steam from gas engine exhaust and implementation of code of conducts for employees to promote energy conservation. The Company has also installed eco-friendly washing machines and curing oven which consume less energy as compared to conventional machines.

Waste Recycling

The Company is fully concerned to protect environment by recycling of waste. This is why the Company regularly invests in such technologies

Corporate Social Responsibility

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, textile waste and oil for maximum saving of natural resources.

Occupational Safety and Health

The management is very concerned about health and safety of its workers. In order to ensure better health of workers, the Company regularly organizes medical camps for malaria, typhoid, dengue and eye sight. Further regular fumigation is carried out at premises of all manufacturing facilities by using fogging machines which prevent dengue and also ensure healthy environment for workers. The Company has also established dispensaries under the supervision of qualified doctors at its production facilities which are equipped with ambulances.

Equal Opportunity Employer

The Company is an equal opportunity employer and offers employment without any gender and class discrimination. A large number of women are part of workforce in Stitching and Garments Segments of the Company.

Community Welfare Schemes

The Company regularly organizes medical camps for malaria, typhoid and eye sight for the people living in the surroundings of its manufacturing facilities. Moreover, the Company provides aid to Basic Health Units established by Government of Punjab and provides free food to SOS villages on special occasions.

Consumer Protection Measures

The Company believes in adopting such methods which ensures safety and protection of its customers when they use its products. Our continuously expanding customer base and long term relations with customers imply us to exercise care 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.

Contribution to National Exchequer and Economy

As the Company is counted among top exporters of the country, it has contributed to the economy by earning foreign exchange of US$ 353.026 million during the current year. Further it has also contributed Rs. 1,295.201 million towards national exchequer by way of custom duty, income taxes, sales taxes, education cess, social security contribution, EOBI contribution etc.

CORPORATE GOVERNANCE

Best Corporate Practices

Directors are committed to good corporate governance and comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Rule Book of Pakistan Stock Exchange.

The statement of compliance with the CCG

Regulations, 2017 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 Director	No. of Meetings Attended
1	*Syed Zahid Hussain (Member/Chairman)	4
2	*Mr. Khalid Qadeer Qureshi (Member)	4
3	Mr. Farid Noor Ali Fazal (Member)	3

* Syed Zahid Hussain, Independent Director, was appointed as Chairman Audit Committee in place of Mr. Khalid Qadeer Qureshi on January 01, 2018.

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, one Human Resource & Remuneration Committee Meeting was held, attendance position was as under:-

Sr.#	Name of Director	No. of Meeting Attended
1	*Syed Zahid Hussain (Member/Chairman)	0
2	Mian Umer Mansha (Member)	1
3	*Mr. Khalid Qadeer Qureshi (Member)	1
4	*Mr. Farid Noor Ali Fazal (Member)	1

* Syed Zahid Hussain, Independent Director, was appointed as member HR&R Committee in place of Mr. Farid Noor Ali Fazal and Chairman HR&R Committee in place of Mr. Khalid Qadeer Qureshi on January 01, 2018.

Meetings of the Board of Directors

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

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

Directors' Statement

Following is the Directors' statement on Corporate and Financial Reporting framework:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of account of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the Company's ability to continue as a going concern.

7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

8. Value of investments in respect of retirement benefits fund: Provident Fund: 30th June, 2018: Rs. 3,227.615 Million Un-audited, (2017: Rs. 3,460.986 Million-Audited).

Transactions with related parties

The Company has fully complied with best practices on Transfer Pricing as contained in the Listing Regulations of Pakistan Stock Exchange while executing all transactions with related party. 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:

1. Sale of gas fired caterpillar 3412 Engine, 370 KW, to Nishat Dairy (Private) Limited, an associated company, for a consideration of Rs. 2 million plus applicable sales tax. This Engine was purchased by the Company in year 2002 and was not currently in the use of Company.

2. Purchase of diesel fired caterpillar D3412C Engine, 648 KW, from Nishat Dairy (Private) Limited, an associated company, for a consideration of Rs. 9 million plus applicable sales tax. This diesel Engine was to be installed at the captive power plant of Spinning Division located at M-3 Faisalabad Industrial Estate Development and Management Company, Faisalabad.

3. The renewal of investment up to Rs. 1.0 billion as loan and advances in Nishat Hotel and Properties Limited, an associated company, to earn higher interest income as compared to other investment opportunities available to the Company.

4. HFO purification services agreement with Nishat Hotel and Properties Limited, an associated company, to utilize the idle HFO Purification Plant capacity of the Company due to non generation of electricity on HFO.

5. Further equity investment of up to Rs. 960 million in Hyundai Nishat Motor (Private) Limited (HNMPL), an associated company, to earn dividend and prospective capital gains.

6. Investment in Hyundai Nishat Motor (Private) Limited, an associated company by way of guarantee / continuing Stand by Letter(s) of Credit (SBLC) for an amount of up to PKR 1,200 Million for a period of 7.5 years starting from the date of issuance of the guarantee / SBLC, to be issued by the Company's Bank(s) in favor of financial institutions / lenders of HNMPL to secure financial assistance to be extended to HNMPL. The Company will charge commission to HNMPL on any outstanding amount of SBLC which shall be 0.05% per quarter over and above the quarterly commission being charged by the Company's Bank(s) from the Company on the outstanding amount of SBLC.

Auditors

Financial Statement of the Company for the year ended 30 June 2018 have been audited by M/s Riaz Ahmed & Company, Chartered Accountants who have given an unqualified report. Current auditors will retire on the conclusion of Annual General Meeting of the Company. Being eligible, M/s Riaz Ahmed & Company, Chartered Accountants have offered themselves for reappointment for the year ending 30 June 2019.

SUBSEQUENT EVENTS

No material changes and commitments affecting the financial position of the Company occurred between 30 June 2018 and 26 September 2018.

FUTURE PROSPECTS

Financial Year 2018-19 will be a challenging year for Spinning Division. Fear of high price of new cotton crop in local market as compared to last year is already a matter of worry. On the other hand, cotton prices in international markets are showing a decreasing trend which is why export customers are expecting a reduction in yarn prices. The Company is also planning to diversify its business by commissioning an open end yarn unit in Ferozewatwan by the end of financial year 2018.

Weaving Division plans to strengthen back process by acquiring latest sizing machines. We are also planning to invest in new compressors and chillers. For technical and sheeting fabrics, we are going to buy latest brushing / vacuuming equipment along with a wider width palleting machine.

The Company is committed to offer quality products to its customers; therefore, Dyeing Division is planning to install an automatic inspection and fault grading system to accurately identify faults in finished fabric at packing stage which will result in reduction of wastage and labor cost. The system will be linked with ERP system of the Company.

The Company has achieved unprecedented success in digital printing business and has already installed 8 digital printing machines in Home Textile Division. A plan is underway for the procurement of another digital printing machine to fulfill the increased demand of Nishat Linen (Private) Limited. The Division will also invest in a 6 chamber stenter, a washing machine and 2 computerized multi head embroidery machines.

Garments Division of the Company has introduced a number of changes in its units by hiring the best professionals for its operations. The Company is planning to add 1 Jeanologia twin pro laser machine and 1 TUKAcad-2D pattern making machine in its collection of its existing state-of-art machinery due to projected increase in the demand of garments products.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has established an effective and efficient system of internal and financial controls to safeguard the assets of the Company, prevent and detect fraud and ensure compliance with all statutory and legal requirements. The internal control structure is regularly reviewed and monitored by the Internal Audit function duly established by the Board. Audit Committee reviews the internal control system on quarterly basis in accordance with the term of its reference.

DIRECTORS' REMUNERATION

The Board of Directors has approved Directors' Remuneration Policy. The main features of the policy are as follows:

- The Company shall not pay remuneration of its non-executive directors including independent directors except for meeting fee for attending Board and its Committees meetings.
- The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending of Board and its Committees meetings.
- The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time.

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding as at June 30, 2018, which is required to be disclosed under the reporting framework, is annexed to this report.

ACKNOWLEDGEMENT

Directors are pleased and thankful to the employees for their continued dedication of efforts for the Company.

For and on behalf of the Board of Directors

Mian Umer Mansha
Chief Executive Officer

Maqsood Ahmed
Director

Lahore
26 September 2018

Financial Highlights

Rupees in thousand

		2018	2017	2016	2015	2014	2013
Summarized Statement of Financial Position							
Non-Current Assets							
Property, plant and equipment		28,180,049	27,767,699	24,715,095	24,357,269	22,964,388	15,530,320
Long term investments		44,757,279	60,008,322	55,399,080	51,960,454	44,771,715	37,378,224
Other Non-Current Assets		756,020	756,107	634,214	631,833	537,482	521,490
Current Assets							
Stores, spares and loose tools		1,714,031	2,106,878	1,269,509	1,335,763	1,316,479	1,285,371
Stock in trade		12,243,652	12,722,712	9,933,736	10,350,193	12,752,495	10,945,439
Short term investments		2,581,520	2,535,973	2,065,217	2,189,860	3,227,560	4,362,880
Other current assets		12,503,482	11,632,584	12,582,368	10,314,628	11,478,458	10,610,870
Total Assets		102,736,033	117,530,275	106,599,219	101,140,000	97,048,577	80,634,594
Shareholders' Equity		75,713,145	88,762,796	82,155,155	76,142,823	68,589,176	58,917,035
Non-Current liabilities							
Long term financing		5,190,839	5,245,629	4,629,456	5,582,220	6,431,304	3,149,732
Deferred tax		571,833	783,292	261,567	247,462	474,878	499,415
Current Liabilities							
Short term borrowings		12,507,590	14,697,393	10,475,657	11,524,143	14,468,124	11,939,028
Current portion of long term liabilities		2,144,900	2,093,024	1,980,768	1,783,250	1,595,652	1,310,769
Other current liabilities		6,607,726	5,948,141	7,096,616	5,860,102	5,489,443	4,818,615
Total Equity and Liabilities		102,736,033	117,530,275	106,599,219	101,140,000	97,048,577	80,634,594
Statement of Profit or Loss							
Sales		53,729,124	49,247,657	47,999,179	51,200,223	54,444,091	52,426,030
Gross profit		5,550,446	5,379,838	6,239,391	6,046,784	7,863,774	9,044,485
EBITDA		8,395,775	8,233,100	8,937,616	8,260,046	9,125,677	9,334,690
Other income		4,102,639	4,259,666	4,079,054	3,982,009	3,653,041	2,739,102
Profit before tax		4,957,127	5,020,342	5,725,038	4,389,925	5,975,552	6,356,853
Profit after tax		4,097,127	4,262,342	4,923,038	3,911,925	5,512,552	5,846,853
Cash Flows							
Cash Flow from Operating Activities		2,153,808	(1,381,006)	4,704,482	5,298,151	4,887,376	491,795
Cash Flow from Investing Activities		1,851,315	(3,890,837)	735,980	(3,042,332)	(7,909,028)	(2,695,026)
Cash Flow from Financing Activities		(3,944,241)	3,200,620	(3,377,513)	(5,005,916)	4,695,106	973,537
Changes in Cash & Cash Equivalents		60,882	(2,071,223)	2,062,949	(2,750,097)	1,673,454	(1,229,694)
Cash and cash equivalent-year end		104,827	43,945	2,115,168	52,219	2,802,316	1,128,862
Ratios							
Profitability Ratios							
Gross profit	%	10.33	10.92	13.00	11.81	14.44	17.25
EBITDA to sales	%	15.63	16.72	18.62	16.13	16.76	17.81
Pre tax Profit	%	9.23	10.19	11.93	8.58	10.98	12.13
After tax profit	%	7.63	8.65	10.26	7.64	10.13	11.15
Return on Equity	%	4.98	4.99	6.22	5.41	8.65	12.10
Return on Capital Employed	%	6.75	6.53	8.01	7.79	10.99	15.33
Operating Leverage Ratio		0.03	(4.75)	(1.66)	3.21	(1.27)	2.19

		2018	2017	2016	2015	2014	2013
Liquidity Ratios							
Current ratio		1.37	1.28	1.32	1.26	1.34	1.51
Quick ratio		0.71	0.62	0.75	0.65	0.68	0.83
Cash to current liabilities	Times	-	-	0.11	-	0.13	0.06
Cash flows from operations to sales	Times	0.04	(0.03)	0.10	0.10	0.09	0.01
Activity / Turnover Ratios							
Inventory Turnover Ratio	Times	3.86	3.87	4.12	3.91	3.93	4.20
No. of Days in Inventory	Days	94.56	94.32	88.83	93.35	92.88	86.90
Debtors Turnover Ratio	Times	17.12	21.89	18.22	17.22	11.87	10.77
No. of Days in Receivables	Days	21.32	16.67	20.09	21.20	30.75	33.89
Creditors Turnover Ratio	Times	4.46	4.30	4.65	5.84	7.25	8.01
No. of Days in Creditors	Days	81.84	84.88	78.71	62.50	50.34	45.57
Operating Cycle	Days	34.04	26.11	30.21	52.05	73.29	75.22
Total Assets Turnover Ratio	Times	0.52	0.42	0.45	0.51	0.56	0.65
Fixed Assets turnover Ratio	Times	1.91	1.77	1.94	2.10	2.37	3.38
Investment / Market Ratios							
Earnings per share	Rs.	11.65	12.12	14.00	11.13	15.68	16.63
Price earning ratio	Times	12.10	13.09	7.71	10.26	7.14	5.67
Dividend yield ratio	%	3.37	3.15	4.63	3.94	3.57	4.25
Dividend payout ratio	%	40.77	41.24	35.71	40.43	25.51	24.05
Dividend cover ratio	Times	2.45	2.42	2.80	2.47	3.92	4.16
Dividend per share	Rs.	4.75	5.00	5.00	4.50	4.00	4.00
Break-up Value	Rs.	215.34	252.45	233.66	216.56	195.08	167.57
Proposed dividend	%	47.50	50	50	45	40	40
Market value per share:							
Closing	Rs.	140.92	158.68	107.90	114.23	111.92	94.21
High	Rs.	171.56	185.63	86.83	137.49	141.70	108.00
Low	Rs.	130.03	110.65	122.05	97.00	85.00	47.99
Capital Structure Ratios							
Financial leverage ratio	%	26.21	24.83	20.80	24.81	32.80	27.83
Weighted average cost of debt	%	4.75	4.68	5.82	8.43	8.28	10.57
Debt to equity ratio	%	6.86	5.91	5.64	7.33	9.38	5.35
Interest cover ratio	Times	5.99	6.49	6.47	3.52	4.71	4.93
Gearing ratio	%	20.77	19.89	17.22	19.88	24.70	21.77
Production machines							
No. of Spindles		238,032	230,736	227,640	227,640	198,840	198,096
No. of Looms		794	795	805	789	789	648
No. of Thermosole Dyeing machines		5	5	6	6	6	5
No. of Rotary Printing machines		4	4	4	4	4	3
No. of Digital Printing machines		8	7	2	2	2	1
No. of Stitching machines		4,239	3,757	3,400	2,706	2,632	2,721

Statement of Compliance
with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of company : Nishat Mills Limited
Year ended : June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven (7) as per the following:

   a. Male: 7
   b. Female: 0

2. The composition of board is as follows:

Category	Names
Independent Director	Syed Zahid Hussain
Other Non-Executive Directors	Mian Hassan Mansha Mr. Khalid Qadeer Qureshi Mr. Ghazanfar Hussain Mirza Mr. Farid Noor Ali Fazal
Executive Directors	Mian Umer Mansha Mr. Maqsood Ahmed

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.

4. 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.

5. 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.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for the following:

   Directors:

   1. Mr. Farid Noor Ali Fazal
   2. Mr. Ghazanfar Hussain Mirza
   3. Mr. Maqsood Ahmad

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

    a) Audit Committee:

    1. Syed Zahid Hussain (Independent Director) – Chairman
    2. Mr. Khalid Qadeer Qureshi (Non-Executive Director)
    3. Mr. Farid Noor Ali Fazal (Non-Executive Director)

    b) HR and Remuneration Committee:

    1. Syed Zahid Hussain – (Independent Director) - Chairman
    2. Mian Umer Mansha (Executive Director)
    3. Mr. Khalid Qadeer Qureshi (Non-Executive Director)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

    a) **Audit Committee:**
    Four quarterly meetings were held during the financial year ended June 30, 2018.

    b) **HR and Remuneration Committee:**
    One Meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2018.

15. The board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and conversant with the policies and procedures of the Company.

16. 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 and registered with Audit Oversight Board of Pakistan, 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Mian Hassan Mansha
Chairman

Lahore
26 September 2018

Independent Auditor's Review Report
To the members of Nishat Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Nishat Mills Limited (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Lahore
September 26, 2018

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 27, 2018 (Saturday) at 11:30 a.m. at Emporium Mall, 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, 2018 together with the Chairmans’ Review, Directors’ and Auditors’ reports thereon.

2. To approve Final Cash Dividend @ 47.50% [i.e. Rs. 4.75/- (Rupees Four and Paisas Seventy Five Only) Per Ordinary Share] as recommended by the Board of Directors.

3. To appoint statutory Auditors for the year ending June 30, 2019 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 and Regulation No. 5(7) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, for investment up to PKR 1,500,000,000/- (Rupees One Billion Five Hundred Million Only) in Nishat Power Limited (“NPL”), a subsidiary company, in the form of working capital loan for a period of one year starting from the date of approval by the members, provided that the return on any outstanding amount of loan shall be 3 Months KIBOR plus 200 bps (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of the loan agreement to be approved by 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 NPL 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

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

Lahore
September 26, 2018

NOTES:

Book Closure Notice:

The Ordinary Shares Transfer Books of the Company will remain closed from 20-10-2018 to 27-10-2018 (both days inclusive) for entitlement of 47.50% final cash dividend [i.e. Rs. 4.75/- (Rupees Four and Paisas Seventy 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 19-10-2018 at Share Registrar, THK Associates (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Limited. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, will be considered in time, for entitlement of 47.50% 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.

Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his / her identity by showing his / her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

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 (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Limited. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, latest by October 19, 2018, 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 Withholding 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 (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Limited. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, upto October 19, 2018.

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 (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Limited. 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 Declaration (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 (Private) Limited regarding any change in their addresses.

Mandatory Payment of Cash Dividend through Electronic Mode:

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. The shareholders who have not provided their bank account details so far are advised to provide their below electronic dividend mandate information to Company's Share Registrar at the address given above and update their CDC accounts/ Sub accounts as the case may be, enabling the Company to credit your future dividend promptly, if any.

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 (Private) 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 in compact disk 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.

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 SECTION 134(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 27, 2018.

Nishat Power Limited (NPL) is a public limited company incorporated in February 2007, formed under the Power Policy 2002 as an Independent Power Producer (IPP). It is a subsidiary of Nishat Mills Limited ("the Company"). It is currently listed on the Pakistan Stock Exchange Limited.

The principal activity of the Company is to build, own, operate and maintain a fuel fired power plant based on Reciprocating Engine Technology having gross capacity of 200MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan.

Following is the snapshot of financial performance of the Nishat Power Limited:

		2018	2017
Turnover	(Rs. in Million)	16,929	15,042
Net Profit	(Rs. in Million)	3,211	2,886
Total non-current assets	(Rs. in Million)	10,660	11,391
Issued, subscribed and paid-up capital	(Rs. in Million)	3,541	3,541
Long term financing	(Rs. in Million)	5,092	6,858
Short term financing	(Rs. in Million)	4,579	1,799
Generation	(MW)	1,171,192	1,239,754
Earnings per share	(Rs.)	9.070	8.152
Share price (Market value rupees per share)	(Rs.)	29.64	47.24

NPL has a chronic problem with its trade debt balances which fluctuate frequently due to delay in payments from the NTDC. This creates liquidity problems for NPL due to which it has to borrow funds from Banks and Financial Institutions to meet its working capital requirements.

The Company feels that it can benefit itself from this opportunity by lending surplus funds to NPL at a rate higher than the interest payable by the Company on its borrowing. The average interest rate of the Company is very low due to optimal mix of borrowings, availability of subsidized loans and good credit rating of the Company. The average borrowing rate of the Company was 3.42% per annum for the year ended June 30, 2018.

In 2009, the Company provided similar working capital loan of Rs. 1.5 billion to NPL at the interest rate of 3 month KIBOR + 200 bps for five years. NPL made all payments of interest and principal against this loan in a timely manner.

After the expiry of five years, the Company obtained approval from its Board of Directors on 14 February 2014 and from its shareholders on 31 March 2014 to make an investment up to Rs. 1.5 billion in NPL in the form of working capital loan at the interest rate of 3 month KIBOR + 200 bps as and when required by NPL. The loan was repayable within the period of 3 years starting from the date of approval by shareholders. However, the Company did not make the investment in NPL against the said approval during the 3 years' period since the funds were not required by NPL.

Further, after the expiry of three years, on the request of NPL the Company once again obtained approval from its Board of Directors on 20 February 2017 and from its shareholders on 31 March 2017 to make an investment up to Rs. 1.5 billion in NPL in the form of working capital loan at the interest rate of 3 month KIBOR + 200 bps as and when required by NPL. The loan was repayable within the period of 1 year starting from the date of approval by shareholders. The Company again did not make the investment in NPL against the said approval during the year since the funds were not required by NPL.

Considering the difficult economic conditions ahead, NPL has again requested the Company for a working capital loan facility of Rs. 1.5 billion. Since the time frame in which the Company can grant such loan to NPL has lapsed beyond the approval obtained from the shareholders and considering the present average borrowing cost of the Company and the return offered to the Company by Banks on term deposits, the management of the Company has again proposed to seek the approval of Directors and shareholders for granting working capital loan up to Rs 1.5 billion to NPL for a further period of one year on the same interest rate as approved by the shareholders in their meeting held on 31 March 2017. Repayment of the principle amount of loan shall be made within one year from the date of approval by the shareholders 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 have certified that they have carried out necessary due diligence for the proposed investment which shall be made as financial health of NPL is such that it has the ability to repay the loan as per agreement. A due diligence report duly signed by the directors with recommendations shall be made available for inspection of members in the annual general meeting along with the latest annual audited financial statements of NPL.

NPL is not a member of Nishat. Its Sponsors / Directors are Directors / Members of the Company. They have no interest except their directorship and to the extent of their shareholding in Nishat which is as follows:

Name of Director	% of Shareholding in Company
Mian Hassan Mansha	12.62
Mr. Khalid Qadeer Qureshi	0.00
Mr. Ghazanfar Hussain Mirza	0.00

Information required under regulation 3 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

1(a) Disclosure for all types of investments:

(A) Disclosure regarding associated company

(i)	Name of Associated Company or Associated Undertaking	Nishat Power Limited
(ii)	Basis of Relationship	Common directorship and Nishat Mills Limited holds shareholding of 51.01% in the associated company.
(iii)	Earnings / (Loss) per Share for the last three years	(see table below)
(iv)	Break-up value per Share, based on last audited financial statements	PKR 46.32 per share as at 30 June 2018.
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Audited financial statements as at 30th June 2018: (see below)
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	
	I Description of the project and its history since conceptualization	Not applicable.
	II Starting date and expected date of completion of work	Not applicable.

(iii) Earnings / (Loss) per Share for the last three years:

Sr. No.	Year	Earnings / (Loss) per Share Rs.
1.	2018	9.070
2.	2017	8.152
3.	2016	8.052

(v) Audited financial statements as at 30th June 2018:

	Rs. in millions
Balance Sheet:	
Assets	
Non-current assets	10,660
Current assets	16,248
Total assets	26,908
Liabilities	
Borrowings	9,854
Trade and other payables	638
Other liabilities	15
Total liabilities	10,507
Equity:	16,401
Profit & loss:	
Sales	16,929
Gross profit	4,226
Gross profit ratio	24.97%
Net profit after tax	3,211
Net profit after tax ratio	18.97%
EPS	9.070

	III	Time by which such project shall become commercially operational	Not applicable.
	IV	Expected time by which the project shall start paying return on investment	Not applicable.
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Not applicable.
(B) General Disclosures:			
(i)	Maximum amount of investment to be made		Working capital loan up to an amount of PKR 1,500,000,000/- (Rupees One Billion Five Hundred Million Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		The Company will earn higher income from the investment. Working capital loan will be for a period of one year starting from the date of approval by the shareholders of Nishat Mills Limited.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		Surplus funds of the Company
	(I)	Justification for investment through borrowings	Not applicable.
	(II)	Detail of collateral, guarantees provided and assets pledged for obtaining such funds	Not applicable.
	(III)	Cost of benefit analysis	Not applicable.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment		Agreement will be signed after approval by the shareholders. Other significant terms and conditions are as under: 1. Interest due on outstanding amount of loan shall be paid by the subsidiary company on monthly basis on 20th of every month starting from the next month of the disbursement of loan. 2. In case of delay in re-payment of principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Power 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 subsidiary company shall provide corporate guarantee to secure the extension of loan.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration		Three directors of Nishat Mills Limited, Mian Hassan Mansha, Mr. Khalid Qadeer Qureshi and Mr. Ghazanfar Husain Mirza currently holds 0.00% (1 Share), 0.00% (1 Share) and 0.00% (1,000 shares) shares respectively in Nishat Power Limited. The brother of Mian Hassan Mansha, Mian Raza Mansha also holds 0.00% shares (500 shares) in Nishat Power Limited. The directors of Nishat Power

<table>
<tr><td></td><td></td><td>Limited, the subsidiary company, are interested in the investing company to the extent of their shareholding as under:-
Name — % of Shareholding
Mian Hassan Mansha — 12.62
Mr. Khalid Qadeer Qureshi — 0.00 (725 Share)
Mr. Ghazanfar Husain Mirza — 0.00 (1,000 Share)</td></tr>
<tr><td>(vi)</td><td>In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs</td><td>Nishat Mills Limited has already made an equity investment of Rs. 1,806.329 million in ordinary shares of 180,632,955 in Nishat Power Limited, the subsidiary company. The market value of this investment in the subsidiary company as on 13 September 2018 is Rs. 4,696.455 million. Dividend income received from this subsidiary over the last five years is as follows:

<table><tr><th>Year</th><th>Dividend Income (Rupees in million)</th></tr><tr><td>2018</td><td>361.266</td></tr><tr><td>2017</td><td>632.215</td></tr><tr><td>2016</td><td>1,128.956</td></tr><tr><td>2015</td><td>948.323</td></tr><tr><td>2014</td><td>903.165</td></tr><tr><td></td><td>3,973.925</td></tr></table></td></tr>
<tr><td>(Vii)</td><td>Any other important details necessary for the members to understand the transaction</td><td>Not significant</td></tr>
<tr><td colspan="3">1(c) Additional disclosure regarding investment in the form of Working Capital Loan</td></tr>
<tr><td>(i)</td><td>Category-wise amount of investment Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period</td><td>Working capital loan for an amount of PKR 1,500,000,000/- (Rupees One Billion Five Hundred Million Only).
The current average borrowing cost of the Company for the year ended June 30, 2018 is 3.42%. The rate of 3 month KIBOR as on 13 September 2018 is 8.02%.</td></tr>
<tr><td>(ii)</td><td>Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.</td><td>3 Month KIBOR + 200 bps.
The return shall not be less than the average borrowing cost of the Company.</td></tr>
<tr><td>(iii)</td><td>Particulars of collateral or security to be obtained in relation to the proposed investment</td><td>Corporate guarantee of the subsidiary company.</td></tr>
<tr><td>(iv)</td><td>If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.</td><td>Not applicable</td></tr>
<tr><td>(v)</td><td>Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.</td><td>Repayment of principal will be made within one year of the approval by the shareholders while payment of interest due will be made on monthly basis.</td></tr>
</table>

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	MCB Bank Limited	Hyundai Nishat Motor (Private) Limited	
Total Investment Approved:	Equity investment upto Rupees 1.213 billion was approved by members in EOGM held on March 31, 2017 for the period of three (3) years.	Equity investment upto Rupees 960 million was approved by members in EOGM held on March 28, 2018.	Guarantee / continuing Stand by Letter(s) of Credit (SBLC) for an amount of up to PKR 1,200 Million for a tenure of 7.5 years
Amount of Investment Made to date:	Investment of Rupees 503.086 million has been made against this approval to date.	Investment of Rupees 120 million has been made against this approval to date.	Nil
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	Partial investment has been made in investee company. Further investment will be made depending on market conditions at appropriate time.	Partial investment has been made in investee company. Commercial operations of the investee company have not yet started. Nishat Mills Limited will make further equity investment at a suitable time after considering the macro economic conditions of the country.	No guarantee has been extended after the approval because such 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 audited 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 audited financial statements for the year ended December 31, 2017 the basic earnings per share is Rs. 19.56 and breakup value per share is Rs. 115.18. As per latest available half yearly financial statements for the half year ended June 30, 2018 the basic earnings per share is Rs. 8.24 and breakup value per share is Rs. 115.40.	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic loss per share was Rs. 5.74 and breakup value per share was Rs. 4.85. As per latest available half yearly financial statements for the half year ended June 30, 2018 the basic loss per share is Rs. 1.42 and breakup value per share is Rs. 9.33.	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic loss per share was Rs. 5.74 and breakup value per share was Rs. 4.85. As per latest available half yearly financial statements for the half year ended June 30, 2018 the basic loss per share is Rs. 1.42 and breakup value per share is Rs. 9.33.

Financial Statements of

Nishat Mills Limited

for the year ended June 30, 2018

Independent Auditor's Report

To the members of Nishat Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Nishat Mills Limited ('the Company'), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	**Inventory existence and valuation** Inventory as at 30 June 2018 amounted to Rupees 13,958 million and represented a material position in the statement of financial position, break up of which is as follows: - Stores, spare parts and loose tools Rupees 1,714 million - Stock in trade Rupees 12,244 million	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the

Sr. No.	Key audit matters	How the matters were addressed in our audit
	The business is characterized by high volume serial production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters. Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.9 to the financial statements. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. Useable stores, spares parts and loose tools are valued at moving average cost, raw materials are valued at annual average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment. The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required: • Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required. For further information on inventory, refer to the following: - Summary of significant accounting policies, Inventories note 2.9 to the financial statements. - Stores, spares and loose tools note 17 and Stock-in-trade note 18 to the financial statements.	weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
2.	**Investments in equity securities** *Quoted investments:* The Company's portfolio of quoted investments makes up 39.62% of total	 Our procedures included, but were not limited to: • We documented and assessed the processes and controls in place to record investment

Sr. No.	Key audit matters	How the matters were addressed in our audit
	assets. Due to materiality of quoted investments in the context of the financial statements as a whole and the requirements of applicable accounting and reporting standards relating to classification, measurement and disclosures of investments in related parties, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	transactions and to value the portfolio. • We agreed the valuation of all of quoted investments from prices quoted on Pakistan Stock Exchange Limited and redemption price in case of open-end mutual fund except for investment in subsidiary company measured at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'. • We agreed the holding of all quoted investments from the Account Balance Report of Central Depository Company of Pakistan Limited, Statement of Account, in case of open-end mutual fund and physical share certificates in hand. • We verified the accuracy of management calculation used for the impairment testing, if any. • We verified the accuracy of management's judgement used in classification of quoted investments in related parties.
	Un-quoted investments: Investments in unquoted equity securities except for investments in unquoted subsidiary companies are accounted for as available-for sale financial asset and are subject to fair valuation at each reporting date. Investments in unquoted subsidiary companies are stated at cost less impairment loss, if any. The investments as at 30 June 2018 are valued by an independent professional valuer. With reference to the valuation, management estimated the fair value of the investments at Rupees 4,203.87 million at year end. Investee companies are operating in Insurance, Packaging, Dairy, Hotel and Shopping Mall, Automobile and Energy sectors and therefore, fair values are highly dependent on their expansion plans and significant management judgements. Accordingly, the valuation of the investments was considered as one of the key audit matters. The fair values were determined based on the present value technique. The valuations involved significant judgements and estimates from management, including future business growth driven by future expansion plans, future products selling prices and operating costs of the investee, discount rate, etc. For further information, refer to the following: - Summary of significant accounting	Our procedures included, but were not limited to: • We evaluated the independent professional valuer's competence, capabilities and objectivity. • We assessed the valuation methodology used by the independent professional valuer to estimate the fair value of the investments. • We checked, on a sample basis, the accuracy and reasonableness of the input data provided by management to the independent professional valuer, to supporting evidence, such as approved budgets and considering the reasonableness of these budgets by comparing the budgets to the historical results and market data. • We assessed the reasonableness of cash flows projection, challenging and performing audit procedures on management's assumptions such as the future business growth driven by future expansion plan, future products selling prices and operating costs, discount rate by comparing the assumptions to historical results and published market and industry data and comparing the current year's results with the prior year forecast and other relevant information. Our internal valuation expert has been engaged to assist the review on valuation methodology and discount rate. In addition, we had discussed with the management of the investee companies to understand the business and assessed if there was any inconsistency in the assumptions used in the cash flows projection. • We agreed holding of all un-quoted investments from physical share certificates in hand. • We performed sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in these key assumptions. • We verified the accuracy of management

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td></td><td>policies, Investments note 2.8 to the financial statements.
- Long term investments note 14 and Short term investments note 24 to the financial statements.</td><td>calculation used for the impairment testing.</td></tr>
<tr><td>3.</td><td>Capital expenditures

The Company is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy.

We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact of the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.

For further information, refer to the following:

- Summary of significant accounting policies, Property, plant, equipment and deprecation note 2.5 to the financial statements.
- Property, plant and equipment note 12 to the financial statements.</td><td>Our procedures included, but were not limited to:

• We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature.
• We evaluated the appropriateness of capitalization policies and depreciation rates.
• We performed tests of details on costs capitalized.
• We verified the accuracy of management's calculation used for the impairment testing.</td></tr>
<tr><td>4.</td><td>Preparation of financial statements under the Companies Act, 2017

The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.

The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

In case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements.

The above changes and enhancements in</td><td>Our procedures included, but were not limited to:

• We assessed the procedures applied by the management for identification of the changes required in the financial statements due the application of the Act.
• We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.
• We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.</td></tr>
</table>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act. For further information, refer to note 2.1(b) to the financial statements.	

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) 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.

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: 26 September 2018

Statement of Financial Position

As at June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2017: 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	72,197,146	85,246,797
Total equity		75,713,145	88,762,796
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	5,190,839	5,245,629
Deferred income tax liability	6	571,833	783,292
		5,762,672	6,028,921
CURRENT LIABILITIES			
Trade and other payables	7	6,416,602	5,762,119
Accrued mark-up	8	109,378	110,751
Short term borrowings	9	12,507,590	14,697,393
Current portion of non-current liabilities	10	2,144,900	2,093,024
Unclaimed dividend		81,746	75,271
		21,260,216	22,738,558
TOTAL LIABILITIES		27,022,888	28,767,479
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		102,736,033	117,530,275

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

CHIEF EXECUTIVE OFFICER

	Note	2018	2017
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	28,180,049	27,767,699
Investment properties	13	464,896	466,935
Long term investments	14	44,757,279	60,008,322
Long term loans	15	221,481	167,526
Long term deposits	16	69,643	121,646
		73,693,348	88,532,128
CURRENT ASSETS			
Stores, spare parts and loose tools	17	1,714,031	2,106,878
Stock in trade	18	12,243,652	12,722,712
Trade debts	19	4,029,789	2,245,620
Loans and advances	20	4,848,088	6,442,363
Short term deposits and prepayments	21	90,616	60,454
Other receivables	22	3,420,370	2,828,285
Accrued interest	23	9,792	11,917
Short term investments	24	2,581,520	2,535,973
Cash and bank balances	25	104,827	43,945
		29,042,685	28,998,147
TOTAL ASSETS		102,736,033	117,530,275

CHIEF FINANCIAL OFFICER

DIRECTOR

Statement of Profit or Loss

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
REVENUE	26	53,729,124	49,247,657
COST OF SALES	27	(48,178,678)	(43,867,819)
GROSS PROFIT		5,550,446	5,379,838
DISTRIBUTION COST	28	(2,438,118)	(2,367,862)
ADMINISTRATIVE EXPENSES	29	(1,074,286)	(1,128,721)
OTHER EXPENSES	30	(189,730)	(207,507)
		(3,702,134)	(3,704,090)
		1,848,312	1,675,748
OTHER INCOME	31	4,102,639	4,259,666
PROFIT FROM OPERATIONS		5,950,951	5,935,414
FINANCE COST	32	(993,824)	(915,072)
PROFIT BEFORE TAXATION		4,957,127	5,020,342
TAXATION	33	(860,000)	(758,000)
PROFIT AFTER TAXATION		4,097,127	4,262,342
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	34	11.65	12.12

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, 2018

	2018	2017
	(Rupees in thousand)	
PROFIT AFTER TAXATION	4,097,127	4,262,342
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
(Deficit) / Surplus arising on remeasurement of available for sale investments to fair value	(15,600,238)	4,625,023
Deferred income tax relating to this item	211,459	(521,725)
Other comprehensive (loss) / income for the year - net of tax	(15,388,779)	4,103,298
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(11,291,652)	8,365,640

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, 2018

(Rupees in thousand)

	Share Capital	Reserves							Total Equity
		Capital Reserves			Revenue Reserves			Total	
		Premium on Issue of Right Shares	Fair Value Reserve	Sub Total	General Reserve	Unappropriated Profit	Sub Total		
Balance as at 30 June 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
Transaction with owners - Final dividend for the year ended 30 June 2017 @ Rupees 5.00 per share	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)
Transferred to general reserve	-	-	-	-	2,504,000	(2,504,000)	-	-	-
Profit for the year	-	-	-	-	-	4,097,127	4,097,127	4,097,127	4,097,127
Other comprehensive (loss) / income for the year	-	-	(15,388,779)	(15,388,779)	-	-	-	(15,388,779)	(15,388,779)
Total comprehensive (loss) / income for the year	-	-	(15,388,779)	(15,388,779)	-	4,097,127	4,097,127	(11,291,652)	(11,291,652)
Balance as at 30 June 2018	3,515,999	5,499,530	24,242,741	29,742,271	38,352,028	4,102,847	42,454,875	72,197,146	75,713,145

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Statement of Cash Flows

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	3,964,689	82,915
Finance cost paid		(995,197)	(917,641)
Income tax paid		(780,715)	(525,943)
Exchange (loss) / gain on forward exchange contracts (paid) / received		(7,427)	123,558
Net increase in long term loans		(79,545)	(85,936)
Net decrease / (increase) in long term deposits		52,003	(57,959)
Net cash generated from / (used in) operating activities		2,153,808	(1,381,006)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,942,778)	(5,497,691)
Proceeds from sale of property, plant and equipment		97,865	151,007
Investments made		(394,742)	(460,479)
Loans and advances to subsidiary companies		(29,636,193)	(21,792,896)
Repayment of loans from subsidiary companies		31,156,436	20,174,125
Interest received		179,330	131,364
Dividends received		3,391,397	3,403,733
Net cash from / (used in) investing activities		1,851,315	(3,890,837)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,090,111	3,213,739
Repayment of long term financing		(2,093,025)	(2,485,310)
Short term borrowings - net		(2,189,803)	4,221,736
Dividend paid		(1,751,524)	(1,749,545)
Net cash (used in) / from financing activities		(3,944,241)	3,200,620
Net increase / (decrease) in cash and cash equivalents		60,882	(2,071,223)
Cash and cash equivalents at the beginning of the year		43,945	2,115,168
Cash and cash equivalents at the end of the year		104,827	43,945

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, 2018

1 THE COMPANY AND ITS OPERATIONS

1.1 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.

1.2 Geographical location and addresses of all business units are as follows:

Sr. No.	Manufacturing units and offices	Address
1	Spinning units, yarn dyeing unit and power plant	Nishatabad, Faisalabad.
2	Spinning units and power plant	Plot No. 172-180 & 188-197, M-3 Industrial City, Sahianwala, FIEDMC, 2 K.M. Jhumra Chiniot Road, Chak Jhumra, Faisalabad.
3	Spinning units and power plant	20 K.M. Sheikhupura Road, Feroze Wattwan.
4	Weaving units and power plant	12 K.M. Faisalabad Road, Sheikhupura.
5	Weaving units, dyeing and finishing unit, processing unit, stitching units and power plants	5 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.
6	Apparel unit – I	7 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.
7	Apparel unit – II	2 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.
8	Head office	7-Main Gulberg, Lahore.
9	Liaison office	1st Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
10	Registered office	Nishat House, 53 - A, Lawrence Road, Lahore.

1.3 Summary of significant transactions and events affecting the Company's financial position and performance

a) The exchange rate of United States Dollar to Pak Rupees has increased from Pak Rupees 104.8 as at 30 June 2017 to Pak Rupees 121.6 as at 30 June 2018.

b) For a detailed discussion about the Company's performance, please refer to the Directors' report.

1.4 These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately. Details of the Company's investment in subsidiaries and associates are stated in note 14 to these financial statements.

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 the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Preparation of financial statements under the Companies Act, 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 12.1.3 and note 13.5), management assessment of sufficiency of tax provision in the financial statements (refer note 33.4), change in threshold for identification of executives (refer note 37), additional disclosure requirements for related parties (refer note 38) etc.

c) Accounting convention

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

d) 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 reporting 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.

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2017:

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 have resulted 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 have no significant impact on 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' (effective for annual periods beginning on or after 01 January 2017). IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified, or included in a disposal group that is classified, as held for sale (in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations). The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments have no impact on the Company's financial statements.

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

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 2018 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 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 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

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

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 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 28 (Amendments) 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2019). The IASB has clarified that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments are not likely to have significant impact on the Company's financial statements.

IAS 40 (Amendments), 'Investment Property' (effective for annual periods beginning on or after 01 January 2018). The amendments clarify that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have a significant impact 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.

Amendments to IFRS 10 'Consolidated Financial Statements' 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 IAS 28. These amendments are effective for annual periods beginning on or after 01 January 2018. These amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

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 2018 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 statement of profit or loss.

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 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 reporting date. Deferred tax is charged or credited in the statement of profit or loss, 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 reporting 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 statement of profit or loss.

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 statement of profit or loss 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 statement of profit or loss 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 statement of profit or loss.

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss 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 up to 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 statement of profit or loss 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 statement of profit or loss.

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 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 other comprehensive income is included in statement of profit or loss. 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 reporting 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 statement of profit or loss 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 statement of profit or loss.

2.14 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

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.

- Processing income is recognized when related services are rendered.

- Dividend on equity investments is recognized when right to receive the dividend is established.

- Operating lease rentals are recorded in statement of profit or loss 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 statement of financial position 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 reporting 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 statement of profit or loss. 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 statement of profit or loss.

2.20 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the statement of financial position at estimated fair value with corresponding effect to statement of profit or loss. 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 cannot 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, II and Yarn Dyeing) and Feroze Wattwan (I and II) (Producing different quality of yarn including dyed yarn and sewing thread 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

2018	2017			2018	2017
(Number of Shares)			Note	(Rupees in thousand)	
270,446,606	270,446,606	Ordinary shares of Rupees 10 each fully paid-up in cash		2,704,466	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
23,577,990	23,577,990	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	3.1	235,780	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 These mainly include shares issued to members of Umer Fabrics Limited as per the Scheme of Arrangement as approved by the Honourable Lahore High Court, Lahore.

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

	2018	2017
	(Number of Shares)	
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	2,050	1,402,950
MCB Bank Limited	227	227
Adamjee Life Assurance Company Limited	170,000	-
	30,461,778	31,692,678

	Note	2018	2017
		(Rupees in thousand)	
4 RESERVES			
Composition of reserves is as follows:			
Capital reserves			
Premium on issue of right shares	4.1	5,499,530	5,499,530
Fair value reserve - net of deferred income tax	4.2	24,242,741	39,631,520
		29,742,271	45,131,050
Revenue reserves			
General reserve		38,352,028	35,848,028
Unappropriated profit		4,102,847	4,267,719
		42,454,875	40,115,747
		72,197,146	85,246,797

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

4.2 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 statement of profit or loss on realization. Reconciliation of fair value reserve - net of deferred tax is as under:

	Note	2018	2017
		(Rupees in thousand)	
Balance as on 01 July		40,414,812	35,789,789
Fair value adjustment during the year		(15,600,238)	4,625,023
		24,814,574	40,414,812
Less: Deferred income tax liability on unquoted equity investments		571,833	783,292
Balance as on 30 June		24,242,741	39,631,520

5 LONG TERM FINANCING

From banking companies - secured

	Note	2018	2017
Long term loans	5.1	5,204,939	4,946,603
Long term musharika	5.2	2,130,800	2,392,050
		7,335,739	7,338,653
Less: Current portion shown under current liabilities	10	2,144,900	2,093,024
		5,190,839	5,245,629

Lender	2018	2017	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
5.1 Long term loans							
Allied Bank Limited	128,485	192,727	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	3 Month offer KIBOR + 0.50%	Sixteen unequal installments commenced on 17 August 2014 and ended on 18 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	3 Month offer KIBOR + 0.50%	Eighteen equal quarterly installments commenced on 18 September 2013 and ended 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	300,000	164,621	SBP rate for LTFF + 0.25%	Three hundred and twenty unequal installments commencing on 30 August 2018 and ending on 28 December 2023.	-	Quarterly	First pari passu charge of Rupees 400 million over all the present and future plant and machinery of the Company with 25% margin excluding those assets (part of the plant and machinery) on which the Company has created exclusive charges in favour of existing creditors.
Faysal Bank Limited	198,594	198,594	SBP rate for LTFF + 0.30%	Twenty unequal installments commencing on 22 November 2018 and ending on 25 May 2023.	-	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Company (excluding those on which charge has already been created).
Bank Alfalah Limited	75,000	150,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 July 2015 and ending on 17 April 2019.	Quarterly	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.

Lender	2018	2017	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Pakistan Kuwait Investment Company (Private) Limited	89,015	115,683	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	28,263	34,991	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).
	117,278	150,674					
The Bank of Punjab	333,442	426,785	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	82,532	104,285	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	971,136	998,884	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 27 March 2018 and ending on 05 June 2023.	-	Quarterly	First pari passu charge of Rupees 1,333 million (inclusive of 25% margin on all present and future plant and machinery of the Company.
Bank Alfalah Limited	947,808	998,269	SBP rate for LTFF + 0.35%	Four hundred and sixty unequal installments commenced 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).

Lender	2018	2017	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Bank Alfalah Limited	280,911	280,911	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commencing on 31 August 2018 and ending on 31 May 2023.	-	Quarterly	First pari passu hypothecation charge of Rupees 400 million with 25% margin on present and future plant and machinery of the Company.
Allied Bank Limited	954,732	-	SBP rate for LTFF + 0.25%	Five hundred unequal installments commencing on 28 December 2018 and ending on 13 June 2024.	-	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).
Habib Bank Limited	815,021	975,296	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commenced on 17 September 2017 and ending on 25 November 2022.	-	Quarterly	Note 5.3
	5,204,939	4,946,603					

5.2 Long term musharika

Lender	2018	2017	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
Habib Bank Limited	182,918	468,630	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	454,489	740,206	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

Lender	2018	2017	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Dubai Islamic Bank Pakistan Limited	57,143	285,714	3 Month offer KIBOR + 0.40%	Fourteen equal quarterly installments commenced on 03 June 2015 and ending on 03 September 2018.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,067 million on all present and future fixed assets (excluding land and building) of the Company including but not limited to plant and machinery, furniture and fixtures, accessories etc. (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of existing charge holders).
Meezan Bank Limited	75,000	175,000	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	111,250	222,500	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	250,000	500,000	3 Month offer KIBOR + 0.20%	Sixteen equal quarterly installments commenced on 27 September 2015 and ending on 27June 2019.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
Standard Chartered Bank (Pakistan) Limited	1,000,000	-	3 Month offer KIBOR	Forty eight unequal installments commencing on 14 February 2019 and ending on 06 December 2022.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
	2,130,800	2,392,050					

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	2018	2017
		(Rupees in thousand)	
7 TRADE AND OTHER PAYABLES			
Creditors	7.1	4,768,256	4,191,180
Accrued liabilities		821,297	698,678
Advances from customers	7.1	531,110	545,479
Securities from contractors - Interest free and repayable on completion of contracts	7.2	10,498	5,515
Retention money payable		99,701	95,018
Provident fund payable to employees		-	4,685
Income tax deducted at source		1,035	1,294
Fair value of forward exchange contracts		541	27,536
Workers' profit participation fund	7.3	184,164	192,734
		6,416,602	5,762,119

7.1 These includes amounts due to following related parties:

	2018	2017
Creditors		
Nishat Linen (Private) Limited - subsidiary company	3,005	15,815
Nishat USA Inc. - subsidiary company	3,204	296
Nishat International FZE - subsidiary company	-	1,264
D.G. Khan Cement Company Limited - associated company	3,038	10,205
Security General Insurance Company Limited - associated company	24,441	19,942
Adamjee Insurance Company Limited - associated company	19,736	17,836
Adamjee Life Assurance Company Limited - associated company	1,397	-
Nishat (Chunian) Limited - related party	9,213	42,350
	64,034	107,708
Advances from customers		
Nishat Hotels and Properties Limited - associated company	71	-
Nishat (Chunian) Limited - related party	328	155
	399	155

7.2 These deposits have been utilized for the purpose of business in accordance with the terms of written agreements with contractors.

7.3 Workers' profit participation fund

	Note	2018	2017
Balance as on 01 July		192,734	301,483
Add: Provision for the year	30	184,164	192,734
Interest for the year	32	792	2,780
		377,690	496,997
Less: Payments during the year		193,526	304,263
Balance as on 30 June		184,164	192,734

7.3.1 Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

	Note	2018	2017
		(Rupees in thousand)	
8 ACCRUED MARK-UP			
Long term financing		44,853	43,834
Short term borrowings	8.1	64,525	66,917
		109,378	110,751

8.1 This includes mark-up of Rupees 1.678 million (2017: Rupees 1.267 million) payable to MCB Bank Limited - associated company.

9 SHORT TERM BORROWINGS

From banking companies - secured

	Note	2018	2017
State Bank of Pakistan (SBP) refinance	9.1 & 9.3	8,532,741	12,009,969
Other short term finances	9.1 & 9.4	3,150,000	1,525,000
Temporary bank overdrafts	9.1, 9.2 & 9.5	824,849	1,162,424
		12,507,590	14,697,393

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 35,069 million (2017: Rupees 34,244 million).

9.2 These finances include Rupees 145.342 million (2017: Rupees 113.010 million) from MCB Bank Limited - associated company, which has been utilized for working capital requirements.

9.3 The rates of mark up range from 2.15% to 2.25% (2017: 2.15% to 2.85%) per annum during the year on the balance outstanding.

9.4 The rates of mark up range from 5.89% to 7.03% (2017: 0.87% to 5.92%) per annum during the year on the balance outstanding.

9.5 The rates of mark-up range from 6.34% to 8.67% (2017: 6.24% to 8.03%) per annum during the year on the balance outstanding.

10 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2018	2017
Current portion of long term financing	5	2,144,900	2,093,024

11 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) The Company is contingently liable for Rupees 0.631 million (2017: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court since year 1993.

ii) Guarantees of Rupees 1,531.364 million (2017: Rupees 1,519.832 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 4,716.276 million (2017: Rupees 3,179.346 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) On 24 July 2015, 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 92.624 million (2017: Rupees 75.342 million) paid on such goods in its respective monthly sales tax returns.The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

v) On 19 January 2017, 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 was 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 157.982 million (2017: Rupees 97.221 million) 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 1,609.582 million (2017: Rupees 1,473.375 million).

ii) Letters of credit other than for capital expenditure are of Rupees 1,194.707 million (2017: Rupees 980.674 million).

iii) Outstanding foreign currency forward contracts of Rupees 358.060 million (2017: Rupees 444.689 million).

	Note	2018	2017
		(Rupees in thousand)	
12 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - owned	12.1	26,026,033	23,481,153
Capital work-in-progress	12.2	2,154,016	4,286,546
		28,180,049	27,767,699

12.1 Operating fixed assets - owned

	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Factory equipment	Furniture, fixtures and office equipment	Computer equipment	Vehicles	Total
	(Rupees in thousand)								
At 30 June 2016									
Cost	950,467	8,105,279	28,755,538	825,765	371,452	356,649	196,051	600,621	40,161,822
Accumulated depreciation	-	(3,368,784)	(12,411,795)	(519,972)	(184,884)	(201,246)	(146,340)	(269,867)	(17,102,888)
Net book value	950,467	4,736,495	16,343,743	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	16,343,743	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)	(1,669,149)	(28,581)	(19,766)	(17,051)	(16,816)	(62,838)	(2,294,305)
Closing net book value	1,129,773	4,644,346	16,745,130	275,324	188,647	171,077	45,450	281,406	23,481,153
At 30 June 2017									
Cost	1,129,773	8,484,586	30,563,177	823,877	393,297	389,332	207,936	586,617	42,578,595
Accumulated depreciation	-	(3,840,240)	(13,818,047)	(548,553)	(204,650)	(218,255)	(162,486)	(305,211)	(19,097,442)
Net book value	1,129,773	4,644,346	16,745,130	275,324	188,647	171,077	45,450	281,406	23,481,153
Year ended 30 June 2018									
Opening net book value	1,129,773	4,644,346	16,745,130	275,324	188,647	171,077	45,450	281,406	23,481,153
Additions	-	1,950,434	2,802,516	175,282	16,782	20,661	14,838	116,552	5,097,065
Transfered to investment properties:									
Cost	(1,209)	(21,361)	-	-	-	-	-	-	(22,570)
Accumulated depreciation	-	19,298	-	-	-	-	-	-	19,298
	(1,209)	(2,063)	-	-	-	-	-	-	(3,272)
Disposals:									
Cost	-	(21,500)	(271,875)	(1,440)	-	(407)	(676)	(76,250)	(372,148)
Accumulated depreciation	-	19,687	217,434	1,332	-	330	456	45,266	284,505
	-	(1,813)	(54,441)	(108)	-	(77)	(220)	(30,984)	(87,643)
Depreciation charge	-	(540,552)	(1,770,610)	(36,830)	(19,581)	(18,522)	(16,180)	(58,995)	(2,461,270)
Closing net book value	1,128,564	6,050,352	17,722,595	413,668	185,848	173,139	43,888	307,979	26,026,033
At 30 June 2018									
Cost	1,128,564	10,392,159	33,093,818	997,719	410,079	409,586	222,098	626,919	47,280,942
Accumulated depreciation	-	(4,341,807)	(15,371,223)	(584,051)	(224,231)	(236,447)	(178,210)	(318,940)	(21,254,909)
Net book value	1,128,564	6,050,352	17,722,595	413,668	185,848	173,139	43,888	307,979	26,026,033
Annual rate of depreciation (%)	-	10	10	10	10	10	30	20	

12.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 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)						
Buildings on freehold land								
Building demolished	1	2,500	1,974	526	550	24	Negotiation	G. Rehan Associates, Lahore
Building demolished	1	8,000	7,491	509	525	16	Negotiation	Mr. Muhammad Riaz, Faisalabad
		10,500	9,465	1,035	1,075	40		
Plant and machinery								
Toyoda RY-5	3	7,009	6,441	568	2,352	1,784	Negotiation	Margalla Textile Mills Limited, Lahore
Murata Autocone Winder	1	8,980	8,139	841	598	(243)	Negotiation	Olympia Textile International, Lahore
Murata Autocone Winder	1	8,980	8,138	842	598	(244)	Negotiation	Olympia Textile International, Lahore
Waste Removal System	1	3,355	2,471	884	470	(414)	Negotiation	Olympia Textile International, Lahore
Murata Autocone Winder	1	11,915	11,022	893	598	(295)	Negotiation	Olympia Textile International, Lahore
Ring Frames	2	5,931	5,419	512	769	257	Negotiation	Olympia Textile International, Lahore
Toyoda RY-4	10	5,000	4,021	979	3,846	2,867	Negotiation	Olympia Textile International, Lahore
Ring Frames	4	11,862	10,841	1,021	1,538	517	Negotiation	Olympia Textile International, Lahore
Autocone Winder	1	8,244	7,483	761	598	(163)	Negotiation	Olympia Textile International, Lahore
Autocone Winder Savio	1	7,313	5,508	1,805	769	(1,036)	Negotiation	Olympia Textile International, Lahore
Murata Autocone Winder	1	9,177	7,079	2,098	940	(1,158)	Negotiation	Olympia Textile International, Lahore
Ring Frames	2	16,000	13,955	2,045	1,197	(848)	Negotiation	Olympia Textile International, Lahore
Ring Frames	4	16,825	13,404	3,421	1,538	(1,883)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	6,261	4,063	2,198	214	(1,984)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	6,269	3,936	2,333	214	(2,119)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	6,402	4,746	1,656	214	(1,442)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	6,224	4,747	1,477	214	(1,263)	Negotiation	Olympia Textile International, Lahore
Ring Frames	4	17,793	16,269	1,524	2,308	784	Negotiation	Olympia Textile International, Lahore
Filament (Silk) Sizing Machine Sulzer	1	1,338	754	584	588	4	Negotiation	Wel Gas Ansari Traders, Faisalabad
Air Jet Loom	1	2,662	1,866	796	1,133	337	Negotiation	Maibom GMBH Textilvertrieb, Germany
Used Boiler	1	4,400	3,739	661	1,189	528	Negotiation	Mr. Naseer Ahmad, Faisalabad
Used Boiler	1	14,284	6,785	7,499	3,500	(3,999)	Negotiation	Industrial Boilers (Private) Limited, Faisalabad
KSB Feed Water Pump	1	16,096	6,924	9,172	10,360	1,188	Insurance Claim	Adamjee Insurance Company Limited - associated company, Faisalabad
Gas Engine G-3412	1	6,572	4,728	1,844	2,000	156	Negotiation	Nishat Dairy (Private) Limited - associated company, Lahore
Cummins Power Diesel Generator	1	10,228	6,833	3,395	1,597	(1,798)	Negotiation	Old Machinery Merchents, Lahore
		219,120	169,311	49,809	39,342	(10,467)		
Vehicles								
Suzuki Cultus LE-15-1062	1	1,058	433	625	859	234	Company's Policy	Syed Arshad Ali Zaidi, Company's employee, Lahore
Honda Civic LEC-13-8191	1	2,138	1,241	897	1,224	327	Company's Policy	Mr. Yousaf Tareen, Company's employee, Karachi
Honda Civic LEE-13-2392	1	2,515	1,428	1,087	1,450	363	Company's Policy	Mr. Badar-ul-Hassan, Company's employee, Lahore
Honda Civic LEF-13-9867	1	2,196	1,193	1,003	1,075	72	Company's Policy	Mr. Khalid Javed, Company's employee, Faisalabad
Honda Civic LEC-13-8153	1	2,138	1,261	877	1,179	302	Company's Policy	Mr. Ali Imran, 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)						
Suzuki Swift LEF-14-5852	1	1,253	587	666	990	324	Negotiation	Miss Shazia Noor Khan, Company's employee, Lahore
Toyota Corolla LEC-13-359	1	1,677	1,035	642	1,510	868	Insurance Claim	Adamjee Insurance Company Limited - associated company, Faisalabad
Honda Civic LEE-13-5602	1	2,160	1,291	869	1,187	318	Company's Policy	Mr. Ghulam Abbas, Company's employee, Faisalabad
Toyota Corolla LEA-15-4357	1	1,683	806	877	1,001	124	Negotiation	Mr. Saleem Shahzad, Faisalabad
Honda City LEF-13-2784	1	1,690	1,042	648	875	227	Company's Policy	Mr. Nishat Haroon, Company's employee, Lahore
Honda Civic LEC-13-3503	1	2,145	1,277	868	1,336	468	Company's Policy	Syed Fareed Ali Shah, Company's employee, Lahore
Toyota Corolla LEC-13-2840	1	1,732	1,039	693	948	255	Company's Policy	Mr. Muhammad Faisal Chaudhry, Company's employee, Lahore
Honda Civic LED-13-2242	1	2,143	1,271	872	1,193	321	Company's Policy	Mr. Sulaiman Kiyani, Company's employee, Lahore
Suzuki Cultus LEH-15-7198	1	1,063	404	659	900	241	Negotiation	Mr. Muhammad Shahab Khan, Lahore
Honda City LEC-13-8293	1	1,675	1,048	627	849	222	Company's Policy	Mr. Zaheer Ahmad, Company's employee, District Sangher
Honda Civic LEC-13-6632	1	2,140	1,279	861	1,161	300	Company's Policy	Mr. Adil Ghani Company's employee, Faisalabad
Toyota Corolla LEC-13-6703	1	1,427	875	552	772	220	Company's Policy	Mr. Muhammad Azmat Ali, Company's employee, Lahore
Honda Civic LEH-13-1199	1	2,202	1,307	895	1,206	311	Company's Policy	Syed Umer Tariq Shah, Company's employee, Lahore
Honda Civic LEC-13-6232	1	2,145	1,326	819	1,109	290	Company's Policy	Mr. Hafeez-ur-Rehman Siddique, Company's employee, Lahore
Toyota Corolla LEB-12-4118	1	1,530	1,005	525	815	290	Company's Policy	Syed Mobeen Raza, Company's employee, Lahore
Honda Civic LEC-13-7174	1	2,139	1,293	846	1,247	401	Negotiation	Mr. Sheikh Naveed Akhtar, Lahore
Suzuki Cultus LE-15-1067	1	1,058	492	566	787	221	Negotiation	Syed Hashim Raza, Company's employee, Lahore
Honda Civic LE-14-5785	1	2,224	1,297	927	1,244	317	Company's Policy	Mr. Zawar Iqbal Rao, Company's employee, Lahore
		42,131	24,230	17,901	24,917	7,016		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000		100,397	81,499	18,898	32,531	13,633		
		372,148	284,505	87,643	97,865	10,222		

	Note	2018	2017
		(Rupees in thousand)	
12.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of sales	27	2,350,563	2,201,908
Distribution cost	28	8,063	6,362
Administrative expenses	29	80,887	83,586
Capital work-in-progress		21,757	2,449
		2,461,270	2,294,305

12.1.3 Particulars of immovable properties (i.e. land and buildings) are as follows:

Manufacturing units and office	Address	Area of land Acres
Manufacturing units		
Spinning units, Yarn dyeing unit and Power plant	Nishatabad, Faisalabad.	87.32
Spinning units and Power plant	Plot No. 172-180 & 188-197, M-3 Industrial City, Sahianwala, FIEDMC, 2 K.M. Jhumra Chiniot Road, Chak Jhumra, Faisalabad.	98.95
Spinning units and Power plant	20 K.M. Sheikhupura Road, Feroze Wattwan.	64.99
Weaving units and Power plant	12 K.M. Faisalabad Road, Sheikhupura.	85.45
Weaving units, Dyeing and finishing units, Processing unit, Stitching units and Power plants	5 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	112.94
Apparel unit - I	7 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	12.54
Apparel unit - II	2 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	16.32
Office	7-Main Gulberg, Lahore.	1.12
		479.63

	2018	2017
	(Rupees in thousand)	
12.2 Capital work in progress		
Buildings on freehold land	606,719	1,549,595
Plant and machinery	1,173,073	2,283,890
Unallocated expenses	21,015	20,046
Letters of credit against machinery	1,824	534
Advances against purchase of land	337,555	391,941
Advances against furniture, fixtures and office equipment	1,171	17,560
Advances against purchase of vehicles	12,659	22,980
	2,154,016	4,286,546

13 INVESTMENT PROPERTIES

	Note	Land	Buildings	Total
			(Rupees in thousand)	
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
Year ended 30 June 2018				
Opening net book value		414,463	52,472	466,935
Transferred from operating fixed assets:				
Cost		1,209	21,361	22,570
Accumulated depreciation		-	(19,298)	(19,298)
		1,209	2,063	3,272
Depreciation charge	30	-	(5,311)	(5,311)
Closing net book value		415,672	49,224	464,896
At 30 June 2018				
Cost		415,672	175,034	590,706
Accumulated depreciation		-	(125,810)	(125,810)
Net book value		415,672	49,224	464,896

13.1 Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 5.311 million (2017: Rupees 5.830 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 2,629.66 million (2017: Rupees 1,688.261 million). Forced sale value of investment properties as on the reporting date is Rupees 2,235.22 million. The valuation has been carried out by an independent valuer.

13.2 Land and buildings having book value of Rupees 239.383 million (2017: Rupees 239.383 million) and Rupees 16.020 million (2017: Rupees 17.799 million) respectively have been given on operating lease to Nishat Hospitality (Private) Limited - subsidiary company.

13.3 Land and buildings having book value of Rupees 165.433 million (2017: Rupees 165.433 million) and Rupees 22.617 million (2017: Rupees 25.130 million) respectively have been given on operating lease to Nishat Linen (Private) Limited - subsidiary company.

13.4 Particulars of investment properties (i.e. land and buildings) are as follows:

Description	Address	Area of land Kanal
Factory land	21 K.M. Ferozepur Road, Lahore.	38.64
Commercial building	Mian Mehmood Kasuri Road, Gulberg III, Lahore	7.04
Factory land and building	Nishatabad, Faisalabad	38.16

	Note	2018	2017
		(Rupees in thousand)	
14 LONG TERM INVESTMENTS			
Subsidiary companies			
Nishat Power Limited - quoted	14.1		
180,632,955 (2017: 180,632,955) fully paid ordinary shares of Rupees 10 each. Equity held 51.01% (2017: 51.01%)		1,806,329	1,806,329
Nishat USA Inc. - unquoted	39		
200 (2017: 200) fully paid shares with no par value per share. Equity held 100% (2017: 100%)		3,547	3,547
Nishat Linen (Private) Limited - unquoted	14.2		
1,067,913 (2017: 1,067,913) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2017: 100%)		261,603	261,603
Nishat Linen Trading LLC - unquoted	14.3 & 39		
4,900 (2017: 4,900) fully paid shares of UAE Dirhams 1,000 each.		259,403	259,403
Nishat Hospitality (Private) Limited - unquoted			
119,999,901 (2017: 119,999,901) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2017: 100%)		1,199,999	1,199,999
Nishat International FZE - unquoted	39		
18 (2017: 18) fully paid shares of UAE Dirhams 1,000,000 each. Equity held 100% (2017: 100%)		492,042	492,042
Advance for purchase of shares		9,070	9,070
		501,112	501,112
Nishat Commodities (Private) Limited - unquoted	14.4		
1,000 (2017: 1,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2017: 100%)		10	10
Hyundai Nishat Motor (Private) Limited - unquoted	14.5		
Nil (2017: 6,000,000) fully paid ordinary shares of Rupees 10 each. Equity held Nil (2017: 100%)		-	60,000
Available for sale			
Associated companies (with significant influence)			
D.G. Khan Cement Company Limited - quoted			
137,574,201 (2017: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2017: 31.40%)		3,418,145	3,418,145

	Note	2018	2017
		(Rupees in thousand)	
Nishat Paper Products Company Limited - unquoted 11,634,199 (2017: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2017: 25%)	14.6	116,342	116,342
Lalpir Power Limited - quoted 109,393,555 (2017: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2017: 28.80%)	14.7	1,640,306	1,640,306
Pakgen Power Limited - quoted 102,524,728 (2017: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2017: 27.55%)	14.7	1,272,194	1,272,194
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2017: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2017: 12.24%)	14.8	600,000	600,000
Nishat Energy Limited - unquoted 250,000 (2017: 250,000) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2017: 25%)		2,500	2,500
Nishat Hotels and Properties Limited - unquoted 71,062,000 (2017: 71,062,000) fully paid ordinary shares of Rupees 10 each. Equity held 7.40% (2017: 7.40%)	14.9	710,620	710,620
Hyundai Nishat Motor (Private) Limited - unquoted 18,000,000 (2017: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2017: Nil)	14.5	180,000	-
Associated companies (others)			
MCB Bank Limited - quoted 88,015,291 (2017: 86,681,691) fully paid ordinary shares of Rupees 10 each. Equity held 7.43% (2017: 7.79%)		10,208,262	9,933,520
Adamjee Insurance Company Limited - quoted 102,809 (2017: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2017: 0.03%)		2,774	2,774
		22,183,146	21,788,404
Less: Impairment loss recognized	14.11	(116,498)	(116,498)
Add: Fair value adjustment		22,690,631	38,336,416
		44,757,279	60,008,322

14.1 The Company has pledged its 180,585,155 (2017: 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 (2017: 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 40.09 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 8.904 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 32.42 by an independent valuer using present value technique.

14.10 Investments made in associated companies are in accordance with the requirements of the Companies Act, 2017.

	Note	2018	2017
		(Rupees in thousand)	
14.11 Impairment loss recognized			
Balance as on 01 July		116,498	113,998
Add: Impairment loss recognized during the year	30	-	2,500
Balance as on 30 June		116,498	116,498

15 LONG TERM LOANS

	Note	2018	2017
Considered good:			
Executives - secured	15.1 & 15.2	152,563	130,896
Other employees - secured	15.2	154,784	96,906
		307,347	227,802
Less: Current portion shown under current assets	20		
Executives		42,877	35,151
Other employees		42,989	25,125
		85,866	60,276
		221,481	167,526

15.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 153.407 million (2017: Rupees 134.118 million).

15.2 These represent house construction loans given to executives and other employees as per Company policy. These are secured against balance to the credit of employees in the provident fund trust and 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.

	Note	2018	2017
		(Rupees in thousand)	
16 LONG TERM DEPOSITS			
Security deposits		69,643	121,646
17 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	17.1	1,225,985	1,723,258
Spare parts		488,903	384,241
Loose tools		3,433	3,816
		1,718,321	2,111,315
Less: Provision for slow moving, obsolete and damaged store items	17.2	4,290	4,437
		1,714,031	2,106,878

17.1 These include stores in transit of Rupees 261.207 million (2017: Rupees 905.454 million).

17.2 Provision for slow moving, obsolete and damaged store items

	Note	2018	2017
Balance as on 01 July		4,437	5,056
Less: Provision reversed during the year	31	147	619
Balance as on 30 June		4,290	4,437

	Note	2018	2017
		(Rupees in thousand)	

18 STOCK IN TRADE

	Note	2018	2017
Raw materials		6,991,589	7,433,874
Work-in-process	18.2	2,022,712	1,992,931
Finished goods	18.3	3,229,351	3,295,907
		12,243,652	12,722,712

18.1 Stock in trade of Rupees 627.601 million (2017: Rupees 526.776 million) is being carried at net realizable value.

18.2 This includes stock of Rupees 3.496 million (2017: Rupees 57.678 million) sent to outside parties for processing.

18.3 Finished goods include stock in transit of Rupees 646.439 million (2017: Rupees 558.410 million).

18.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 355.680 million (2017: Rupees 13.320 million).

19 TRADE DEBTS

	Note	2018	2017
Considered good:			
Secured (against letters of credit)		1,010,551	517,650
Unsecured:			
- Related parties	19.1 & 19.4	1,389,274	167,860
- Others	19.3	1,629,964	1,560,110
		4,029,789	2,245,620
Considered doubtful:			
Others - unsecured	19.5	-	131,758
Less: Provision for doubtful debts		-	131,758
		-	-

19.1 This represents amounts due from following related parties:

	2018	2017
Nishat Linen (Private) Limited - subsidiary company	1,218,094	104,668
Nishat International FZE - subsidiary company	171,180	63,172
Nishat Developers (Private) Limited - associated company	-	20
	1,389,274	167,860

19.2 The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

	2018	2017
Nishat Linen (Private) Limited - subsidiary company	1,218,094	728,065
Nishat International FZE - subsidiary company	171,180	113,097
Nishat Developers (Private) Limited - associated company	20	20

19.3 As at 30 June 2018, trade debts due from other than related parties of Rupees 81.752 million (2017: Rupees 39.925 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:

	2018	2017
	(Rupees in thousand)	
Upto 1 month	42,604	26,898
1 to 6 months	36,405	8,723
More than 6 months	2,743	4,304
	81,752	39,925

19.4 As at 30 June 2018, trade debts due from related parties amounting to Rupees Nil (2017: Rupees 104.688 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

Upto 1 month	-	104,675
1 to 6 months	-	13
More than 6 months	-	-
	-	104,688

19.5 During the year, trade debts of Rupees 131.758 million have been written off against provision for doubtful debts created against these balances. The ageing of these trade debts was more than 5 years. These trade debts do not include amounts due from related parties.

19.6 As on 30 June 2018, disclosures in respect of outstanding export debtors along with type of arrangements are as follows:

Jurisdiction and relationship with the company (related party or other)	Type of arrangements			Total
	Letters of credit	Cash against documents	Contracts	
	(Rupees in thousand)			
USA				
- Others	46,981	36,571	178,583	262,135
Canada				
- Others	15,739	10,519	-	26,258
Europe				
- Others	252,413	349,596	423,324	1,025,333
UAE				
- Nishat International FZE - related party	-	-	171,180	171,180
- Others	4,580	-	-	4,580
Jurisdiction other than above				
- Others	607,521	81,277	159,286	848,084
	927,234	477,963	932,373	2,337,570

19.7 As on 30 June 2017, disclosures in respect of outstanding export debtors along with type of arrangements are as follows:

Jurisdiction and relationship with the company (related party or other)	Type of arrangements: Letters of credit	Cash against documents	Contracts	Total
	(Rupees in thousand)			
USA				
- Others	41,686	20,222	371,670	433,578
Canada				
- Others	-	23,212	138	23,350
Europe				
- Others	164,220	279,128	128,862	572,210
UAE				
- Nishat International FZE - related party	-	-	63,172	63,172
- Others	23,794	-	-	23,794
Jurisdiction other than above				
- Others	253,447	52,704	22,249	328,400
	483,147	375,266	586,091	1,444,504

	Note	2018	2017
		(Rupees in thousand)	
20 LOANS AND ADVANCES			
Considered good:			
Employees - interest free:			
– Executives		1,854	542
– Other employees		3,597	4,726
		5,451	5,268
Current portion of long term loans	15	85,866	60,276
Advances to suppliers		146,867	198,912
Letters of credit		2,138	1,473
Advance income tax - net of provision for taxation		706,996	786,281
Other advances	20.1	3,900,770	5,390,153
		4,848,088	6,442,363
Considered doubtful:			
Others		108	108
Less: Provision for doubtful debts		108	108
		-	-
		4,848,088	6,442,363

20.1 These include amounts due from following subsidiary companies. These are neither past due nor impaired:

	2018	2017
	(Rupees in thousand)	
Nishat Linen (Private) Limited	3,692,744	5,098,299
Nishat Hospitality (Private) Limited	130,000	150,000
Nishat Commodities (Private) Limited	82	94,783
	3,822,826	5,343,082

20.2 The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

Nishat Linen (Private) Limited	6,927,843	5,715,656
Nishat Hospitality (Private) Limited	150,000	285,000
Nishat Commodities (Private) Limited	94,755	326,007

21 SHORT TERM DEPOSITS AND PREPAYMENTS

Deposits	26,751	1,117
Prepayments	63,865	59,337
	90,616	60,454

22 OTHER RECEIVABLES

Considered good:

Export rebate and claims	308,289	257,174
Duty draw back	1,284,764	798,376
Sales tax refundable	1,780,357	1,736,092
Fair value of forward exchange contracts	9,478	-
Miscellaneous receivables	37,482	36,643
	3,420,370	2,828,285

23 ACCRUED INTEREST

On short term loans and advances to:

Nishat Linen (Private) Limited - subsidiary company	9,416	11,225
Nishat Hospitality (Private) Limited - subsidiary company	370	351
Nishat Commodities (Private) Limited - subsidiary company	6	341
	9,792	11,917

23.1 These are neither past due nor impaired. The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

	Note	2018	2017
		(Rupees in thousand)	
Nishat Linen (Private) Limited		21,960	13,837
Nishat Hospitality (Private) Limited		439	595
Nishat Commodities (Private) Limited		391	764

24 SHORT TERM INVESTMENTS

	Note	2018	2017
Available for sale			
Associated company (Other)			
Security General Insurance Company Limited - unquoted 10,226,244 (2017: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2017: 15.02%)	24.1	11,188	11,188
Related party			
Nishat (Chunian) Limited - quoted 32,689,338 (2017: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2017: 13.61 %)		378,955	378,955
Others			
Alhamra Islamic Stock Fund - quoted (Formerly MCB Pakistan Islamic Stock Fund) 1,108,714 (2017: 1,108,714) units.		3,025	3,025
Pakistan Petroleum Limited - quoted 434,782 (2017: 434,782) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2017: 0.02%)		95,217	95,217
		488,385	488,385
Less: Impairment loss recognized	24.3	(30,808)	(30,808)
Add: Fair value adjustment		2,123,943	2,078,396
		2,581,520	2,535,973

24.1 Fair value per ordinary share of Security General Insurance Company Limited is determined at Rupees 90.36 by an independent valuer using present value technique.

24.2 Investment made in associated company is in accordance with requirements of the Companies Act, 2017.

24.3 Impairment loss recognized

	Note	2018	2017
Balance as on 01 July		30,808	27,804
Add: Impairment loss recognized during the year	30	-	3,004
Balance as on 30 June		30,808	30,808

	Note	2018	2017
		(Rupees in thousand)	

25 CASH AND BANK BALANCES

With banks:			
On current accounts	25.1 & 25.2		
Including US$ 84,357 (2017: US$ 87,659)		86,548	20,418
On PLS saving accounts	25.3		
Including US$ 895 (2017: US$ 894)		109	94
		86,657	20,512
Cash in hand		18,170	23,433
		104,827	43,945

25.1 Cash at banks includes balance of Rupees 56.650 million (2017: Rupees 1.113 million) with MCB Bank Limited - associated company.

25.2 Cash at banks includes balance of Rupees 0.117 million (2017: Rupees 0.778 million) with MCB Islamic Bank Limited - related party.

25.3 Rate of profit on Pak Rupees bank deposits and US Dollar bank deposit ranges from 3.75% to 4.00% (2017: 3.75% to 3.90%) and Nil per annum respectively.

26 REVENUE

	Note	2018	2017
Export sales		38,862,094	36,712,413
Local sales	26.1	8,718,511	7,333,545
Processing income		4,689,728	4,187,169
Export rebate		174,228	173,000
Duty draw back		1,284,563	841,530
		53,729,124	49,247,657

26.1 Local sales

	Note	2018	2017
Sales	26.1.1	8,834,548	7,441,430
Less: Sales tax		116,037	107,885
		8,718,511	7,333,545

26.1.1 These include sales of Rupees 2,980.452 million (2017: Rupees 1,988.253 million) made to direct exporters against standard purchase orders (SPOs). Further, local sale include waste sales of Rupees 1,037.422 million (2017: Rupees 1,063.409 million).

	Note	2018	2017
		(Rupees in thousand)	
27 COST OF SALES			
Raw materials consumed	27.1	27,480,221	24,885,631
Processing charges		215,084	321,876
Salaries, wages and other benefits	27.2	5,625,747	5,283,799
Stores, spare parts and loose tools consumed		4,806,005	4,886,261
Packing materials consumed		1,085,240	1,147,088
Repair and maintenance		390,659	331,861
Fuel and power		5,640,960	4,921,472
Insurance		46,702	44,315
Other factory overheads		500,722	511,219
Depreciation	12.1.2	2,350,563	2,201,908
		48,141,903	44,535,430
Work-in-process			
Opening stock		1,992,931	1,746,041
Closing stock		(2,022,712)	(1,992,931)
		(29,781)	(246,890)
Cost of goods manufactured		48,112,122	44,288,540
Finished goods			
Opening stock		3,295,907	2,875,186
Closing stock		(3,229,351)	(3,295,907)
		66,556	(420,721)
		48,178,678	43,867,819

27.1 Raw materials consumed

	2018	2017
Opening stock	7,433,874	5,312,509
Add: Purchased during the year	27,037,936	27,006,996
	34,471,810	32,319,505
Less: Closing stock	6,991,589	7,433,874
	27,480,221	24,885,631

27.2 Salaries, wages and other benefits include provident fund contribution of Rupees 159.823 million (2017: Rupees 153.868 million) by the Company.

	Note	2018	2017
		(Rupees in thousand)	

28 DISTRIBUTION COST

	Note	2018	2017
Salaries and other benefits	28.1	413,315	373,511
Outward freight and handling		1,102,366	1,120,211
Commission to selling agents		504,490	491,017
Royalty	28.2	5,663	3,146
Fuel cost		146,906	133,833
Travelling and conveyance		122,403	103,337
Rent, rates and taxes		14,209	14,193
Postage and telephone		70,877	77,809
Insurance		18,050	20,112
Vehicles' running		12,476	9,459
Entertainment		8,167	7,728
Advertisement		205	13
Electricity and gas		-	784
Printing and stationery		2,544	1,461
Repair and maintenance		7,484	3,671
Fee and subscription		900	1,215
Depreciation	12.1.2	8,063	6,362
		2,438,118	2,367,862

28.1 Salaries and other benefits include provident fund contribution of Rupees 20.213 million (2017: Rupees 19.088 million) by the Company.

28.2 Particulars of royalty paid during the year are as follows:

Name of the company	Registered address	Relationship with the Company or directors Related / Other	2018 (Rupees in thousand)	2017
Lurex Company Limited	22 Ashville way, Cambridge Road, Whetstone, Leicestershire LE8.6NU, England UK.	Other	302	506
American and Efird LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	5,570	1,415
			5,872	1,921

	Note	2018	2017
		(Rupees in thousand)	
29 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	29.1	767,326	809,856
Vehicles' running		43,053	41,259
Travelling and conveyance		36,003	35,142
Rent, rates and taxes		2,116	989
Insurance		7,001	7,881
Entertainment		20,324	22,836
Legal and professional		24,640	27,291
Auditors' remuneration	29.2	5,421	4,597
Advertisement		703	388
Postage and telephone		6,632	5,948
Electricity and gas		4,368	3,821
Printing and stationery		17,205	21,141
Repair and maintenance		21,082	16,393
Fee and subscription		3,853	3,553
Depreciation	12.1.2	80,887	83,586
Miscellaneous		33,672	44,040
		1,074,286	1,128,721

29.1 Salaries and other benefits include provident fund contribution of Rupees 32.796 million (2017: Rupees 32.733 million) by the Company.

29.2 Auditors' remuneration

	2018	2017
Audit fee	3,903	3,549
Half yearly review	859	781
Other certifications	509	130
Reimbursable expenses	150	137
	5,421	4,597

	Note	2018	2017
30 OTHER EXPENSES			
Workers' profit participation fund	7.3	184,164	192,734
Impairment loss on equity investments	14.11 & 24.3	-	5,504
Loss on sale of property, plant and equipment		-	2,224
Depreciation on investment properties	13	5,311	5,830
Donations	30.1	255	1,215
		189,730	207,507

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

	Note	2018	2017
		(Rupees in thousand)	
31 OTHER INCOME			
Income from financial assets			
Dividend income	31.1	3,391,397	3,403,733
Profit on deposits with banks		61	29,531
Net exchange gain		256,593	143,040
Interest income on loans and advances to subsidiary companies		177,205	134,790
		3,825,256	3,711,094
Income from non-financial assets			
Gain on sale of property, plant and equipment		10,222	-
Scrap sales		158,823	114,052
Rental income		96,758	80,319
Reversal of provision for slow moving, obsolete and damaged store items	17.2	147	619
Reversal of provision for workers' welfare fund		-	346,655
Others		11,433	6,927
		277,383	548,572
		4,102,639	4,259,666

	2018	2017
31.1 Dividend income		
From related party / associated companies / subsidiary company		
Nishat (Chunian) Limited - related party	89,896	81,723
D.G. Khan Cement Company Limited - associated company	1,031,806	825,445
MCB Bank Limited - associated company	1,405,588	1,367,196
Adamjee Insurance Company Limited - associated company	257	411
Security General Insurance Company Limited - associated company	51,131	51,131
Nishat Paper Products Company Limited - associated company	23,268	17,451
Pakgen Power Limited - associated company	205,050	205,050
Lalpir Power Limited - associated company	218,788	218,788
Nishat Power Limited - subsidiary company	361,265	632,215
	3,387,049	3,399,410
Others		
Pakistan Petroleum Limited	4,348	2,826
Alhamra Islamic Stock Fund (Formerly MCB Pakistan Islamic Stock Fund)	-	1,497
	4,348	4,323
	3,391,397	3,403,733

	Note	2018	2017
		(Rupees in thousand)	
32 FINANCE COST			
Mark-up on:			
Long term financing		293,737	346,821
Short term borrowings		441,431	323,605
Interest on workers' profit participation fund	7.3	792	2,780
Bank charges and commission		257,864	241,866
		993,824	915,072
33 TAXATION			
Current	33.1	860,000	758,000

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.

33.4 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

Description	Year ended 30 June		
	2017	2016	2015
	(Rupees in thousand)		
Provision for taxation	758,000	802,000	478,000
Tax assessed	771,359	807,765	423,346

34 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2018	2017
Profit attributable to ordinary shareholders	(Rupees in thousand)	4,097,127	4,262,342
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	11.65	12.12

	Note	2018	2017
		(Rupees in thousand)	

35 CASH GENERATED FROM OPERATIONS

	Note	2018	2017
Profit before taxation		4,957,127	5,020,342
Adjustments for non-cash charges and other items:			
Depreciation		2,444,824	2,297,686
(Gain) / loss on sale of property, plant and equipment		(10,222)	2,224
Dividend income		(3,391,397)	(3,403,733)
Impairment loss on equity investments		-	5,504
Net exchange gain		(256,593)	(143,040)
Interest income on loans and advances to subsidiary companies		(177,205)	(134,790)
Finance cost		993,824	915,072
Reversal of provision for slow moving, obsolete and damaged store items		(147)	(619)
Reversal of provision for workers' welfare fund		-	(346,655)
Working capital changes	35.1	(595,522)	(4,129,076)
		3,964,689	82,915

35.1 Working capital changes

	2018	2017
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	392,994	(836,750)
- Stock in trade	479,060	(2,788,976)
- Trade debts	(1,556,622)	76,434
- Loans and advances	20,337	(141,885)
- Short term deposits and prepayments	(30,162)	4,979
- Other receivables	(582,607)	(822,516)
	(1,277,000)	(4,508,714)
Increase in trade and other payables	681,478	379,638
	(595,522)	(4,129,076)

35.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	(Rupees in thousand)			
Balance as at 01 July 2017	7,338,653	14,697,393	75,271	22,111,317
Financing obtained	2,090,111	-	-	2,090,111
Repayment of financing	(2,093,025)	-	-	(2,093,025)
Short term borrowings-net	-	(2,189,803)	-	(2,189,803)
Dividend declared	-	-	1,757,999	1,757,999
Dividend paid	-	-	(1,751,524)	(1,751,524)
Balance as at 30 June 2018	7,335,739	12,507,590	81,746	19,925,075

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 2018 of Rupees 4.75 per share (2017: Rupees 5.00 per share) at their meeting held on 26 September 2018. The Board of Directors also proposed to transfer Rupees 2,427 million (2017: Rupees 2,504 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 5% of accounting profit before tax of the Company if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2018 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 26 September 2018 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	
	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)					
Managerial remuneration	23,625	24,486	10,053	10,228	408,278	400,775
Allowances						
Cost of living allowance	-	-	1	1	602	595
House rent	9,450	8,791	288	288	112,314	104,485
Conveyance	-	-	-	-	238	233
Medical	2,363	2,197	948	848	35,392	32,787
Utilities	-	-	3,458	3,063	44,094	44,337
Special allowance	-	-	2	2	350	312
Contribution to provident fund trust	-	-	905	810	33,521	32,204
Leave encashment	-	-	-	-	12,610	12,901
	35,438	35,474	15,655	15,240	647,399	628,629
Number of persons	1	1	1	1	164	151

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 (2017: four directors) was Rupees 1.290 million (2017: Rupees 0.682 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:

	2018	2017
	(Rupees in thousand)	
Subsidiary companies		
Investment made	-	60,000
Dividend income	361,265	632,215
Purchase of goods and services	346,975	453,982
Sale of goods and services	6,209,612	4,979,733
Interest income	177,205	134,790
Rental income	51,065	46,719
Short term loans made	29,636,193	21,792,896
Repayment of short term loans made	31,156,436	20,174,125
Associated companies		
Investment made	394,743	399,169
Purchase of goods and services	97,198	124,508
Recovery of charges on surrender of entitlement of land	10,762	-
Sale of goods	22,303	336
Rental income	1,480	650
Purchase of operating fixed assets	9,000	-
Sale of operating fixed assets	2,000	79
Dividend income	2,935,888	2,685,472
Dividend paid	151,459	158,463
Insurance premium paid	112,658	147,693
Insurance claims received	38,258	32,539
Profit on term deposit receipt	-	11,059
Finance cost	7,019	4,929
Other related parties		
Dividend income	89,896	81,723
Purchase of goods and services	1,783,854	1,454,116
Sale of goods and services	8,868	43,143
Company's contribution to provident fund trust	213,522	205,689

38.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in note 37.

38.2 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	Percentage of shareholding
Nishat USA Inc.	Wholly owned subsidiary company	Yes	100
Nishat Agriculture Farming (Private) Limited	Common directorship	No	None
Nishat Farm Supplies (Private) Limited	Common directorship	No	None
Nishat Dairy (Private) Limited	Common directorship and shareholding	Yes	12.24
Nishat Hotels and Properties Limited	Common directorship and shareholding	Yes	7.4
Nishat (Gulberg) Hotels and Properties Limited	Common directorship	No	None
Nishat (Raiwind) Hotels and Properties Limited	Common directorship	No	None
Nishat (Aziz Avenue) Hotels and Properties Limited	Common directorship	No	None
Security General Insurance Company Limited	Common directorship and shareholding	Yes	15.02
Nishat Commodities (Private) Limited	Wholly owned subsidiary company	Yes	100
Nishat Hospitality (Private) Limited	Wholly owned subsidiary company	Yes	100
Nishat Power Limited	Common directorship and subsidiary company	Yes	51.01
Nishat Energy Limited	Shareholding	No	25
Pakgen Power Limited	Common directorship and shareholding	Yes	27.55
Lalpir Power Limited	Common directorship and shareholding	Yes	28.8
Nishat Paper Products Company Limited	Common directorship and shareholding	Yes	25
Nishat Linen (Private) Limited	Wholly owned subsidiary company	Yes	100
Nishat Linen Trading LLC	Wholly owned subsidiary company	No	100
Nishat International FZE	Wholly owned subsidiary company	Yes	100
Nishat Global China Company Limited	Wholly owned subsidiary of Nishat International FZE (subsidiary company)	No	100
Concept Garments and Textile Trading FZE	Wholly owned subsidiary of Nishat International FZE (subsidiary company)	No	100
Pakistan Aviators and Aviation (Private) Limited	Common directorship	No	None
Nishat Developers (Private) Limited	Common directorship	No	None
Nishat Automobiles (Private) Limited	Common directorship	No	None
Nishat Real Estates Development Company (Private) Limited	Common directorship	No	None
Hyundai Nishat Motor (Private) Limited	Common directorship and shareholding	Yes	12
D.G. Khan Cement Company Limited	Common directorship and shareholding	Yes	31.4
Adamjee Life Assurance Company Limited	Common directorship	Yes	None
Adamjee Insurance Company Limited	Common directorship and shareholding	Yes	0.03
MCB Bank Limited	Common directorship and shareholding	Yes	7.43
MCB Islamic Bank Limited	Wholly owned subsidiary of associated company	No	None
Nishat (Chunian) Limited	Shareholding	Yes	13.61
Lalpir Solar Power (Private) Limited	Wholly owned subsidiary of Nishat Power Limited (subsidiary company)	No	51.01
Nishat UK (Private) Limited	Wholly owned subsidiary of Nishat International FZE (subsidiary company)	No	100
Nishat Aggrotech Farms Supplies (Private) Limited	Common directorship	No	None
Nishat Chunian Power Limited (NCPL)	Executive of the Company is appointed as Director on the Board of NCPL	No	None
Sanifa Agri Services Limited	Associate of wholly owned subsidiary company	No	None
Nishat Mills Employees Provident Fund Trust	Post-employment benefit plan	Yes	None

38.3 Particulars of companies incorporated outside Pakistan with whom the Company had entered into transactions or had agreements and / or arrangements in place are as follows:

Name, address and name of chief executive officer / principal officer	Country of incorporation	Status	Basis of association	Percentage of shareholding	Latest available financial statements of the investee company and auditors' opinion thereon	
					Financial statements period ended	Type of opinion
Nishat USA Inc. **Registered address:** 676-Broadway, 2nd Floor, New York 10012. **Chief executive:** Mian Umer Mansha	USA	Operational	Wholly owned subsidiary company	100	30 June 2018	Un-audited
Nishat Linen Trading LLC **Registered address:** Unit-23 Khalid Jamal Alghurain Company, Alquoz Industrial -3 Area Dubai, UAE. **Director:** Mr. Tahir Hussain	UAE	Operational	Wholly owned subsidiary company	100	30 June 2018	Un-modified
Nishat International FZE **Registered address:** Plot No. Mo0741, Jebel Ali Free Zone, Dubai, United Arab Emirates, P.O Box No 114622. **Director:** Mr. Tahir Hussain	UAE	Operational	Wholly owned subsidiary company	100	30 June 2018	Un-modified
Nishat Global China Company Limited **Registered address:** Office No. N801, No. 371-375, Huanshi East, Yuexiu District, Guangzhau, China. **Director:** Mr. Tahir Hussain	China	Operational	Wholly owned subsidiary of Nishat International FZE	100	30 June 2018	Un-modified
Concept Garments and Textile Trading FZE **Registered address:** Plot No. Mo0741, Jebel Ali Free Zone, Dubai, United Arab Emirates. **Director:** Mr. Tahir Hussain	UAE	Operational	Wholly owned subsidiary of Nishat International FZE	100	30 June 2018	Un-modified
Nishat UK (Private) Limited **Registered address:** 71 Queen Victoria Street, London EC4V 4BE. **Chief executive:** Mrs. Naz Mansha	UK	Non-operational	Wholly owned subsidiary of Nishat International FZE	100	30 June 2018	Un-modified

39 As on 30 June 2018, disclosures relating to investments and advance made in foreign companies are as follows:

Name of the company	Jurisdiction	Beneficial owner	Amount of investment / advance			Terms and conditions of investment / advance	Amount of returns received	Litigations against investee company	Default / breach relating to foreign company	Gain / (loss) on disposal of foreign investment
			Made during the year ended 30 June	Rupees in thousand	Foreign currency					
Long term investments:										
Nishat USA Inc.	USA	Nishat Mills Limited	2009	3,547	USD 37,500	Investment in shares of subsidiary company	None	None	None	Not applicable
Nishat Linen Trading LLC	UAE	Nishat Mills Limited	2011	259,403	AED 10,000,000	Investment in shares of subsidiary company	None	None	None	Not applicable
Nishat International FZE	UAE	Nishat Mills Limited	2013	492,042	AED 18,000,000	Investment in shares of subsidiary company	None	None	None	Not applicable
Advance:										
Nishat International FZE	UAE	Nishat Mills Limited	2014	9,070	AED 337,500	Advance for purchase of shares of subsidiary company	None	None	None	Not applicable

39.1 As on 30 June 2017, disclosures relating to investments and advance made in foreign companies are as follows:

Name of the company	Jurisdiction	Beneficial owner	Amount of investment / advance			Terms and conditions of investment / advance	Amount of returns received	Litigations against investee company	Default / breach relating to foreign company	Gain / (loss) on disposal of foreign investment
			Made during the year ended 30 June	Rupees in thousand	Foreign currency					
Long term investments:										
Nishat USA Inc.	USA	Nishat Mills Limited	2009	3,547	USD 37,500	Investment in shares of subsidiary company	None	None	None	Not applicable
Nishat Linen Trading LLC	UAE	Nishat Mills Limited	2011	259,403	AED 10,000,000	Investment in shares of subsidiary company	None	None	None	Not applicable
Nishat International FZE	UAE	Nishat Mills Limited	2013	492,042	AED 18,000,000	Investment in shares of subsidiary company	None	None	None	Not applicable
Advance:										
Nishat International FZE	UAE	Nishat Mills Limited	2014	9,070	AED 337,500	Advance for purchase of shares of subsidiary company	None	None	None	Not applicable

40 PROVIDENT FUND

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 regulations formulated for this purpose in terms of SRO 731(I)/2018 issued by Securities and Exchange Commission of Pakistan on 06 June 2018 which allows transition period of one year for bringing the Employees Provident Fund Trust in conformity with the requirements of regulations.

41 NUMBER OF EMPLOYEES

	Note	2018	2017
Number of employees as on 30 June	41.1	19,438	19,005
Average number of employees during the year		18,826	19,104

41.1 These include 17,153 (2017: 16,539) number of factory employees.

42 SEGMENT INFORMATION

	Spinning										Weaving				Dyeing		Home Textile		Garments				Power Generation		Elimination of inter-segment transactions		Total - Company	
	Faisalabad I		Faisalabad II		Faisalabad Yarn Dyeing		Feroze Wattwan I		Feroze Wattwan II		Bhikki		Lahore						I		II							
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)																											
Revenue																												
External	6,241,136	6,901,031	852,327	-	405,101	359,508	4,151,433	3,294,947	-	-	10,191,271	8,453,904	3,326,629	2,986,586	12,216,506	12,662,698	10,495,844	9,197,823	3,360,986	4,379,132	2,465,273	993,872	22,618	18,156	-	-	53,729,124	49,247,657
Intersegment	1,905,247	2,319,107	71,198	-	181,292	144,423	933,584	931,617	-	-	5,917,102	5,900,393	2,767,174	2,788,462	520,459	1,141,771	445,760	735,056	192,765	52,972	40,940	57,777	5,879,740	5,383,838	(18,855,261)	(19,455,416)	-	-
	8,146,383	9,220,138	923,525	-	586,393	503,931	5,085,017	4,226,564	-	-	16,108,373	14,354,297	6,093,803	5,775,048	12,736,965	13,804,469	10,941,604	9,932,879	3,553,751	4,432,104	2,506,213	1,051,649	5,902,358	5,401,994	(18,855,261)	(19,455,416)	53,729,124	49,247,657
Cost of sales	(7,441,535)	(8,830,164)	(944,581)	-	(508,596)	(434,016)	(4,588,696)	(4,009,284)	-	-	(14,560,104)	(13,087,192)	(5,629,695)	(5,397,024)	(11,281,829)	(12,176,215)	(10,132,900)	(8,571,009)	(3,393,422)	(4,094,491)	(2,652,859)	(1,324,907)	(5,899,722)	(5,398,933)	18,855,261	19,455,416	(48,178,678)	(43,867,819)
Gross profit / (loss)	704,848	389,974	(21,056)	-	77,797	69,915	496,321	217,280	-	-	1,548,269	1,267,105	464,108	378,024	1,455,136	1,628,254	808,704	1,361,870	160,329	337,613	(146,646)	(273,258)	2,636	3,061	-	-	5,550,446	5,379,838
Distribution cost	(206,178)	(218,878)	(5,356)	-	(17,432)	(9,752)	(83,998)	(88,294)	-	-	(457,013)	(402,901)	(138,100)	(127,503)	(601,255)	(636,866)	(479,198)	(468,645)	(303,480)	(363,659)	(146,090)	(51,335)	(18)	(29)	-	-	(2,438,118)	(2,367,862)
Administrative expenses	(187,492)	(196,883)	(19,034)	-	(6,595)	(5,311)	(71,499)	(67,894)	-	-	(172,593)	(171,851)	(80,482)	(89,812)	(171,980)	(204,932)	(195,308)	(209,158)	(83,813)	(95,358)	(37,558)	(31,858)	(47,932)	(55,664)	-	-	(1,074,286)	(1,128,721)
	(393,670)	(415,761)	(24,390)	-	(24,027)	(15,063)	(155,497)	(156,188)	-	-	(629,606)	(574,752)	(218,582)	(217,315)	(773,235)	(841,798)	(674,506)	(677,803)	(387,293)	(459,017)	(183,648)	(83,193)	(47,950)	(55,693)	-	-	(3,512,404)	(3,496,583)
Profit / (loss) before taxation and unallocated income and expenses	311,178	(25,787)	(45,446)	-	53,770	54,852	340,824	61,092	-	-	918,663	692,353	245,526	160,709	681,901	786,456	134,198	684,067	(226,964)	(121,404)	(330,294)	(356,451)	(45,314)	(52,632)	-	-	2,038,042	1,883,255
Unallocated income and expenses:																												
Other expenses																											(189,730)	(207,507)
Other income																											4,102,639	4,259,666
Finance cost																											(993,824)	(915,072)
Taxation																											(860,000)	(758,000)
Profit after taxation																											4,097,127	4,262,342

42.1 Reconciliation of reportable segment assets and liabilities

	Spinning										Weaving				Dyeing		Home Textile		Garments				Power Generation		Total - Company	
	Faisalabad I		Faisalabad II		Faisalabad Yarn Dyeing		Feroze Wattwan I		Feroze Wattwan II		Bhikki		Lahore						I		II					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)																									
Total assets for reportable segments	5,105,867	4,862,714	3,964,945	2,226,310	402,637	384,211	5,180,403	6,573,091	21,236	-	5,604,815	5,388,974	1,148,629	1,001,029	6,275,402	6,052,518	8,382,819	7,483,326	1,940,532	2,059,565	2,807,732	2,590,105	6,830,589	7,513,802	47,665,606	46,135,645
Unallocated assets:																										
Long term investments																									44,757,279	60,008,322
Short term investments																									2,581,520	2,535,973
Other receivables																									3,420,370	2,828,285
Cash and bank balances																									104,827	43,945
Other corporate assets																									4,206,431	5,978,105
Total assets as per statement of financial position																									102,736,033	117,530,275
Total liabilities for reportable segments	576,063	641,191	184,394	32,220	10,018	17,331	101,800	67,385	3,292	-	421,130	467,615	138,557	124,158	551,300	468,085	771,234	765,205	291,951	309,785	327,496	250,650	2,459,476	2,084,308	5,836,711	5,227,933
Unallocated liabilities:																										
Deferred income tax liability																									571,833	783,292
Other corporate liabilities																									20,614,344	22,756,254
Total liabilities as per statement of financial position																									27,022,888	28,767,479

42.2 Geographical information

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

	2018	2017
	(Rupees in thousand)	
Europe	17,054,183	13,799,308
Asia, Africa and Australia	19,425,472	18,331,288
United States of America and Canada	3,841,230	5,596,347
Pakistan	13,408,239	11,520,714
	53,729,124	49,247,657

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

42.4 Revenue from major customers

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

		2018	2017
		(Figures in thousand)	
43 PLANT CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2017: 1,095 shifts)	(Kgs.)	71,115	77,455
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2017: 1,095 shifts)	(Kgs.)	57,740	67,633
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2017: 1,095 shifts)	(Sq.Mtr.)	304,996	298,257
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2017: 1,095 shifts)	(Sq.Mtr.)	291,480	283,004
Dyeing and Finishing			
Production capacity for 3 shifts per day for 1,095 shifts (2017: 1,095 shifts)	(Mtr.)	54,000	54,000
Actual production on 3 shifts per day for 1,095 shifts (2017: 1,095 shifts)	(Mtr.)	46,311	48,364
Power Plant			
Generation capacity	(MWH)	780	799
Actual generation	(MWH)	374	396

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.

43.1 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.

44 FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

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

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

a) Market risk

i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Arab Emirates Dirham (AED), Euro and Japanese Yen (JPY). 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:

	2018	2017
Cash at banks - USD	85,252	88,553
Trade debts - USD	16,615,854	13,060,978
Trade debts - Euro	1,292,033	987,388
Trade debts - AED	5,179,438	2,418,810
Trade and other payables - USD	(1,578,312)	(1,286,749)
Trade and other payables - Euro	(97,738)	(222,468)
Trade and other payables - AED	-	(44,319)
Trade and other payables - JPY	(283,550)	-
Net exposure - USD	15,122,794	11,862,782
Net exposure - Euro	1,194,295	764,920
Net exposure - AED	5,179,438	2,374,491
Net exposure – JPY	(283,550)	-

The following significant exchange rates were applied during the year:

	2018	2017
Rupees per US Dollar		
Average rate	110.43	104.55
Reporting date rate	121.40	104.80
Rupees per Euro		
Average rate	131.89	114.17
Reporting date rate	141.33	119.91
Rupees per AED		
Average rate	30.07	28.47
Reporting date rate	33.05	28.53
Rupees per JPY		
Average rate	1.01	0.96
Reporting date rate	1.10	0.94

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED and JPY with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 86.197 million (2017: Rupees 58.369 million) higher / lower, Rupees 7.926 million (2017: Rupees 4.298 million) higher / lower, Rupees 8.045 million (2017: Rupees 3.183 million) higher / lower and Rupees 0.0148 million (2017: Rupees Nil) lower / higher 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)	
	2018	2017	2018	2017
	(Rupees in thousand)			
PSX 100 (5% increase)	-	-	1,944,316	2,681,630
PSX 100 (5% decrease)	-	-	(1,944,316)	(2,681,630)

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, 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 reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2018	2017
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	5,001,455	4,298,318
Short term borrowings	8,532,741	12,009,969
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	109	94
Loans and advances to subsidiary companies	3,822,826	5,343,082
Financial liabilities		
Long term financing	2,334,285	3,040,335
Short term borrowings	3,974,849	2,687,424

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 reporting 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 23.619 million (2017: Rupees 3.654 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 reporting 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:

	2018	2017
Investments	43,306,796	58,452,293
Loans and advances	4,213,568	5,623,223
Deposits	96,394	122,763
Trade debts	4,029,789	2,245,620
Other receivables	46,960	36,643
Accrued interest	9,792	11,917
Bank balances	86,657	20,512
	51,789,956	66,512,971

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			2018	2017
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	7,301	2,453
Allied Bank Limited	A1+	AA+	PACRA	4,370	1,874
Askari Bank Limited	A1+	AA+	PACRA	100	40
Bank Alfalah Limited	A1+	AA+	PACRA	363	71
Faysal Bank Limited	A1+	AA	PACRA	7	5
Habib Bank Limited	A-1+	AAA	JCR-VIS	428	371
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	793	2,296
JS Bank Limited	A1+	AA-	PACRA	68	-
MCB Bank Limited	A1+	AAA	PACRA	56,650	1,317
Samba Bank Limited	A-1	AA	JCR-VIS	8	150
Silkbank Limited	A-2	A -	JCR-VIS	9	2,194
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	8,735	160
United Bank Limited	A-1+	AAA	JCR-VIS	164	141
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	269	271
Bank Islami Pakistan Limited	A1	A+	PACRA	144	89
Meezan Bank Limited	A-1+	AA+	JCR-VIS	4,886	7,405
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	564	328
The Bank of Punjab	A1+	AA	PACRA	22	220
Soneri Bank Limited	A1+	AA-	PACRA	776	74
Summit Bank Limited	A-1	A-	JCR-VIS	58	269
Industrial and Commercial Bank of China	P-1	A1	Moody’s	6	6
MCB Islamic Bank Limited	A1	A	PACRA	117	778
Bank Al-Habib Limited	A1+	AA+	PACRA	687	-
Citi Bank N.A	P-1	A1	Moody's	132	-
				86,657	20,512
Investments					
Adamjee Insurance Company Limited	AA+		PACRA	5,010	7,028
Security General Insurance Company Limited	AA		JCR-VIS	924,043	780,365
Alhamra Islamic Stock Fund (Formerly MCB Pakistan Islamic Stock Fund)	3 Star	4 Star	PACRA	11,952	13,582
Nishat (Chunian) Limited	A-2	A-	JCR-VIS	1,552,090	1,677,617
MCB Bank Limited	A1+	AAA	PACRA	17,406,784	18,240,428
Pakistan Petroleum Limited	Unknown		-	93,435	64,409
D.G. Khan Cement Company Limited	A1+	AA-	PACRA	15,750,870	29,325,317
Pakgen Power Limited	A1+	AA	PACRA	1,976,677	2,073,050
Lalpir Power Limited	A1+	AA	PACRA	2,101,450	2,244,756
Nishat Paper Products Company Limited	Unknown		-	466,415	319,940
Nishat Energy Limited	Unknown		-	-	-
Nishat Hotels and Properties Limited	A2	A-	PACRA	2,303,830	3,198,501
Hyundai Nishat Motor (Private) Limited	Unknown			180,000	-
Nishat Dairy (Private) Limited	Unknown		-	534,240	507,300
				43,306,796	58,452,293
				43,393,453	58,472,805

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 2018, the Company had Rupees 20,371.61 million (2017: Rupees 19,546.607 million) available borrowing limits from financial institutions and Rupees 104.827 million (2017: Rupees 43.945 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 2018

	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	7,335,739	7,854,854	1,214,665	1,175,232	1,713,470	3,751,487
Trade and other payables	5,700,293	5,700,293	5,700,293	-	-	-
Unclaimed dividend	81,746	81,746	81,746	-	-	-
Short term borrowings	12,507,590	12,951,036	12,731,007	220,029	-	-
Accrued mark-up	109,378	109,378	109,378	-	-	-
	25,734,746	26,697,307	19,837,089	1,395,261	1,713,470	3,751,487

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	5,017,927	5,017,927	5,017,927	-	-	-
Unclaimed dividend	75,271	75,271	75,271	-	-	-
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

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.

44.2 Financial instruments by categories

	Loans and receivables	Available for sale	Total
	------ (Rupees in thousand) ------		
As at 30 June 2018			
Assets as per statement of financial position			
Investments	-	43,306,796	43,306,796
Loans and advances	4,213,568	-	4,213,568
Deposits	96,394	-	96,394
Trade debts	4,029,789	-	4,029,789
Other receivables	46,960	-	46,960
Accrued interest	9,792	-	9,792
Cash and bank balances	104,827	-	104,827
	8,501,330	43,306,796	51,808,126

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per statement of financial position	
Long term financing	7,335,739
Accrued mark-up	109,378
Short term borrowings	12,507,590
Trade and other payables	5,700,293
Unclaimed dividend	81,746
	25,734,746

	Loans and receivables	Available for sale	Total
	------ (Rupees in thousand) ------		
As at 30 June 2017			
Assets as per statement of financial position			
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 statement of financial position	
Long term financing	7,338,653
Accrued mark-up	110,751
Short term borrowings	14,697,393
Trade and other payables	5,017,927
Unclaimed dividend	75,271
	27,239,995

44.3 Offsetting financial assets and financial liabilities

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

44.4 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 statement of financial position plus 'borrowings'. The Company's strategy, remained unchanged from last year.

		2018	2017
Borrowings	Rupees in thousand	19,843,329	22,036,046
Total equity	Rupees in thousand	75,713,145	88,762,796
Total capital employed	Rupees in thousand	95,556,474	110,798,842
Gearing ratio	Percentage	20.77	19.89

The increase in the gearing ratio resulted primarily from decrease in fair value reserve (equity) of the Company.

45 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 2018	Level 1	Level 2	Level 3	Total
	------------------ (Rupees in thousand) ------------------			
Financial assets				
Available for sale financial assets	38,898,268	-	4,408,528	43,306,796
Derivative financial assets	-	9,478	-	9,478
Total financial assets	38,898,268	9,478	4,408,528	43,316,274
Financial liabilities				
Derivative financial liabilities	-	541	-	541
Total financial liabilities	-	541	-	541

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	53,646,187	-	4,806,106	58,452,293
Derivative financial assets	-	-	-	-
Total financial assets	53,646,187	-	4,806,106	58,452,293
Financial liabilities				
Derivative financial liabilities	-	27,536	-	27,536
Total financial liabilities	-	27,536	-	27,536

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 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 2018 and 30 June 2017:

	Unlisted equity securities
	(Rupees in thousand)
Balance as on 01 July 2016	2,460,056
Add : Surplus recognized in other comprehensive income	2,346,050
Balance as on 30 June 2017	4,806,106
Add: Transfer on loss of control over subsidiary company	180,000
Less: Deficit recognized in other comprehensive income	(757,578)
Balance as on 30 June 2018	4,228,528

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 2018	Fair value at 30 June 2017	Unobservable inputs	Range of inputs (probability-weighted average) 30 June 2018	Relationship of unobservable inputs to fair value
	(Rupees in thousand)				
Available for sale financial assets:					
Nishat Paper Products Company Limited	466,415	319,940	Revenue growth factor	13.02%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 100.054 million / - 85.279 million.
			Risk adjusted discount rate	12.16%	
Nishat Dairy (Private) Limited	534,240	507,300	Terminal growth factor	4%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 91.440 million / - 65.520 million.
			Risk adjusted discount rate	15.64%	
Security General Insurance Company Limited	924,043	780,365	Net premium revenue growth factor	5.27%	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 +63.300 million / - 56.142 million.
			Risk adjusted discount rate	17.50%	
Nishat Hotels and Properties Limited	2,303,830	3,198,501	Terminal growth factor	4%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 1,796 million / - 838.532 million.
			Risk adjusted discount rate	9.41%	

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.

46 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 2018	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Investment properties	-	2,629,656	-	2,629,656
Total non-financial assets	-	2,629,656	-	2,629,656

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

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 valuer to determine the fair value of the Company's investment properties at the end of every financial year. As at 30 June 2018, 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 valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

47 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

	Note	2018	2017
		(Rupees in thousand)	
Description			
Loan / advances obtained as per Islamic mode:			
Loans	5	2,130,800	2,392,050
Advances	7	531,110	545,479
Shariah compliant bank deposits / bank balances			
Bank balances	25	14,289	10,848
Profit earned from shariah compliant bank deposits / bank balances			
Profit on deposits with banks	31	-	13,642
Revenue earned from shariah compliant business		53,729,124	49,247,657
Gain / (loss) or dividend earned from shariah complaint investments			
Dividend income	31.1	1,254,942	1,047,059
Unrealized gain / (loss) on remeasurement of investment at fair value		13,688,726	(521,754)
Exchange gain earned		8,937	(27,536)
Mark-up paid on Islamic mode of financing		332,327	320,694
Profits earned or interest paid on any conventional loan / advance			
Profit earned on loans to subsidiary companies		177,205	134,790
Interest paid on loans		393,939	346,102
Profit earned on deposits with banks		61	29,531

Relationship with shariah compliant banks

Name	Relationship at reporting date
Habib Bank Limited	Bank balance, short term borrowings and long term financing
Standard Chartered Bank (Pakistan) Limited	Bank balance, short term borrowings and long term financing
AlBaraka Bank (Pakistan) Limited	Bank balance
Bank Islami Pakistan Limited	Bank balance and short term borrowings
Meezan Bank Limited	Bank balance, short term borrowings and long term financing
Dubai Islamic Bank Pakistan Limited	Bank balance and long term financing
MCB Islamic Bank Limited	Bank balance

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 26 September 2018 by the Board of Directors of the Company.

49 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made except for the provision for taxation which has been netted off with advance income tax for better presentation and understanding. Further, to comply with the requirements of the Companies Act, 2017 unclaimed dividend has been reclassified from trade and other payables and presented on the face of statement of financial position.

50 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, 2018

Directors' Report

The Directors are pleased to present their report together with the consolidated financial statement of Nishat Mills Limited ("the Holding Company") and its Subsidiary Companies (together referred to as Group) for the year ended 30 June 2018. 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 and Concept Garments and Textile Trading FZE.

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 Act, 2017. The Directors' Report, giving a commentary on the performance of Nishat Mills Limited for the year ended 30 June 2018 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.

The auditors' report to the members draws attention to Note 20.7 to the consolidated financial statements which refers to an amount of 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 20.7 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 the 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

26 September 2018
Lahore

Independent Auditor's Report

To the members of Nishat Mills Limited

Qualified Opinion

We have audited the annexed consolidated financial statements of Nishat Mills Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

The financial statements of Nishat USA, Inc. (Subsidiary Company) for the year ended 30 June 2018 were unaudited. Hence, total assets of Rupees 11,052,544 as at 30 June 2018 and total turnover and net profit of Rupees 30,898,167 and Rupees 254,981 respectively for the year ended 30 June 2018 pertaining to the aforesaid Company have been incorporated in these consolidated financial statements by the management using un-audited financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

The auditors of Nishat Power Limited (Subsidiary Company) have drawn attention to Note 20.7 to the consolidated financial statements, which describe the matter regarding recoverability of certain trade debts. Their opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	**Accounting for equity accounted associates** Investments in equity-accounted associates amounted to Rupees 34,414 million (25% of total assets) as at 30 June 2018.	Our procedures included, but were not limited to: • We perused the supporting documentation and

Sr. No.	Key audit matters	How the matters were addressed in our audit
	There is a risk that associates are not accounted for and disclosed properly. As such, we have identified the impairment assessment, equity accounting and disclosure for the investments in equity accounted associates as representing key audit matters due to the significance of the balance to the consolidated financial statements as a whole. The Group's management conducts its impairment test to assess the recoverability of the equity accounted associates and considers whether there are indicators of impairment with respect to these investments. Impairment assessments of these investments require significant judgement and there is the risk that valuation of the investments may be incorrect and any potential impairment charge miscalculated. For further information on investments in equity-accounted associates, refer to the following: - Summary of significant accounting policies, Consolidation – Associates note 2.2(b) to the consolidated financial statements. - Critical accounting estimates and judgements note 2.1(d) - Long term investments note 15 to the consolidated financial statements.	ensured that they are properly accounted for in accordance with IAS 28. • We ensured proper equity accounting was carried out during the year by looking at the post-acquisition change in the Group's share of net assets of the associates. In particular, we have: - Tested additions of investments made during the year; and - Checked the accuracy for computation of share of dividend income and profit or loss and other comprehensive income of the associates. • We assessed the adequacy of the disclosures presented within the consolidated financial statements to ensure they are in accordance with IFRS 12. • We sent group audit instructions to the respective component auditors to gain comfort on the audit procedures performed by the component auditors over the financial statements of associates. • We evaluated the reasonableness of management's assumptions and estimates used in determining the recoverable values of material investments. We assessed the assumptions and estimates based on our knowledge of the Group and the industries.
2.	**Assessment of control and significant influence on investments** There is a risk that management has made an error in judgement or may have not fully considered all rules, facts and circumstances in assessing whether the Group has control or significant influence on its investments which may have significant consequences on the consolidated financial statements. For further information, refer to the following: - Summary of significant accounting policies, Consolidation note 2.2 to the consolidated financial statements. - Note 1 and Note 15 to the consolidated financial statements.	Our procedures included, but were not limited to: • We tested the design and implementation of key controls around the application of the accounting standards and evaluated the significant judgements that management exercised in determining whether the Group controls or have significant influence over the investee companies; • We reviewed documents to support any key judgments management has made in determining whether they control or have significant influence over an investee e.g. power over relevant activities; and • We have tested the consolidation process to assess whether the conclusions reached have been appropriately applied in the preparation of the consolidated financial statements and adequate disclosures have been made in the consolidated financial statements.

Sr. No.	Key audit matters	How the matters were addressed in our audit
3.	**Inventory existence and valuation** Inventory of the textile business of the Group as at 30 June 2018 represented a material position in the consolidated statement of financial position. The textile business is characterized by high volumes and stock-in-trade mainly consists of stock kept at warehouses and stock in retail stores spread across Pakistan. The valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters. Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.12 to the consolidated financial statements. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. Useable stores, spares parts and loose tools are valued at moving average cost, raw materials are valued at annual average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment. The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required: • Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required. For further information on inventory, refer to the following: - Summary of significant accounting policies, Inventories note 2.12 to the consolidated financial statements.	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on a large number of locations. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

Sr. No.	Key audit matters	How the matters were addressed in our audit
	- Stores, spares and loose tools note 18 and Stock-in-trade note 19 to the consolidated financial statements.	
4.	**Capital expenditures** The textile business of the Group is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy. We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters. For further information, refer to the following: - Summary of significant accounting policies, Property, plant, equipment and deprecation note 2.7 to the consolidated financial statements. - Property, plant and equipment note 13 to the consolidated financial statements.	Our procedures included, but were not limited to: • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing.
5.	**Preparation of consolidated financial statements under the Companies Act, 2017** The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Group's annual financial statements for the year ended 30 June 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and contents of disclosures in relation to various elements of the consolidated financial statements. In case of the Group, specific additional disclosures and changes to the existing disclosures have been included in the consolidated financial statements. The above changes and enhancements in the consolidated financial statements are	Our procedures included, but were not limited to: • We assessed the procedures applied by the management for identification of the changes required in the consolidated financial statements due the application of the Act. • We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. • We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.

Sr. No.	Key audit matters	How the matters were addressed in our audit
	considered important and a key audit matter because of the volume and significance of the changes in the consolidated financial statements resulting from the transition to the new reporting requirements under the Act. For further information, refer to note 2.1(b) to the consolidated financial statements.	

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements of the Group and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, the Group should have consolidated Nishat USA, Inc. (Subsidiary Company) based on audited financial statements. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: 26 September 2018

Consolidated Statement of Financial Position

As at June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2017: 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	88,084,666	84,631,159
Equity attributable to equity holders of the Holding Company		91,600,665	88,147,158
Non-controlling interest		8,034,658	6,808,446
Total equity		99,635,323	94,955,604
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	8,232,086	10,339,290
Long term security deposits	6	193,510	167,530
Retirement benefit obligation		12,244	8,719
Deferred liability - accumulating compensated absences		2,447	3,241
Deferred income tax liability	7	2,484,368	2,162,341
		10,924,655	12,681,121
CURRENT LIABILITIES			
Trade and other payables	8	7,798,486	6,786,831
Accrued mark-up	9	291,864	295,933
Short term borrowings	10	17,086,481	16,495,970
Current portion of non-current liabilities	11	4,197,526	3,858,847
Unclaimed dividend		96,747	89,738
		29,471,104	27,527,319
TOTAL LIABILITIES		40,395,759	40,208,440
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		140,031,082	135,164,044

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

CHIEF EXECUTIVE OFFICER

	Note	2018	2017
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	41,268,747	41,598,128
Intangible assets	14	10,477	17,479
Long term investments	15	51,825,352	51,618,680
Long term loans	16	248,711	192,442
Long term deposits	17	163,387	211,240
		93,516,674	93,637,969
CURRENT ASSETS			
Stores, spare parts and loose tools	18	2,678,108	2,811,300
Stock in trade	19	18,102,550	17,713,967
Trade debts	20	16,225,912	12,349,739
Loans and advances	21	1,171,546	1,485,073
Short term deposits and prepayments	22	284,609	254,311
Other receivables	23	4,637,441	3,786,527
Accrued interest	24	1,034	1,268
Short term investments	25	2,581,520	2,535,973
Cash and bank balances	26	831,688	587,917
		46,514,408	41,526,075
TOTAL ASSETS		140,031,082	135,164,044

CHIEF FINANCIAL OFFICER

DIRECTOR

Consolidated Statement of Profit or Loss

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
REVENUE	27	84,723,042	76,321,513
COST OF SALES	28	(71,144,010)	(63,925,127)
GROSS PROFIT		13,579,032	12,396,386
DISTRIBUTION COST	29	(5,023,747)	(4,983,500)
ADMINISTRATIVE EXPENSES	30	(1,812,724)	(1,783,271)
OTHER EXPENSES	31	(217,337)	(204,333)
		(7,053,808)	(6,971,104)
		6,525,224	5,425,282
OTHER INCOME	32	2,130,139	2,248,788
PROFIT FROM OPERATIONS		8,655,363	7,674,070
FINANCE COST	33	(1,778,526)	(1,699,910)
		6,876,837	5,974,160
SHARE OF PROFIT FROM ASSOCIATES	15.3	3,411,660	3,130,059
PROFIT BEFORE TAXATION		10,288,497	9,104,219
TAXATION	34	(1,447,691)	(1,520,125)
PROFIT AFTER TAXATION		8,840,806	7,584,094
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		7,286,639	6,170,139
NON-CONTROLLING INTEREST		1,554,167	1,413,955
		8,840,806	7,584,094
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	35	20.72	17.55

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, 2018

	2018	2017
	(Rupees in thousand)	
PROFIT AFTER TAXATION	8,840,806	7,584,094
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified to profit or loss:		
Remeasurement of retirement benefits - net of tax	(18,279)	(11,501)
Items that may be reclassified subsequently to profit or loss:		
Deficit arising on remeasurement of available for sale investments	(1,064,858)	(367,064)
Share of other comprehensive (loss) / income of associates	(1,023,150)	1,184,030
Exchange differences on translating foreign operations	56,635	(3,617)
Deferred income tax relating to surplus on available for sale investment	(25,481)	17,157
Other comprehensive (loss) / income for the year - net of tax	(2,056,854)	830,506
	(2,075,133)	819,005
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,765,673	8,403,099
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	5,211,506	6,989,144
NON-CONTROLLING INTEREST	1,554,167	1,413,955
	6,765,673	8,403,099

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, 2018

(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 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
Transaction with owners - Final dividend for the year ended 30 June 2017 @ Rupees 5.00 per share	-	-	-	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)	-	(1,757,999)
Change in ownership interest in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	16,751	16,751
Loss of control over subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	2,206	2,206
Transferred to general reserve	-	-	-	-	-	-	-	4,412,000	(4,412,000)	-	-	-	-	-
Transferred to statutory reserve	-	-	-	-	464	-	464	-	(464)	(464)	-	-	-	-
Transaction with owners - Dividend relating to year 2017 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(346,912)	(346,912)
Profit for the year	-	-	-	-	-	-	-	-	7,286,639	7,286,639	7,286,639	7,286,639	1,554,167	8,840,806
Other comprehensive (loss) / income for the year	-	-	(2,113,489)	56,635	-	-	(2,056,854)	-	(18,279)	(18,279)	(2,075,133)	(2,075,133)	-	(2,075,133)
Total comprehensive (loss) / income for the year	-	-	(2,113,489)	56,635	-	-	(2,056,854)	-	7,268,360	7,268,360	5,211,506	5,211,506	1,554,167	6,765,673
Balance as at 30 June 2018	3,515,999	5,499,530	14,243,195	60,174	835	111,002	19,914,736	60,755,882	7,414,048	68,169,930	88,084,666	91,600,665	8,034,658	99,635,323

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Consolidated Statement of Cash Flows

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	6,946,654	1,180,080
Finance cost paid		(1,782,595)	(1,713,379)
Income tax paid		(1,033,761)	(741,945)
Long term security deposits received		25,980	6,247
Exchange (loss) / gain on forward exchange contracts (paid) / received		(7,427)	123,558
Net increase in retirement benefit obligation		3,525	3,338
Net increase in long term loans		(83,387)	(93,758)
Net decrease / (increase) in long term deposits and prepayments		47,853	(79,665)
Net cash generated from / (used in) operating activities		4,116,842	(1,315,524)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		98,966	171,122
Capital expenditure on property, plant and equipment		(3,366,655)	(6,653,878)
Dividends received		3,030,132	2,771,518
Investments made		(425,758)	(400,479)
Interest received		9,525	61,750
Net cash used in investing activities		(653,790)	(4,049,967)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,090,395	3,215,449
Repayment of long term financing		(3,858,920)	(4,004,958)
Exchange differences on translation of net investments in foreign subsidiaries		56,635	(3,617)
Short term borrowings - net		590,511	6,020,313
Dividend paid		(2,097,902)	(2,356,102)
Net cash (used in) / from financing activities		(3,219,281)	2,871,085
Net increase / (decrease) in cash and cash equivalents		243,771	(2,494,406)
Cash and cash equivalents at the beginning of the year		587,917	3,082,323
Cash and cash equivalents at the end of the year		831,688	587,917

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

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. Geographical location and addresses of all business units are as follows:

Sr. No.	Manufacturing units and offices	Address
1	Spinning units, yarn dyeing unit and power plant	Nishatabad, Faisalabad.
2	Spinning units and power plant	Plot No. 172-180 and 188-197, M-3 Industrial City, Sahianwala, FIEDMC, 2 K.M. Jhumra Chiniot Road, Chak Jhumra, Faisalabad.
3	Spinning units and power plant	20 K.M. Sheikhupura Road, Feroze Wattwan.
4	Weaving units and power plant	12 K.M. Faisalabad Road, Sheikhupura.
5	Weaving units, dyeing and finishing unit, processing unit, stitching units and power plants	5 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.
6	Apparel unit – I	7 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.
7	Apparel unit – II	2 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.
8	Head office	7-Main Gulberg, Lahore.
9	Liaison office	1st Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
10	Registered office	Nishat House, 53 - A, Lawrence Road, Lahore.

NISHAT POWER LIMITED

Nishat Power Limited is a public limited Company incorporated in Pakistan under the repealed 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% (2017: 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 repealed 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. Geographical location and addresses of all business units are as follows:

Sr. No.	Business Units	Address
Manufacturing unit and office		
1	Stitching Unit and office	21 K.M., Ferozepur Road, Lahore
Stores		
1	Chez Casa	8-A-3, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore
2	Nishat Emporium Mall	Shop # G-26, Nishat Emporium Mall, Abdul Haque Road, Johar Town, Lahore
3	Swarovski-Emporium Mall	Shop # KG-05, Ground Floor, Nishat Emporium Mall, Abdul Haque Road Johar Town, Lahore
4	Gulberg Galleria	Shop # 13, Ground Floor U/G1 & L/G2, Gulberg Galleria, 18-Main Boulevard, Gulberg III, Lahore
5	Packages Mall	Packages Mall, Walton Road, Lahore
6	Y-Block DHA	172, Y Block, DHA, Lahore
7	Wapda Town	Main Boulevard, Johar Town, (Opp. Shaukat Khanum Hospital), Lahore
8	Fashion Avenue	Fashion Avenue, Shop # 5-7, College Block, Main Boulevard, Allama Iqbal Town, Lahore
9	Fortress	Shop # 19, Gilgit Block, Fortress Stadium, Lahore
10	Canal West Bank	Shop # 1-3, Ground Floor Sraw Plaza, Near Muhafiz Town, Phase 1, Canal West Bank Road, Lahore
11	Phase IV DHA	176 DD, Commercial Area, Phase 4, DHA, Lahore
12	Doctors Hospital	86 G/1, Johar Town (Opposite Doctors Hospital), Lahore
13	Link Road Model Town	Opposite Raja Sahib, Link Road Model Town, Lahore
14	Mall Road	Factory Outlet, 46, Mall Road, Regal Chowk, Lahore
15	Shadman	118-Shadman, Lahore
16	Mughalpura	Ground Floor Building 9-A, Shalimar Link Road, Mughalpura, Lahore
17	Gulshan Ravi	Factory Outlet, Shop # 12-C, Main Boulevard Gulshan Ravi, Lahore
18	Thokar Niaz Baig	Factory Outlet, Ground Floor, 55th Avenue, Thokar Niaz Baig, Raiwind Road, Lahore
19	E-Store	21 K.M., Ferozepur Road, Lahore
20	Clifton	G.F2, Jamalistan Shopping Center, DC-1, Block 8, Clifton, Karachi
21	Dolmen Clifton	D-3, 1st Floor, Dolmen City, Block 4, Scheme 5, Clifton, Karachi

Sr. No.	Business Units	Address
22	Dolmen Tariq Road	SF-21, 2nd Floor, Dolmen Mall, Block 3, P.E.C.H.S., Tariq Road, Karachi
23	Dolmen Mall Hyderi	3rd Floor, Outlet # T-5, Dolmen Mall Hyderi, Block C, North Nazimabad, Karachi
24	Ocean Mall	Shop 250-254, 2nd Floor Ocean Mall, Plot # G-3, Khyaban-e-Iqbal, Block 9, Clifton, Karachi
25	KDA Outlet Store	NL Outlet Store, 565-A, Block 3, KDA Scheme 24, Gulshan-e-Iqbal, Karachi
26	The Place	The Place (Neuplex Cinemas), Outlet # M-01, 214-A, Khayaban-e-Shaheen, Phase 8, DHA, Karachi
27	Mariam Heights	Shop # 2, Mariam Heights Plot # 1, Main Shaheed-e-Millat Road (Opp. Naheed and Chase Super Market), Karachi
28	Lucky One Mall	Lucky One Mall, Shop # F-31, First Floor, Block 21, F.B. Area, Main Rashid Minhas Road, Karachi
29	Atrium Mall	1st Floor, Atrium Mall, Staff Lines, Fatima Jinnah Road, Cantt, Karachi
30	Millennium Mall	Millennium Mall, Main Rashid Minhas Road, Adjacent Drive-In Cinema, Gulshan-e-Iqbal, Karachi
31	ANB Center	ANB Center, Plot # 13-V, (Behind PSO Petrol Pump) Jinnah Super Market, F-7 Markaz, Islamabad
32	F-10	Block # 7, Malik Arcade, F-10 Markaz, Islamabad
33	Bahria Town	Shop # 4, Al Masoom Complex, Civic Center, Phase 4, Bahria Town, Islamabad
34	Centaurus Mall	Shop # 120, 1st Floor Centaurus Shopping Mall, Jinnah Avenue Plot # 1, Blue Area, F-8/G-8, Islamabad
35	Bahria Town Phase 7	Plaza 155, (Near Shaheen Chowk), Spring North, Phase 7, Bahria Town, Islamabad
36	PWD	Ground Floor, Plaza # 10, Main Road, Block A, PWD, Islamabad
37	World Trade Center	World Trade Center, G.T. Road, Defence Housing Authority, Phase II, Islamabad
38	Awami Trade Center	Awami Trade Center, Ground Floor, 31-33, G9 Markaz, Islamabad
39	Adamjee Road	Plot # 5, Saddar, Adamjee Road, Rawalpindi
40	Satellite Town	Shop # 3, Abbas Arcade, 5th Road, Satellite Town, Commercial Market, Rawalpindi
41	Crystal Mall	Crystal Mall, Main Bosan Road, Multan
42	Gulshan Market	Factory Outlet, Shop # 3, Block-S, 100 Feet Road, Gulshan Market, New Multan Colony, Multan
43	S.P Chowk	Plot # 1-A, S.P Chowk, Nusrat Road, Multan Cantt., Multan
44	Masooma	Shop # 2-3, Masooma Shopping Center, Legacy Tower, Koh-e-Noor City, Jaranwala Road, Faisalabad
45	D-Ground	1298/B, Chen One Road, Peoples Colony No. 1 , Faisalabad
46	Gulberg Road	Shop # P-71, Ground & 1st Floor, Main Gulberg Road, Goband Pura, Faisalabad
47	The Boulevard Mall	Shop # 1, Ground Floor, The Boulevard Mall, Near Suzuki Burj Motors, East Canal Road, Faisalabad
48	Taj Shopping Center	Ground Floor Taj Shopping Center, (Near National Bank) Govt. Girls College Road, Satellite Town, Gujranwala
49	Fazal Centre	Hall # 5, Fazal Centre, G.T. Road, Rahwali Cantt, Gujranwala

Sr. No.	Business Units	Address
50	Town Branch	JB Tower, Ground Floor, University Road, Peshawar
51	Cantt Branch	Deans Trade Center, Islamia Road Cantt, Peshawar
52	Abdullah Mall	Abdullah Mall, Ground Floor, Katchehry Road, Gujrat
53	Mall of Gujrat	Mall of Gujrat, Ground Floor Facing Mall (Opposite Science College) G.T. Road, Gujrat
54	Sialkot	97-A, Liberty Market, Aziz Shaheed Road, (Near Silver Spoon Restaurant) Cantt., Sialkot
55	Bahawalpur	Shop # 2, Haqqi Centre, (Opposite Commissioner House) Adjacent to DIG House, Bahawalpur
56	Sargodha	Shop # 39, Raas Tower, Qasim Park, Opposite MCB Bank, Main University Road, Sargodha
57	Mirpur	Sultan Plaza, Kotli Road, Mirpur Azad Kashmir
58	Abbottabad	Jadoon Plaza, Phase 2, Opposite Army Burnhall College for Boys, Mandian, Abbottabad
59	Mardan	Afaq Centre, (Opposite Premier Sugar Mills) Nowshera Road, Mardan
60	Sahiwal	Azaan Heights, Jahaz Chowk, Sahiwal
61	Swat	Shop # F-1 & F-2, Swat Trade Center, (Opposite Swat Serena Hotel) ALLAH Chowk, Saidu Sharif, Swat
62	Mandi Bahauddin	Shop # G9, Ground Floor, Hakim Mall, Jail Road, Mandi Bahauddin
63	Jhelum	Shop # 1-14, Ground Floor, Adnan Plaza, Jhelum
64	Hyderabad	Shop # 2-4, Silver Spring Apartment, A # 28, Main Auto Bhan Road, Unit # 03, Latifabad, Hyderabad
65	Boulevard Mall	First Floor A-14, Boulevard Mall, Auto Bhan Road, S.I.T.E., Hyderabad
66	Burewala	Opposite Imran Petroleum, Near Stadium Road, Multan Road, Burewala
67	Quetta	Shop # 1, Ground Floor, Millennium Mall, Gulistan Road, Quetta
68	Muzaffarabad	Shop # 1, Ground Floor, Al-Rahim Plaza, Neelum Valley Road (Lower Plate), Muzaffarabad
69	Sheikhupura	Lower Ground Khanjee Center, Civil Quarter's Road, Sheikhupura
70	Sukkur Shop	Shop # 235, City Point Military Road, Sukkur
71	D.G. Khan	Shop # 48-49, Block # 6, Sadar Bazar, Dera Ghazi Khan
72	Rahim Yar Khan	5-Model Town, Near Town Hall, Opposite U Microfinance Bank, Rahim Yar Khan
73	Lalamusa	Factory Outlet, Lower Ground Floor, City Mall, G.T. Road, Lalamusa
74	Chakwal	Near Sawan CNG, Talagang Road, Chakwal
75	Wah Cantt	Shop # 7-8 Lower Ground & Shop # 7-8 Ground Floor, City Centre Phase 2, New City, Wah Cantt
76	Kasur	Chandani Chowk, Plaza # 216, Near Bank Alfalah, Railway Road, Kasur
77	Fair Price Shop - Lahore	21 K.M., Ferozepur Road, Lahore
78	Fair Price Shop - Bhikhi	Nishat Mills Limited, Weaving Unit Bhikhi, Sheikhupura
79	Fair Price Shop -Faisalabad	Nishat Mills Limited, Nishatabad, Faisalabad
80	Centaurus - Inglot	Shop # 315, 3rd Floor , The Centaurus Mall, F-8, Islamabad
81	WTC - Inglot	Shop # 25, Hyperstar Floor Plot No. 1 Main GT Road DHA Phase 2, Islamabad

Sr. No.	Business Units	Address
82	DMC - Inglot	D-3, 1st Floor, Dolmen City, Block 4, Scheme 5, Clifton, Karachi
83	Ocean Mall - Inglot	Ocean Mall, Store # G-38 Ground Floor Khayaban e Iqbal Block 9, Clifton, Karachi
84	Z Block - Inglot	Shop 309, Ground Floor, Tufail Plaza, Phase 3, Z Block, DHA, Lahore
85	Casa - Inglot	8-A, Gulberg 3, Nishat Hotel, Mian Mehmood Kasuri Road, Lahore
86	Emporium - Inglot	Ground Floor, G-43, Emporium Mall, Lahore
87	Amanah - Inglot	Shop No. 014, Amanah Mall, Main Link Road, Model Town, Lahore
88	Packages - Inglot	Shop No. 1065, First Floor, Packages Mall, Lahore
89	Crystal Mall - Inglot	Crystal Mall, Chungi # 9 Bosan Road, Multan
90	Sargodha - Inglot	Plot No. 39, Raas Tower , Qasim Park University Road, Sargodha

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 repealed 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 business place of the Company is situated at 9-A, Mian Mehmood Ali Kasuri Road, Gulberg-III, 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 Nishat Linen Trading LLC is to operate retail outlets in UAE for sale of textile and related products. The registered address of Nishat Linen Trading LLC in U.A.E. is located at Shop No. SC 128, Dubai Festival City, P.O. Box 28189 Dubai, United Arab Emirates and the branches are located at:

Sr. No.	Business Units
1	Unit No. F29 and F30, Dubai Outlet Mall, Dubai, United Arab Emirates
2	Shop No. 1, Musalla 8, Al Souq Al Kabeer, Meena Bazar, Dubai, United Arab Emirates
3	Unit No. M-101C, Oasis Center Mall, Dubai, United Arab Emirates
4	Unit No. 1543, Arabian Centre, Dubai, United Arab Emirates
5	FC 34, Al Ghurair Mall, Dubai, United Arab Emirates

Sr. No.	Business Units
6	F232-F233, Mega Mall, Dubai, United Arab Emirates
7	Unit No. E-27, Al Wahda Mall, Abu Dhabi, United Arab Emirates
8	Unit No. F-17, Al Ain Mall, Abu Dhabi, United Arab Emirates
9	Shop No. SC 128, 1st Floor, Dubai Festival City, Dubai, United Arab Emirates
10	Shop No. RB 154-RB 155-RB 156, 1st Floor, Sharq Mall, Abu Dhabi, United Arab Emirates
11	Shop No. U-029, 1st Floor, City Centre Sharjah, Sharjah, United Arab Emirates

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. The registered office of Nishat Global China Company Limited is situated at N801, No. 371-375 East Huanshi Road, Yuexiu District, Guangzhou City, China.

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. The registered office of Nishat UK (Private) Limited is situated at 71 Queen Victoria Street, London EC4V 4BE.

NISHAT COMMODITIES (PRIVATE) LIMITED

Nishat Commodities (Private) Limited is a private limited Company incorporated in Pakistan on 16 July 2015 under the repealed 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 are 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. Geographical location and addresses of all business units are as follows:

Sr. No.	Business units	Address
1	Head office	5 K.M., Nishat Avenue, Off 22 K.M. Ferozepur Road, Lahore.
2	Warehouse	Plot 36/2, 1-C/1-1 and 1-C/2-1, Phase II, Mauripur Hawksbay Industrial Area, Karachi.
3	Sub-office	1st Floor, Chamber Hasrat Mohani Road, Karachi.

LALPIR SOLAR POWER (PRIVATE) LIMITED

Lalpir Solar Power (Private) Limited is a private limited Company incorporated in Pakistan on 09 November 2015 under the repealed 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 Jebel 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 Jebel Ali Free Zone, Dubai. The principal business of the Company is trading in readymade garments and textile products.

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 391.568 million (2017: Rupees 195.842 million).

c) Summary of significant transactions and events affecting the Group's financial position and performance

For a detailed discussion about the Group's performance, please refer to the Directors' report.

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 the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Preparation of consolidated financial statements under the Companies Act, 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of these consolidated financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Group (refer note 13.1.4), management assessment of sufficiency of tax provision in the consolidated financial statements (refer note 34.1), change in threshold for identification of executives (refer note 38), additional disclosure requirements for related parties (refer note 39) etc.

c) Accounting convention

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

d) 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 reporting 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 associates

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

e) 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 2017:

IAS 7 (Amendments), 'Statement of Consolidated 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 consolidated financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Group'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 have no significant impact on Group'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' (effective for annual periods beginning on or after 01 January 2017). IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified, or included in a disposal group that is classified, as held for sale (in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations). The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments have no impact on the Group's financial statements.

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

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 2018 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 financial statements.

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

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Group's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 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 financial statements.

IAS 28 (Amendments) 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2019). The IASB has clarified that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments are not likely to have significant impact on the Group's statements.

IAS 40 (Amendments), 'Investment Property' (effective for annual periods beginning on or after 01 January 2018). The amendments clarify that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have a significant impact on the Group'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 Group'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 Group'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 Group is in the process of evaluating the impacts of the aforesaid amendments on the Group'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. These amendments are effective for annual periods beginning on or after 01 January 2018. These amendments have no significant impact on the Group's financial statements and have therefore not been analyzed in detail.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Group's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

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 2018 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 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:

	2018	2017
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(10,289,588)	(11,151,554)
Recognition of lease debtor	8,188,465	9,997,140
(Decrease) / Increase in un-appropriated profit at the beginning of the year	(1,154,414)	127,195
Decrease in profit for the year	(946,709)	(1,281,609)
Decrease in un-appropriated profit at the end of the year	(2,101,123)	(1,154,414)

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 all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 financial statements are translated in functional currency of the Group. Statement of financial position items are translated at the exchange rate at the reporting date and statement of profit or loss 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 statement of profit or loss.

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 statement of profit or loss 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 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 reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, 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 statement of profit or loss and is not subsequently reversed.

Negative goodwill is recognized directly in consolidated statement of profit or loss 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 reporting 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 statement of profit or loss.

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 statement of profit or loss 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 statement of profit or loss 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 statement of profit or loss.

Depreciation

Depreciation on property, plant and equipment is charged to consolidated statement of profit or loss 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 statement of profit or loss 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 statement of profit or loss 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 statement of profit or loss 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 statement of profit or loss.

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 statement of profit or loss 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 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 other comprehensive income is included in consolidated statement of profit or loss. 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 reporting 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 statement of profit or loss 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 statement of profit or loss.

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.

- Processing income is recognized when related services are rendered.

- The share of profits or losses of the associates after tax is included in the consolidated statement of profit or loss to recognize the post acquisition changes in the share of the net assets of the investees. Dividend from associates 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 statement of profit or loss 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 statement of financial position 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 reporting 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 statement of profit or loss. 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 statement of profit or loss.

2.23 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the consolidated statement of financial position at estimated fair value with corresponding effect to consolidated statement of profit or loss. 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,II and Yarn Dyeing), Feroze Wattwan (I and II) and Lahore (Producing different quality of yarn including dyed yarn and sewing thread using natural and artificial fibres), Weaving at Bhikki and Lahore (Producing different quality of greige fabric using yarn), Dyeing (Producing dyed fabric using different qualities of greige fabric), Home Textile (Manufacturing of home textile articles using processed fabric produced from greige fabric), Garments (I and II) (Manufacturing of garments using processed fabric), Power Generation (Generation, transmission and distribution of power using gas, oil, steam, coal and biomass) and Hotel (Business of hotel and allied services.

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

2.27 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

2018	2017		Note	2018	2017
(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	3.1	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 These mainly include shares issued to members of Umer Fabrics Limited as per the Scheme of Arrangement as approved by the Honourable Lahore High Court, Lahore.

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

	2018	2017
	(Number of Shares)	
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	2,050	1,402,950
MCB Bank Limited	227	227
Adamjee Life Assurance Company Limited	170,000	-
	30,461,778	31,692,678

	Note	2018	2017
		(Rupees in thousand)	
4 RESERVES			
Composition of reserves is as follows:			
Capital			
Premium on issue of right shares	4.1	5,499,530	5,499,530
Fair value reserve - net of deferred tax	4.2	14,243,195	16,356,684
Exchange translation reserve	2.2(c)	60,174	3,539
Statutory reserve	4.3	835	371
Capital redemption reserve fund	4.4	111,002	111,002
		19,914,736	21,971,126
Revenue			
General		60,755,882	56,343,882
Unappropriated profit		7,414,048	6,316,151
		68,169,930	62,660,033
		88,084,666	84,631,159

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

4.2 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 statement of profit or loss on realization. Reconciliation of fair value reserve net of deferred tax is as under:

	Note	2018	2017
		(Rupees in thousand)	
Balance as on 01 July		16,529,749	15,712,783
Fair value adjustment during the year		(1,064,858)	(367,064)
Gain transferred to consolidated statement of profit or loss on derecognition of available for sale investment		-	(402)
Share of fair value reserve of associates		(1,023,150)	1,184,432
		14,441,741	16,529,749
Less: Deferred tax liability on unquoted equity investment		(198,546)	(173,065)
Balance as on 30 June		14,243,195	16,356,684

4.3 As required by UAE Federal Law No. (2) of 2015 and the Articles of Association of Nishat Linen Trading LLC - Subsidiary Company 10% of the profit for the year has to be transferred to a legal reserve until it is equivalent to 50% of paid-up capital of the Subsidiary Company. This reserve is not available for distribution.

4.4 An equity accounted associate created the fund for redemption of preference shares. The preference shares were redeemed during the year ended 30 June 2007.

5 LONG TERM FINANCING

From banking companies - secured

	Note	2018	2017
Long term loans	5.1	10,297,264	11,804,296
Long term musharika	5.2	2,130,800	2,392,050
Motor vehicles' loans	5.4	1,548	1,791
		12,429,612	14,198,137
Less: Current portion shown under current liabilities	11	4,197,526	3,858,847
		8,232,086	10,339,290

Lender	2018	2017	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	128,485	192,727	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	3 Month offer KIBOR + 0.50%	Sixteen unequal installments commenced on 17 August 2014 and ended on 18 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	3 Month offer KIBOR + 0.50%	Eighteen equal quarterly installments commenced on 18 September 2013 and ended 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	300,000	164,621	SBP rate for LTFF + 0.25%	Three hundred and twenty unequal installments commencing on 30 August 2018 and ending on 28 December 2023.	-	Quarterly	First pari passu charge of Rupees 400 million over all the present and future plant and machinery of the Company with 25% margin excluding those assets (part of the plant and machinery) on which the Company has created exclusive charges in favour of existing creditors.
Faysal Bank Limited	198,594	198,594	SBP rate for LTFF + 0.30%	Twenty unequal installments commencing on 22 November 2018 and ending on 25 May 2023.	-	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Company (excluding those on which charge has already been created).
Bank Alfalah Limited	75,000	150,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 July 2015 and ending on 17 April 2019.	Quarterly	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.

Lender	2018	2017	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Pakistan Kuwait Investment Company (Private) Limited	89,015	115,683	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	28,263	34,991	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).
	117,278	150,674					
The Bank of Punjab	333,442	426,785	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	82,532	104,285	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	971,136	998,884	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 27 March 2018 and ending on 05 June 2023.	-	Quarterly	First pari passu charge of Rupees 1,333 million (inclusive of 25% margin on all present and future plant and machinery of the Company.
Bank Alfalah Limited	947,808	998,269	SBP rate for LTFF + 0.35%	Four hundred and sixty unequal installments commenced 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	280,911	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commencing on 31 August 2018 and ending on 31 May 2023.	-	Quarterly	First pari passu hypothecation charge of Rupees 400 million with 25% margin on present and future plant and machinery of the Company.

Lender	2018	2017	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Allied Bank Limited	954,732	-	SBP rate for LTFF + 0.25%	Five hundred unequal installments commencing on 28 December 2018 and ending on 13 June 2024.	-	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).
Habib Bank Limited	815,021	975,296	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commenced on 17 September 2017 and ending on 25 November 2022.	-	Quarterly	Note 5.3
	5,204,939	4,946,603					
Nishat Power Limited - Subsidiary Company							
Consortium of banks (Note 5.1.1)	5,092,325	6,857,693	3 Month KIBOR + 3.00%	Nine quarterly installments ending on 01 July 2020.	Quarterly	Quarterly	Registered 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.
	5,092,325	6,857,693					
	10,297,264	11,804,296					

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 9.12% to 9.50% (2017: 9.04% to 9.12%) per annum.

5.2 Long term musharika

Nishat Mills Limited - Holding Company

Lender	2018	2017	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
Habib Bank Limited	182,918	468,630	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	454,489	740,206	3 Month offer KIBOR + 0.35%	Fifty six unequal installments commenced on 19 May 2016 and ending on 01 June 2020.	Quarterly	Quarterly	

Lender	2018	2017	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Dubai Islamic Bank Pakistan Limited	57,143	285,714	3 Month offer KIBOR + 0.40%	Fourteen equal quarterly installments commenced on 03 June 2015 and ending on 03 September 2018.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,067 million on all present and future fixed assets (excluding land and building) of the Company including but not limited to plant and machinery, furniture and fixtures, accessories etc. (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of existing charge holders).
Meezan Bank Limited	75,000	175,000	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	111,250	222,500	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	250,000	500,000	3 Month offer KIBOR + 0.20%	Sixteen equal quarterly installments commenced on 27 September 2015 and ending on 27June 2019.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
Standard Chartered Bank (Pakistan) Limited	1,000,000	-	3 Month offer KIBOR	Forty eight unequal installments commencing on 14 February 2019 and ending on 06 December 2022.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
	2,130,800	2,392,050					

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 installments.

6 LONG TERM SECURITY DEPOSITS

These represent interest free security deposits received from stockists in connection with 'Nishat Linen' retail outlets in Pakistan. These security deposits have been utilized for the purpose of business in accordance with the terms of written agreements with stockists.

	Note	2018	2017
		(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		198,546	173,065
Investments in associates		2,506,611	2,225,826
Accelerated tax depreciation	7.2	117,876	116,131
		2,823,033	2,515,022
Deductible temporary difference on:			
Turnover tax carried forward	7.3	(217,229)	(180,340)
Available tax losses		-	(11,269)
Deferred liabilities - accumulating compensated absences	7.4	(776)	(972)
Unabsorbed tax losses and tax credits	7.4	(120,660)	(160,100)
		(338,665)	(352,681)
		2,484,368	2,162,341

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 26.324 million (2017: Rupees 17.919 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, Nishat Linen (Private) Limited and Nishat Commodities (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	2018	2017
		(Rupees in thousand)	

8 TRADE AND OTHER PAYABLES

	Note	2018	2017
Creditors	8.1	5,719,171	4,909,646
Accrued liabilities		946,834	804,577
Advances from customers	8.1	636,134	593,405
Securities from contractors - interest free and repayable on completion of contracts	8.2	10,498	8,328
Retention money payable		99,701	95,018
Income tax deducted at source		1,687	1,294
Payable to employees provident fund trust		3,866	7,707
Fair value of forward exchange contracts		541	27,536
Workers' profit participation fund	8.3	370,571	336,920
Workers' welfare fund		9,483	2,400
		7,798,486	6,786,831

8.1 This includes amounts due to following related parties:

Creditors

	2018	2017
D.G. Khan Cement Company Limited - associated company	4,457	10,426
Security General Insurance Company Limited - associated company	27,464	25,850
Adamjee Insurance Company Limited - associated company	25,754	24,525
Adamjee Life Assurance Company Limited - associated company	1,397	-
Nishat (Chunian) Limited - related party	9,235	42,378
Nishat Hotels and Properties Limited - associated company	2,605	-
Nishat (Aziz Avenue) Hotels and Properties Limited - associated company	-	3,115
	70,912	106,294

Advances from customers

	2018	2017
Nishat Hotels and Properties Limited - associated company	71	-
Nishat (Chunian) Limited - related party	328	155
	399	155

8.2 These deposits have been utilized for the purpose of business in accordance with the terms of written agreements with contractors.

	Note	2018	2017
		(Rupees in thousand)	
8.3 Workers' profit participation fund			
Balance as on 01 July		336,920	452,020
Add: Provision for the year		370,571	336,920
Interest for the year	33	792	2,907
		708,283	791,847
Less: Payments during the year		337,712	448,615
Reversal of provision for workers' profit participation fund		-	6,312
		370,571	336,920

8.3.1 Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized till the date of allocation to workers.

9 ACCRUED MARK-UP

	Note	2018	2017
Long term financing		165,586	199,962
Short term borrowings	9.1	126,278	95,971
		291,864	295,933

9.1 This includes markup of Rupees 1.678 million (2017: Rupees 1.267 million) payable to MCB Bank Limited - associated company.

10 SHORT TERM BORROWINGS

From banking companies - secured

Nishat Mills Limited - Holding Company

	Note	2018	2017
State Bank of Pakistan (SBP) refinance	10.1 & 10.3	8,532,741	12,009,969
Other short term finances	10.1 & 10.4	3,150,000	1,525,000
Temporary bank overdrafts	10.1, 10.2 & 10.5	824,849	1,162,424
		12,507,590	14,697,393
Nishat Power Limited - Subsidiary Company			
Short term running finances	10.6	2,774,392	563,580
Short term finances	10.7	1,804,499	1,234,997
		4,578,891	1,798,577
		17,086,481	16,495,970

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 35,069 million (2017: Rupees 34,244 million).

10.2 These finances include Rupees 145.342 million (2017: Rupees 113.010 million) with MCB Bank Limited - associated company, which has been utilized for working capital requirements.

10.3 The rates of mark up range from 2.15% to 2.25% (2017: 2.15% to 2.85%) per annum on the balance outstanding.

10.4 The rates of mark up ranged from 5.89% to 7.03% (2017: 0.87% to 5.92%) per annum during the year on the balance outstanding.

10.5 The rates of mark-up range from 6.34% to 8.67% (2017: 6.24% to 8.03%) per annum on the balance outstanding.

10.6 The total running finance and running musharika main facilities obtained from various commercial banks under mark-up arrangements aggregate Rupees 6,651.52 million (2017: Rupees 4,526.52 million). Such facilities have been obtained at mark-up rates ranging from three months KIBOR plus 0.25% to 2% per annum, payable 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 6.39% to 8.43% (2017: 6.44% to 8.12%) per annum. Various sub facilities comprising money market loans and letter of guarantee 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 2,450 million (2017: Rupees 2,700 million). Such facilities have been obtained at mark-up rates ranging from one week to six months KIBOR plus 0.05% to 1.25%, 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. The mark-up rate charged during the year on the outstanding balance ranged from 6.45% to 7.43% (2017: 6.17% to 7.52%) per annum. Various sub facilities comprising running musharika 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 (2017: Rupees 800 million). The amount utilized at 30 June 2018, for letters of credit was Rupees 140.210 million (2017: Rupees 151.13 million) and for letters of guarantee was Rupees 202.984 million (2017: Rupees 199.98 million). The aggregate facilities for opening letters of credit and guarantee are secured by charge on present and future current assets including fuel stocks/inventory of the Nishat Power Limited - Subsidiary Company and by lien over import documents.

	Note	2018	2017
		(Rupees in thousand)	
11 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing	5	4,197,526	3,858,847

12 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (2017: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court since year 1993.

ii) Guarantees of Rupees 1,531.364 million (2017: Rupees 1,519.832 million) are given by the banks of 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 4,716.276 million (2017: Rupees 3,179.346 million) are issued by 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) On 24 July 2015, 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 92.624 million (2017: Rupees 75.342 million) paid on such goods in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

v) On 19 January 2017, 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(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts was 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 157.982 million (2017: Rupees 97.221 million) 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.

vi) Holding Company's share in contingencies of associates accounted for under equity method is Rupees 6,075 million (2017: Rupees 5,720 million).

vii) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against Nishat Power Limited - Subsidiary Company through order dated 11 December 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through 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 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 consolidated financial statements.

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

a) Letter of guarantee of Rupees 11 million (2017: Rupees 9 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) Letters of guarantee of Rupees 190.484 million (2017: Rupees 190.484 million) in favour of fuel suppliers.

c) Letter of guarantee of Rupees 1.5 million (2017: Rupees 0.5 million) in favour of Punjab Revenue Authority, Lahore.

ix) Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rs 1.085 million (2017: Rs 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) Guarantees of Rupees 62.481 million (30 June 2017: Rupees 20 million) are given by Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Collectors of Customs against import consignments.

xi) 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 3.464 million (2017: Rupees 0.104 million) paid on such goods in its respective monthly sales tax returns.

xii) Through orders, the deemed assessments for tax years 2016, 2015, 2014, 2013 and 2012 were amended by Additional Commissioner Inland Revenue (ACIR) and Commissioner Inland Revenue (CIR) under section 122(5A) of the Income Tax Ordinance, 2001. Nishat Linen (Private) Limited - Subsidiary Company's appeals before Commissioner Inland Revenue [CIR(A)] were successful except for the legal issue of treating the Subsidiary Company as a manufacturer with relation to toll-manufactured goods. Appeals on this point have been filed before the Appellate Tribunal Inland Revenue which are pending adjudication. The Subsidiary Company is confident of favorable outcome of its appeals based on advice of the tax advisor and has carry forward minimum tax paid in tax years 2016, 2015 and 2014.

xiii) Through notice dated 25 January 2018, issued by the Deputy Commissioner Inland Revenue (DCIR) under sections 161/205 of the Ordinance, Nishat Linen (Private) Limited - Subsidiary Company had been called upon to demonstrate its compliance with various withholding provisions of the Income Tax Ordinance, 2001. The subject proceedings have been finalized through order dated 03 August 2018, whereby, aggregate default amounting to Rupees 2.551 million has been adjudged against the Subsidiary Company. Appeal against the subject order has been filed before the learned CIR(A) on 28 August 2018 which is pending adjudication.

xiv) Bank guarantee of Rupees 1.9 million (2017: Rupees 1.4 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) Contingent asset:

During the year on 07 August 2017, Nishat Power Limited - Subsidiary Company instituted arbitration proceedings against NTDC/Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing an amount of Rupees 1,084.748 million relating to delayed payment charges on outstanding delayed payment invoices. The Subsidiary Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivables from NTDC as per terms of the PPA. However, NTDC has denied this liability and objected on the maintainability of the Arbitration Proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivables.

The LCIA appointed a sole Arbitrator and a hearing was also held in March 2018. Subsequent to year end, the Arbitrator has issued Partial Final Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings.

While the Arbitration Proceedings on merits of the case are underway, Subsidiary Company has submitted the Partial Final Award before LHC and obtained interim relief from honorable LHC, whereby, LHC has restrained NTDC from taking steps for delaying the arbitration proceedings and challenging the award in Civil Courts of Pakistan. As the above amount is disputed, therefore, on prudence basis, the Subsidiary Company has not accounted for these amounts as receivable in these consolidated financial statements.

c) Commitments

i) Contracts for capital expenditure of the Group are approximately of Rupees 1,650.464 million (2017: Rupees 1,536.977 million).

ii) Letters of credit other than for capital expenditure of the Group are of Rupees 1,415.120 million (2017: Rupees 1,244.252 million).

iii) Outstanding foreign currency forward contracts of Rupees 358.060 million (2017: Rupees 444.689 million).

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

	Note	2018	2017
		(Rupees in thousand)	
Not later than one year		3,894	3,115
Later than one year and not later than five years		-	-
		3,894	3,115

13 PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
Operating fixed assets - owned	13.1	38,812,949	37,204,401
Capital work in progress	13.2	2,262,971	4,301,039
Major spare parts and standby equipment	13.3	192,827	92,688
		41,268,747	41,598,128

13.1 OPERATING FIXED ASSETS - owned

	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Factory equipment	Furniture, fixtures and office equipment	Computer equipment	Vehicles	Kitchen equipment and crockery items	Total
	(Rupees in thousand)									
At 30 June 2016										
Cost	1,510,466	9,780,947	45,890,347	1,080,606	380,241	673,725	283,442	715,014	32,652	60,347,440
Currency retranslation	-	5,709	-	-	-	271	187	268	-	6,435
	1,510,466	9,786,656	45,890,347	1,080,606	380,241	673,996	283,629	715,282	32,652	60,353,875
Accumulated depreciation	-	(3,898,997)	(18,129,776)	(575,050)	(186,067)	(279,595)	(185,736)	(308,807)	(16,068)	(23,580,096)
Currency retranslation	-	(1,929)	-	-	-	(40)	(90)	(120)	-	(2,179)
	-	(3,900,926)	(18,129,776)	(575,050)	(186,067)	(279,635)	(185,826)	(308,927)	(16,068)	(23,582,275)
Accumulated impairment	-	-	(162,601)	-	-	-	-	-	-	(162,601)
Net book value	1,510,466	5,885,730	27,597,970	505,556	194,174	394,361	97,803	406,355	16,584	36,608,999
Year ended 30 June 2017										
Opening net book value	1,510,466	5,885,730	27,597,970	505,556	194,174	394,361	97,803	406,355	16,584	36,608,999
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	-	(593,890)	(2,624,408)	(48,754)	(20,563)	(45,720)	(37,722)	(85,141)	(4,081)	(3,460,279)
Currency retranslation	-	278	-	-	-	30	(4)	7	-	311
Closing net book value	2,009,766	5,845,106	27,758,898	456,992	196,799	438,194	99,025	386,820	12,801	37,204,401
At 30 June 2017										
Cost	2,009,766	10,330,842	47,594,748	1,080,796	403,429	763,477	321,463	749,376	32,950	63,286,847
Currency retranslation	-	565	-	-	-	42	1	19	-	627
	2,009,766	10,331,407	47,594,748	1,080,796	403,429	763,519	321,464	749,395	32,950	63,287,474
Accumulated depreciation	-	(4,486,014)	(19,673,249)	(623,804)	(206,630)	(325,313)	(222,434)	(362,563)	(20,149)	(25,920,156)
Currency retranslation	-	(287)	-	-	-	(12)	(5)	(12)	-	(316)
	-	(4,486,301)	(19,673,249)	(623,804)	(206,630)	(325,325)	(222,439)	(362,575)	(20,149)	(25,920,472)
Accumulated impairment	-	-	(162,601)	-	-	-	-	-	-	(162,601)
Net book value	2,009,766	5,845,106	27,758,898	456,992	196,799	438,194	99,025	386,820	12,801	37,204,401
Year ended 30 June 2018										
Opening net book value	2,009,766	5,845,106	27,758,898	456,992	196,799	438,194	99,025	386,820	12,801	37,204,401
Additions	1,360	1,962,685	2,927,135	180,715	16,853	50,974	31,013	138,282	1,404	5,310,421
Disposals:										
Cost	-	(21,500)	(323,609)	(1,440)	-	(407)	(1,345)	(82,839)	-	(431,140)
Accumulated depreciation	-	19,687	269,168	1,332	-	330	1,125	50,807	-	342,449
	-	(1,813)	(54,441)	(108)	-	(77)	(220)	(32,032)	-	(88,691)
Depreciation charge	-	(663,133)	(2,710,943)	(55,254)	(20,401)	(48,201)	(39,624)	(88,249)	(3,297)	(3,629,102)
Currency retranslation	-	13,503	-	-	-	1,533	255	629	-	15,920
Closing net book value	2,011,126	7,156,348	27,920,649	582,345	193,251	442,423	90,449	405,450	10,908	38,812,949
At 30 June 2018										
Cost	2,011,126	12,272,592	50,198,274	1,260,071	420,282	814,086	351,132	804,838	34,354	68,166,755
Currency retranslation	-	31,942	-	-	-	2,378	1,218	1,421	-	36,959
	2,011,126	12,304,534	50,198,274	1,260,071	420,282	816,464	352,350	806,259	34,354	68,203,714
Accumulated depreciation	-	(5,129,747)	(22,115,024)	(677,726)	(227,031)	(373,196)	(260,938)	(400,017)	(23,446)	(29,207,125)
Currency retranslation	-	(18,439)	-	-	-	(845)	(963)	(792)	-	(21,039)
	-	(5,148,186)	(22,115,024)	(677,726)	(227,031)	(374,041)	(261,901)	(400,809)	(23,446)	(29,228,164)
Accumulated impairment	-	-	(162,601)	-	-	-	-	-	-	(162,601)
Net book value	2,011,126	7,156,348	27,920,649	582,345	193,251	442,423	90,449	405,450	10,908	38,812,949
Annual rate of depreciation (%)	-	4-10	4-32.9	10	10	10	30-33	20	20-33	

13.1.1 Land costing Rupees 45.721 million is held in the name of chief executive of Nishat Linen (Private) Limited - Subsidiary Company. This land is situated in the locality of Defence Housing Authority (DHA) where by-laws restricted transfer of title of land in the name of the Subsidiary Company at the time of purchase.

13.1.2 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 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)						
Buildings								
Old Used Building	1	2,500	1,974	526	550	24	Negotiation	G. Rehan Associates, Lahore
Old Used Building	1	8,000	7,491	509	525	16	Negotiation	Mr. Muhammad Riaz, Faisalabad
		10,500	9,465	1,035	1,075	40		
Plant and Machinery								
Toyoda RY-5	3	7,009	6,441	568	2,352	1,784	Negotiation	Margalla Textile Mills Limited, Lahore
Murata Autocone Winder	1	8,980	8,139	841	598	(243)	Negotiation	Olympia Textile International, Lahore
Murata Autocone Winder	1	8,980	8,138	842	598	(244)	Negotiation	Olympia Textile International, Lahore
Waste Removal System	1	3,355	2,471	884	470	(414)	Negotiation	Olympia Textile International, Lahore
Murata Autocone Winder	1	11,915	11,022	893	598	(295)	Negotiation	Olympia Textile International, Lahore
Ring Frames	2	5,931	5,419	512	769	257	Negotiation	Olympia Textile International, Lahore
Toyoda RY-4	10	5,000	4,021	979	3,846	2,867	Negotiation	Olympia Textile International, Lahore
Ring Frames	4	11,862	10,841	1,021	1,538	517	Negotiation	Olympia Textile International, Lahore
Autocone Winder	1	8,244	7,483	761	598	(163)	Negotiation	Olympia Textile International, Lahore
Autocone Winder Savio	1	7,313	5,508	1,805	769	(1,036)	Negotiation	Olympia Textile International, Lahore
Murata Autocone Winder	1	9,177	7,079	2,098	940	(1,158)	Negotiation	Olympia Textile International, Lahore
Ring Frames	2	16,000	13,955	2,045	1,197	(848)	Negotiation	Olympia Textile International, Lahore
Ring Frames	4	16,825	13,404	3,421	1,538	(1,883)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	6,261	4,063	2,198	214	(1,984)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	6,269	3,936	2,333	214	(2,119)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	6,402	4,746	1,656	214	(1,442)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	6,224	4,747	1,477	214	(1,263)	Negotiation	Olympia Textile International, Lahore
Ring Frames	4	17,793	16,269	1,524	2,308	784	Negotiation	Olympia Textile International, Lahore
Filament (Silk) Sizing Machine Sulzer	1	1,338	754	584	588	4	Negotiation	Wel Gas Ansari Traders, Faisalabad
Air Jet Loom	1	2,662	1,866	796	1,133	337	Negotiation	Maibom GMBH Textilvertrieb Germany
Used Boiler	1	4,400	3,739	661	1,189	528	Negotiation	Mr. Naseer Ahmad, Faisalabad
Used Boiler	1	14,284	6,785	7,499	3,500	(3,999)	Negotiation	Industrial Boilers (Private) Limited, Faisalabad
KSB Feed Water Pump	1	16,096	6,924	9,172	10,360	1,188	Insurance Claim	Adamjee Insurance Company Limited - associated company, Faisalabad
Gas Engine G-3412	1	6,572	4,728	1,844	2,000	156	Negotiation	Nishat Dairy (Private) Limited - associated company, Lahore
Cummins Power Diesel Generator	1	10,228	6,833	3,395	1,597	(1,798)	Negotiation	Old Machinery Merchents, Lahore
Assets Written Off		51,733	51,733	-	-	-	Life completed and scrapped	-
		270,853	221,044	49,809	39,342	(10,467)		
Vehicles								
Suzuki Cultus LE-15-1062	1	1,058	433	625	859	234	Group's Policy	Syed Arshad Ali Zaidi, Group'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)	----------	----------		
Honda Civic LEC-13-8191	1	2,138	1,241	897	1,224	327	Group's Policy	Mr. Yousaf Tareen, Group's employee, Karachi
Honda Civic LEE-13-2392	1	2,515	1,428	1,087	1,450	363	Group's Policy	Mr. Badar-ul-Hassan, Group's employee, Lahore
Honda Civic LEF-13-9867	1	2,196	1,193	1,003	1,075	72	Negotiation	Mr. Khalid Javed, Group's employee, Faisalabad
Honda Civic LEC-13-8153	1	2,138	1,261	877	1,179	302	Group's Policy	Mr. Ali Imran, Group's employee, Lahore
Suzuki Swift LEF-14-5852	1	1,253	587	666	990	324	Negotiation	Miss Shazia Noor Khan, Group's employee, Lahore
Toyota Corolla LEC-13-359	1	1,677	1,035	642	1,510	868	Insurance Claim	Adamjee Insurance Company Limited - associated company, Faisalabad
Honda Civic LEE-13-5602	1	2,160	1,291	869	1,187	318	Company's Policy	Mr. Ghulam Abbas, Group's employee, Faisalabad
Toyota Corolla LEA-15-4357	1	1,683	806	877	1,001	124	Negotiation	Mr. Saleem Shahzad, Faisalabad
Honda City LEF-13-2784	1	1,690	1,042	648	875	227	Company's Policy	Mr. Nishat Haroon, Group's employee, Lahore
Honda Civic LEC-13-3503	1	2,145	1,277	868	1,336	468	Company's Policy	Syed Fareed Ali Shah, Group's employee, Lahore
Toyota Corolla LEC-13-2840	1	1,732	1,039	693	948	255	Company's Policy	Mr. Muhammad Faisal Chaudhry, Group's employee, Lahore
Honda Civic LED-13-2242	1	2,143	1,271	872	1,193	321	Company's Policy	Mr. Sulaiman Kiyani, Group's employee, Lahore
Suzuki Cultus LEH-15-7198	1	1,063	404	659	900	241	Negotiation	Mr. Muhammad Shahab Khan, Lahore
Honda City LEC-13-8293	1	1,675	1,048	627	849	222	Company's Policy	Mr. Zaheer Ahmad, Group's employee, District Sangher
Honda Civic LEC-13-6632	1	2,140	1,279	861	1,161	300	Company's Policy	Mr. Adil Ghani Group's employee, Faisalabad
Toyota Corolla LEC-13-6703	1	1,427	875	552	772	220	Company's Policy	Mr. Muhammad Azmat Ali, Group's employee, Lahore
Honda Civic LEH-13-1199	1	2,202	1,307	895	1,206	311	Company's Policy	Syed Umer Tariq Shah, Group's employee, Lahore
Honda Civic LEC-13-6232	1	2,145	1,326	819	1,109	290	Company's Policy	Mr. Hafeez-ur-Rehman Siddique, Group's employee, Lahore
Toyota Corolla LEB-12-4118	1	1,530	1,005	525	815	290	Company's Policy	Syed Mobeen Raza, Group's employee, Lahore
Honda Civic LEC-13-7174	1	2,139	1,293	846	1,247	401	Negotiation	Mr. Sheikh Naveed Akhtar, Lahore
Suzuki Cultus LE-15-1067	1	1,058	492	566	787	221	Negotiation	Syed Hashim Raza, Group's employee, Lahore
Honda Civic LE-14-5785	1	2,224	1,297	927	1,244	317	Company's Policy	Mr. Zawar Iqbal Rao, Group's employee, Lahore
		42,131	24,230	17,901	24,917	7,016		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000		107,656	87,710	19,946	33,632	13,686		
		431,140	342,449	88,691	98,966	10,275		

	Note	2018	2017
		(Rupees in thousand)	

13.1.3 Depreciation and amortization charge for the year has been allocated as follows:

	Note	2018	2017
Cost of sales	28	3,431,996	3,293,796
Distribution cost	29	36,939	30,312
Administrative expenses	30	145,412	140,724
Capital work-in-progress		21,757	2,449
		3,636,104	3,467,281

13.1.4 Particulars of immovable fixed assets are as follows:

Description	Address	Area of land Acres
Spinning units, Yarn dyeing unit and Power plant	Nishatabad, Faisalabad.	92.09
Spinning units and Power plant	Plot No. 172-180 & 188-197, M-3 Industrial City, Sahianwala, FIEDMC, 2 K.M. Jhumra Chiniot Road, Chak Jhumra, Faisalabad.	98.95
Spinning units and Power plant	20 K.M. Sheikhupura Road, Feroze Wattwan.	64.99
Weaving units and Power plant	12 K.M. Faisalabad Road, Sheikhupura.	85.45
Weaving units, Dyeing and finishing units, Processing unit, Stitching units and Power plants	5 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	112.94
Apparel unit - I	7 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	12.54
Apparel unit - II	2 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	16.32
Office	7-Main Gulberg, Lahore.	1.12
Freehold land	Plot # 14, Block-B, DHA Phase VIII, Lahore	0.05
Retail store under construction	5/A-3 Gulberg, Lahore	0.25
Power Plant- Nishat Power Limited	Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab	34.07
Factory land	21 K.M. Ferozepur Road, Lahore.	0.85
Commercial building	Mian Mehmood Kasuri Road, Gulberg III, Lahore	0.88

	2018	2017
	(Rupees in thousand)	
13.2 Capital work-in-progress		
Buildings on freehold land	701,619	1,549,595
Plant and machinery	1,173,618	2,285,956
Unallocated expenses	26,203	24,418
Letters of credit against machinery	1,824	534
Advance against purchase of land	337,555	391,941
Advances against furniture and office equipment	2,822	17,560
Advances against vehicles	19,330	31,035
	2,262,971	4,301,039
13.3 Major spare parts and standby equipment		
Opening balance	92,688	142,218
Additions during the year	135,324	666,080
	228,012	808,298
Transfers during the year	(35,185)	(715,610)
Closing balance	192,827	92,688

14 INTANGIBLE ASSETS

	FRANCHISE FEE	COMPUTER SOFTWARE	Total
	(Rupees in thousand)		
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
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
Year ended 30 June 2018			
Opening net book value	3,670	13,809	17,479
Amortization charged	(1,967)	(5,035)	(7,002)
Closing net book value	1,703	8,774	10,477
At 30 June 2018			
Cost	9,834	25,178	35,012
Accumulated amortization	(8,131)	(16,404)	(24,535)
Net book value	1,703	8,774	10,477
Annual amortization rate (%)	20	20	

15 LONG TERM INVESTMENTS

Associates (with significant influence) - under equity method

	Note	2018	2017
		(Rupees in thousand)	
D.G. Khan Cement Company Limited - quoted 137,574,201 (2017: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2017: 31.40%)		24,831,573	24,120,228
Lalpir Power Limited - quoted 109,393,555 (2017: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2017: 28.80%)	15.1	3,750,884	3,705,410
Pakgen Power Limited - quoted 102,524,728 (2017: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2017: 27.55%)	15.1	4,369,069	4,216,988
Nishat Paper Products Company Limited - unquoted 11,634,199 (2017:11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2017: 25%)		334,536	295,962
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2017: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2017: 12.24%)		322,634	330,838
Nishat Energy Limited - unquoted 500,000 (2017: 500,000) fully paid ordinary shares of Rupees 10 each. Equity held 50% (2017: 50%)		-	-
Hyundai Nishat Motor (Private) Limited - unquoted 18,000,000 (2017: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2017: Nil)		118,536	-
Sanifa Agri Services Limited - unquoted 1,600 (2017: Nil) fully paid ordinary shares of Rupees 10 each.	15.2		
Equity held 28.57% (2017: Nil)		16	-
Advance for purchase of shares		31,000	-
		31,016	-
Nishat Hotels and Properties Limited - unquoted 71,062,000 (2017: 71,062,000) fully paid ordinary shares of Rupees 10 each. Equity held 7.40% (2017: 7.40%)		655,313	701,800
		34,413,561	33,371,226

	2018	2017
	(Rupees in thousand)	
Available for sale		
Associated companies (Others)		
Adamjee Insurance Company Limited - quoted 102,809 (2017: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2017: 0.03%)	2,774	2,774
MCB Bank Limited - quoted 88,015,291 (2017: 86,681,691) fully paid ordinary shares of Rupees 10 each. Equity held 7.43% (2017: 7.79%)	14,253,789	13,979,047
	14,256,563	13,981,821
Less: Impairment loss recognized	(1,403,363)	(1,403,363)
Add: Fair value adjustment	4,558,591	5,668,996
	17,411,791	18,247,454
	51,825,352	51,618,680

15.1 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.

15.2 Shares are held in the name of chief financial officer and a key management personnel of the Holding Company.

15.3 Reconciliation of investments in associates under equity method:

(Rupees in thousand)

	D. G. Khan Cement Company Limited 2018	D. G. Khan Cement Company Limited 2017	Nishat Paper Products Company Limited 2018	Nishat Paper Products Company Limited 2017	Nishat Dairy (Private) Limited 2018	Nishat Dairy (Private) Limited 2017	Lalpir Power Limited 2018	Lalpir Power Limited 2017	Pakgen Power Limited 2018	Pakgen Power Limited 2017
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
Share of post acquisition reserves:										
As at 01 July	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
Adjustment due to loss of control	-	-	-	-	-	-	-	-	-	-
Share of profit / (loss) after income tax	2,775,009	2,504,257	63,640	84,877	(8,204)	(48,663)	272,035	302,267	357,131	293,036
Share of other comprehensive income / (loss)	(1,031,858)	1,173,991	(1,798)	(756)	-	-	(7,773)	(706)	-	-
Dividend received	(1,031,806)	(825,445)	(23,268)	(17,451)	-	-	(218,788)	(218,788)	(205,050)	(205,050)
As at 30 June	711,345	2,852,803	38,574	66,670	(8,204)	(48,663)	45,474	82,773	152,081	87,986
	21,413,428	20,702,083	218,194	179,620	(277,366)	(269,162)	2,110,578	2,065,104	3,096,875	2,944,794
Impairment loss	-	-	-	-	-	-	-	-	-	-
As at 30 June	24,831,573	24,120,228	334,536	295,962	322,634	330,838	3,750,884	3,705,410	4,369,069	4,216,988
15.3.1 Summarized statement of financial position										
Current assets	29,075,626	27,300,684	2,108,494	1,067,460	431,035	451,537	19,056,486	16,473,070	20,883,598	18,319,496
Non-current assets	92,813,391	81,070,635	1,710,643	792,869	2,702,146	2,779,609	8,605,612	9,528,694	8,112,490	8,967,942
Current liabilities	22,553,193	14,849,803	1,749,479	482,215	433,271	336,910	14,595,974	12,606,090	13,024,812	11,422,477
Non-current liabilities	22,201,403	18,652,637	732,274	195,026	84,587	211,886	42,229	529,677	111,456	557,281
Net assets	77,134,421	74,868,879	1,337,384	1,183,088	2,615,323	2,682,350	13,023,895	12,865,997	15,859,820	15,307,680
Reconciliation to carrying amounts:										
As at 01 July	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
Issue of share capital	-	-	-	-	-	-	-	-	-	-
Profit / (loss) after income tax	8,837,608	7,975,341	254,561	339,507	(67,027)	(397,571)	944,565	1,049,539	1,296,304	1,063,653
Other comprehensive income / (loss)	(3,286,172)	3,738,824	(7,191)	(3,026)	-	-	(26,989)	(2,452)	-	-
Dividend paid	(3,285,894)	(2,628,715)	(93,074)	(69,805)	-	-	(759,678)	(759,678)	(744,164)	(744,164)
As at 30 June	77,134,421	74,868,879	1,337,384	1,183,088	2,615,323	2,682,350	13,023,895	12,865,997	15,859,820	15,307,680
Group's share (%)	31.40%	31.40%	25.00%	25.00%	12.24%	12.24%	28.80%	28.80%	27.55%	27.55%
Group's share	24,220,180	23,508,800	334,347	295,773	320,116	328,320	3,750,884	3,705,410	4,369,069	4,216,988
Goodwill	611,393	611,428	189	189	2,518	2,518	-	-	-	-
Carrying amount	24,831,573	24,120,228	334,536	295,962	322,634	330,838	3,750,884	3,705,410	4,369,069	4,216,988
15.3.2 Summarized statement of comprehensive income										
Revenue	30,668,428	30,136,165	2,994,264	2,483,988	1,296,088	1,110,088	16,638,219	18,031,830	18,435,925	19,186,785
Profit / (loss) for the period	8,837,608	7,975,341	254,561	339,507	(67,027)	(397,571)	944,565	1,049,539	1,296,304	1,063,653
Other comprehensive income / (loss)	(3,286,172)	3,738,824	(7,191)	(3,026)	-	-	(26,989)	(2,452)	-	-
Total comprehensive income / (loss)	5,551,436	11,714,165	247,370	336,481	(67,027)	(397,571)	917,576	1,047,087	1,296,304	1,063,653
Dividend received from associates	1,031,806	825,445	23,268	17,451	-	-	218,788	218,788	205,050	205,050

	Nishat Energy Limited 2018	Nishat Energy Limited 2017	Nishat Hotels and Properties Limited 2018	Nishat Hotels and Properties Limited 2017	Hyundai Nishat Motor (Private) Limited 2018	Hyundai Nishat Motor (Private) Limited 2017	Sanifa Agri Services Limited 2018	Sanifa Agri Services Limited 2017	Total 2018	Total 2017
Cost	5,000	5,000	710,620	710,620	180,000	-	31,016	-	7,973,623	7,762,607
Share of post acquisition reserves:										
As at 01 July	(3,314)	(3,209)	(8,820)	(3,210)	-	-		-	25,610,305	22,574,451
Adjustment due to loss of control	-	-	-	-	(60,000)	-	-	-	(60,000)	-
Share of profit / (loss) after income tax	-	(105)	(46,487)	(5,610)	(1,464)	-	-	-	3,411,660	3,130,059
Share of other comprehensive income / (loss)	-	-	-	-	-	-	-	-	(1,041,429)	1,172,529
Dividend received	-	-	-	-	-	-	-	-	(1,478,912)	(1,266,734)
As at 30 June	-	(105)	(46,487)	(5,610)	(61,464)	-	-	-	831,319	3,035,854
	(3,314)	(3,314)	(55,307)	(8,820)	(61,464)	-	-	-	26,441,624	25,610,305
Impairment loss	(1,686)	(1,686)	-	-	-	-	-	-	(1,686)	(1,686)
As at 30 June	-	-	655,313	701,800	118,536	-	31,016	-	34,413,561	33,371,226
15.3.1 Summarized statement of financial position										
Current assets	381	476	2,746,473	3,371,349	1,157,249					
Non-current assets	-	50	25,084,600	23,731,433	269,091					
Current liabilities	2,495	2,574	7,395,043	5,813,537	6,683					
Non-current liabilities	-	-	11,665,287	11,890,297	20,000					
Net assets	(2,114)	(2,048)	8,770,743	9,398,948	1,399,657					
Reconciliation to carrying amounts:										
As at 01 July	(2,048)	3,436	9,398,948	9,474,753	52,852					
Issue of share capital	-	-	-	-	1,440,000					
Profit / (loss) after income tax	(66)	(5,484)	(628,205)	(75,805)	(93,195)					
Other comprehensive income / (loss)	-	-	-	-	-					
Dividend paid	-	-	-	-	-					
As at 30 June	(2,114)	(2,048)	8,770,743	9,398,948	1,399,657					
Group's share (%)	50.00%	50.00%	7.40%	7.40%	12.00%					
Group's share	(1,056)	(1,024)	649,035	695,522	118,536					
Goodwill	-	-	6,278	6,278	-					
Carrying amount	-	-	655,313	701,800	118,536					
15.3.2 Summarized statement of comprehensive income										
Revenue	-	-	3,702,291	-	-					
Profit / (loss) for the period	(66)	(5,484)	(628,205)	(75,805)	(93,195)					
Other comprehensive income / (loss)	-	-	-	-	-					
Total comprehensive income / (loss)	(66)	(5,484)	(628,205)	(75,805)	(93,195)					
Dividend received from associates	-	-	-	-	-					

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

15.5 Interests in associates

Name of associated company	Note	Country of incorporation	% of ownership interest 2018	% of ownership interest 2017	Measurement method	Quoted fair value 2018	Quoted fair value 2017	Carrying amount 2018	Carrying amount 2017
						(Rupees in thousand)			
D.G. Khan Cement Company Limited	15.5.1	Pakistan	31.40%	31.40%	Equity method	15,750,870	29,325,317	24,831,573	24,120,228
Nishat Paper Products Company Limited	15.5.2	Pakistan	25.00%	25.00%	Equity method	-*	-*	334,536	295,962
Nishat Dairy (Private) Limited	15.5.3	Pakistan	12.24%	12.24%	Equity method	-*	-*	322,634	330,838
Lalpir Power Limited	15.5.4	Pakistan	28.80%	28.80%	Equity method	2,101,450	2,244,756	3,750,884	3,705,410
Pakgen Power Limited	15.5.5	Pakistan	27.55%	27.55%	Equity method	1,976,677	2,073,050	4,369,069	4,216,988
Nishat Energy Limited	15.5.6	Pakistan	50.00%	50.00%	Equity method	-*	-*	-	-
Nishat Hotels and Properties Limited	15.5.7	Pakistan	7.40%	7.40%	Equity method	-*	-*	655,313	701,800
Hyundai Nishat Motor (Private) Limited	15.5.8	Pakistan	12.00%	-	Equity method	-*	-*	118,536	-
Sanifa Agri Services Limited	15.5.9	Pakistan	28.57%	-	Equity method	-*	-*	31,016	-

15.5.1 D.G. Khan Cement Company Limited is engaged in production and sale of clinker, ordinary portland and sulphate resistant cement.
15.5.2 Nishat Paper Products Company Limited is engaged in the manufacture and sale of paper products and packaging material.
15.5.3 Nishat Dairy (Private) Limited is engaged in the business of production of raw milk.
15.5.4 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.
15.5.5 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.
15.5.6 The principal activity of 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.
15.5.7 The principal activity of Nishat Hotels and Properties Limited is to establish and manage shopping mall and hotel operations in Pakistan.
15.5.8 The principal activity of Hyundai Nishat Motor (Private) Limited is to import, assembly and distribution of both passenger and commercial category automobiles.
15.5.9 The principal activity of Sanifa Agri Services Limited is to produce and market high quality cotton seeds in Pakistan. Currently, the management of the investee company is in the process of gathering investments and operations have not yet started. Hence, summarized financial information has not been presented.

15.6 Investments made in associated companies are in accordance with the requirements of the Companies Act, 2017.

* No quoted price available.

	Note	2018	2017
		(Rupees in thousand)	
16 LONG TERM LOANS			
Considered good:			
Executives - secured	16.1 & 16.2	165,733	147,212
Other employees - secured	16.2	177,014	112,148
		342,747	259,360
Less: Current portion shown under current assets	21		
Executives		45,266	38,431
Other employees		48,770	28,487
		94,036	66,918
		248,711	192,442

16.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 169.034 million (2017: Rupees 151.251 million).

16.2 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.

16.3 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.

17 LONG TERM DEPOSITS

	Note	2018	2017
Security deposits		163,387	211,240

18 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2018	2017
Stores	18.1	1,264,232	1,760,546
Spare parts		1,399,677	1,038,459
Loose tools		18,489	16,732
		2,682,398	2,815,737
Less: Provision for slow moving, obsolete and damaged store items	18.2	4,290	4,437
		2,678,108	2,811,300

18.1 This includes stores in transit of Rupees 265.887 million (2017: Rupees 907.699 million).

18.2 Provision for slow moving, obsolete and damaged store items

	Note	2018	2017
		(Rupees in thousand)	
Balance as on 01 July		4,437	5,056
Less: Provision reversed during the year	32	147	619
Balance as on 30 June		4,290	4,437

19 STOCK IN TRADE

	Note	2018	2017
Raw materials		10,094,967	10,060,854
Work in process	19.2	2,517,792	2,610,154
Finished goods	19.3 & 19.5	5,495,485	5,048,653
Less: Provision for slow moving and obsolete stocks	31	5,694	5,694
		5,489,791	5,042,959
		18,102,550	17,713,967

19.1 Stock in trade of Rupees 713.628 million (2017: Rupees 588.740 million) is being carried at net realizable value.

19.2 This includes stock of Rupees 3.496 million (2017: Rupees 57.678 million) sent to outside parties for processing.

19.3 Finished goods include stock in transit of Rupees 799.193 million (2017: Rupees 650.111 million).

19.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 425.157 million (2017: Rupees 62.378 million).

19.5 Finished goods include stock of Rupees 509.532 million (2017: Rupees 414.094 million) which is in the possession of stockists of Nishat Linen (Private) Limited - Subsidiary Company.

20 TRADE DEBTS

Considered good:

	Note	2018	2017
Secured		13,339,492	9,462,090
Unsecured:			
- Related parties	20.1 & 20.4	360	3,220
- Other	20.3	2,886,060	2,884,429
		16,225,912	12,349,739
Considered doubtful:			
Others - unsecured		-	131,758
Less: Provision for doubtful debts		-	131,758
		-	-

		2018	2017
		(Rupees in thousand)	
20.1	This represents amount due from following related parties:		
	Lalpir Power Limited - associated company	-	98
	Pakgen Power Limited - associated company	-	45
	Adamjee Insurance Company Limited - associated company	65	101
	Adamjee Life Assurance Company Limited - associated company	57	147
	D.G. Khan Cement Company Limited - associated company	93	546
	Nishat Hotels and Properties Limited - associated company	-	1,172
	MCB Bank Limited - associated company	107	1,091
	Nishat (Chunian) Limited - related party	38	-
	Nishat Developers (Private) Limited - associated company	-	20
		360	3,220

20.2 The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

	2018	2017
Lalpir Power Limited - associated company	-	436
Pakgen Power Limited - associated company	-	362
Adamjee Insurance Company Limited - associated company	133	249
Adamjee Life Assurance Company Limited - associated company	78	245
D.G. Khan Cement Company Limited - associated company	612	600
Nishat Hotels and Properties Limited - associated company	66	2,465
MCB Bank Limited - associated company	2,605	2,094
Nishat (Chunian) Limited - related party	38	-
Nishat Developers (Private) Limited - associated company	-	20

20.3 As at 30 June 2018, trade debts due from other than related parties of Rupees 1,229.995 million (2017: Rupees 1,268.514 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:

	2018	2017
Upto 1 month	790,082	1,127,002
1 to 6 months	401,181	88,381
More than 6 months	38,732	53,131
	1,229,995	1,268,514

20.4 As at 30 June 2018, trade debts due from related parties amounting to Rupees 0.360 million (2017: Rupees 3.220 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	2018	2017
	(Rupees in thousand)	
Upto 1 month	360	76
1 to 6 months	-	1,215
More than 6 months	-	1,929
	360	3,220

20.5 During the year, trade debts of Rupees 131.758 million have been written off against provision for doubtful debts created against these balances. The ageing of these trade debts was more than 5 years. These trade debts do not include amounts due from related parties.

20.6 Trade receivables of Nishat Power Limited - Subsidiary Company 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 10.57% to 14.66% (2017: 10.48% to 14.71%) per annum.

20.7 Included in trade debts of Nishat Power Limited - Subsidiary Company is an amount of 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 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 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 in 2013 and on 25 January 2018, the Supreme Court disposed off the petitions filed before it. 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 gave his determination whereby the aforesaid amount was determined to be payable to the 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. The Subsidiary Company filed a request for arbitration in the LCIA, whereby an Arbitrator was appointed.

In October 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') filed a case in the court of Senior Civil Judge, ("Civil Case 2015"), Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication.

Consequently, invitation to participate in arbitration was issued to the PPIB/GOP. PPIB filed separate Civil Suit before the Civil Judge, Lahore, seeking inter alia that the parties should be restrained from participating in the arbitration proceedings in the LCIA ("Civil Case 2016"). The Subsidiary Company filed applications in the Civil Court where the Subsidiary Company prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the cases filed by PPIB. In respect of the aforementioned applications, through its orders dated 18 April 2017, the Civil Court, Lahore rejected Subsidiary Company's pray and granted the pray of PPIB whereby, the court accepted PPIB's applications for interim relief in 2015 and 2016 Civil Suits. Being aggrieved, the Subsidiary Company challenged before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings. Furthermore, in response to the Subsidiary Company's continued participation in the arbitration proceedings, PPIB filed contempt petition before LHC in respect of the decision of the Civil Court, Lahore and the LHC passed an order in those proceedings. The Subsidiary Company challenged the LHC's order before the Division Bench of LHC, which decided the matter in favour of the Subsidiary Company through its order dated 31 May 2017 whereby, the aforementioned order of the LHC was suspended.

The Arbitrator, on 08 June 2017, declared his Partial Final Award and decided the matter principally in Subsidiary Company's favour and declared that the above mentioned Expert's determination is final and binding on all parties ("Final Partial Award").

Aggrieved by the Partial Final Award, NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Final Partial Award on 10 July 2017. In response to this decision of Civil Court, the Subsidiary Company filed a revision petition in District Court and the District Court ("District Case 2017") while granting interim relief to the Subsidiary Company, suspended the Civil Court's order on 12 August 2017. Alongwith challenging the Final Partial Award in Lahore Civil Court, NTDC also challenged the same, on 06 July 2017, in Commercial Court of England. As per advice of foreign legal counsel, the Subsidiary Company also filed a case for anti suit injunction in Commercial Court of England against NTDC on 14 August 2017.

The District Judge, Lahore through its order dated 08 July 2017 set-aside the aforementioned orders of the Civil Judge, Lahore dated 18 April 2017 and accepted Subsidiary Company's appeals but dismissed the Subsidiary Company's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, (i) the Subsidiary Company filed writ petitions before the LHC, which announced a favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of LHC; and (ii) GOP/PPIB filed revision petitions in the LHC, which are currently pending adjudication.

On 29 October 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the Subsidiary Company: i) Rupees 816.033 million pursuant to Expert's determination; ii) Rupees 189.385 million being Pre award interest; iii) Rupees 9.203 million for breach of arbitration agreement; iv) Rupees 1.684 million and USD 612,310 for the Subsidiary Company's cost of proceedings; v) GBP 30,157 for Subsidiary Company's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semiannually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rupees 78.630 million upto 30 June 2018.

On 24 November 2017, NTDC challenged the Final Award in Commercial Court of England. On 29 November 2017, Subsidiary Company filed an application before Lahore High Court for implementation of Final Award that is also pending adjudication. During the hearing held in December 2017 in London, NTDC withdrew its petitions dated 06 July 2017 and 24 November 2017 filed before Commercial Court of England against the Subsidiary Company, pertaining to Partial Final Award and Final Award respectively.

On 04 May 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC has sought permission to file an appeal before the Court of Appeals, London, which is pending as of today.

Based on the favourable Expert's determination and Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the above amount of Rupees 816.033 million is likely to be recovered by the Subsidiary Company. Consequently, no provision for this amount has been made in these consolidated financial statements.

Further, on prudence basis, the Group has not recognised the abovementioned amounts in these consolidated financial statements for Pre-award interest, breach of arbitration agreement, Subsidiary Company's cost of proceedings, Subsidiary Company's LCIA cost of Arbitration and interest thereon on all these amounts as per Final Award due to its uncertainty since it is pending adjudication as mentioned above. Such amounts as per Final Award would be recognized when it attains finality and it is certain.

20.8 As on 30 June 2018, disclosures in respect of outstanding export debtors along with type of arrangements are as follows:

Jurisdiction and relationship with the Group (related party or other)	Type of arrangements			Total
	Letters of credit	Cash against documents	Contracts	
	(Rupees in thousand)			
USA				
- Others	46,981	36,571	178,583	262,135
Canada				
- Others	15,739	12,879	-	28,618
Europe				
- Others	252,413	349,596	423,324	1,025,333
UAE				
- Others	4,580	-	-	4,580
Jurisdiction other than above				
- Others	607,521	160,260	159,286	927,067
	927,234	559,306	761,193	2,247,733

20.9 As on 30 June 2017, disclosures in respect of outstanding export debtors along with type of arrangements are as follows:

Jurisdiction and relationship with the Group (related party or other)	Type of arrangements			Total
	Letters of credit	Cash against documents	Contracts	
	(Rupees in thousand)			
USA				
- Others	41,686	20,222	371,670	433,578
Canada				
- Others	-	44,684	138	44,822
Europe				
- Others	164,220	279,128	128,862	572,210
UAE				
- Others	23,794	-	-	23,794
Jurisdiction other than above				
- Others	253,447	131,461	22,249	407,157
	483,147	475,495	522,919	1,481,561

	Note	2018	2017
		(Rupees in thousand)	
21 LOANS AND ADVANCES			
Considered good:			
Employees - interest free:			
– Executives		2,944	1,933
– Other employees		23,671	21,142
		26,615	23,075
Current portion of long term loans	16	94,036	66,918
Advances to suppliers		218,714	393,560
Letters of credit		2,237	1,697
Advance income tax - net of provision for taxation		743,871	861,255
Other advances		86,073	138,568
		1,171,546	1,485,073
Considered doubtful:			
Others		108	108
Less: Provision for doubtful debts		108	108
		-	-
		1,171,546	1,485,073
22 SHORT TERM DEPOSITS AND PREPAYMENTS			
Deposits		70,492	69,910
Prepayments		214,117	184,401
		284,609	254,311

	Note	2018	2017
		(Rupees in thousand)	

23 OTHER RECEIVABLES

	Note	2018	2017
Considered good:			
Export rebate and claims		308,289	257,174
Duty drawback		1,284,764	798,376
Sales tax refundable		2,261,799	2,089,638
Fair value of forward exchange contracts		9,478	-
Workers' profit participation fund receivable	23.1	718,290	567,720
Miscellaneous receivables	23.2	54,821	73,619
		4,637,441	3,786,527

23.1 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.

23.2 This includes amount due from following related parties:

	2018	2017
Security General Insurance Company Limited - associated company	-	833
Nishat Energy Limited - associated company	-	2,283
	-	3,116

23.3 These are neither past due nor impaired. The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

	2018	2017
Security General Insurance Company Limited - associated company	-	6,418
Nishat Energy Limited - associated company	-	2,283

24 ACCRUED INTEREST

24.1 This represents interest receivable on term deposit receipts and saving accounts including Rupees Nil (2017: Rupees 0.177 million) receivable from MCB Bank Limited - associated company. Interest receivable from MCB Bank Limited - associated company was neither past due nor impaired.

24.2 The maximum aggregate amount receivable from MCB Bank Limited - associated company at the end of any month during the year was as follows:

	2018	2017
MCB Bank Limited - associated company	528	5,881

	Note	2018	2017
		(Rupees in thousand)	
25 SHORT TERM INVESTMENTS			
Available for sale			
Associated company (Other)			
Security General Insurance Company Limited - unquoted	25.1		
10,226,244 (2017: 10,226,244) fully paid ordinary shares of			
Rupees 10 each. Equity held 15.02% (2017: 15.02%)		11,188	11,188
Related party			
Nishat (Chunian) Limited - quoted			
32,689,338 (2017: 32,689,338) fully paid ordinary shares of			
Rupees 10 each. Equity held 13.61% (2017: 13.61%)		378,955	378,955
Others			
Alhamra Islamic Stock Fund - quoted (Formerly MCB Pakistan Islamic Stock Fund)			
1,108,714 (2017: 1,108,714) units		3,025	3,025
Pakistan Petroleum Limited - quoted			
434,782 (2017: 434,782) fully paid ordinary shares of			
Rupees 10 each. Equity held 0.02% (2017: 0.02%)		95,217	95,217
		488,385	488,385
Less: Impairment loss recognized	25.3	(30,808)	(30,808)
Add: Fair value adjustment		2,123,943	2,078,396
		2,581,520	2,535,973

25.1 Fair value per ordinary share of Security General Insurance Company Limited is determined at Rupees 90.36 by an independent valuer using present value technique.

25.2 Investment made in associated company is in accordance with requirements of the Companies Act, 2017.

25.3 Impairment loss recognized

	Note	2018	2017
Balance as on 01 July		30,808	27,804
Add: Impairment loss recognized during the year	31	-	3,004
Balance as on 30 June		30,808	30,808

	Note	2018	2017
		(Rupees in thousand)	

26 CASH AND BANK BALANCES

With banks:			
On current accounts	26.1 & 26.2		
Including US$ 92,634.71 (2017: US$ 118,697.61) and			
UAE Dirhams 10,694,979 (2017: UAE Dirhams 6,665,219)		624,002	317,061
On PLS saving accounts	26.1 & 26.3		
Including US$ 895 (2017: US$ 894)		145,290	240,782
		769,292	557,843
Cash in hand including UAE Dirhams 1,122,057 (2017: UAE Dirhams 85,204)		62,396	30,074
		831,688	587,917

26.1 Cash at banks includes balance of Rupees 190.468 million (2017: Rupees 159.170 million) with MCB Bank Limited - associated company.

26.2 Cash at banks includes balance of Rupees 0.182 million (2017: Rupees 0.784 million) with MCB Islamic Bank Limited - related party.

26.3 Rate of profit on Pak Rupees bank deposits and US Dollar bank deposit ranges from 3.40% to 4.75% (2017: 2.96% to 4.50%) per annum and Nil per annum respectively.

27 REVENUE

Export sales		39,106,947	36,975,717
Local sales	27.1	43,869,102	38,018,857
Processing income		288,202	312,409
Export rebate		174,228	173,000
Duty drawback		1,284,563	841,530
		84,723,042	76,321,513

27.1 Local sales

Sales	27.1.1	48,251,500	41,523,614
Less: Sales tax		2,822,658	2,391,421
Less: Discount		1,559,740	1,113,336
		43,869,102	38,018,857

27.1.1 This includes sale of Rupees 2,980.452 million (2017: Rupees 1,988.253 million) made to direct exporters against standard purchase order (SPO). Further, local sales includes waste sale of Rupees 1,753.516 million (2017: Rupees 1,472.118 million).

	Note	2018	2017
		(Rupees in thousand)	
28 COST OF SALES			
Raw materials consumed		47,654,756	42,242,928
Processing charges		629,537	532,054
Salaries, wages and other benefits	28.1	6,389,799	5,965,708
Stores, spare parts and loose tools consumed		5,181,781	5,249,613
Packing materials consumed		1,202,311	1,244,855
Repair and maintenance		439,485	404,399
Fuel and power		5,644,449	4,887,349
Insurance		216,403	212,531
Royalty	28.2	14,541	14,829
Other factory overheads		696,158	663,575
Depreciation and amortization	13.1.3	3,431,996	3,293,796
		71,501,216	64,711,637
Work-in-process			
Opening stock		2,610,154	2,263,340
Closing stock		(2,517,792)	(2,610,154)
		92,362	(346,814)
Cost of goods manufactured		71,593,578	64,364,823
Finished goods			
Opening stock		5,045,917	4,606,221
Closing stock		(5,495,485)	(5,045,917)
		(449,568)	(439,696)
		71,144,010	63,925,127

28.1 Salaries, wages and other benefits include provident fund contributions of Rupees 186.051 million (2017: Rupees 175.616 million) and Rupees Nil (2017: Rupees 0.419 million) in respect of provision for compensated absences.

28.2 This represents the amount of royalty being paid to Saint James's Club Limited, London.

	Note	2018	2017
29 DISTRIBUTION COST			
Salaries and other benefits	29.1	749,368	632,052
Outward freight and handling		1,462,917	1,475,299
Sales promotion		632,948	541,167
Commission to selling agents		505,487	491,917
Royalty	29.2	41,907	3,146
Fuel cost		148,014	134,316
Travelling and conveyance		132,453	114,092
Rent, rates and taxes		579,906	331,059
Postage and telephone		118,712	120,413
Insurance		27,391	31,076
Vehicles' running		14,721	13,997
Entertainment		19,757	16,033
Advertisement		233,543	434,439
Electricity and gas		104,055	80,900
Printing and stationery		4,229	5,660
Repair and maintenance		205,569	525,944
Fee and subscription		5,831	1,678
Depreciation	13.1.3	36,939	30,312
		5,023,747	4,983,500

29.1 Salaries and other benefits include provident fund contributions of Rupees 33.399 million (2017: Rupees 28.582 million).

29.2 Particulars of royalty paid during the year are as follows:

Name of the company	Registered address	Relationship with the Group or directors Related / Other	2018	2017
			(Rupees in thousand)	
Lurex Company Limited	22 Ashville way, Cambridge Road, Whetstone, Leicestershire LE8.6NU, England UK.	Other	302	506
American and Efird LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	39,659	24,926
			39,961	25,432

30 ADMINISTRATIVE EXPENSES

	Note	2018	2017
		(Rupees in thousand)	
Salaries and other benefits	30.1	1,096,957	1,090,066
Vehicles' running		50,405	48,380
Travelling and conveyance		128,947	119,970
Rent, rates and taxes		32,387	135,336
Insurance		17,870	8,861
Entertainment		24,020	24,425
Legal and professional		135,403	76,024
Auditors' remuneration	30.2	13,890	12,176
Advertisement		1,684	4,661
Postage and telephone		14,532	11,427
Electricity and gas		6,717	3,821
Printing and stationery		18,647	22,359
Repair and maintenance		29,875	17,972
Fee and subscription		18,111	9,225
Depreciation	13.1.3	145,412	140,724
Miscellaneous		77,867	57,844
		1,812,724	1,783,271

30.1 Salaries and other benefits include provident fund contributions of Rupees 43.832 million (2017: Rupees 41.599 million), Rupees Nil (2017: Rupee 0.343 million) in respect of provision for compensated absences and Rupees 2.786 million (2017: Rupees 2.137 million) in respect of retirement benefit - gratuity.

	Note	2018	2017
		(Rupees in thousand)	
30.2 Auditors' remuneration			
Riaz Ahmad and Company			
Audit fee		5,028	4,624
Half yearly review		859	781
Other certifications		559	130
Reimbursable expenses		150	137
		6,596	5,672
A.F. Ferguson and Company			
Statutory audit fee		2,310	2,196
Half yearly review		875	840
Tax services		861	1,560
Other certification services		1,344	430
Reimbursable expenses		299	284
		5,689	5,310
Deloitte Yousuf Adil			
Audit fee		125	66
Griffin Nagda and Company			
Audit fee		1,414	1,128
Reimbursable expenses		66	-
		1,480	1,128
		13,890	12,176

31 OTHER EXPENSES

	Note	2018	2017
Workers' profit participation fund		210,000	192,734
Workers' welfare fund		7,082	-
Impairment loss on equity investments	15.3 & 25.3	-	4,690
Provision for slow moving and obsolete stocks	19	-	5,694
Donations	31.1	255	1,215
		217,337	204,333

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

	Note	2018	2017
		(Rupees in thousand)	

32 OTHER INCOME

Income from financial assets

	Note	2018	2017
Dividend income	32.1	1,551,220	1,504,784
Profit on deposits with banks		9,291	47,256
Net exchange gain		254,508	138,487
Adjustment on loss of control over Hyundai Nishat Motor (Private) Limited		9,183	-
		1,824,202	1,690,527

Income from non-financial assets

	Note	2018	2017
Gain on sale of property, plant and equipment		10,275	3,252
Scrap sales		168,033	118,740
Rental income from investment properties		56,485	45,776
Reversal of provision for slow moving, obsolete and damaged store items	18.2	147	619
Reversal of provision for workers' profit participation fund		-	6,312
Reversal of provision for workers' welfare fund		-	357,120
Liabilities written back		-	163
Others		70,997	26,279
		305,937	558,261
		2,130,139	2,248,788

32.1 Dividend income

From related party / associated companies

	2018	2017
MCB Bank Limited	1,405,588	1,367,196
Nishat (Chunian) Limited	89,896	81,723
Adamjee Insurance Company Limited	257	411
Security General Insurance Company Limited	51,131	51,131
	1,546,872	1,500,461

Others

	2018	2017
Pakistan Petroleum Limited	4,348	2,826
Alhamra Islamic Stock Fund (Formerly MCB Pakistan Islamic Stock Fund)	-	1,497
	4,348	4,323
	1,551,220	1,504,784

	Note	2018	2017
		(Rupees in thousand)	
33 FINANCE COST			
Mark-up on:			
Long term financing		827,655	1,023,972
Short term borrowings		644,247	392,976
Interest on workers' profit participation fund	8.3	792	2,907
Bank charges and commission		305,832	280,055
		1,778,526	1,699,910
34 TAXATION			
Current - for the year		1,134,105	964,569
Deferred		296,546	553,462
Prior year adjustment		17,040	2,094
		1,447,691	1,520,125

34.1 The Company computes tax based on the generally accepted interpretations of the tax laws in Pakistan to ensure that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

Description	Year ended 30 June		
	2017	2016	2015
	(Rupees in thousand)		
Provision for taxation	968,595	942,992	604,431
Tax assessed	978,315	953,149	537,112

35 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2018	2017
Profit attributable to ordinary shareholders of Holding Company	(Rupees in thousand)	7,286,639	6,170,139
Weighted average number of ordinary shares of Holding Company	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	20.72	17.55

	Note	2018	2017
		(Rupees in thousand)	

36 CASH GENERATED FROM OPERATIONS

	Note	2018	2017
Profit before taxation		10,288,497	9,104,219
Adjustments for non-cash charges and other items:			
Depreciation and amortization		3,614,347	3,464,832
Provision for slow moving and obsolete items		-	5,694
Reversal of provision for slow moving, obsolete and damaged store items		(147)	(619)
Reversal of provision for workers' profit participation fund		-	(6,312)
Reversal of provision for workers' welfare fund		-	(357,120)
Change in ownership interest in subsidiary company		18,958	-
Net exchange gain		(254,508)	(138,487)
Gain on sale of property, plant and equipment		(10,275)	(3,252)
Dividend income		(1,551,220)	(1,504,784)
Profit on deposits with banks		(9,291)	(47,256)
Share of profit from associates		(3,411,660)	(3,130,059)
Impairment loss on equity investments		-	4,690
Provision for accumulated compensated absences		(794)	505
Liabilities written back		-	(163)
Finance cost		1,778,526	1,699,910
Working capital changes	36.1	(3,515,779)	(7,911,718)
		6,946,654	1,180,080

36.1 Working capital changes

	2018	2017
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	133,339	(982,732)
- Stock in trade	(388,583)	(3,834,309)
- Trade debts	(3,650,712)	(2,955,973)
- Loans and advances	223,261	104,755
- Short term deposits and prepayments	(30,298)	(45,092)
- Other receivables	(841,436)	(1,026,440)
	(4,554,429)	(8,739,791)
Increase in trade and other payables	1,038,650	828,073
	(3,515,779)	(7,911,718)

36.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities from financing activities			
	Long term financing	Short term borrowings	Unclaimed dividend	Exchange translation reserve
	(Rupees in thousand)			
Balance as at 01 July 2017	14,198,137	16,495,970	89,738	3,539
Financing obtained	2,090,395	-	-	-
Repayment of financing	(3,858,920)	-	-	-
Short term borrowings - net	-	590,511	-	-
Dividend declared	-	-	2,104,911	-
Dividend paid	-	-	(2,097,902)	-
Exchange differences on translation of net investments in subsidiary companies	-	-	-	56,635
Balance as at 30 June 2018	12,429,612	17,086,481	96,747	60,174

37 EVENTS AFTER THE REPORTING PERIOD

37.1 The Board of Directors of the Nishat Mills Limited - Holding Company has proposed a cash dividend for the year ended 30 June 2018 of Rupees 4.75 per share (2017: Rupees 5.00 per share) at their meeting held on 26 September 2018. The Board of Directors also proposed to transfer Rupees 5,617 million (2017: Rupees 4,412 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.

37.2 Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5% of accounting profit before tax of the Holding Company if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2018 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Holding Company in their meeting held on 26 September 2018 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

38 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	
	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)					
Managerial remuneration	23,625	24,486	10,053	10,228	408,278	400,775
Allowances						
Cost of living allowance	-	-	1	1	602	595
House rent	9,450	8,791	288	288	112,314	104,485
Conveyance	-	-	-	-	238	233
Medical	2,363	2,197	948	848	35,392	32,787
Utilities	-	-	3,458	3,063	44,094	44,337
Special allowance	-	-	2	2	350	312
Contribution to provident fund trust	-	-	905	810	33,521	32,204
Leave encashment	-	-	-	-	12,610	12,901
	35,438	35,474	15,655	15,240	647,399	628,629
Number of persons	1	1	1	1	164	151

38.1 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.

38.2 Aggregate amount charged in these consolidated financial statements for meeting fee to four directors (2017: four directors) of the Holding Company was Rupees 1.290 million (2017: Rupees 0.682 million).

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

39 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:

	2018	2017
	(Rupees in thousand)	
Associated companies		
Investment made	394,743	399,169
Purchase of goods and services	212,424	232,386
Recovery of charges on surrender of entitlement of land	10,762	-
Sale of goods and services	28,657	18,116
Rental income	1,480	650
Purchase of operating fixed assets	9,000	-
Sale of operating fixed assets	2,000	231
Rent paid	68,001	51,800
Dividend paid	151,459	158,463
Insurance premium paid	315,612	335,042
Interest income	1,155	15,376
Insurance claims received	85,325	56,391
Profit on term deposit receipt	-	11,059
Finance cost	26,492	20,884
Other related parties		
Purchase of goods and services	1,797,506	1,527,307
Sale of goods and services	18,704	46,044
Finance cost	174	-
Group's contribution to provident fund trust	263,972	245,798

39.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in note 38.

39.2 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place:

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	Percentage of shareholding
Nishat Agriculture Farming (Private) Limited	Common directorship	No	None
Nishat Farm Supplies (Private) Limited	Common directorship	No	None
Nishat Dairy (Private) Limited	Common directorship and shareholding	Yes	12.24
Nishat Hotels and Properties Limited	Common directorship and shareholding	Yes	7.4
Nishat (Gulberg) Hotels and Properties Limited	Common directorship	No	None
Nishat (Raiwind) Hotels and Properties Limited	Common directorship	No	None
Nishat (Aziz Avenue) Hotels and Properties Limited	Common directorship	No	None
Security General Insurance Company Limited	Common directorship and shareholding	Yes	15.02
Nishat Energy Limited	Shareholding	No	50
Pakgen Power Limited	Common directorship and shareholding	Yes	27.55
Lalpir Power Limited	Common directorship and shareholding	Yes	28.8
Nishat Paper Products Company Limited	Common directorship and shareholding	Yes	25
Pakistan Aviators and Aviation (Private) Limited	Common directorship	No	None
Nishat Developers (Private) Limited	Common directorship	No	None
Nishat Automobiles (Private) Limited	Common directorship	No	None
Nishat Real Estates Development Company (Private) Limited	Common directorship	No	None
Hyundai Nishat Motor (Private) Limited	Common directorship and shareholding	Yes	12
D.G. Khan Cement Company Limited	Common directorship and shareholding	Yes	31.4
Adamjee Life Assurance Company Limited	Common directorship	Yes	None
Adamjee Insurance Company Limited	Common directorship and shareholding	Yes	0.03
MCB Bank Limited	Common directorship and shareholding	Yes	7.43
MCB Islamic Bank Limited	Wholly owned subsidiary of associated company	Yes	None
Nishat (Chunian) Limited	Shareholding	Yes	13.61
Nishat Aggrotech Farms Supplies (Private) Limited	Common directorship	No	None
Nishat Chunian Power Limited (NCPL)	Executive of the Group is appointed as Director on the Board of NCPL	No	None
Sanifa Agri Services Limited	Associate	Yes	None
Employees Provident Fund Trusts	Post-employment benefit plans	Yes	None

40 PROVIDENT FUNDS

40.1 Nishat Mills Limited - Holding Company and Nishat Linen (Private) Limited - Subsidiary Company

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 regulations formulated for this purpose in terms of SRO 731(I)/2018 issued by Securities and Exchange Commission of Pakistan on 06 June 2018 which allows transition period of one year for bringing the Employees Provident Fund Trust in conformity with the requirements of regulations.

40.2 Nishat Power Limited - Subsidiary Company

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

40.3 Nishat Hospitality (Private) Limited - Subsidiary Company

As at the reporting date, the provident fund trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose in terms of SRO 731(I)/2018 issued by Securities and Exchange Commission of Pakistan on 06 June 2018 which allows transition period of one year for bringing the Employees Provident Fund Trust in conformity with the requirements of regulations.

	Note	2018	2017
41 NUMBER OF EMPLOYEES			
Number of employees as on June 30	41.1	22,447	21,844
Average number of employees during the year		21,858	21,793

41.1 These include 18,844 (2017:18,159) number of factory employees.

		2018	2017
		(Figures in thousand)	
42 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 (2017: 1,095 shifts)	(Kgs.)	71,115	77,455
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2017: 1,095 shifts)	(Kgs.)	57,740	67,633
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2017: 1,095 shifts)	(Sq.Mtr.)	304,996	298,257
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2017: 1,095 shifts)	(Sq.Mtr.)	291,480	283,004
Dyeing and Finishing			
Production capacity for 3 shifts per day for 1,095 shifts (2017: 1,095 shifts)	(Mtr.)	54,000	54,000
Actual production on 3 shifts per day for 1,095 shifts (2017: 1,095 shifts)	(Mtr.)	46,311	48,364
Power Plant			
Generation capacity	(MWH)	780	799
Actual generation	(MWH)	374	396

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 (2017: 8,760 hours)]	(MWH)	1,711	1,711
Actual energy delivered	(MWH)	1,171	1,240
c) Subsidiary Company - Nishat Hospitality (Private) Limited		**Total rooms available**	
Nishat Suites		22,570	22,326

42.1 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.

43 **SEGMENT INFORMATION**

	Spinning												Weaving			
	Faisalabad-I		Faisalabad-II		Faisalabad Yarn Dyeing		Feroze Wattwan I		Feroze Wattwan II		Lahore		Bhikki		Lahore	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)															
Revenue																
External	4,371,599	4,826,494	365,472	-	154,056	178,723	3,376,902	2,567,686	-	-	11,043,763	9,927,468	9,835,211	7,926,709	3,237,948	2,896,000
Intersegment	3,774,784	4,393,644	558,053	-	432,337	325,208	1,708,115	1,658,878	-	-	20,170	182,703	6,273,162	6,427,588	2,855,855	2,879,048
	8,146,383	9,220,138	923,525	-	586,393	503,931	5,085,017	4,226,564	-	-	11,063,933	10,110,171	16,108,373	14,354,297	6,093,803	5,775,048
Cost of sales	(7,441,534)	(8,830,165)	(944,581)	-	(508,596)	(434,016)	(4,588,696)	(4,009,284)	-	-	(10,792,075)	(9,714,669)	(14,560,104)	(13,087,192)	(5,629,695)	(5,397,024)
Gross profit / (loss)	704,849	389,973	(21,056)	-	77,797	69,915	496,321	217,280	-	-	271,858	395,502	1,548,269	1,267,105	464,108	378,024
Distribution cost	(206,178)	(218,878)	(5,356)	-	(17,432)	(9,752)	(83,998)	(88,294)	-	-	(144,292)	(136,738)	(457,013)	(402,901)	(138,100)	(127,503)
Administrative expenses	(187,493)	(196,883)	(19,034)	-	(6,595)	(5,311)	(71,499)	(67,894)	-	-	(2,650)	(3,555)	(172,593)	(171,851)	(80,482)	(89,812)
	(393,671)	(415,761)	(24,390)	-	(24,027)	(15,063)	(155,497)	(156,188)	-	-	(146,942)	(140,293)	(629,606)	(574,752)	(218,582)	(217,315)
Profit / (loss) before taxation and unallocated income and expenses	311,178	(25,788)	(45,446)	-	53,770	54,852	340,824	61,092	-	-	124,916	255,209	918,663	692,353	245,526	160,709

	Dyeing		Home Textile		Garments				Power Generation		Hotel		Automobile*		Elimination of Inter-segment transactions		Total - Group	
					I		II											
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)																	
Revenue																		
External	12,216,506	12,662,670	16,779,533	14,358,400	3,360,701	4,362,061	2,463,958	993,872	17,164,860	15,257,774	352,533	363,656	-	-	-	-	84,723,042	76,321,513
Intersegment	520,459	1,141,799	446,629	736,198	193,050	70,043	42,255	57,777	5,879,740	5,383,838	82	-	-	-	(22,704,691)	(23,256,724)	-	-
	12,736,965	13,804,469	17,226,162	15,094,598	3,553,751	4,432,104	2,506,213	1,051,649	23,044,600	20,641,612	352,615	363,656	-	-	(22,704,691)	(23,256,724)	84,723,042	76,321,513
Cost of sales	(11,281,829)	(12,176,215)	(13,030,955)	(11,121,375)	(3,393,422)	(4,094,491)	(2,652,859)	(1,324,907)	(18,773,764)	(16,733,631)	(250,591)	(258,882)	-	-	22,704,691	23,256,724	(71,144,010)	(63,925,127)
Gross profit / (loss)	1,455,136	1,628,254	4,195,207	3,973,223	160,329	337,613	(146,646)	(273,258)	4,270,836	3,907,981	102,024	104,774	-	-	-	-	13,579,032	12,396,386
Distribution cost	(605,020)	(611,632)	(2,918,228)	(2,976,143)	(299,080)	(359,330)	(145,629)	(51,335)	(334)	(994)	-	-	(3,087)	-	-	-	(5,023,747)	(4,983,500)
Administrative expenses	(171,980)	(204,393)	(480,954)	(547,432)	(83,813)	(95,358)	(37,558)	(31,858)	(373,263)	(309,375)	(46,161)	(51,842)	(78,649)	(7,707)	-	-	(1,812,724)	(1,783,271)
	(777,000)	(816,025)	(3,399,182)	(3,523,575)	(382,893)	(454,688)	(183,187)	(83,193)	(373,597)	(310,369)	(46,161)	(51,842)	(81,736)	(7,707)	-	-	(6,836,471)	(6,766,771)
Profit / (loss) before taxation and unallocated income and expenses	678,136	812,229	796,025	449,648	(222,564)	(117,075)	(329,833)	(356,451)	3,897,239	3,597,612	55,863	52,932	(81,736)	(7,707)	-	-	6,742,561	5,629,615
Unallocated income and expenses																		
Other expenses																	(217,337)	(204,333)
Other income																	2,130,139	2,248,788
Finance cost																	(1,778,526)	(1,699,910)
Share of profit from associates																	3,411,660	3,130,059
Taxation																	(1,447,691)	(1,520,125)
Profit after taxation																	8,840,806	7,584,094

43.1 **Reconciliation of reportable segment assets and liabilities**

	Spinning												Weaving			
	Faisalabad-I		Faisalabad-II		Faisalabad Yarn Dyeing		Feroze Wattwan I		Feroze Wattwan II		Lahore		Bhikki		Lahore	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)															
Total assets for reportable segments	4,884,566	4,775,415	3,964,945	2,226,310	402,637	384,212	5,180,403	6,573,091	21,236	-	1,191,358	1,105,073	5,604,815	5,388,973	1,148,629	1,001,029
Total liabilities for reportable segments	575,117	627,572	184,394	32,220	10,018	17,331	101,800	67,385	3,292	-	172,285	89,156	421,130	467,615	138,557	124,158

	Dyeing		Home Textile		Garments				Power Generation		Hotel		Automobile*		Total - Group	
					I		II									
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)															
Total assets for reportable segments	6,282,245	6,052,518	12,939,478	12,997,257	1,940,524	2,058,931	2,807,465	2,590,105	32,375,249	29,772,166	1,047,687	1,120,391	-	240	79,791,237	76,045,711
Unallocated assets:																
Long term investments															51,825,352	51,618,680
Short term investments															2,581,520	2,535,973
Other receivables															4,637,441	3,786,527
Cash and bank balances															831,688	587,917
Other corporate assets															363,844	589,236
Total assets as per consolidated statement of financial position															140,031,082	135,164,044
Total liabilities for reportable segments	557,165	468,085	1,480,966	1,292,993	289,616	307,510	327,496	250,633	12,972,192	11,457,796	23,956	24,257	-	3,387	17,257,984	15,230,098
Unallocated liabilities:																
Deferred income tax liability															2,484,368	2,162,341
Other corporate liabilities															20,653,407	22,816,001
Total liabilities as per consolidated statement of financial position															40,395,759	40,208,440

43.2 **Geographical information**

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

	2018	2017
	(Rupees in thousand)	
Europe	17,055,288	13,799,308
Asia, Africa and Australia	19,636,510	18,572,294
United States of America and Canada	3,860,692	5,618,645
Pakistan	44,170,552	38,331,266
	84,723,042	76,321,513

43.3 Significant non-current assets of the Group as at reporting dates are located and operating in Pakistan.

43.4 **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.

* It ceased to be a operating segment on loss of control over Hyundai Nishat Motor (Private) Limited - Subsidiary Company during the current year.

44 INTERESTS IN OTHER ENTITIES

44.1 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.

	2018	2017
	(Rupees in thousand)	
Summarised statement of financial position		
Current assets	16,248,399	11,871,898
Current liabilities	7,466,119	4,272,673
Net current assets	8,782,280	7,599,225
Non-current assets	10,659,326	11,391,297
Non-current liabilities	3,040,170	5,092,325
Net non-current assets	7,619,156	6,298,972
Net assets	16,401,436	13,898,197
Accumulated non-controlling interest	8,034,658	6,808,446
Summarised statement of comprehensive income		
Revenue	16,929,085	15,041,692
Profit for the year	3,211,416	2,886,429
Other comprehensive income	-	-
Total comprehensive income	3,211,416	2,886,429
Profit allocated to non-controlling interest	1,554,167	1,413,955
Dividend paid to non-controlling interest	346,912	607,096
Summarised cash flows		
Cash flows from operating activities	(82,904)	1,134,611
Cash flows from investing activities	(246,295)	(687,550)
Cash flows from financing activities	(2,473,011)	(2,757,431)
Net (decrease) / increase in cash and cash equivalents	(2,802,210)	(2,310,370)

45 FINANCIAL RISK MANAGEMENT

45.1 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, United Arab Emirates Dirham (AED) and Japanese Yen (JPY). 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:

	2018	2017
Cash at banks - USD	93,530	119,592
Cash in hand and at banks - AED	11,817,036	6,750,423
Trade debts - USD	16,615,854	13,063,808
Trade debts - Euro	1,292,033	987,388
Trade debts - AED	2,525,736	3,282,541
Trade and other payables - USD	(1,599,981)	(1,333,482)
Trade and other payables - Euro	(97,738)	(222,468)
Trade and other payables - AED	(1,320,654)	(5,277,880)
Trade and other payables - JPY	(283,550)	-
Security deposit - USD	49,025	49,025
Motor vehicles' loan - AED	(46,837)	(62,781)
Net exposure - USD	15,158,428	11,898,943
Net exposure - Euro	1,194,295	764,920
Net exposure - AED	12,975,281	4,692,303
Net exposure - JPY	(283,550)	-

	2018	2017
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	110.43	104.55
Reporting date rate	121.40	104.80
Rupees per Euro		
Average rate	131.89	114.17
Reporting date rate	141.33	119.91
Rupees per AED		
Average rate	30.07	28.47
Reporting date rate	33.05	28.53
Rupees per JPY		
Average rate	1.01	0.96
Reporting date rate	1.10	0.94

Sensitivity Analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED and JPY with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 86.402 million (2017: Rupees 58.548 million) higher / lower, Rupees 7.926 million (2017: Rupees 4.298 million) higher / lower, Rupees 20.328 million (2017: Rupees 6.313 million) higher / lower and Rupees 0.015 million (2017: Rupees Nil) lower / higher 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)	
	2018	2017	2018	2017
	(Rupees in thousand)			
PSX 100 (5% increase)	-	-	952,866	999,474
PSX 100 (5% decrease)	-	-	(952,866)	(999,474)

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 reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	2018	2017
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - saving accounts	137,364	219,125
Financial liabilities		
Long term financing	5,003,003	4,300,109
Short term borrowings	8,532,741	12,009,969
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	7,926	21,658
Trade debts - overdue	5,782,071	3,463,527
WPPF receivable from NTDCL - overdue	557,719	409,235
Financial liabilities		
Long term financing	7,426,610	9,898,028
Short term borrowings	8,553,740	4,486,001

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 reporting 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 91.510 million (2017: Rupees 99.651 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 reporting 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	19,993,314	20,783,429
Loans and advances	455,435	421,003
Deposits	233,879	281,150
Trade debts	16,225,912	12,349,739
Other receivables	64,299	73,619
Accrued interest	1,034	1,268
Bank balances	769,292	557,843
	37,743,165	34,468,051

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			2018	2017
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	131,042	4,621
Allied Bank Limited	A1+	AA+	PACRA	4,539	1,953
Askari Bank Limited	A1+	AA+	PACRA	111	145
Bank Alfalah Limited	A1+	AA+	PACRA	30,059	24,195
Faysal Bank Limited	A1+	AA	PACRA	17,750	19,489
Habib Bank Limited	A-1+	AAA	JCR-VIS	4,743	6,553
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	793	2,296
JS Bank Limited	A1+	AA-	PACRA	68	-
MCB Bank Limited	A1+	AAA	PACRA	499,752	328,390
Samba Bank Limited	A-1	AA	JCR-VIS	8	150
Silkbank Limited	A-2	A -	JCR-VIS	9	2,195
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	22,228	14,805
United Bank Limited	A-1+	AAA	JCR-VIS	8,889	124,577
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	275	277
Citibank N.A.	P-1	A1	Moody's	2,642	-
Bank Islami Pakistan Limited	A1	A+	PACRA	147	92
Meezan Bank Limited	A-1+	AA+	JCR-VIS	4,993	7,415
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	564	328
The Bank of Punjab	A1+	AA	PACRA	35	266
Soneri Bank Limited	A1+	AA-	PACRA	776	74
Summit Bank Limited	A-1	A-	JCR-VIS	58	269
Industrial and Commercial Bank of China	P-1	A1	Moody's	6	6
MCB Islamic Bank Limited	A1	A	PACRA	183	780
Alfalah GHP Sovereign Fund	Not available	AA-(f)	PACRA	-	6
HAB Bank	Unknown		-	1,005	3,253
Bank of China	P-1	A1	Moody's	10,633	5,336
Habib Bank AG Zurich, UAE	NP	Caa1	Moody's	7,434	9,564
ICBC Standard Bank	P-3	Baa3	Moody's	19,795	808
Bank Al-Habib Limited	A1+	AA+	PACRA	687	-
Standard Chartered Bank	P-1	A1	Moody's	68	-
				769,292	557,843
Investments					
Adamjee Insurance Company Limited	AA+		PACRA	5,010	7,028
Security General Insurance Company Limited	AA		JCR-VIS	924,043	780,365
Alhamra Islamic Stock Fund (Formerly MCB Pakistan Islamic Stock Fund)	3 Star	4 Star	PACRA	11,952	13,582
Nishat (Chunian) Limited	A-2	A-	JCR-VIS	1,552,090	1,677,617
MCB Bank Limited	A1+	AAA	PACRA	17,406,784	18,240,428
Pakistan Petroleum Limited	Unknown		-	93,435	64,409
				19,993,314	20,783,429
				20,762,606	21,341,272

The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 20.

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 2018, the Group had Rupees 24,894.239 million (2017: Rupees 24,974.550 million) available borrowing / financing limits from financial institutions and Rupees 831.688 million (2017: Rupees 587.917 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 amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2018

	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	12,429,612	13,000,658	2,202,147	2,257,732	4,789,292	3,751,487
Trade and other payables	6,776,745	6,776,745	6,776,745	-	-	-
Short term borrowings	17,086,481	17,529,927	17,309,898	220,029	-	-
Accrued mark-up	291,864	291,864	291,864	-	-	-
	36,584,702	37,599,194	26,580,654	2,477,761	4,789,292	3,751,487

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

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.

45.2 Financial instruments by categories

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2018			
Assets as per consolidated statement of financial position			
Investments	-	19,993,314	19,993,314
Loans and advances	455,435	-	455,435
Deposits	233,879	-	233,879
Trade debts	16,225,912	-	16,225,912
Other receivables	64,299	-	64,299
Accrued interest	1,034	-	1,034
Cash and bank balances	831,688	-	831,688
	17,812,247	19,993,314	37,805,561

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per consolidated statement of financial position	
Long term financing	12,429,612
Trade and other payables	6,776,745
Short term borrowings	17,086,481
Accrued mark-up	291,864
	36,584,702

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2017			
Assets as per consolidated statement of financial position			
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 consolidated statement of financial position	
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

46 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 consolidated statement of financial position plus 'borrowings'.

		2018	2017
Borrowings	Rupees in thousand	29,516,093	30,694,107
Total equity	Rupees in thousand	99,635,323	94,955,604
Total capital employed	Rupees in thousand	129,151,416	125,649,711
Gearing ratio	Percentage	22.85	24.43

47 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 consolidated 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 2018	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	19,069,271	-	924,043	19,993,314
Derivative financial assets	-	9,478	-	9,478
Total financial assets	19,069,271	9,478	924,043	20,002,792
Financial liabilities				
Derivative financial liabilities	-	541	-	541
Total financial liabilities	-	541	-	541

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	20,003,064	-	780,365	20,783,429
Total financial assets	20,003,064	-	780,365	20,783,429
Financial liabilities				
Derivative financial liabilities	-	27,536	-	27,536
Total financial liabilities	-	27,536	-	27,536

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 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 2018 and 30 June 2017:

	Unlisted equity securities
	(Rupees in thousand)
Balance as on 01 July 2016	829,348
Less : Deficit recognized in other comprehensive income	(48,983)
Balance as on 30 June 2017	780,365
Add : Surplus recognized in other comprehensive income	143,678
Balance as on 30 June 2018	924,043

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 2018	Fair value at 30 June 2017	Unobservable inputs	Range of inputs (probability-weighted average) 30 June 2018	Relationship of unobservable inputs to fair value
	(Rupees in thousand)				
Available for sale financial assets:					
Security General Insurance Company Limited	924,043	780,365	Net premium revenue growth factor	5.27%	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 +63.300 million / - 56.142 million.
			Risk adjusted discount rate	17.50%	

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

Valuation processes

Independent valuer performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. The independent valuer 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 valuer. As part of this discussion the independent valuer presents a report that explains the reason for the fair value movements.

48 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 26 September 2018 by the Board of Directors.

49 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made except for the provision for taxation which has been netted off with advance income tax for better presentation and understanding. Further, to comply with the requirements of the Companies Act, 2017 unclaimed dividend has been reclassified from trade and other payables and presented on the face of consolidated statement of financial position.

50 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, 2018

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
4,397	1	100	157,475	0.04
3,834	101	500	966,377	0.27
1,061	501	1,000	809,801	0.23
1,141	1,001	5,000	2,812,172	0.80
239	5,001	10,000	1,875,201	0.53
100	10,001	15,000	1,254,138	0.36
64	15,001	20,000	1,151,136	0.33
51	20,001	25,000	1,226,140	0.35
35	25,001	30,000	969,758	0.28
26	30,001	35,000	864,833	0.25
24	35,001	40,000	915,359	0.26
10	40,001	45,000	437,802	0.12
24	45,001	50,000	1,171,465	0.33
7	50,001	55,000	369,217	0.11
9	55,001	60,000	525,803	0.15
13	60,001	65,000	817,909	0.23
5	65,001	70,000	335,500	0.10
11	70,001	75,000	802,542	0.23
5	75,001	80,000	385,900	0.11
4	80,001	85,000	331,895	0.09
7	85,001	90,000	619,400	0.18
4	90,001	95,000	372,200	0.11
11	95,001	100,000	1,096,700	0.31
3	100,001	105,000	309,510	0.09
4	105,001	110,000	432,400	0.12
2	110,001	115,000	228,800	0.07
5	115,001	120,000	590,142	0.17
6	120,001	125,000	736,500	0.21
4	125,001	130,000	512,163	0.15
2	130,001	135,000	265,722	0.08
1	135,001	140,000	137,081	0.04
4	140,001	145,000	574,300	0.16
4	145,001	150,000	600,000	0.17
3	150,001	155,000	458,300	0.13
2	155,001	160,000	319,200	0.09
4	160,001	165,000	645,995	0.18
4	165,001	170,000	670,755	0.19
7	170,001	175,000	1,207,100	0.34
2	180,001	185,000	367,800	0.10
3	185,001	190,000	564,300	0.16
1	190,001	195,000	193,500	0.06
4	195,001	200,000	798,100	0.23
1	200,001	205,000	200,500	0.06
1	210,001	215,000	212,575	0.06

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2018

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
3	215,001	220,000	653,690	0.19
2	220,001	225,000	446,500	0.13
1	235,001	240,000	237,480	0.07
3	240,001	245,000	726,000	0.21
5	250,001	255,000	1,264,800	0.36
1	260,001	265,000	263,400	0.07
2	265,001	270,000	538,095	0.15
2	270,001	275,000	541,800	0.15
1	275,001	280,000	278,000	0.08
1	280,001	285,000	283,000	0.08
2	285,001	290,000	571,019	0.16
3	290,001	295,000	875,926	0.25
6	295,001	300,000	1,794,300	0.51
1	300,001	305,000	304,200	0.09
3	305,001	310,000	921,192	0.26
1	310,001	315,000	313,170	0.09
2	330,001	335,000	663,520	0.19
1	335,001	340,000	339,300	0.10
1	345,001	350,000	345,500	0.10
1	355,001	360,000	360,000	0.10
4	365,001	370,000	1,471,365	0.42
3	370,001	375,000	1,114,193	0.32
1	380,001	385,000	381,000	0.11
1	415,001	420,000	419,845	0.12
4	435,001	440,000	1,746,600	0.50
1	450,001	455,000	450,300	0.13
1	455,001	460,000	457,000	0.13
1	490,001	495,000	492,980	0.14
1	495,001	500,000	497,800	0.14
2	545,001	550,000	1,095,326	0.31
1	555,001	560,000	558,000	0.16
1	565,001	570,000	567,100	0.16
2	575,001	580,000	1,158,000	0.33
1	605,001	610,000	610,000	0.17
1	610,001	615,000	613,286	0.17
1	620,001	625,000	624,700	0.18
1	650,001	655,000	654,800	0.19
1	660,001	665,000	660,500	0.19
1	665,001	670,000	667,800	0.19
1	680,001	685,000	684,689	0.19
1	710,001	715,000	710,900	0.20
1	725,001	730,000	726,400	0.21
1	730,001	735,000	732,400	0.21
2	735,001	740,000	1,475,400	0.42

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
1	810,001	815,000	810,274	0.23
1	825,001	830,000	826,000	0.23
1	830,001	835,000	834,400	0.24
1	850,001	855,000	851,100	0.24
1	855,001	860,000	856,000	0.24
1	995,001	1,000,000	999,200	0.28
1	1,050,001	1,055,000	1,052,300	0.30
1	1,055,001	1,060,000	1,058,600	0.30
1	1,060,001	1,065,000	1,061,285	0.30
1	1,065,001	1,070,000	1,067,600	0.30
1	1,070,001	1,075,000	1,073,900	0.31
1	1,080,001	1,085,000	1,082,100	0.31
1	1,095,001	1,100,000	1,100,000	0.31
1	1,100,001	1,105,000	1,103,300	0.31
1	1,125,001	1,130,000	1,128,000	0.32
1	1,160,001	1,165,000	1,161,200	0.33
1	1,170,001	1,175,000	1,172,977	0.33
1	1,195,001	1,200,000	1,200,000	0.34
1	1,300,001	1,305,000	1,302,700	0.37
1	1,395,001	1,400,000	1,400,000	0.40
1	1,495,001	1,500,000	1,498,000	0.43
1	1,525,001	1,530,000	1,528,600	0.43
1	1,740,001	1,745,000	1,744,400	0.50
1	1,775,001	1,780,000	1,776,600	0.51
1	1,835,001	1,840,000	1,837,000	0.52
1	1,950,001	1,955,000	1,951,800	0.56
1	1,975,001	1,980,000	1,976,000	0.56
1	2,015,001	2,020,000	2,017,480	0.57
1	2,035,001	2,040,000	2,040,000	0.58
1	2,045,001	2,050,000	2,050,000	0.58
1	2,050,001	2,055,000	2,054,500	0.58
1	2,065,001	2,070,000	2,068,400	0.59
1	2,290,001	2,295,000	2,290,100	0.65
1	2,325,001	2,330,000	2,326,941	0.66
1	2,390,001	2,395,000	2,394,071	0.68
1	2,540,001	2,545,000	2,541,940	0.72
1	2,600,001	2,605,000	2,601,000	0.74
1	2,645,001	2,650,000	2,649,000	0.75
1	2,665,001	2,670,000	2,665,900	0.76
1	2,670,001	2,675,000	2,673,174	0.76
1	2,835,001	2,840,000	2,839,871	0.81
1	3,200,001	3,205,000	3,200,100	0.91
1	3,320,001	3,325,000	3,322,400	0.94
1	3,420,001	3,425,000	3,422,900	0.97

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2018

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
1	4,095,001	4,100,000	4,095,400	1.16
1	4,160,001	4,165,000	4,160,699	1.18
1	4,190,001	4,195,000	4,194,735	1.19
1	4,780,001	4,785,000	4,785,000	1.36
1	6,450,001	6,455,000	6,450,913	1.83
1	7,645,001	7,650,000	7,646,760	2.17
1	10,005,001	10,010,000	10,009,600	2.85
1	13,840,001	13,845,000	13,844,092	3.94
1	15,075,001	15,080,000	15,075,149	4.29
1	18,695,001	18,700,000	18,698,357	5.32
1	21,190,001	21,195,000	21,191,146	6.03
1	23,100,001	23,105,000	23,101,426	6.57
1	25,670,001	25,675,000	25,673,659	7.30
1	26,245,001	26,250,000	26,248,841	7.47
1	29,225,001	29,230,000	29,228,216	8.31
11,285			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**	30,461,778	8.66
3	**NIT AND ICP**	85,203	0.02
4	**Banks Development Financial Institutions, Non banking Financial Institutions**	8,512,171	2.42
5	**Insurance Companies**	20,321,495	5.78
6	**Modarabas And Mutual Funds**	45,730,771	13.01
7	**Share Holders Holding 5% or above**	176,962,042	50.33
8	**General Public**		
	Local	87,862,976	24.99
	Foreign	1,240,027	0.35
9	**Others**		
	Foreign Companies	54,606,275	15.53
	Investment Companies	236,634	0.07
	Joint Stock Companies	6,454,620	1.84
	Provident / Pension Funds and Miscellaneous	7,420,585	2.11

Additional Information as on June 30, 2018

Sr. No.	Categories of Shareholders	Shares Held	Percentage
I)	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**		
	1. D. G. KHAN CEMENT COMPANY LIMITED	30,289,501	8.61
	2. ADAMJEE INSURANCE COMPANY LIMITED	2,050	0.00
	3. MCB BANK LIMITED	227	0.00
	4. ADAMJEE LIFE ASSURANCE COMPANY LIMITED	170,000	0.05
II)	**MUTUAL FUNDS:**		
	PRUDENTIAL STOCKS FUND LIMITED	110	0.0000
	SAFEWAY MUTUAL FUND LIMITED	13	0.0000
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	2,290,100	0.6513
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	140,600	0.0400
	CDC - TRUSTEE PICIC INVESTMENT FUND	567,100	0.1613
	CDC - TRUSTEE PICIC GROWTH FUND	1,067,600	0.3036
	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1,073,900	0.3054
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	710,900	0.2022
	CDC - TRUSTEE MEEZAN BALANCED FUND	296,300	0.0843
	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	3,000	0.0009
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	161,500	0.0459
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1,500	0.0004
	CDC - TRUSTEE AKD INDEX TRACKER FUND	35,847	0.0102
	CDC - TRUSTEE AKD OPPORTUNITY FUND	300,000	0.0853
	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	856,000	0.2435
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	624,700	0.1777
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	4,095,400	1.1648
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1,052,300	0.2993
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	550,000	0.1564
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1,976,000	0.5620
	CDC - TRUSTEE NAFA STOCK FUND	1,837,000	0.5225
	CDC - TRUSTEE NAFA MULTI ASSET FUND	98,700	0.0281
	CDC - TRUSTEE MCB DCF INCOME FUND	12,500	0.0036
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	20,000	0.0057
	SAFE WAY FUND LIMITED	1,200,000	0.3413
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	654,800	0.1862
	CDC - TRUSTEE APF-EQUITY SUB FUND	44,500	0.0127
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	810,274	0.2305
	CDC - TRUSTEE HBL - STOCK FUND	1,058,600	0.3011
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1,951,800	0.5551
	CDC - TRUSTEE APIF - EQUITY SUB FUND	134,500	0.0383
	CDC - TRUSTEE HBL MULTI - ASSET FUND	37,300	0.0106
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	732,400	0.2083
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	244,600	0.0696
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	188,000	0.0535
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,326,941	0.6618
	CDC - TRUSTEE ABL STOCK FUND	1,498,000	0.4261
	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	22,500	0.0064
	CDC - TRUSTEE FIRST HABIB STOCK FUND	47,000	0.0134
	CDC - TRUSTEE LAKSON EQUITY FUND	667,800	0.1899
	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	150,700	0.0429
	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	60,400	0.0172

Additional Information as on June 30, 2018

Sr. No.	Categories of Shareholders	Shares Held	Percentage
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	558,000	0.1587
	CDC - TRUSTEE HBL EQUITY FUND	49,200	0.0140
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	48,000	0.0137
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	49,800	0.0142
	CDC - TRUSTEE ASKARI EQUITY FUND	24,000	0.0068
	CDC - TRUSTEE KSE MEEZAN INDEX FUND	285,700	0.0813
	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	16,500	0.0047
	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	49,000	0.0139
	CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	38,000	0.0108
	CDC - TRUSTEE ATLAS INCOME FUND - MT	13,800	0.0039
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	735,400	0.2092
	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	600	0.0002
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	30,000	0.0085
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	851,100	0.2421
	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	50,000	0.0142
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	372,700	0.1060
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	252,600	0.0718
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	4,160,699	1.1834
	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	345,500	0.0983
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	17,000	0.0048
	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	38,500	0.0109
	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	34,000	0.0097
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1,528,600	0.4348
	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	93,200	0.0265
	CDC - TRUSTEE PIML VALUE EQUITY FUND	58,900	0.0168
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	290,100	0.0825
	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	23,000	0.0065
	CDC-TRUSTEE NITPF EQUITY SUB-FUND	8,000	0.0023
	MCBFSL - TRUSTEE NAFA INCOME FUND - MT	35,400	0.0101
	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	3,200,100	0.9102
	CDC - TRUSTEE PIML ASSET ALLOCATION FUND	144,700	0.0412
	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	450,300	0.1281
	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	184,500	0.0525
	MC FSL TRUSTEE JS - INCOME FUND - MT	93,300	0.0265
	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	457,000	0.1300
	CDC - TRUSTEE LAKSON TACTICAL FUND	126,067	0.0359
	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	25,449	0.0072
	CDC - TRUSTEE PAKISTAN INCOME FUND - MT	25,100	0.0071
	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	579,200	0.1647
	CDC - TRUSTEE UBL INCOME OPPORTUNITY FUND - MT	59,400	0.0169
	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	292,826	0.0833
	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	305,600	0.0869
	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1,500	0.0004
	MCBFSL - TRUSTEE ALLIED CAPITAL PROTECTED FUND	11,000	0.0031
	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	25,000	0.0071
	CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	1,500	0.0004
	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	9,700	0.0028
	PRUDENTIAL STOCKS FUND LTD (03360)	23,500	0.0067
	CDC - TRUSTEE AGIPF EQUITY SUB-FUND	9,300	0.0026
	CDC - TRUSTEE AGPF EQUITY SUB-FUND	8,300	0.0024
	CDC - TRUSTEE UBL CAPITAL PROTECTED FUND-III	33,800	0.0096

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		6,454,620	1.84
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		236,634	0.07
2.	INSURANCE COMPANIES		20,321,495	5.78
3.	FINANCIAL INSTITUTIONS		8,512,171	2.42
4.	MODARABAS COMPANIES		5,145	0.00
5.	PENSION / PROVIDENT FUNDS		7,420,585	2.11

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 2018 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 کموڈٹیز (پرائیویٹ) لمیٹڈ، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ اور کنسیپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE کے مالی حسابات پر مشتمل ہیں۔

ہولڈنگ کمپنی نے IFRS اور کمپنیز ایکٹ 2017 کی ضروریات کے مطابق اپنے مجموعی مالی حسابات کے ساتھ ساتھ اپنے علیحدہ مالیاتی حسابات منسلک کئے ہیں۔ ڈائریکٹرز رپورٹ 30 جون 2018 کو ختم ہونے والے سال کے لئے نشاط ملز لمیٹڈ کی کارکردگی کی تفسیر الگ الگ پیش کی گئی ہے۔ اس میں ہولڈنگ کمپنی کی تمام ذیلی کمپنیوں کی مختصر وضاحت بھی شامل ہے۔

محاسب کی رپورٹ میں کوالیفکیشنز کی وضاحت

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 اَن آڈٹڈ اعداد و شمار شامل ہیں۔ ذیلی کمپنی نیو یارک 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۔ لہذا، ہم نے مجموعی مالیاتی حسابات کی تیاری میں ذیلی کمپنی کے اَن آڈٹڈ مالیاتی حسابات استعمال کئے ہیں۔

محاسب ممبران کی توجہ مجموعی مالیاتی حسابات کے نوٹ 20.7 پر مبذول کرانا چاہتے ہیں، جس سے مراد نشاط پاور لمیٹڈ (نشاط ملز لمیٹڈ کی ذیلی کمپنی) کے ٹریڈ ڈیٹس میں شامل پرچیز پرائس کپیسٹی میں شامل کردہ 816 ملین روپے کی رقم ہے جس کو نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی لمیٹڈ (NTDCL) قبول نہیں کرتی۔ مزید تفصیلات منسلکہ مجموعی مالیاتی حسابات کے نوٹ 20.7 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 پرووِیژن نہیں کی گئی ہے۔

منجانب بورڈ آف ڈائریکٹرز

Umar Mansha

میاں عمر منشا

چیف ایگزیکٹو آفیسر

لاہور

26 ستمبر 2018

مقصود احمد

ڈائریکٹر

شیٹنگ کپڑے کے لئے، ہم وسیع چوڑائی والی پلیٹنگ مشین کے ساتھ ساتھ جدید ترین برشنگ/ ویکیومنگ آلات خرید رہے ہیں۔

کمپنی اپنے گاہکوں کو معیاری مصنوعات پیش کرنے کے لئے مصروف عمل ہے؛ لہذا، ڈائینگ ڈویژن پیکنگ مرحلے میں تیار شدہ کپڑے میں خامیوں کی درست شناخت کے لئے ایک خودکار انسپکشن اور فالٹ گریڈنگ سسٹم نصب کرنے کی منصوبہ بندی کر رہا ہے جس کے نتیجے میں کپڑے کے ضیاع اور مزدوری کی لاگت میں کمی ہوگی۔ سسٹم کمپنی کے ERP سسٹم سے منسلک کیا جائے گا۔

کمپنی نے ڈیجیٹل پرنٹنگ کاروبار میں بے مثال کامیابی حاصل کی ہے اور پہلے ہی ہوم ٹیکسٹائل ڈویژن میں 8 ڈیجیٹل پرنٹنگ مشینیں نصب کر چکی ہے۔ نشاط لنین (پرائیویٹ) لمیٹڈ کی بڑھتی ہوئی طلب کو پورا کرنے کے لئے ایک اور ڈیجیٹل پرنٹنگ مشین خریدنے کی منصوبہ بندی کی جا رہی ہے۔ ڈویژن 6 چیمبر سٹینٹر، واشنگ مشین اور 2 کمپیوٹرائز ڈملٹی ہیڈ ایمبرائیڈری مشینوں میں بھی سرمایہ کاری کرے گا۔ کمپنی کے گارمنٹس ڈویژن نے اپنے آپریشنز کے لئے پیشہ وارانہ ماہرین کی خدمات حاصل کر کے اپنے یونٹس میں کئی تبدیلیوں سے متعارف کرایا ہے۔ کمپنی گارمنٹس مصنوعات کی طلب میں متوقع اضافہ کی بدولت اپنی موجودہ جدید مشینری کے مجموعہ میں ایک جینولو گیاٹون پرولیزر مشین اور ایک TUKAcad-2D پیٹرن میکنگ مشین شامل کرنے کی منصوبہ بندی کر رہی ہے۔

اندرونی اور مالی کنٹرولز کی موزیت

کمپنی نے کمپنی کے اثاثوں کی حفاظت، دھوکا دہی کی روک تھام اور اس کی سراغ اور قانون اور اس پر عمل درآمد کو یقینی بنانے کے لیے اندرونی اور مالی کنٹرولز کا ایک مؤثر اور موزوں نظام قائم کیا ہے۔ اندرونی کنٹرولز کا ڈھانچے کا بورڈ کا قائم کردہ اندرونی محاسب کا شعبہ باقاعدگی سے معائنہ اور جائزہ لیتا ہے۔ آڈٹ کمیٹی اندرونی کنٹرولز کے سسٹم کا ہر سہاہی پر جائزہ لیتی ہے۔

ڈائریکٹر کے اخراجات

بورڈ آف ڈائریکٹرز نے ڈائریکٹر کے اخراجات کی پالیسی کی منظوری دی ہے۔ پالیسی کی خصوصیات مندرجہ ذیل ہیں۔

- کمپنی نان ایگزکٹو اور انڈیپنڈنٹ ڈائریکٹرز کو بورڈ اور اس کی کمیٹیز کے اجلاس کی فیس کے علاوہ کوئی اخراجات ادا نہیں کرے گی۔
- کمپنی ڈائریکٹرز کو بورڈ اور اس کی کمیٹیز کے اجلاس کے سلسلے میں ان کے سفر اور رہائش کے اخراجات ادا کرے گی۔
- ڈائریکٹر کے اخراجات کی پالیسی کا بورڈ آف ڈائریکٹرز وقتاً فوقتاً جائزہ لے گا۔

نمونہء حصص داری

30 جون 2018 کے مطابق نمونہء حصص داری کا بیان، جو رپورٹنگ فریم ورک کے تحت منکشف ہونا ضروری ہے، رپورٹ ہذا سے منسلک کیا گیا ہے۔

اظہار تشکر

ڈائریکٹرز کمپنی کے ملازمین کی مسلسل لگن اور کوششوں سے خوش اور شکر گذار ہیں۔

منجانب بورڈ آف ڈائریکٹرز

میاں عمر منشا

چیف ایگزیکٹو آفیسر

مقصود احمد

ڈائریکٹر

لاہور

26 ستمبر 2018

ڈائریکٹرز کی رپورٹ (جاری ہے)

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 مؤثر 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 گورننس کے 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 2018 : 3,227.615 ملین روپے غیر نظر ثانی شدہ، (2017 : 3,460.986 ملین روپے نظر ثانی شدہ) ہے۔

متعلقہ فریقوں کے ساتھ معاملات

کمپنی پاکستان میں سٹاک ایکسچینجز 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 کاروبار میں لین دین کے علاوہ، لین دین کے انتظامات کی تفصیل مندرجہ ذیل ہے:

1۔ قابل اطلاق سیلز ٹیکس شامل کر کے 2 ملین روپے کی ادائیگی پر ایک ذیلی کمپنی، نشاط ڈیری (پرائیویٹ) لمیٹڈ کو گیس فائرڈ کیٹر پلر 3412 انجن، 370KW کی فروخت کی گئی۔ یہ انجن کمپنی کی طرف سے سال 2002 میں خریدا گیا اور اب کمپنی کے استعمال میں نہیں تھا۔

2۔ قابل اطلاق سیلز ٹیکس شامل کر کے 9 ملین روپے کی ادائیگی کے لئے، ایک ذیلی کمپنی، نشاط ڈیری (پرائیویٹ) لمیٹڈ سے ڈیزل فائرڈ کیٹر پلر D3412C انجن، 648 KW کی خریداری۔ یہ ڈیزل انجن M-3 فیصل آباد انڈسٹریل اسٹیٹ ڈویلپمنٹ اینڈ مینجمنٹ کمپنی، فیصل آباد میں واقع سپننگ ڈویژن کے کیپٹو پاور پلانٹ میں نصب کیا جانا تھا۔

3۔ کمپنی کو دستیاب دیگر سرمایہ کاری کے مواقع کے مقابلے میں زیادہ شرح پر منافع کمانے کے لئے، ایک ذیلی کمپنی، نشاط ہوٹل اینڈ پراپرٹیز لمیٹڈ میں بطور قرض اور پیشگیاں 1 بلین روپے کی سرمایہ کاری کی تجدید۔

4۔ HFO پر بجلی پیدا نہ کرنے کی وجہ سے کمپنی کی بیکار HFO پیوریفکیشن پلانٹ صلاحیت استعمال کرنے کے لئے، ایک ذیلی کمپنی، نشاط ہوٹل اینڈ پراپرٹیز لمیٹڈ کے ساتھ HFO پیوریفکیشن خدمات کا معاہدہ۔

5۔ ڈیویڈنڈ آمدنی اور متوقع منافع سرمایہ کاری حاصل کرنے کے لئے، ایک ذیلی کمپنی، ہنڈائی نشاط موٹر (پرائیویٹ) لمیٹڈ میں 960 ملین روپے کی مزید ایکوئٹی سرمایہ کاری۔

6۔ ہنڈائی نشاط موٹر (پرائیویٹ) لمیٹڈ (HNMPL) کے مالیاتی اداروں/قرض دہندگان کے حق میں کمپنی کے بینک کی طرف سے جاری کرانے کے لئے گارنٹی/ SBLC دی جائے گی جس کا آغاز گارنٹی/ SBLC کی تاریخ اجراء سے شروع 7.5 سالوں کی مدت کے لئے 1,200 ملین روپے کی رقم کی کریڈٹ (SBLC) کے لیٹر سے گارنٹی/تسلسل کے طریقہ کے ذریعے ایک سرمایہ کاری۔ کمپنی SBLC کی کسی بقایا رقم پر HNMPL سے کمیشن چارج کرے گی جو 0.05% فی سہ ماہی پر ہوگا اور SBLC اس کمیشن سے زیادہ ہوگا جو کمپنی کا بینک کمپنی سے چارج کرے گا۔

محاسب

30 جون 2018 کو ختم ہونے والے سال کیلئے کمپنی کے مالی حسابات میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی طرف سے نظر ثانی شدہ ہیں جنہوں نے ایک انکوالیفائیڈ رپورٹ جاری کی ہے۔ موجودہ محاسب کمپنی کے سالانہ عام اجلاس کے اختتام پر ریٹائرڈ ہو جائیں گے، اور انہوں نے اہل ہونے کی بناء پر 30 جون 2019 کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔

بعداز واقعات

30 جون 2018 اور 26 ستمبر 2018 کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں وقوع پذیر اور معاہدے نہیں کئے گئے۔

مستقبل کے امکانات

مالی سال 19-2018 سپننگ ڈویژن کے لئے ایک مشکل سال ہوگا۔ گزشتہ سال کے مقابلے مقامی مارکیٹ میں کپاس کی نئی فصل کی زیادہ قیمت کا خوف پہلے سے ہی ایک پریشانی کا معاملہ ہے۔ دوسری طرف، بین الاقوامی مارکیٹوں میں کپاس کی قیمتیں کمی کا رجحان ظاہر کر رہی ہیں، لہذا برآمدگاہکوں کو یارن کی قیمتوں میں کمی کی توقع ہے۔ کمپنی مالی سال 2018 کے اختتام تک فیروز وٹواں میں ایک اوپن انڈ یارن کا یونٹ کمیشن کر کے اپنے کاروبار کو متنوع کرنے کی بھی منصوبہ بندی کر رہی ہے۔

ویونگ ڈویژن جدید ترین سائزنگ مشینیوں کی خریداری کر کے بیک پراسیس کو مضبوط بنانے کا ارادہ رکھتا ہے۔ ہم نئے کمپریسرز اور چلرز میں سرمایہ کاری کرنے کی بھی منصوبہ بندی کر رہے ہیں۔ تکنیکی اور

حسب ذیل ہے:

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	*جناب سید زاہد حسین (چیئر مین/رکن)	4
2	جناب خالد قدیر قریشی (رکن)	4
3	جناب فرید نور علی فضل (رکن)	3

* سید زاہد حسین، آزاد ڈائریکٹر یکم جنوری 2018 کو جناب خالد قدیر قریشی کی جگہ آڈٹ کمیٹی کے چیئر مین مقرر کیے گئے۔

ہیومن ریسورس & ریمنزیشن (HR&R) کمیٹی

ہیومن ریسورس & ریمنزیشن کمیٹی، بورڈ آف ڈائریکٹرز سے مقرر کردہ ریفرنس کی شرائط میں اپنے فرائض سرانجام دے رہی ہے۔ زیر جائزہ سال کے دوران، ہیومن ریسورس & ریمنزیشن کمیٹی کا ایک اجلاس منعقد ہوا اور حاضری کی پوزیشن حسب ذیل ہے:

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	*جناب سید زاہد حسین (چیئر مین/رکن)	0
2	میاں عمر منشا (رکن)	1
3	*جناب خالد قدیر قریشی (رکن)	1
4	*جناب فرید نور علی فضل (رکن)	1

* سید زاہد حسین، آزاد ڈائریکٹر، یکم جنوری 2018 کو جناب فرید نور علی فضل کی جگہ HR&R کمیٹی کا رکن اور جناب خالد قدیر قریشی کی جگہ HR&R کمیٹی کے چیئر مین مقرر کیے گئے۔

بورڈ آف ڈائریکٹرز کے اجلاس

زیر جائزہ سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ 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)	5
2	میاں حسن منشا (چیئر مین)	5
3	سید زاہد حسین	5
4	جناب غضنفر حسین مرزا	5
5	جناب خالد قدیر قریشی	5
6	جناب مقصود احمد	4
7	جناب فرید نور علی فضل	4

ڈائریکٹرز کا بیان

ڈائریکٹرز کا کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان درج ذیل ہے:

1 کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

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

ڈائریکٹرز کی رپورٹ (جاری ہے)

توانائی کے تحفظ کوفروغ دینے کے لئے ملازمین کے لئے ایک ضابطہء اخلاق نافذ کرنے کے ذریعے توانائی کو بچانے کا عزم رکھتی ہے۔ کمپنی نے ماحول دوست واشنگ مشینیں اور کیورنگ اوون بھی نصب کیۓ ہیں جو روایتی مشینوں کے مقابلے کم توانائی استعمال کرتی ہیں۔

فضلے کے ری سائیکلنگ

کمپنی فضلہ کی ری سائیکلنگ کے ذریعے ماحول کے تحفظ سے مکمل طور منسلک ہے۔ یہی وجہ ہے کہ کمپنی ایسی ٹیکنالوجیز میں باقاعدگی سے سرمایہ کاری کرتی ہے جو پیداواری عوامل سے پیدا شدہ فضلہ کو ری سائیکل کرسکتی ہیں۔ کمپنی نے قدرتی ذرائع کو زیادہ سے زیادہ بچانے کی خاطر ویسٹ 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۔

کاروباری تحفظ اور صحت

کمپنی اپنے کارکنوں کی صحت اور حفاظت کے بارے میں بہت تشویش رکھتی ہے۔ کارکنوں کی بہتر صحت کو یقینی بنانے کی خاطر، کمپنی ملیریا، ٹائیفائیڈ ڈینگی اور آنکھوں کی نظر کے لئے باقاعدگی سے میڈیکل کیمپس کا انعقاد کرتی ہے۔ اس کے علاوہ فوگنگ مشینیں استعمال کر کے تمام مینوفیکچرنگ سہولیات کے احاطہ میں باقاعدہ فیومیگیشن کی جاتی ہے جو کارکنوں کو ڈینگی سے محفوظ اور صحت مند ماحول کو یقینی بناتی ہے۔ کمپنی نے اپنی پیداواری تنصیبات پر کوالیفائیڈ ڈاکٹرز کی زیرِنگرانی ڈسپنسریاں بھی قائم کی ہیں جو ایمبولینس کی سہولت بھی رکھتی ہیں۔

ملازمت کے مساوی مواقع

کمپنی ایک مساوی مواقع آجر ہے اور کسی جنس اور کلاس کے امتیاز کے بغیر ملازمت کی پیشکش کرتی ہے۔ کمپنی کے سچنگ اور گارمنٹس سیگمنٹس میں خواتین کی ایک بڑی تعداد افرادی قوت کا حصہ ہے۔

معاشرے کی فلاح کے منصوبے

کمپنی اپنی مینوفیکچرنگ تنصیبات کے قریب سکونتی لوگوں کے لئے ملیریا، ٹائیفائیڈ اور آنکھوں کی نظر کے طبی کیمپس کا باقاعدگی سے انعقاد کرتی ہے۔ اس کے علاوہ، کمپنی حکومت پنجاب کی طرف سے قائم کردہ بنیادی ہیلتھ یونٹس کو مدد اور خصوصی مواقعوں پر SOS ویلیجز کو مفت کھانا مہیا کرتی ہے۔

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 ڈٹیکٹروں 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 سرٹیفیکیشن کسٹمز۔ ٹریڈ پارٹنرشپ حاصل کر لی ہے۔ اس کے علاوہ کمپنی نے SA-8000، WRAP اور SEDEX سرٹیفکیشن حاصل کی ہے۔

قومی خزانہ اور معیشت میں حصہ

چونکہ کمپنی کو ملک کے سب سے بڑے برآمد کنندگان میں شمار کیا جاتا ہے اس لیے کمپنی نے رواں سال کے دوران 353.026 ملین ڈالر کا معیشت میں حصہ ڈالا۔ اس کے علاوہ کمپنی نے کسٹم ڈیوٹی، انکم ٹیکس، سیلز ٹیکس، ایجوکیشن cess، سوشل سیکوریٹی شراکت اور EOBI شراکت کے ذریعے قومی خزانے میں 1,295.201 ملین روپے دیے۔

کارپوریٹ گورننس

بہترین کارپوریٹ طرز عمل

ہم اچھے کارپوریٹ گورننس کے پابند ہیں اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کی ضروریات پر عمل کرتے ہیں۔

CCG ریگولیشنز، 2017 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 سال کے دوران، آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے اور حاضری کی پوزیشن

6۔ نشاط لینن ٹریڈنگ LLC

یہ ذیلی ادارہ ایک محدود ذمہ دار کمپنی کے طور پر دبئی، متحدہ عرب امارات میں قائم کیا گیا ہے۔ یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ذیلی ادارہ بنیادی طور پر متحدہ عرب امارات بھر میں ریٹیل آؤٹ لیٹس اور وئیر ہاؤسز کے ذریعے ٹیکسٹائل، کمبل، تولیے، چادریں، ریڈی میڈ گارمنٹس، گارمنٹس کی اشیاء اور چمڑے کی مصنوعات کی ٹریڈنگ میں مصروف ہے۔ ذیلی ادارہ نے مئی 2011 میں اپنا تجارتی آپریشن شروع کر دیا تھا اور اس وقت متحدہ عرب امارات میں 12 ریٹیل آؤٹ لیٹس کام کر رہے ہیں۔

7۔ نشاط انٹرنیشنل FZE

یہ بھی نشاط ملز لمیٹڈ کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ یہ متحدہ عرب امارات (یو اے ای) کے قوانین کے مطابق جبل علی فری زون دبئی میں فری زون اسٹیبلشمنٹ لمیٹڈ ذمہ داری 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 لینن، ریڈی میڈ گارمنٹس، گارمنٹس کی اشیاء اور چمڑے کی مصنوعات مثلاً جوتے، ہینڈ بیگ وغیرہ میں ٹریڈنگ ہے۔

8۔ نشاط گلوبل چائنا کمپنی لمیٹڈ

نشاط گلوبل چائنا کمپنی لمیٹڈ فارن کیپٹل انٹر پرائز ز اور دیگر متعلقہ قوانین وضوابط پر عوامی جمہوریہ چین کے قانون کے مطابق، فارن انویسٹڈ کمرشل انٹر پرائز ز "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 نشاط ملز لمیٹڈ کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ کمپنی کا بنیادی کاروبار ہول سیل، کمیشن ایجنسی (نیلامی کے علاوہ)، ٹیکسٹائل اشیاء اور عورتوں کے فیشن کی اشیاء کی درآمد اور برآمد ہے۔ ماتحت ادارے نے جنوری 2014 میں اپنا تجارتی آپریشن شروع کر دیے تھے۔

9۔ 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۔ کارپوریشن کمپنی کے مارکیٹنگ ڈپارٹمنٹ کا ایک رابطہ دفتر ہے جو امریکی مارکیٹ سے متعلق رسائی، معلومات اور دیگر خدمات فراہم کرتی ہے۔

10۔ 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 ابتدائی کام ریٹیل آؤٹ لیٹس اور ہول سیل آپریشن کے ذریعے انگلینڈ اور ویلز میں ٹیکسٹائل کی مصنوعات فروخت کرنا ہے۔

11۔ کنسیپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE

کنسیپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE کو ایک فری زون کے قیام کے طور پر قانون نمبر:9 آف 1992 کے مطابق لمیٹڈ لائیبلیٹی 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 ٹیکسٹائل انڈسٹری میں کارپوریٹ سماجی ذمہ داری (CSR) کے بہترین طریقوں کو لاگو کرنے میں سب سے پیش پیش ہے۔

ماحولیات کا تحفظ

کمپنی نے اپنی ان مینوفیکچرنگ سہولیات میں پانی کی صفائی کے لئے ایفلوئنٹ ٹریٹمنٹ پلانٹس (ETPs) نصب کئے ہیں جہاں ٹیکسٹائل کیمیکلز کے استعمال کے باعث پانی کے آلودہ ہونے کا خطرہ پایا جاتا ہے۔ حال ہی میں، ڈائینگ اور ہوم ٹیکسٹائل ڈویژنز میں ETP کی اپ گریڈیشن 400 مکعب میٹر فی گھنٹہ تک آلودہ پانی کی صفائی کی صلاحیت میں اضافہ کر کے کی گئی ہے۔ اس کے علاوہ، ETP ان ہاؤس لیب مؤثر کارکردگی کو یقینی بنانے کی خاطر ETP پلانٹ کی مسلسل نگرانی کے لئے گارمنٹس ڈویژن میں قائم کی گئی ہے۔ دیگر اہم شعبے جہاں کمپنی ماحول کو محفوظ بنانے کیلئے بھاری سرمایہ کاری کرتی ہے اس میں اپنی مینوفیکچرنگ سہولیات اور دفاتر پر درختوں کا لگانا ہے۔

توانائی کا تحفظ

کمپنی موجودہ روایتی ٹیوب لائٹس کی جگہ ایل ای ڈی لائٹس تبدیل کرنے، گیس انجن کے اخراج سے پیدا ہونے والی بھاپ کے لئے ویسٹ اینڈ ہیٹ ریکوری پلانٹس کی تنصیب جیسی تکنیکیں اپنانے اور

ڈائریکٹرز کی رپورٹ (جاری ہے)

ٹیکسٹائل کی صنعت کا مجموعی جائزہ

ٹیکسٹائل پاکستان میں سب سے اہم شعبہ ہے کیونکہ یہ ایک برآمدی صنعت ہے۔ یہ بات بہت اہم ہے کہ ٹیکسٹائل مصنوعات نے قومی برآمدات میں تقریباً 60 فیصد کا حصہ برقرار رکھا ہے۔ مالی سال 2017-18 ٹیکسٹائل مصنوعات کے خام مال کی زیادہ قیمتوں اور کم طلب کے باعث ٹیکسٹائل سیکٹر کے لئے بہت چیلنجنگ تھا۔

بین الاقوامی مارکیٹ میں سخت مقابلہ کے علاوہ، سیکٹر کئی مشکلات کا سامنا کر رہا ہے جو اگلے سال میں نمو کو مزید سست کر سکتی ہیں۔ اہم معاملات میں سے ایک سیلز ٹیکس کی واپسی، ڈیوٹی ڈرابیک کی ادائیگی اور ٹیکسٹائل سیکٹر کو برآمدی رعایت کی ادائیگی میں تاخیر کے باعث لیکویڈیٹی کا مسئلہ ہے۔

ایک اور مسئلہ جس نے براہ راست بین الاقوامی مارکیٹ میں سیکٹر کے مقابلہ کو متاثر کیا وہ پنجاب میں مینوفیکچرنگ سہولیات کے لئے زیادہ قیمت پر گیس کی دستیابی ہے۔ یہ قابل ذکر ہے کہ ٹیکسٹائل صنعت کی زیادہ تر صنعتیں پنجاب میں واقع ہیں۔ پنجاب میں صنعت کو آر ایل این جی کی شرح میں گیس فراہم کی گئی ہے جو مہنگے برنٹ کریوڈ آئل اور امریکی ڈالر سے منسلک ہے جبکہ دیگر صوبوں میں ٹیکسٹائل یونٹس کو سسٹم شرح پر گیس فراہم کی جاتی ہے۔ آر ایل این جی فی الحال 1,517.28 روپے فی mmbtu میں فراہم کی گئی ہے جبکہ سسٹم گیس 600 روپے جمع GIDC فی mmbtu پر دستیاب ہے۔ اگر یہ مسئلہ فوری طور پر حل نہیں ہوا تو پنجاب میں ٹیکسٹائل یونٹس طویل عرصہ قیام پذیر نہیں رہیں گے۔

چونکہ ٹیکسٹائل سیکٹر پاکستانی معیشت میں اہم حیثیت رکھتا ہے، سیکٹر کے نقد بہاؤ کے مسئلہ کو حل کرنے کے لئے سیلز ٹیکس کی واپسی کے ساتھ ساتھ ڈیوٹی ڈرابیک مراعات کی فوری ادائیگی کی اجازت دی جانی چاہئے۔ اسی طرح، ملک بھر میں تمام ٹیکسٹائل یونٹوں کو مساوی مواقع فراہم کرنے کے لئے گیس کے چارج پر امتیازی سلوک ختم کر دینا چاہئے۔

ذیلی کمپنیاں

کمپنی نے بین الاقوامی مالی رپورٹنگ معیارات اور کمپنیز ایکٹ، 2017 کی ضروریات کے مطابق اپنے الگ الگ مالی حسابات 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 اور 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، چلانا اور برقرار رکھنا ہے۔ ذیلی ادارہ نے 09 جون 2010 کو اپنی تجارتی پیداوار شروع کی۔

2۔ نشاط لینن (پرائیویٹ) لمیٹڈ

یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ذیلی کمپنی کے بنیادی مقاصد ٹیکسٹائل اور دیگر مصنوعات کی فروخت کے لئے ریٹیل آؤٹ لیٹس چلانا اور مینوفیکچرنگ کی سہولیات کے باہر ٹیکسٹائل سامان کی پروسیسنگ کر کے ٹیکسٹائل مصنوعات فروخت کرنا ہیں۔ ذیلی ادارہ نے جولائی 2011 میں اپنے آپریشنز شروع کر دیئے اور اس وقت پاکستان میں 90 ریٹیل آؤٹ لیٹس کام کر رہے ہیں۔

3۔ نشاط ہاسپٹلٹی (پرائیویٹ) لمیٹڈ

یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت ادارے کا مقصد ملک بھر میں ہوٹلوں کے ایک سلسلہ کو چلانے کا ہے۔ فی الحال یہ "نشاط سینٹ جیمز ہوٹل" کے نام سے بین الاقوامی معیار پر لاہور میں ایک چار ستارہ ہوٹل چلا رہا ہے۔ ذیلی ادارہ نے یکم مارچ 2014 کو اپنے آپریشنز کا آغاز کیا۔

4۔ نشاط کموڈٹیز (پرائیویٹ) لمیٹڈ

یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت ادارے کا مقصد، ایندھن، کوئلہ، کسی بھی شکل یا صورت میں تیار تعمیراتی مواد، نیم تیار، خام مال اور پاکستان میں ان کی درآمد اور فروخت کرنے کی تجارت کے کاروبار کو چلانا ہے۔ ذیلی ادارہ 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 قائم کرنا، چلانا اور برقرار رکھنا یا سرمایہ کاری ہوگی۔

توانائی کی دستیابی اور اخراجات

بڑھتے ہوئے اخراجات اور انرجی یعنی 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 بائیو ماس اور کوئلہ جیسے متبادل ایندھن کے انتخاب سے توانائی کے اخراجات بڑھنے 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 سے بچنے کے لیے واپڈا سے بجلی کے کنکشن کے ساتھ ساتھ کمپنی کے تقریباً تمام مقامات پر بجلی پیدا کرنے کے لئے پاور پلانٹس اور نئے اپیرل ڈینم پلانٹ پر 1.2 میگا واٹ سولر پلانٹ نصب کیا جا چکا ہے۔

مالی خطرات

کمپنی کی مجلس نظماء کمپنی کے محکمہ خزانہ کی طرف سے لاگو کی گئی مالیاتی خطرات کے انتظام کی پالیسیاں وضع کرنے کی ذمہ دار ہے۔ کمپنی کو مندرجہ ذیل مالیاتی خطرات کا سامنا ہے:

کرنسی رسک

کمپنی کو بنیادی طور پر امریکی ڈالر (USD)، عرب امارات درہم (AED)، یورو اور جاپانی ین (JPY) کے لحاظ سے مختلف کرنسی کی سرمایہ کاری سے پیدا ہونے والے کرنسی خطرات کا سامنا ہے۔ کمپنی کے زرمبادلہ کے خطرہ کی سرمایہ کاری بینک بیلنس اور غیر ملکی اداروں کو/ سے وصولی/ قابل ادائیگی رقوم تک محدود ہے۔

سود کی شرح کا خطرہ

کمپنی کو سود کی شرح کا خطرہ اکاؤنٹس کی بچت میں طویل مدتی فنانسنگ، لیز کی مالی اعانت کے لحاظ سے اثاثوں، مختصر مدتی قرض گیری، ذیلی کمپنیوں کو قرضوں اور پیشگی رقوم، ٹرم ڈیپازٹ رسیدیں اور بینک بیلنس کے عوض واجبات سے پیدا ہوتا ہے۔ مناسب قدر اور نقد بہاؤ کی حساسیت کا تجزیہ ظاہر کرتا ہے کہ کمپنی کے منافع کو سود کی شرح کے خطرہ کا سامنا نہیں ہے۔

کریڈٹ رسک

کمپنی کا کریڈٹ رسک اس کے تجارتی قرضوں سے متعلق نقصانات کی وجہ سے 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 تفویض کریڈٹ کی سہولیات کے ذریعے وافر 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 گیئرینگ تناسب کی بنیاد پر سرمایہ کی ساخت کی نگرانی کرتے ہیں۔ ہماری حکمت عملی زیادہ سے زیادہ 40 فیصد ایکوئٹی اور 60 فیصد قرض پر گیئرینگ تناسب رکھنے کی ہے۔

مواقع

ملک کی معروف ٹیکسٹائل کمپنی کے طور پر، کمپنی کئی مواقعوں سے فائدہ اٹھانے اور استحصال 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 ہم آہنگی کا استحصال کرنے کو ممکن بناتا ہے؛
- ملک میں کپاس کی وافر فراہمی؛
- ملک کی اعلیٰ آبادی میں اضافہ مناسب افرادی قوت کا ایک ذریعہ اور ٹیکسٹائل کی مصنوعات کے لئے مقامی طلب کو بڑھانے میں ایک محرک ہے۔

الاقوامی موجودگی میں اضافہ کے ساتھ اگلے مالی سال کے دوران ضرور ہماری فروخت میں بھی اضافہ کریں گی، جس کے نتیجہ میں ہمارے برآمداتی حجم اور منافع میں ایک پائیدار طریقہ سے اضافہ ہوگا۔

بجلی کی پیداوار

توانائی کی بچت اور اس کے استعمال میں کفایت شعاری کمپنی کے اسٹریٹجک نقطہ نظر کا اہم عنصر ہے۔ کمپنی اپنے سالانہ متعین سرمایہ کاری بجٹ کا ایک بڑا حصہ اپنے ٹیکسٹائل یونٹ کے لئے بجلی اور بھاپ کے سستے اور پائیدار ذرائع کو یقینی بنانے پر خرچ کرتی ہے۔ بھکی میں کمپنی کی مینوفیکچرنگ سہولت میں نصب شدہ 10 ٹن کوئلہ فائرڈ بوائلر کا افتتاح جولائی 2017 میں کیا گیا تھا۔ ڈویژن نے کارکردگی کو بڑھانے اور اخراجات کو کم کرنے کے لئے بھکی میں واقع پاور پلانٹ میں ساختی تبدیلیاں بھی کی ہیں۔ M-3 فیصل آباد انڈسٹریل اسٹیٹ، فیصل آباد میں واقع سپننگ پروڈکشن سہولیات کی ضروریات کو پورا کرنے کے لئے نیا کیپٹو پاور پلانٹ دسمبر 2017 میں نصب ہوا۔

3MW بھاپ ٹربائن کے حصول کے ذریعہ دستیاب وسائل کے مؤثر استعمال میں بہتری لانے کا ایک مزید منصوبہ جاری ہے جو 9 میگاواٹ کے کمبائنڈ ہیٹ اینڈ پاور پلانٹ، جو کہ کمپنی کے نشاط ڈائنگ اور فنشنگ یونٹ پر قائم ہے، کے ذریعے پیدا شدہ بھاپ سے بجلی پیدا کرے گا۔ بھاپ کا یہ دباؤ/ درجہ حرارت جو اس وقت ڈائینگ اور ہوم ٹیکسٹائل ڈویژنز کے پروڈکشن ہالوں میں منتقل کیا جاتا ہے، بہت زیادہ ہے جبکہ کم دباؤ/ درجہ حرارت پر بھاپ ان ڈویژنز کی ضروریات کو پورا کرسکتی ہے۔ لہذا، اضافی دباؤ/گرمی ضائع ہو جاتی ہے۔ مجوزہ بھاپ ٹربائن بجلی پیدا کرنے کے لئے موجودہ ہائی پریشر/ درجہ حرارت استعمال اور کم درجہ حرارت/ دباؤ پر بھاپ پروڈکشن ہالوں کو منتقل کرے گی۔

چونکہ کمپنی ماحول کو محفوظ بنانے کے لئے پُرعزم ہے، ہم باقاعدگی سے ماحول دوست ٹیکنالوجی میں سرمایہ کاری کرتے ہیں۔ کمپنی کے پاور ڈویژن نے ریورس اوسموسس (RO) ٹیکنالوجی پر مبنی دو فلٹریشن پلانٹس کو کامیابی سے تبدیل کرلیا ہے۔ ان پلانٹس کی کمیشننگ مئی 2018 کے اختتام تک مکمل ہوگئی ہے جس کے نتیجہ میں توانائی، کیمیکل اور فلٹریشن کے اخراجات کی بچت ہوگی۔ یہ پلانٹس عام نمکین پانی کے اجزاء سے زائد کثافات والے ویسٹ پانی کے دوبارہ پراسیس کے لئے مشترکہ آپریشن انجام دیتے ہیں جو پہلے ہی ٹریٹمنٹ کے بعد خارج کیا گیا تھا۔

خطرات اور مواقع

نشاط ملز لمیٹڈ کاروبار کے معمول کے کورس 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 خطرہ اور مواقع کی انتظامیہ اچھی طرح سے کنٹرول ماحول میں کاروبار کرنے کے لئے ایک مؤثر فریم ورک کا احاطہ کرتی ہے جہاں خطرہ کم سے کم اور مواقع زیادہ سے زیادہ دستیاب ہوں۔ کسی انتخاب سے پہلے ہر خطرہ اور موقع کی مناسب طریقے سے جانچ بھی کی جاتی ہے۔ فیصلے صرف اس صورت میں تیار کئے جاتے ہیں اگر مواقع خطرات سے خالی 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 مسلسل نئی ٹیکنالوجیز متعارف کرانے کے ذریعے کم سے 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 کی بابت ایک مربوط حکمت عملی تشکیل دینے کے لئے باقاعدہ بنیاد پر باہم ملتے رہتے ہیں۔

کاروباری خطرات

کمپنی کو بڑی تعداد کے مندرجہ ذیل کاروباری خطرات کا سامنا ہے:

کپاس کی فراہمی اور قیمت

کپاس کی فراہمی اور قیمتیں مقامی اور بین الاقوامی کاٹن مارکیٹوں کی نوعیت اور طلب 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 کرتی 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 کرکے، اپنے گاہکوں کی بنیاد کو وسعت دے کر، جدید مصنوعات کو ترقی دے کر، صارفین کو بروقت ترسیل فراہم کرکے اس خطرے کو کم کرتے ہیں۔

مارکیٹ میں اس اضافہ کو ایڈجسٹ کرنا واقعی مشکل تھا۔ ان تمام مشکلات کے باوجود، مالی سال 17-2016 کے مقابلے مالی سال 18-2017 میں ڈالر کی قیمت کے لحاظ سے ڈویژن کی برآمد فروخت میں 13 فیصد اضافہ ہوا جس کی بدولت ڈویژن "ٹیکسز کے ڈیوٹی ڈرابیک آرڈر 18-2017" کے مطابق 4% ڈیوٹی ڈرابیک مراعات کی بقیہ 50% شرح کا اہل بن گیا۔

ہم نے کامیابی سے اپنی منصوبہ بندی کے مطابق لومز کو تنگ سے وسیع چوڑائی لومز میں منتقلی کو مکمل کر لیا ہے۔ اس نے ہماری تنگ لومز پر فروخت کے انحصار کو کم کرنے میں ہماری بہت مدد کی ہے۔ اس وقت ہماری پیداوار مکس تقریباً 35 فیصد وسیع اور 65 فیصد تنگ لومز سے ہے۔ اس فیصلے نے واقعی ہمیں فائدہ پہنچایا ہے اور ہم تقریباً 4 مہینے تک وسیع لومز پر اور تقریباً 2 مہینے تک تنگ لومز پر بُک ہیں۔ اس سال پالئیسٹر کی قیمتوں میں تیزی سے اضافے کی وجہ سے، ہمارا ورک وئیر کاروبار دباؤ کے تحت رہا اور ہم نے اس کمی کو فیشن/تکنیکی کپڑے جیسے دیگر کاروباروں میں اضافہ کر کے پورا کیا۔

ڈائینگ

ٹیکسٹائل سیکٹر کو درپیش مشکلات کے تناظر میں مالی سال 18-2017 کے دوران ڈائینگ ڈویژن کی مالیاتی کارکردگی نسبتاً اچھی تھی۔ پہلی اور آخری سہ ماہیاں سست تھیں کیونکہ اپریل تا جولائی ہمارے کاروباری سائیکل میں رقیق مدت ہے۔ اس ٹائم فریم میں پیداواری صلاحیتیں مکمل طور پر استعمال کرنا ہمیشہ مشکل رہا ہے لیکن خام مال کی قیمتوں میں اس سال زبردست اضافے نے اس کام کو اور بھی زیادہ مشکل بنا دیا ہے۔ تاہم، ڈویژن نے مالی سال کی دوسری اور تیسری سہ ماہی میں بھرپور کام کیا ہے۔

عالمی سطح پر ٹیکسٹائل مصنوعات کی جامد طلب اور خام مال اور کیمیکلز کی قیمتوں میں متوقع مزید اضافہ کی وجہ سے ہم مالی سال 19-2018 میں آگے زیادہ چیلنجز دیکھ رہے ہیں۔ یہ حالات علاقے میں سخت مقابلہ پیدا کر دیں گے۔

ہم مارکیٹ کی صورت حال پر گہری نظر رکھے ہوئے ہیں اور عملی طور پر تمام ضروری اقدامات کر رہے ہیں۔ خام مال کی بڑھتی ہوئی قیمت کے اثرات کو کم کرنے کے لئے ہم نے پہلے سے ہی اپنے بنیادی پروگراموں کے لئے گرے کپڑے کا کچھ حصہ خرید لیا ہے جس کے لیے کسٹمرز اگلے سیزن کے لئے ہمیں بکنگ/ پروجیکشنز دے چکے ہیں۔ ہم امید رکھتے ہیں کہ اس طرح کے اقدامات کے ساتھ ہم مالیاتی سال 19-2018 میں اچھی کارکردگی کا مظاہرہ کر سکیں گے۔

ہوم ٹیکسٹائل

مالی سال 18-2017 کے دوران، ہوم ٹیکسٹائل ڈویژن نے اپنی برآمدات کو بڑھانے کے لئے ایک جارحانہ مارکیٹنگ حکمت عملی کی پیروی کی ہے۔ ابتدائی طور پر، ڈویژن مالیاتی سال 2017 کی برآمد فروخت کے مقابلے مالی سال 2018 میں برآمد فروخت میں نمو حاصل کرنے میں بہت کامیاب رہا۔ تاہم دوسری سہ ماہی کے اختتام تک، تیل کی قیمتوں میں اضافہ ہونا شروع ہو گیا، جس نے تمام پیٹرو کیمیکل مصنوعات اور ہمارے پیداوار کے عمل میں استعمال ہونے والے ڈائیز اور کیمیکلز کو براہِ راست متاثر کیا۔ اس کے بعد، درآمد شدہ خام مال کی قیمتوں کے ساتھ ساتھ کپاس کی قیمتوں میں بھی اضافہ ہونا شروع ہو گیا، جس کے باعث خریداروں اور فروخت کاروں کے لئے طویل مدتی اور حجم کی بنیاد پر کاروبار کے لئے مستحکم قیمتوں کا تعین کرنا بہت ہی مشکل ہو گیا۔ یہ تمام تبدیلیاں بہت تیزی سے آئی تھیں اور اس سے پہلے کہ صنعت اسے برداشت کر سکتی، روپیہ کی قیمت میں غیر متوقع اچانک کمی نے ایک اور غیر یقینی پیدا کر دی۔ یہ حالات مجموعی کاروباری حکمت عملی پر منفی اثر انداز ہوئے جسے مالی سال کے پہلے نصف کے دوران وضع کیا گیا۔ ایسی حالتوں میں ہمیشہ افراتفری پیدا ہوتی ہے اور خریدار قدامت پرست خریدنے کا نقطہ نظر اپناتے ہیں، جس کے نتیجے آرڈر پلیسمنٹ میں فوری طور پر کمی ہو گئی جس نے ہمارے پیداواری صلاحیتوں کے استعمال کو متاثر کیا ہے۔

ان تمام چیلنجوں کے باوجود، ہوم ٹیکسٹائل ڈویژن نے پیداواری صلاحیت کی تعمیر اور ایک نئے ورک ویئر اور تکنیکی کپڑا سازی کے انتظام کے قیام میں تیزی سے سرمایہ کاری کی جس نے مقامی مسلح افواج کے لئے ہماری پہلے ہی سے قائم کردہ سپلائی لائن کے علاوہ برآمد بھی شروع کر دی ہے۔

گارمنٹس

پیداواری اخراجات کو کم کرنے کے لئے گارمنٹس ڈویژن نے پروڈکشن کی کارکردگی اور توانائی کے استعمال کو بہتر بنانے کے بہت سے اقدامات کئے ہیں۔ ان اقدامات کے اثرات فی گارمنٹ کی قیمت میں کمی کی شکل میں ظاہر ہونے شروع ہو گئے ہیں جس نے ہمیں بین الاقوامی مارکیٹ میں مقابلہ کا فائدہ فراہم کیا ہے۔ ڈویژن کی انتظامیہ نے ریسرچ اینڈ ڈویلپمنٹ، لیبر ٹریننگ اور پروڈکشن سسٹم آٹومیشن کی منصوبہ بندی بھی کی ہے جس کے نتیجہ میں بہتر معیار کی مصنوعات حاصل ہوئی ہیں۔

ہماری طویل مدتی کاروباری حکمت عملی کی اہم خصوصیت جارحانہ فروخت اور مارکیٹنگ حکمت عملی کے ساتھ ممکنہ مارکیٹوں کی تلاش پر توجہ مرکوز کرنا ہے۔ ہم نے اپنی صلاحیتوں کو مزید بڑھانے، اپنے پیداوار کے نظام کو دوبارہ انجینئرنگ کرنے کے لئے علم اور مہارت کے تبادلہ کے لئے بین الاقوامی گاہکوں کے ساتھ تعاون شروع کرنے کی بھی منصوبہ بندی کی ہے جو فی یونٹ ہماری پیداواری لاگت کو مزید کم کرے گی۔ یہ ابتدائی کوششیں ہمیں مستحکم کاروباری نمو کو یقینی بناتے ہوئے تیزی سے بدلتی ہوئی مارکیٹ میں بہتر مقابلہ کرنے کے لئے مدد دیں گیں۔ فروخت اور مارکیٹنگ کی جارحانہ حکمت عملیاں بین

ڈائریکٹرز کی رپورٹ (جاری ہے)

مراعات کی ادائیگی اور سیلز ٹیکس اور انکم ٹیکس کی واپس آدائیگی میں تاخیر ہے جس نے کمپنی کے فنڈز بلاک کردیے، لہٰذا کمپنی کو فنڈز ادھار لینے پڑے۔اضافی مالیاتی اخراجات نے شرح سود کے منافع کے تناسب کو 0.5% سے 5.99% تک کم کردیا جواب بھی پائیدار پوزیشن سے بہتر ہے۔

کمپنی کا ٹیکس کے بعد منافع ٹیکسٹائل صنعت کو درپیش مسلسل مشکلات کی وجہ سے 5 165.21 ملین روپے سے کم ہوا۔موجودہ مالیاتی سال میں فروخت کے فیصد ٹیکس کے بعد منافع میں 7.63 فیصد کمی ہوئی۔

متعین سرمایہ کاری

کمپنی نئے پراجیکٹس اور موجودہ پلانٹ اور مشینری کی BMR کے لیے اپنے منافع کے ایک حصہ کی باقاعدگی سے دوبارہ سرمایہ کاری کرتی ہے۔ ہمارے پلانٹ اور مشینری کی حالیہ مالیت 28,180 ملین روپے ہے جو کہ مالیاتی سال 2013 میں 15,530 ملین روپے تھی جس میں 12,650 ملین روپے تک کا اضافہ کیا گیا۔ یہ اقدامات جدید اور نئی ٹیکنالوجیز میں سرمایہ کاری کے ذریعے ٹیکسٹائل انڈسٹری میں سب سے ٹاپ پر رہنے کے لئے کمپنی کا عزم ظاہر کرتے ہیں۔

ورکنگ کیپٹل مینجمنٹ

کمپنی کی لیکویڈیٹی پوزیشن میں فروخت میں کافی اضافہ کی بدولت گذشتہ پانچ سالوں کے مقابلے موجودہ سال میں نمایاں طور بہتر ہوئی ہے۔ یہ موجودہ تناسب (current ratio) سے بھی عیاں ہے جو اب گزشتہ پانچ سالوں کے موازنہ میں سب سے اعلیٰ سطح پر پہنچ گئی ہے۔

سرمایہ کی ساخت

کمپنی دستیاب قرض کی سہولیات کو مؤثر اور مناسب طریقہ سے استعمال کرتی ہے، جس کی وجہ سے کمپنی کے سرمایہ کی ساخت اچھی طرح متوازن ہے۔کمپنی کا مالی بیعانہ اور گیئرنگ تناسب دونوں اپنی بہترین سطح پر ہیں۔

تصرفات

کمپنی کے بورڈ آف ڈائریکٹرز نے 47.50 فیصد نقد منافع منقسمہ (2017: 50 فیصد) اور عام ذخائر میں 2,427 ملین روپے (2017: 2,504 ملین روپے) منتقلی کی سفارش کی ہے۔

فی شیئر آمدنی (EPS)

کمپنی کی فی شیئر آمدنی گزشتہ سال کی طرح موجودہ سال میں بھی 11.65 روپے فی شیئر کی سطح پر برقرار رہی ہے۔

محکمانہ تجزیہ

سپننگ

مالی سال 18-2017 کے شروع میں مہنگی کپاس کے اسٹاک کے لئے اہم تشویش کا باعث بن گئے کیونکہ اس نے بین الاقوامی یارن مارکیٹ میں مقابلہ کو مشکل بنادیا۔پہلی سہ ماہی کے اختتام تک مقامی اور بین الاقوامی دونوں مارکیٹوں میں نئی کپاس کی فصل کم قیمتوں پر دستیاب تھی، لیکن یہ رجحان طویل عرصہ تک نہیں رہا۔کمپنی نے تیسری سہ ماہی کے آغاز تک اکھٹی مقدار میں خام کپاس کی خریداری مکمل کرلی۔کپاس کی قیمتوں میں اتار چڑھاؤ پورا سال جاری رہا جس نے یارن کی قیمتوں میں تناسبی اضافہ قبول کرنے کے لئے یارن کے خریداروں میں غیر یقینی حالات اور ہچکچاہٹ پیدا کی۔

مقامی اور بین الاقوامی کپاس اور یارن مارکیٹوں کے چیلنجنگ متحرکات کے باوجود کمپنی کے سپننگ ڈویژن کی مالیاتی کارکردگی بہتر ہوئی۔کپاس یارن کی طلب اور مارکیٹ کی قیمتیں سال کے دوران بہت اوپر نیچے ہوتی رہیں۔ چوتھی سہ ماہی کے دوران، بین الاقوامی کپاس کی قیمتوں میں نمایاں اور اچانک اضافہ نے مارکیٹنگ ڈیپارٹمنٹ کے لئے اونچے نرخوں پر فروخت کرنے کا موقع پیدا کیا جس نے مثبت نتائج پیدا کیے۔ مارکیٹنگ ڈپارٹمنٹ کی طرف سے مسابقتی قیمتیں حاصل کرنے کے لئے محتاط پلاننگ نے ڈویژن کو برآمدات میں 10% نمو حاصل کرنے کے قابل بنادیا ہے، جس کی بدولت ڈویژن "ٹیکسز کے ڈیوٹی ڈرابیک آرڈر 18-2017" کے مطابق 4% ڈیوٹی ڈرابیک مراعات کی بقیہ 50% شرح حاصل کرنے کا اہل بن گیا۔

ویونگ

کپاس کی قیمتوں میں غیر معمولی اضافہ اور امریکی ڈالر کے برعکس پاکستانی روپیہ کی قدر میں کمی کی وجہ سے یارن کی قیمتوں میں تیزی سے اضافہ ہوا، لیکن گرے کپڑے کی قیمتوں میں خاص طور پر برآمد

ڈائریکٹرز کی رپورٹ

نشاط ملز لمیٹڈ (" کمپنی ") کی مجلس نظماء 30 جون 2018 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ بمعہ مالیاتی حسابات اور اس پر آزاد بیرونی محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

مالیاتی جائزہ

مالیاتی کارکردگی

مالی سال 18-2017 میں خام مال کی غیر متوقع قیمتیں، عالمی مارکیٹ میں ٹیکسٹائل مصنوعات کی کم طلب، پیداوار کے اونچے اخراجات کی مشکلات کی وجہ سے آمدن میں 4,481.467 ملین روپے کے بے مثال اضافہ کے باوجود گزشتہ مالی سال کے مقابلے موجودہ سال میں کمپنی کا بعد از ٹیکس منافع 165.215 ملین روپے تک کم ہوا۔

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

مالی جھلکیاں	2018 روپے (000)	2017 روپے (000)
آمدنی	53,729,124	49,247,657
مجموعی منافع	5,550,446	5,379,838
EBITDA	8,395,775	8,233,100
فرسودگی (Depreciation)	2,444,824	2,297,686
مالی لاگت	993,824	915,072
منقسمہ آمدن (Dividend Income)	3,391,397	3,403,733
قبل از ٹیکس منافع	4,957,127	5,020,342
بعد از ٹیکس منافع	4,097,127	4,262,342

کمپنی کی مجموعی مارکیٹنگ اسٹریٹیجی مؤثر ثابت ہوئی جس کے نتیجے آمدنی میں 9.10% تک نمایاں اضافہ ہوا۔ برآمد فروخت نے موزوں شرح تغیر کی بدولت 2,149.681 ملین روپے کا اضافہ درج کرایا ہے۔ برآمد فروخت پر ڈیوٹی ڈرابیک مراعات نے بھی گزشتہ سال کے مقابلے موجودہ سال میں 443.033 ملین روپے تک آمدنی میں اضافہ کے لئے حصہ شامل کیا ہے۔ کمپنی نے گزشتہ سال کے مقابلے موجودہ سال میں امریکی ڈالر کے لحاظ سے یارن اور گریج کپڑے کی برآمدات میں 10% نمو بھی حاصل کی ہے جس نے کمپنی کو " ٹیکسٹائل کے ڈیوٹی ڈرابیک کا آرڈر 18-2017 " میں مقررہ برآمدات میں 10% نمو میں اہلیت پر دستیاب باقی 50% ڈیوٹی ڈرابیک مراعات سے مستفید ہونے کا اہل بنا دیا ہے۔

گزشتہ سال کے مقابلے موجودہ سال میں کمپنی کا مجموعی منافع 3.17% تک بڑھ گیا۔ سیلز پرسنٹیج میں اضافہ کی نسبت مجموعی منافع میں کم پرسنٹیج سے اضافہ کی وجہ خام مال اور توانائی کی اونچی لاگت اور M-3 فیصل آباد انڈسٹریل اسٹیٹ، FIEDMC میں خصوصی اقتصادی زون (SEZ) میں واقع سپننگ ڈویژن کے نئے یونٹ کی کمشننگ کے باعث فرسودگی چارج میں اضافہ ہے۔

EBITDA بالترتیب گزشتہ سال میں 8,233.100 ملین روپے سے بڑھ کر موجودہ مالی سال میں 8,395.775 ملین روپے ہو گیا۔ تاہم، فروخت کے تناسب میں EBITDA کے اندر مجودہ سال میں 1.09 فیصد تک کمی واقع ہوئی ہے۔

منافع میں کمپنی کی طرف سے برقرار صحت مند سرمایہ کاری پورٹ فولیو کا حصہ ڈیویڈینڈ آمدنی میں ہمیشہ ہی کافی رہا ہے جو گزشتہ پانچ سالوں میں تقریباً 3 بلین روپے سالانہ کے لحاظ سے مستحکم رہا ہے۔

کمپنی کے مالیاتی اخراجات کمپنی کے لئے مستقبل کی آمدنی کے بہاؤ کو یقینی بنانے کے واسطے مناسب سیلز نمو حاصل کرنے کیلئے بڑھتی ہوئی ورکنگ کیپٹل ضروریات اور متعین سرمایہ کاری پوری کرنے کی وجہ سے فنانسنگ کی مد میں 78.752 ملین روپے (8.61%) بڑھ کر 915.072 ملین روپے سے 993.824 ملین روپے ہو گئے۔ مالیاتی اخراجات میں اضافے کی ایک دوسری اہم وجہ ڈیوٹی ڈرابیک

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 27, 2018 (Saturday), at 11:30 a.m at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

as witness may hand this ____________ day of ______ 2018

Signed by the said member ______________________

in presence of ______________________

Please affix revenue stamp Rs. 5

Signature(s) of Member(s)

Signature of witness ....

Name ....

Address ....

....

CNIC # ....

Signature of witness ....

Name ....

Address ....

....

CNIC # ....

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------------------------------

بحیثیت ممبر کمپنی، مسمی/مسماۃ------------------------ساکن------------------------کمپنی ممبر یا اُسکی عدم موجودگی کی صورت میں

مسمی/مسماۃ------------------------ساکن------------------------کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا/ کرتی ہوں تا کہ وہ میری/ہماری جگہ اور میری/ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ ۲۷ اکتوبر ۲۰۱۸ء بوقت صبح 11:30 بجے امپوریم مال، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپو سنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ--------------- دن----------2018ء

پانچ روپے کی ریونیو سٹمپ
چسپاں کریں

گواہ کوائف	**گواہ کوائف**
دستخط:------------------------	دستخط:------------------------
نام:------------------------	نام:------------------------
پتہ:------------------------	پتہ:------------------------
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:----------	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:----------

فولیو نمبر:----------------------

سی ڈی سی کھاتہ نمبر:----------------

حصص کی تعداد:----------------

دستخط:----------------------------

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

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۔

AFFIX
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The Company Secretary

NISHAT MILLS LIMITED
Nishat House,
53-A, Lawrence Road, Lahore.
Tel: 042 - 36360154
UAN: 042 - 111 113 333

A great fly,
a great future

NISHAT

REGISTERED OFFICE:
Nishat House, 53-A, Lawrence Road, Lahore
Tel: 042-36360154, 042-111 113 333
nishat@nishatmills.com
www.nishatmillsltd.com