



Nishat Mills Limited



Interim Financial Report of Nishat Mills Limited  
for the quarter ended September 30, 2017



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# Company Information

## Board of Directors

Mian Umer Mansha  
Chief Executive Officer

Mian Hassan Mansha  
Chairman

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

## Audit Committee

Mr. Khalid Qadeer Qureshi  
Chairman / Member

Syed Zahid Hussain  
Member

Mr. Farid Noor Ali Fazal  
Member

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

Mr. Khalid Qadeer Qureshi  
Chairman / Member

Mian Umer Mansha  
Member

Mr. Farid Noor Ali Fazal  
Member

## Chief Financial Officer

Mr. Badar-ul-Hassan

## Company Secretary

Mr. Khalid Mahmood Chohan

## Auditors

Riaz Ahmad & Company  
Chartered Accountants

## Legal Advisor

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

## Bankers to the Company

Albaraka Bank (Pakistan) Limited  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank 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  
20 K.M. Sheikhpura Faisalabad  
Road, Feroze Watwan.

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

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

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

## Stitching unit

21 K.M. Ferozepur Road, Lahore.

## Apparel Units

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

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

## Registered office

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

## Shares Registrar

THK Associates (Private) Limited

## Head Office, Karachi

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

## Branch Office, Lahore

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

## Head Office

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

## Liaison Office

1st Floor, Karachi Chambers,  
Hasrat Mohani Road, Karachi.  
Tel: 021-32414721-23  
Fax: 021-32412936

## Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the quarter ended 30 September 2017.

### Operating Financial Results

The revenue of the Company increased by 11.70% in the quarter ended 30 September 2017 as compared to the corresponding quarter ended 30 September 2016 despite decrease in global demand of textile products. Profit after tax increased from Rs. 641.378 million in the corresponding quarter of the last year to Rs. 706.998 million in the first quarter of the financial year 2017-18. The main reasons for increase in profitability were increase in export sales from USD 77.224 million to USD 82.545 million despite severe competition and slow global demand for textile products. Other income increased by 38.33% due to increase in dividend income from Rs. 339.654 million in the corresponding quarter of the last year to Rs. 561.322 million in the current quarter of financial year 2017-18.

Financial Highlights	Quarter ended 30 September		Increase / (decrease) %
	2017	2016	
Revenue (Rs. '000')	12,278,413	10,991,925	11.70
Gross Profit (Rs. '000')	1,282,721	1,371,171	(6.45)
Profit after tax (Rs. '000')	706,998	641,378	10.23
Gross Profit (%)	10.45	12.47	
Profit after tax (%)	5.76	5.83	
Earnings per share – (Rs.)	2.01	1.82	

### General Market Review and Future Prospects

First quarter of the financial year 2017-18 showed an overall downward trend of textile industry in Pakistan. The global phenomenon of decreased demand continued which further diminished in the current quarter as compared to corresponding quarter of the last year. While most of other inputs such as oil and coal for generation of electricity and steam have gone up substantially during this quarter but on a positive note global production of cotton is expected to be significantly higher in this year that will support the better raw material prices and expected to give a welcome relief.

### Segment Analysis

#### Spinning

News of a bumper crop having good quality has created the expectation of reduction in cotton prices which may prove a sign of a promising year ahead for spinners. Although the financial results of the quarter were not up to the mark because the cotton stocks of the Spinning Segment mainly comprised of expensive cotton stock of the last year but we expect positive financial and operational performance during the next three quarters.



Yarn	Quarter ended 30 September		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (kgs '000')	5,272	5,820	(548)	(9.42)
Rate / kg	289.46	289.84	(0.38)	(0.13)
Sale – (Rs. '000')	1,526,039	1,686,888	(160,849)	(9.54)

First quarter of the financial year 2017-18 was not quite promising for cotton yarn business in international market because international buyers were not willing to purchase at offered rates. As compared to international market, prices in local market were supportive but local market prices alone couldn't yield good results for spinning industry. However, as declining trend in cotton prices is anticipated after the arrival of new crop, we expect good results from cotton yarn business. Marketing department of the Spinning Segment is continuously working hard to improve the situation. Price and demand both have improved in local market and we are expecting improved demand from international market as well. During the first quarter, main markets of cotton yarn, Hong Kong / China, remained silent but we expect positive business trend in coming days.

### Weaving

First quarter of Financial Year 2017-18 witnessed a sharp increase in polyester prices whereas cotton prices remained steady. As described earlier while the abundant stocks of cotton will be available in coming months which will put pressure on prices, however polyester outlook is expected to remain bullish. Fabric business, in general, is quiet especially in domestic market. We have increased our export business by around 10% in this quarter and hope to further increase our share of export sales in future.

Grey Cloth	Quarter ended 30 September		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (meters '000')	25,430	21,220	4,210	19.84
Rate / meter	134.76	137.15	(2.39)	(1.74)
Sale – (Rs. '000')	3,426,992	2,910,402	516,590	17.75

Our new wider width Picanol looms have been commissioned into production during this quarter which have shown remarkable results. There is an immense pressure on business of narrow width looms in domestic market and we are planning to replace existing thirty old 190 cm looms with new 280 cm and 340 cm width looms. Wider width looms provide operational flexibility and we can produce all types of items like sheeting fabric, women and men's wear fabric and 100% cotton fashion fabric on these looms. The reason for increase in export sales during this quarter is mainly due to increase in technical / workwear business with the trend of open end items. We expect significant increase in export sales of the Segment in coming months which will replace our domestic fashion fabric business where both volume and margins have decreased.

### Dyeing

Dyeing Segment showed positive performance in the first quarter of fiscal year 2017-18. Despite unfavorable market conditions and lean period of our business cycle we were able to earn reasonable profits in first three months of this year.

As we have entered in peak months of our business cycle, we have already sold out our capacities for the second quarter. In this period, our main challenge would be to manage required quantities within available capacities of Dyeing Segment while satisfying all key customers. In spite of all domestic and international challenges, we are confident that we will be able to maintain our current performance level in second quarter as well.

Processed Cloth	Quarter ended 30 September		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (meters '000')	9,420	9,412	8	0.08
Rate / meter	258.28	257.72	0.56	0.22
Sale – (Rs. '000')	2,432,992	2,425,704	7,288	0.30

### Home Textile

Despite the adverse factors such as decreased global demand and high utility cost, efforts are underway to achieve the annual target to increase export sales by 10%. During the first quarter ended 30 September 2017, 11% growth in export sales in USD terms of the Segment was recorded.

Processed Cloth and Made-ups	Quarter ended 30 September		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (meters '000')	5,849	5,499	350	6.36
Rate / meter	329.90	310.57	19.33	6.22
Sale – (Rs. '000')	1,929,580	1,707,841	221,739	12.98

One of our major achievements during the last financial year was commissioning of the new business line for production of workwear and armed forces uniforms. With the expansion of our stitching facilities this sector is strengthening at an admirable pace and in addition to catering to the domestic business we have received export orders as well. We hope this section will flourish in the coming years.

### Garments

Garments Segment is comprised of two purpose built, state of the art garments manufacturing plants which have been established to export value added products in order to earn precious foreign exchange for the country. Currently the segment is in restructuring phase in order to improve productivity, efficiency and market share.

Garments	Quarter ended 30 September		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (garments '000')	1,218	1,024	194	18.95
Rate / garment	832.11	775.63	56.48	7.28
Sale – (Rs. '000')	1,013,508	794,250	219,258	27.61



At present, the strategy is to work with existing customers and to get production orders of longer runs. Meanwhile our marketing team is also trying to enhance its customer base with new and premium customers to get orders at good prices which will increase contribution margins. On production side, we are planning to improve efficiency through implementation of modern industrial engineering procedures in addition to enhancing production capacity.

### **Power Generation**

Construction work for the new captive power plant to cater for the spinning production facilities located at M-3 Faisalabad Industrial Estate, Faisalabad is in progress and the power plant is expected to be commissioned in November 2017.

Since the Company is committed to safeguard environment, we regularly invest in environmentally friendly technologies. One such investment is the conversion plan of two filtration plants based of Reverse Osmosis (RO) technology. Two RO plants will perform combined operation to reprocess waste water with higher than normal salted water contents which is currently being drained. This will save power, chemical and filtration cost with a capacity to recover 15 m<sup>3</sup>/h rejected water which otherwise was being drained as a normal operation. Recovery of waste water will contribute to the improvement of environment and also reduce the operational cost of water treatment plant.

A paver making machine was commissioned into production in May 2017 and after successful test runs commercial production was started in the mid of May 2017. The machine produces pavers by using fly ash, a waste from burning coal in the Coal Fired Power Plant.

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

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

### **Acknowledgement**

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

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

Mian Umer Mansha  
Chief Executive Officer

Maqsood Ahmed  
Director

26 October 2017  
Lahore

Unconsolidated Condensed Interim  
**Financial Information of Nishat Mills Limited**  
For the quarter ended 30 September 2017





# Unconsolidated Condensed Interim Balance Sheet

As at 30 September 2017

	Note	Un-audited 30 September 2017 (Rupees in thousand)	Audited 30 June 2017
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (30 June 2017: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
<b>Issued, subscribed and paid-up share capital</b>			
351,599,848 (30 June 2017: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
<b>Reserves</b>		77,191,763	85,246,797
<b>Total equity</b>		80,707,762	88,762,796
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing- secured	5	4,857,810	5,245,629
Deferred income tax liability		783,292	783,292
		5,641,102	6,028,921
<b>CURRENT LIABILITIES</b>			
Trade and other payables		6,155,541	5,837,390
Accrued mark-up		77,266	110,751
Short term borrowings		11,435,418	14,697,393
Current portion of non-current liabilities		2,151,859	2,093,024
Provision for taxation		1,337,636	1,195,636
		21,157,720	23,934,194
<b>TOTAL LIABILITIES</b>		26,798,822	29,963,115
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		107,506,584	118,725,911

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

CHIEF EXECUTIVE OFFICER

	Note	Un-audited 30 September 2017 (Rupees in thousand)	Audited 30 June 2017
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	27,953,936	27,767,699
Investment properties		465,612	466,935
Long term investments		51,311,957	60,008,322
Long term loans		175,369	167,526
Long term deposits		86,963	121,646
		79,993,837	88,532,128
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		1,870,712	2,106,878
Stock in trade		11,296,441	12,722,712
Trade debts		2,092,760	2,245,620
Loans and advances		6,662,183	7,637,999
Short term deposits and prepayments		62,759	60,454
Other receivables		2,490,645	2,828,285
Accrued interest		9,223	11,917
Short term investments		2,650,591	2,535,973
Cash and bank balances		377,433	43,945
		27,512,747	30,193,783
<b>TOTAL ASSETS</b>		107,506,584	118,725,911



DIRECTOR



CHIEF FINANCIAL OFFICER



## Unconsolidated Condensed Interim Profit And Loss Account

For the quarter ended 30 September 2017 (Un-audited)

	Note	Quarter ended	
		30 September 2017	30 September 2016
		(Rupees in thousand)	
REVENUE		12,278,413	10,991,925
COST OF SALES	8	(10,995,692)	(9,620,754)
GROSS PROFIT		1,282,721	1,371,171
DISTRIBUTION COST		(587,821)	(531,988)
ADMINISTRATIVE EXPENSES		(264,069)	(286,066)
OTHER EXPENSES		(33,544)	(44,244)
		(885,434)	(862,298)
		397,287	508,873
OTHER INCOME		667,569	482,589
PROFIT FROM OPERATIONS		1,064,856	991,462
FINANCE COST		(215,858)	(203,084)
PROFIT BEFORE TAXATION		848,998	788,378
TAXATION		(142,000)	(147,000)
PROFIT AFTER TAXATION		706,998	641,378
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	9	2.01	1.82

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

## Unconsolidated Condensed Interim Statement of Comprehensive Income

For the quarter ended 30 September 2017 (Un-audited)

	Quarter ended	
	30 September 2017	30 September 2016
	(Rupees in thousand)	
<b>PROFIT AFTER TAXATION</b>	706,998	641,378
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Deficit arising on remeasurement of available for sale investments to fair value	(8,762,032)	(196,895)
Other comprehensive loss for the period	(8,762,032)	(196,895)
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>	<b>(8,055,034)</b>	<b>444,483</b>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



# Unconsolidated Condensed Interim Cash Flow Statement

For the quarter ended 30 September 2017 (Un-audited)

	Note	Quarter ended	
		30 September 2017	30 September 2016
		(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	10	3,452,413	2,005,870
Finance cost paid		(249,343)	(241,563)
Income tax refund received / (income tax paid)		84,151	(159,135)
Net exchange difference on forward exchange contracts (paid) / received		(13,355)	36,114
Net increase in long term loans to employees		(10,373)	(114)
Net decrease / (increase) in long term deposits		34,683	(360)
<b>Net cash generated from operating activities</b>		3,298,176	1,640,812
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(764,183)	(585,850)
Proceeds from sale of property, plant and equipment		11,378	47,516
Investments made		(180,285)	-
Loans and advances to subsidiary companies		(7,306,764)	(5,227,800)
Repayment of loans from subsidiary companies		8,271,597	4,862,711
Interest received		35,344	23,878
Dividends received		561,322	339,654
<b>Net cash from / (used in) investing activities</b>		628,409	(539,891)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		170,324	401,402
Repayment of long term financing		(499,308)	(484,950)
Short term borrowings- net		(3,261,975)	(1,441,560)
Dividend paid		(2,138)	(143)
<b>Net cash used in financing activities</b>		(3,593,097)	(1,525,251)
<b>Net increase / (decrease) in cash and cash equivalents</b>		333,488	(424,330)
<b>Cash and cash equivalents at the beginning of the period</b>		43,945	2,115,168
<b>Cash and cash equivalents at the end of the period</b>		377,433	1,690,838

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

## Unconsolidated Condensed Interim Statement of Changes in Equity

For the quarter ended 30 September 2017 (Un-audited)

	(Rupees in thousand)								
	Share capital	Reserves				Sub total	Total	Total equity	
		Capital reserves		Revenue reserves					
		Premium on issue of right shares	Fair value reserve	General reserve	Unappropriated profit				
3,515,999	5,499,530	35,528,222	41,027,752	32,683,028	4,928,376	37,611,404	78,639,156	82,155,156	
-	-	-	-	-	641,378	641,378	641,378	641,378	
-	-	(196,895)	(196,895)	-	-	-	(196,895)	(196,895)	
-	-	(196,895)	(196,895)	-	641,378	641,378	444,483	444,483	
<b>Balance as at 30 June 2016 - (Audited)</b>									
Profit for the period									
Other comprehensive loss for the period									
Total comprehensive income / (loss) for the period									
<b>Balance as at 30 September 2016 - (Un-audited)</b>	3,515,999	5,499,530	35,331,327	40,830,857	32,683,028	5,569,754	38,252,782	79,083,639	82,599,638
Transaction with owners- Final dividend for the year ended 30 June 2016 @ Rupees 5.00 per share	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)
Transferred to general reserve	-	-	-	-	3,165,000	(3,165,000)	-	-	-
Profit for the period	-	-	-	-	-	3,620,964	3,620,964	3,620,964	3,620,964
Other comprehensive income for the period	-	-	4,300,193	4,300,193	-	-	-	4,300,193	4,300,193
Total comprehensive income for the period	-	-	4,300,193	4,300,193	-	3,620,964	3,620,964	7,921,157	7,921,157
<b>Balance as at 30 June 2017 - (Audited)</b>	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
Profit for the period	-	-	-	-	-	706,998	706,998	706,998	706,998
Other comprehensive loss for the period	-	-	(8,762,032)	(8,762,032)	-	-	-	(8,762,032)	(8,762,032)
Total comprehensive income / (loss) for the period	-	-	(8,762,032)	(8,762,032)	-	706,998	706,998	(8,055,034)	(8,055,034)
<b>Balance as at 30 September 2017 - (Un-audited)</b>	3,515,999	5,499,530	30,869,488	36,369,018	35,848,028	4,974,717	40,822,745	77,191,763	80,707,762

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



# Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

## 1 THE COMPANY AND ITS OPERATIONS

Nishat Mills Limited is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The Company is engaged in the business of textile manufacturing and of spinning, combing, weaving, bleaching, dyeing, printing, stitching, apparel, buying, selling and otherwise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, synthetic fibre and cloth, and to generate, accumulate, distribute, supply and sell electricity.

## 2 BASIS OF PREPARATION

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

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 23 of 2017 dated 04 October 2017 has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

## 3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

	Un-audited 30 September 2017	Audited 30 June 2017
	(Rupees in thousand)	
<b>5 LONG TERM FINANCING- SECURED</b>		
Opening balance	7,338,653	6,610,224
Add: Obtained during the period / year	170,324	3,213,739
Less: Repaid during the period / year	499,308	2,485,310
	7,009,669	7,338,653
Less: Current portion shown under current liabilities	2,151,859	2,093,024
	4,857,810	5,245,629

## 6 CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2017: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 1,607.848 million (30 June 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 3,442.233 million (30 June 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) 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 83.094 million (30 June 2017: Rupees 75.342 million) paid on such goods in its respective monthly sales tax returns.





## Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

- v) The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Company. Consequently, the Company has claimed input sales tax amounting to Rupees 118.269 million (30 June 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 989.884 million (30 June 2017: Rupees 728.034 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 1,161.068 million (30 June 2017: Rupees 980.674 million).
- iii) Outstanding foreign currency forward contracts of Rupees 902.535 million (30 June 2017: Rupees 444.689 million).

## 7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 30 September 2017 (Rupees in thousand)	Audited 30 June 2017
Operating fixed assets - Owned	7.1	23,423,158	23,481,153
Capital work-in-progress	7.2	4,530,778	4,286,546
		27,953,936	27,767,699
<b>7.1 Operating fixed assets- Owned</b>			
Opening book value		23,481,153	23,058,934
Add: Cost of additions during the period / year	7.1.1	519,951	2,869,755
		24,001,104	25,928,689
Less: Book value of deletions during the period / year	7.1.2	7,360	127,033
Less: Adjustment during the period / year		-	26,198
		23,993,744	25,775,458
Less: Depreciation charged during the period / year		570,586	2,294,305
		23,423,158	23,481,153

	Un-audited 30 September 2017	Audited 30 June 2017
	(Rupees in thousand)	
<b>7.1.1 Cost of additions</b>		
Freehold land	-	179,306
Buildings on freehold land	-	390,466
Plant and machinery	481,805	2,168,063
Electric installations	48	24,310
Factory equipment	767	21,845
Furniture, fixtures and office equipment	4,027	32,773
Computer equipment	4,717	12,983
Vehicles	28,587	40,009
	519,951	2,869,755
<b>7.1.2 Book value of deletions</b>		
Buildings on freehold land	818	2,511
Plant and machinery	1,196	97,527
Furniture, fixtures and office equipment	-	48
Computer equipment	144	428
Vehicles	5,202	26,519
	7,360	127,033
<b>7.2 Capital work-in-progress</b>		
Buildings on freehold land	1,826,961	1,549,595
Plant and machinery	2,196,300	2,283,890
Unallocated expenses	33,019	20,046
Letters of credit against machinery	833	534
Advances against purchase of land	431,170	391,941
Advances against furniture, fixtures and office equipment	15,933	17,560
Advances against vehicles	26,562	22,980
	4,530,778	4,286,546



## Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

	Quarter ended	
	30 September 2017	30 September 2016
	(Rupees in thousand)	
<b>8 COST OF SALES</b>		
Raw materials consumed	6,300,890	5,852,363
Processing charges	53,035	37,689
Salaries, wages and other benefits	1,281,200	1,192,800
Staff retirement benefits	39,292	37,743
Stores, spare parts and loose tools consumed	1,075,888	1,114,477
Packing materials consumed	249,711	242,072
Repair and maintenance	75,906	74,141
Fuel and power	1,268,305	1,115,206
Insurance	11,015	10,661
Other factory overheads	120,215	123,313
Depreciation	542,601	534,801
	11,018,058	10,335,266
Work-in-process		
Opening stock	1,992,931	1,746,041
Closing stock	(1,923,042)	(2,136,142)
	69,889	(390,101)
Cost of goods manufactured	11,087,947	9,945,165
Finished goods		
Opening stock	3,295,907	2,875,186
Closing stock	(3,388,162)	(3,199,597)
	(92,255)	(324,411)
	10,995,692	9,620,754

	Quarter ended	
	30 September 2017	30 September 2016
<b>9 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shareholders (Rupees in thousand)	706,998	641,378
Weighted average number of ordinary shares (Numbers)	351,599,848	351,599,848
Earnings per share (Rupees)	2.01	1.82

	Note	Quarter ended	
		30 September 2017	30 September 2016
(Rupees in thousand)			
<b>10 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		848,998	788,378
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		571,909	558,177
(Gain) / loss on sale of property, plant and equipment		(4,018)	1,030
Dividend income		(561,322)	(339,654)
Net exchange gain		(12,861)	(53,968)
Interest income on loans and advances to subsidiary companies		(32,650)	(23,327)
Finance cost		215,858	203,084
Working capital changes	10.1	2,426,499	872,150
		<b>3,452,413</b>	<b>2,005,870</b>
<b>10.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		236,166	(80,620)
- Stock in trade		1,426,271	33,536
- Trade debts		171,239	131,592
- Loans and advances		(70,638)	(25,524)
- Short term deposits and prepayments		(2,305)	(68,383)
- Other receivables		340,058	858,811
		<b>2,100,791</b>	<b>849,412</b>
Increase in trade and other payables		325,708	22,738
		<b>2,426,499</b>	<b>872,150</b>

## 11 SEGMENT INFORMATION

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

Spinning Faisalabad (I and II) and Feroze Wattwan:	Producing different qualities of yarn using natural and artificial fibers
Weaving Bhikki and Lahore:	Producing different qualities of greige fabric using yarn.
Dyeing:	Producing dyed fabric using different qualities of greige fabric.
Home Textile:	Manufacturing of home textile articles using processed fabric produced from greige fabric.
Garments I and II:	Manufacturing of garments using processed fabric.
Power Generation:	Generation and distribution of power using gas, oil, steam, coal and biomass.

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



# Selected Notes to the Unconsolidated Condensed Interim Financial Information

## For the quarter ended 30 September 2017 (Un-audited)

(Un-audited)

		Spinning						Weaving			Dyeing		Home Textile		Garments				Power Generation		Elimination of inter-segment transactions		Total - Company					
		Fatehabad I		Fatehabad II		Feroze Wadhwan		Bhikhi		Lahore		Dyeing		Home Textile		I		II		Quarter ended		Quarter ended		Quarter ended		Quarter ended		
Quarter ended	Sep 2017	Sep 2016	Sep 2017	Sep 2016	Sep 2017	Sep 2016	Sep 2017	Sep 2016	Sep 2017	Sep 2016	Quarter ended	Sep 2017	Sep 2016	Quarter ended	Sep 2017	Sep 2016	Quarter ended	Sep 2017	Sep 2016	Quarter ended	Sep 2017	Sep 2016	Quarter ended	Sep 2017	Sep 2016	Quarter ended	Sep 2017	Sep 2016
Revenue	17,73,896	1,918,406	7,546,590	2,293,688	801,375	698,784	2,537,163	2,500,773	9,233,192	1,908,631	698,971	750,937	808,803	57,987	5,412	5,175	5,787	1,352,308	1,275,532	4,274,470	4,274,470	-	12,778,413	10,391,895	-	12,778,413	10,391,895	
External Interest	571,086	535,001	1,207,888	1,301,734	648,864	695,002	2,040,610	2,040,610	97,729	152,497	16,527	18,822	5,877	41,271	1,352,308	1,275,532	4,274,470	4,274,470	4,274,470	4,274,470	-	12,778,413	10,391,895	-	12,778,413	10,391,895		
Cost of sales	23,18,827	2,58,427	7,34,427	1,67,932	1,497,250	1,594,108	2,731,512	2,748,747	2,915,894	2,159,129	66,498	75,259	144,600	99,689	1,357,700	1,275,707	4,274,470	4,274,470	4,274,470	4,274,470	-	12,778,413	10,391,895	-	12,778,413	10,391,895		
Gross profit (loss)	101,156	1,80,010	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	80,840	-	80,840	80,840	-	80,840	80,840	
Distribution cost	(58,131)	(59,188)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	(15,307)	-	(15,307)	(15,307)	-	(15,307)	(15,307)	
Administrative expenses	(108,697)	(1,12,026)	(1,61,569)	(1,49,329)	(54,656)	(55,439)	(1,94,836)	(1,94,836)	(1,76,670)	(1,63,391)	(78,652)	(84,459)	(85,220)	(10,049)	(13,008)	(15,553)	(85,220)	(85,220)	(85,220)	(85,220)	(85,220)	-	(85,220)	(85,220)	-	(85,220)	(85,220)	
Profit (loss) before taxation and unallocated income and expenses	6,541	56,970	214,288	106,827	48,223	130,819	1,72,926	2,33,956	1,93,227	73,704	(89,182)	(1,33,936)	(61,775)	62,200	(12,154)	(11,627)	62,200	62,200	62,200	62,200	62,200	-	60,031	553,117	-	60,031	553,117	
Unallocated income and expenses																												
Other expenses																												
Finance cost																												
Taxation																												
Profit after taxation																												

### Reconciliation of reportable segment assets and liabilities

		Spinning						Weaving			Dyeing		Home Textile		Garments				Power Generation		Total - Company							
		Fatehabad I		Fatehabad II		Feroze Wadhwan		Bhikhi		Lahore		Dyeing		Home Textile		I		II		Quarter ended		Quarter ended		Quarter ended		Quarter ended		
Quarter ended	Sep 2017	Sep 2016	Sep 2017	Sep 2016	Sep 2017	Sep 2016	Sep 2017	Sep 2016	Sep 2017	Sep 2016	Quarter ended	Sep 2017	Sep 2016	Quarter ended	Sep 2017	Sep 2016	Quarter ended	Sep 2017	Sep 2016	Quarter ended	Sep 2017	Sep 2016	Quarter ended	Sep 2017	Sep 2016	Quarter ended	Sep 2017	
Total assets for reportable segments	4,331,516	5,246,925	2,853,032	2,226,310	6,008,671	6,573,081	3,345,084	5,368,974	1,042,615	1,000,029	6,657,667	6,025,518	8,815,424	7,463,326	1,810,222	2,059,585	2,546,889	2,590,105	7,252,253	7,513,802	44,683,373	46,156,645	-	44,683,373	46,156,645			
Unallocated assets:																												
Long term investments																												
Short term investments																												
Other receivables																												
Cash and bank balances																												
Other corporate assets																												
Total assets as per balance sheet	6,201,551	6,88,322	46,869	32,220	63,011	67,385	574,590	467,615	1,35,388	124,138	682,219	480,065	756,205	294,889	309,785	320,717	2,198,822	2,084,308	5,678,474	5,272,933	51,211,967	60,008,322	2,600,981	2,535,973	2,480,045	2,882,285	3,774,833	4,331,516
Unallocated liabilities:																												
Deferred income tax liability																												
Provision for taxation																												
Other corporate liabilities																												
Total liabilities as per balance sheet	783,292	1,307,636	1,156,636	1,899,400	2,27,62,254	26,788,822	23,983,115																					

## 12 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

## i) Fair value hierarchy

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

Recurring fair value measurements At 30 September 2017	Level 1	Level 2	Level 3	Total
Rupees in thousand				
<b>Financial assets</b>				
Available for sale financial assets	45,052,388	12,052	4,806,106	49,870,546
Derivative financial assets	-	2,418	-	2,418
<b>Total financial assets</b>	<b>45,052,388</b>	<b>14,470</b>	<b>4,806,106</b>	<b>49,872,964</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	22,117	-	22,117
<b>Total financial liabilities</b>	<b>-</b>	<b>22,117</b>	<b>-</b>	<b>22,117</b>

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

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the quarter ended 30 September 2017. Further there was no transfer in and out of level 3 measurements.

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

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

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



## Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

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

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

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

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

The following table presents the changes in level 3 items for the period ended 30 September 2017:

		<b>Unlisted equity securities (Rupees in thousand)</b>
Balance as on 30 June 2016		2,460,056
Add : Surplus recognized in other comprehensive income		2,346,050
Balance as on 30 June 2017		4,806,106
Add : Surplus recognized in other comprehensive income		-
Balance as on 30 September 2017		4,806,106

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

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

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30 September 2017	30 June 2017		30 September 2017	
<b>(Rupees in thousand)</b>					

Available for sale financial assets:

Nishat Paper Products Company Limited	319,940	319,940	Revenue growth factor	12.50%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +44.792 million / - 39.324 million.
			Risk adjusted discount rate	16.38%	
Nishat Dairy (Private) Limited	507,300	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 +81.780 million / - 58.260 million.
			Risk adjusted discount rate	15.46%	
Security General Insurance Company Limited	780,365	780,365	Net premium revenue growth factor	8%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +49.393 million / - 43.973 million.
			Risk adjusted discount rate	17.49%	
Nishat Hotels and Properties Limited	3,198,501	3,198,501	Terminal growth factor	4.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +2.981 million / - 1,190 million.
			Risk adjusted discount rate	8.60%	

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.

## 13 TRANSACTIONS WITH RELATED PARTIES

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

	<b>Quarter ended</b>	
	<b>30 September 2017</b>	<b>30 September 2016</b>
	<b>(Rupees in thousand)</b>	
<b>i) Transactions</b>		
<b>Subsidiary companies</b>		
Short term loans made	7,306,764	5,227,800
Repayment of short term loans made	8,271,597	4,862,711
Interest income	32,650	23,327
Rental income	12,350	11,262
Sale of goods and services	1,728,695	1,097,251
Purchase of goods and services	46,536	194,415
<b>Associated companies</b>		
Investment made	180,285	-
Purchase of goods and services	40,533	3,841
Sale of goods and services	1,247	89
Rental income	526	154
Dividend income	561,322	339,654
Insurance premium paid	31,807	66,062
Insurance claims received	5,353	15,720
Profit on term deposit receipt	-	7,286
Finance cost	2,079	781
<b>Other related parties</b>		
Purchase of goods and services	388,128	233,149
Sale of goods and services	598	22,531
Sale of operating fixed assets	-	68
Company's contribution to provident fund trust	53,176	50,845
Remuneration paid to Chief Executive Officer, Director and Executives	279,931	305,620





## Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

### ii) Period end balances

	As at 30 September 2017			
	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	5,307	31,347	37,645	74,299
Accrued markup	-	1,360	-	1,360
Short term borrowings	-	215,497	-	215,497
Long term loans	-	-	140,233	140,233
Trade debts	333,930	-	-	333,930
Loans and advances	4,378,229	-	48,026	4,426,255
Accrued interest	9,223	-	-	9,223
Cash and bank balances	-	10,818	30,617	41,435

	As at 30 June 2017 (Audited)			
	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	17,375	47,983	42,505	107,863
Accrued markup	-	1,267	-	1,267
Short term borrowings	-	113,010	-	113,010
Long term loans	-	-	140,500	140,500
Trade debts	167,840	20	-	167,860
Loans and advances	5,343,082	-	50,856	5,393,938
Accrued interest	11,917	-	-	11,917
Cash and bank balances	-	1,113	778	1,891

### 14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

### 15 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 26 October 2017.

### 16 CORRESPONDING FIGURES

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

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

### 17 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim

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

For the quarter ended 30 September 2017



# Consolidated Condensed Interim Balance Sheet

As at 30 September 2017

	Note	Un-audited 30 September 2017 (Rupees in thousand)	Audited 30 June 2017
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (30 June 2017: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
<b>Issued, subscribed and paid-up share capital</b>			
351,599,848 (30 June 2017: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
<b>Reserves</b>			
		86,070,990	84,631,159
<b>Equity attributable to equity holders of the Holding Company</b>			
		89,586,989	88,147,158
<b>Non-controlling interest</b>			
		7,247,764	6,808,446
<b>Total equity</b>		<b>96,834,753</b>	<b>94,955,604</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing- secured	6	9,466,925	10,339,290
Long term security deposit		167,530	167,530
Retirement benefit obligation		9,529	8,719
Deferred liability - accumulating compensated absences		3,026	3,241
Deferred income tax liability		2,255,073	2,162,341
		11,902,083	12,681,121
<b>CURRENT LIABILITIES</b>			
Trade and other payables		8,127,191	6,876,569
Accrued mark-up		252,155	295,933
Short term borrowings		14,069,329	16,495,970
Current portion of non-current liabilities		3,552,580	3,858,847
Provision for taxation		1,612,245	1,403,634
		27,613,500	28,930,953
<b>TOTAL LIABILITIES</b>		<b>39,515,583</b>	<b>41,612,074</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>136,350,336</b>	<b>136,567,678</b>

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

CHIEF EXECUTIVE OFFICER

	Note	Un-audited 30 September 2017 (Rupees in thousand)	Audited 30 June 2017
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	41,063,157	41,131,193
Investment properties		465,612	466,935
Intangible assets		15,717	17,479
Long term investments		51,969,532	51,618,680
Long term loans		199,053	192,442
Long term deposits		177,834	211,240
		93,890,905	93,637,969
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		2,731,906	2,811,300
Stock-in-trade		16,849,769	17,713,967
Trade debts		12,587,889	12,349,739
Loans and advances		2,811,523	2,888,707
Short term deposits and prepayments		296,958	254,311
Other receivables		3,626,170	3,786,527
Accrued interest		1,156	1,268
Short term investments		2,650,591	2,535,973
Cash and bank balances		903,469	587,917
		42,459,431	42,929,709
<b>TOTAL ASSETS</b>		<b>136,350,336</b>	<b>136,567,678</b>



DIRECTOR



CHIEF FINANCIAL OFFICER



## Consolidated Condensed Interim Profit And Loss Account

For the quarter ended 30 September 2017 (Un-audited)

	Note	Quarter ended	
		30 September 2017	30 September 2016
		(Rupees in thousand)	
REVENUE		19,958,131	17,038,626
COST OF SALES	9	(16,647,526)	(14,209,134)
GROSS PROFIT		3,310,605	2,829,492
DISTRIBUTION COST		(1,188,641)	(973,208)
ADMINISTRATIVE EXPENSES		(418,040)	(440,678)
OTHER EXPENSES		(46,082)	(44,244)
		(1,652,763)	(1,458,130)
		1,657,842	1,371,362
OTHER INCOME		412,506	469,192
PROFIT FROM OPERATIONS		2,070,348	1,840,554
FINANCE COST		(407,972)	(394,211)
		1,662,376	1,446,343
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		714,175	717,164
PROFIT BEFORE TAXATION		2,376,551	2,163,507
TAXATION		(301,343)	(196,351)
PROFIT AFTER TAXATION		2,075,208	1,967,156
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		1,654,837	1,608,111
NON-CONTROLLING INTEREST		420,371	359,045
		2,075,208	1,967,156
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	10	4.71	4.57

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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## Consolidated Condensed Interim Statement of Comprehensive Income

For the quarter ended 30 September 2017 (Un-audited)

	Quarter ended	
	30 September 2017	30 September 2016
	(Rupees in thousand)	
<b>PROFIT AFTER TAXATION</b>	2,075,208	1,967,156
<b>OTHER COMPREHENSIVE INCOME</b>		
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	(7,005)	412,563
Share of other comprehensive income / (loss) of associates	(210,068)	396,382
Exchange differences on translating foreign operations	2,067	(10)
Other comprehensive (loss) / income for the period	(215,006)	808,935
	(215,006)	808,935
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	1,860,202	2,776,091
<b>SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Equity holders of holding company	1,439,831	2,417,046
Non-controlling interest	420,371	359,045
	1,860,202	2,776,091

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



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# Consolidated Condensed Interim Cash Flow Statement

For the quarter ended 30 September 2017 (Un-audited)

	Note	Quarter ended	
		30 September 2017	30 September 2016
		(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	11	4,709,399	2,459,422
Finance cost paid		(451,750)	(445,440)
Income tax refund received / (income tax paid)		41,601	(163,703)
Long term security deposits made		-	(1,590)
Net exchange difference on forward exchange contracts (paid) / received		(13,355)	36,114
Net increase in retirement benefit obligation		810	519
Net (increase) / decrease in long term loans		(9,243)	653
Net decrease / (increase) in long term deposits		33,406	(8,640)
<b>Net cash generated from operating activities</b>		4,310,868	1,877,335
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		11,412	47,516
Dividends received		561,322	339,654
Interest received		1,805	41,115
Investments made		(180,285)	-
Proceeds against issue of shares		18,947	-
Capital expenditure on property, plant and equipment		(803,132)	(757,479)
<b>Net cash used in investing activities</b>		(389,931)	(329,194)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		170,324	401,403
Repayment of long term financing		(1,348,956)	(843,703)
Exchange difference on translation of net investments in foreign subsidiaries		2,067	(10)
Short term borrowings - net		(2,426,641)	(1,441,559)
Dividend paid		(2,179)	(1,191)
<b>Net cash used in financing activities</b>		(3,605,385)	(1,885,060)
<b>Net increase / (decrease) in cash and cash equivalents</b>		315,552	(336,919)
<b>Cash and cash equivalents at the beginning of the period</b>		587,917	3,082,323
<b>Cash and cash equivalents at the end of the period</b>		903,469	2,745,404

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

# Consolidated Condensed Interim Statement of Changes in Equity

For the quarter ended 30 September 2017 (Un-audited)

Share capital	Attributable to equity holders of the holding company											Non-controlling interest	Total equity
	Capital reserves			Revenue reserves				Total Reserves	Shareholders' equity	Non-controlling interest	Total equity		
	Fair value reserve	Exchange translation reserve	Statutory reserve	Capital redemption reserve fund	Sub Total	General Reserve	Unappropriated Profit						
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
-	-	-	(10)	-	-	808,935	-	1,608,111	1,608,111	1,608,111	1,608,111	359,045	1,967,156
-	-	808,945	(10)	-	-	808,935	-	-	-	808,935	808,935	-	808,935
-	-	808,945	(10)	-	-	808,935	-	1,608,111	1,608,111	2,417,046	2,417,046	359,045	2,776,091
3,515,999	5,499,530	16,331,506	7,146	232	111,002	21,949,416	52,012,882	7,854,762	59,867,644	81,817,060	85,333,059	6,360,632	91,693,691
-	-	-	-	-	-	-	-	(1,757,989)	(1,757,989)	(1,757,989)	(1,757,989)	-	(1,757,989)
-	-	-	-	-	-	-	-	4,331,000	(4,331,000)	-	-	-	-
-	-	-	-	139	-	139	-	(139)	(139)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	(607,096)	(607,096)
-	-	-	-	-	-	-	-	-	-	4,562,028	4,562,028	1,054,910	5,616,938
-	-	25,178	(3,607)	-	-	21,571	-	(11,501)	(11,501)	10,070	10,070	-	10,070
-	-	25,178	(3,607)	-	-	21,571	-	4,550,527	4,550,527	4,572,098	4,572,098	1,054,910	5,627,008
3,515,999	5,499,530	16,336,684	3,539	371	111,002	21,971,126	56,343,882	6,316,151	62,660,033	84,631,159	88,147,158	6,806,446	94,953,604
-	-	-	-	-	-	-	-	-	-	1,654,837	1,654,837	420,371	18,947
-	-	(217,073)	2,067	-	-	(215,006)	-	-	-	(215,006)	(215,006)	-	(215,006)
-	-	(217,073)	2,067	-	-	(215,006)	-	1,654,837	1,654,837	1,439,831	1,439,831	420,371	1,860,202
3,515,999	5,499,530	16,139,611	5,606	371	111,002	21,756,120	56,343,882	7,970,988	64,314,870	86,070,990	89,586,989	7,247,764	96,834,753

Balance as at 30 June 2016 - (Audited)

Profit for the period

Other comprehensive income / (loss) for the period

Total comprehensive income (loss) for the period

Balance as at 30 September 2016 - (Un-audited)

Transaction with owners - Final dividend for

the year ended 30 June 2016 @ Rupees

5.00 per share

Transferred to general reserve

Transferred to statutory reserve

Transaction with owners - Dividend relating to year 2016

paid to non-controlling interest

Profit for the period

Other comprehensive income / (loss) for the period

Total comprehensive income / (loss) for the period

Balance as at 30 June 2017 - (Audited)

Shares issued to non-controlling interest

Profit for the period

Other comprehensive income / (loss) for the period

Total comprehensive income / (loss) for the period

Balance as at 30 September 2017 - (Un-audited)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER





# Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

## 1 THE GROUP AND ITS OPERATIONS

The Group consists of:

### **Holding Company**

- Nishat Mills Limited

### **Subsidiary Companies**

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

### **NISHAT MILLS LIMITED**

Nishat Mills Limited is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The Company is engaged in the business of textile manufacturing and of spinning, combing, weaving, bleaching, dyeing, printing, stitching, apparel, buying, selling and otherwise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

### **NISHAT POWER LIMITED**

Nishat Power Limited is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. Ownership interest held by non-controlling interests in Nishat Power Limited is 48.99% (30 June 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 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 manufacture and to sale the textile products by processing the textile goods in own and outside manufacturing facility.

**NISHAT HOSPITALITY (PRIVATE) LIMITED**

Nishat Hospitality (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 (Now Companies Act, 2017) on 01 July 2011. The registered office of Nishat Hospitality (Private) Limited is situated at 1-B Aziz Avenue, Canal Bank, Gulberg-V, Lahore. The principal activity of the Company is to carry on the business of hotels, cafes, restaurants and lodging or apartment houses, bakers and confectioners in Pakistan and outside Pakistan.

**NISHAT USA, INC.**

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

**NISHAT LINEN TRADING LLC**

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

**NISHAT INTERNATIONAL FZE**

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

**NISHAT GLOBAL CHINA COMPANY LIMITED**

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

**NISHAT UK (PRIVATE) LIMITED**

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

**NISHAT COMMODITIES (PRIVATE) LIMITED**

Nishat Commodities (Private) Limited is a private limited Company incorporated in Pakistan on 16 July 2015 under the Companies Ordinance, 1984 (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.



## Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

The principal objects of the Company is to carry on the business of trading of commodities including fuels, coals, building material in any form or shape manufactured, semi-manufactured, raw materials and their import and sale in Pakistan.

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

Lalpir Solar Power (Private) Limited is a private limited Company incorporated in Pakistan on 09 November 2015 under the Companies Ordinance, 1984 (Now Companies Act, 2017). It is a wholly owned subsidiary of Nishat Power limited which is a subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal activity of the company will be to build, own, operate and maintain or invest in a solar power project.

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

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

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

Hyundai Nishat Motor (Private) Limited is a private limited Company incorporated in Pakistan on 03 March 2017 under the Companies Ordinance, 1984 (Now Companies Act, 2017). It is a subsidiary of Nishat Mills Limited. The registered office of the Company is situated at Nishat House, 53-A Lawrence Road, Lahore. The principal activity of the Company is to carry on the business of all sort of automobiles, motor vehicles, motor buses, commercial vehicles, motor vans and other vehicles, machinery and equipment (whether locally manufactured or not) and to carry on assembly, importing, manufacturing, export, trading, fabrication, distributorship and other allied services for all types of automobiles. Ownership interest held by non-controlling interests in Hyundai Nishat Motor (Private) Limited is 24% (30 June 2017: Nil).

## **2 BASIS OF PREPARATION**

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

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 23 of 2017 dated 04 October 2017 has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the

repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Group's operations and has also enhanced the definition of related parties.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2017.

### 4 CONSOLIDATION

#### a) Subsidiaries

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

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

Intragroup balances and transactions have been eliminated.

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

#### b) Associates

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

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

### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also



## Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

requires the management to exercise its judgment in the process of applying accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2017.

	Un-audited 30 September 2017	Audited 30 June 2017
	(Rupees in thousand)	
<b>6 LONG TERM FINANCING- SECURED</b>		
Opening balance	14,198,137	14,987,646
Add: Obtained during the period / year	170,324	3,215,449
Less: Repaid during the period / year	1,348,963	4,004,961
Add: Currency translation	7	3
	13,019,505	14,198,137
Less: Current portion shown under current liabilities	3,552,580	3,858,847
	9,466,925	10,339,290

### 7 CONTINGENCIES AND COMMITMENTS

#### a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2017: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 1,607.848 million (30 June 2017: Rupees 1,519.832 million) are given by the banks of the Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Government of Punjab against fulfillment of sales orders.
- iii) Post dated cheques of Rupees 3,442.233 million (30 June 2017: Rupees 3,179.346 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

- iv) The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Holding Company and has allowed the Holding Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Holding Company has claimed input sales tax amounting to Rupees 83.094 million (30 June 2017: Rupees 75.342 million) paid on such goods in its respective monthly sales tax returns.
- v) The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Holding Company. Consequently, the Holding Company has claimed input sales tax amounting to Rupees 118.269 million (30 June 2017: Rupees 97.221 million) paid on packing material in its respective monthly sales tax returns. The management of the Holding Company, based on advice of the legal counsel, is confident of favorable outcome of its appeal.
- vi) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 6,038 million (30 June 2017: Rupees 5,720 million).
- vii) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against the Nishat Power Limited - Subsidiary Company through order dated 11 December 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 to June 2012. The disallowance was primarily made on the grounds that since revenue derived by the Subsidiary Company on account of 'capacity purchase price' was not chargeable to sales tax, input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Subsidiary Company. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in Subsidiary Company's favour, however, certain other issues agitated by the Subsidiary Company were not adjudicated. Both the Subsidiary Company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which have not been adjudicated.

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

Similarly, for financial year 2014, Subsidiary Company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of



## Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

Rupees 596.091 million). Subsidiary Company challenged the jurisdiction in respect of audit proceedings before LHC and while LHC directed the management of the Subsidiary Company to join the subject proceedings, department was debarred from passing the adjudication order and thus such litigation too is pending as of now.

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

- viii)** The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
- a)** Letter of guarantee of Rupees 9.5 million (30 June 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)** Letter of guarantees of Rupees 190.682 million (30 June 2017 : Rupees 190.484 million) in favour of fuel suppliers.
  - c)** Letter of guarantee of Rupees 1.5 million (30 June 2017: 0.5 million) in favour of Punjab Revenue Authority, Lahore.
- ix)** Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.085 million (30 June 2017: Rupees 1.085 million) in favour of Director, Excise and Taxation, Karachi under the order of Sindh High Court in respect of the suit filed for levy of infrastructure cess.
- x)** Guarantee of Rupees 19 million (30 June 2017: Rupees 19 million) is given by the bank of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess.
- xi)** Guarantee of Rupees 1 million (30 June 2017: Rupees 1 million) is given by the bank of Nishat Linen (Private) Limited - Subsidiary Company to Chairman, Punjab Revenue Authority, Lahore against infrastructure cess.
- xii)** Commissioner Inland Revenue (CIR) made certain additions to taxable income of the Nishat Linen (Private) Limited - Subsidiary Company for the tax year 2012 assessing the taxable income at Rupees 188.772 million against declared taxable income of Rupees 116.934 million. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of CIR which was partially allowed. The Subsidiary Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (Appeals) which was not allowed. The Subsidiary Company has filed an appeal against the order of ATIR with Honorable Lahore High Court, Lahore which suspended the operation of order passed by the ATIR. The Subsidiary Company expects a favourable outcome of the appeal as it has strong grounds of appeal. Hence, no provision there against has been made in this consolidated condensed interim financial information.

- xiii)** Nishat Linen (Private) Limited - Subsidiary Company is contesting sales tax demands of Rupees 5.534 million (30 June 2017: Rupees 5.534 million) before CIR (Appeals) and ATIR. No provision against these demands has been made in this consolidated condensed interim financial information as the legal advisor of the Subsidiary Company expects a favourable outcome of appeals.
- xiv)** Nishat Linen (Private) Limited - Subsidiary Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Subsidiary Company and has allowed the Subsidiary Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Subsidiary Company has claimed input sales tax amounting to Rupees 0.104 million (30 June 2017: Rupees 0.104 million) paid on such goods in its respective monthly sales tax returns.
- xv)** Guarantee of Rupees 1.4 million (30 June 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) Commitments**

- i)** Contracts for capital expenditure of the Group are approximately of Rupees 1,052.424 million (30 June 2017: Rupees 791.636 million).
- ii)** Letters of credit other than for capital expenditure of the Group are of Rupees 1,360.084 million (30 June 2017: Rupees 1,244.252 million).
- iii)** Outstanding foreign currency forward contracts of Rupees 902.535 million (30 June 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 - Subsidiary Company are as follows:

		<b>Un-audited 30 September 2017 (Rupees in thousand)</b>	<b>Audited 30 June 2017</b>
	<b>Note</b>		
Not later than one year		14,538	13,759
Later than one year and not later than five years		68,797	67,824
		<b>83,335</b>	<b>81,583</b>
<b>8</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets - owned	8.1	36,410,937	36,737,466
Capital work in progress	8.2	4,555,155	4,301,039
Major spare parts and standby equipments		97,065	92,688
		<b>41,063,157</b>	<b>41,131,193</b>





## Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

	Note	Un-audited 30 September 2017 (Rupees in thousand)	Audited 30 June 2017
<b>8.1 Operating fixed assets- Owned</b>			
Opening book value		36,737,466	36,136,234
Add: Cost of additions during the period / year	8.1.1	544,160	4,223,240
		37,281,626	40,359,474
Less: Book value of deletions during the period / year	8.1.2	7,365	141,672
Less: Adjustment during the period / year		-	26,198
		37,274,261	40,191,604
Less: Depreciation charged for the period/ year		863,803	3,454,449
Add: Currency translation		479	311
		36,410,937	36,737,466
<b>8.1.1 Cost of additions</b>			
Freehold land		1,360	499,300
Buildings on freehold land		212	556,044
Plant and machinery		487,923	2,893,692
Electric installations		812	26,388
Factory equipment		767	23,188
Furniture, fixtures and office equipment		5,606	89,571
Computer equipment		10,658	39,518
Vehicles		35,729	95,241
Kitchen equipment and crockery items		1,093	298
		544,160	4,223,240
<b>8.1.2 Book value of deletions</b>			
Buildings on freehold land		818	3,056
Plant and machinery		1,196	108,356
Furniture, fixtures and office equipment		144	48
Computer equipment		-	570
Vehicles		5,207	29,642
		7,365	141,672
<b>8.2 Capital work-in-progress</b>			
Buildings on freehold land		1,836,402	1,549,595
Plant and machinery		2,199,800	2,285,956
Unallocated expenses		37,391	24,418
Letters of credit against machinery		833	534
Advance against purchase of land		431,170	391,941
Advances against furniture and office equipment		15,934	17,560
Advances against vehicles		33,625	31,035
		4,555,155	4,301,039

	Quarter ended	
	30 September 2017	30 September 2016
	(Rupees in thousand)	
<b>9 COST OF SALES</b>		
Raw materials consumed	11,477,391	9,523,926
Processing charges	117,624	70,292
Salaries, wages and other benefits	1,480,415	1,346,820
Staff retirement benefits	39,292	37,743
Stores, spare parts and loose tools consumed	1,142,431	1,209,384
Packing materials consumed	279,313	261,408
Repair and maintenance	86,453	86,987
Fuel and power	1,278,612	1,124,850
Insurance	53,538	52,503
Other factory overheads	160,583	162,401
Depreciation and amortization	817,441	803,028
	16,933,093	14,679,342
Work-in-process		
Opening stock	2,610,154	2,263,340
Closing stock	(2,457,098)	(2,347,820)
	153,056	(84,480)
Cost of goods manufactured	17,086,149	14,594,862
Finished goods		
Opening stock	5,045,917	4,606,221
Closing stock	(5,484,540)	(4,991,949)
	(438,623)	(385,728)
	16,647,526	14,209,134

	Quarter ended	
	30 September 2017	30 September 2016
<b>10 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shareholders of Holding Company (Rupees in thousand)	1,654,837	1,608,111
Weighted average number of ordinary shares of Holding Company (Numbers)	351,599,848	351,599,848
Earnings per share (Rupees)	4.71	4.57



## Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

		Quarter ended	
	Note	30 September 2017	30 September 2016
		(Rupees in thousand)	
<b>11 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		2,376,551	2,163,507
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation and amortization		866,888	844,918
(Gain) / Loss on sale of property, plant and equipment		(4,047)	1,030
Dividend income		(349,405)	(339,654)
Profit on deposits with banks		(1,693)	(31,989)
Share of profit from associated companies		(714,175)	(717,164)
Reversal of provision for accumulated compensated absences		(215)	(58)
Net exchange gain		(10,381)	(52,913)
Finance cost		407,972	394,211
Working capital changes	11.1	2,137,904	197,534
		4,709,399	2,459,422
<b>11.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		79,394	(148,097)
- Stock in trade		864,198	(438,393)
- Trade debts		(222,251)	(430,962)
- Loans and advances		38,215	225,909
- Short term deposits and prepayments		(42,647)	(89,361)
- Other receivables		162,775	750,320
		879,684	(130,584)
Increase in trade and other payables		1,258,220	328,118
		2,137,904	197,534

## 12 SEGMENT INFORMATION

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

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

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





## Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2017 (Un-audited)

### 13 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### i) Fair value hierarchy

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

Recurring fair value measurements At 30 September 2017	Level 1	Level 2	Level 3	Total
	Rupees in thousand			
<b>Financial assets</b>				
Available for sale financial assets	20,164,293	12,052	780,365	20,956,710
Derivative financial assets	-	2,418	-	2,418
<b>Total financial assets</b>	<b>20,164,293</b>	<b>14,470</b>	<b>780,365</b>	<b>20,959,128</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	22,117	-	22,117
<b>Total financial liabilities</b>	<b>-</b>	<b>22,117</b>	<b>-</b>	<b>22,117</b>

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

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period ended 30 September 2017. Further there was no transfer in and out of level 3 measurements.

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

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

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

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

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

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

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

The following table presents the changes in level 3 items for the period ended 30 September 2017:

		<b>Unlisted equity securities (Rupees in thousand)</b>
Balance as on 30 June 2016		829,348
Less : Deficit recognized in other comprehensive income		48,983
Balance as on 30 June 2017		780,365
Less : Deficit recognized in other comprehensive income		-
Balance as on 30 September 2017		780,365

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

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

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30 September 2017	30 June 2017			
	(Rupees in thousand)			30 September 2017	

**Available for sale financial assets:**

Security General Insurance Company Limited	780,365	780,365	Net premium revenue growth factor	8%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +49.393 million / - 43.973 million.
			Risk adjusted discount rate	17.49%	

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

**Valuation processes**

Independent valuers perform the valuations of non-property items required for financial reporting purposes, including level 3 fair values. The independent valuers report directly to the Chief Financial Officer of the Holding Company. Discussions of valuation processes and results are held between the Chief Financial Officer of the Holding Company and the valuation team at least once every six months, 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 half yearly reporting period during the valuation discussion between the Chief Financial Officer of the Holding Company and the independent valuers. As part of this discussion the independent valuers present a report that explains the reason for the fair value movements.



## 14 TRANSACTIONS WITH RELATED PARTIES

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

	Quarter ended		
	30 September 2017	30 September 2016	
(Rupees in thousand)			
<b>i) Transactions</b>			
<b>Associated companies</b>			
Investment made	180,285	-	
Purchase of goods and services	67,099	31,059	
Sale of goods and services	3,143	3,194	
Rental income	526	154	
Rent paid	16,582	15,357	
Insurance premium paid	85,569	119,487	
Insurance claims received	6,286	21,068	
Profit on term deposit receipt	-	7,286	
Finance cost	7,210	4,301	
<b>Other related parties</b>			
Purchase of goods and services	388,128	241,609	
Sale of goods and services	598	23,657	
Sale of operating fixed assets	-	96	
Group's contribution to provident fund trust	64,933	55,886	
Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company	279,931	305,620	
<b>ii) Period end balances</b>	<b>As at 30 September 2017</b>		
	<b>Associated companies</b>	<b>Other related parties</b>	<b>Total</b>
	(Rupees in thousand)		
Trade and other payables	52,121	37,673	89,794
Accrued markup	1,360	-	1,360
Short term borrowings	215,497	-	215,497
Long term loans	-	158,999	158,999
Trade debts	2,893	2	2,895
Loans and advances	-	53,159	53,159
Accrued interest	155	-	155
Cash and bank balances	103,373	30,727	134,100

	As at 30 June 2017 (Audited)		
	Associated	Other related	Total
	companies	parties	
	(Rupees in thousand)		
Trade and other payables	63,916	42,533	106,449
Accrued markup	1,267	-	1,267
Short term borrowings	113,010	-	113,010
Long term loans	-	160,732	160,732
Trade debts	3,220	-	3,220
Loans and advances	6,000	66,903	72,903
Other receivables	3,116	-	3,116
Accrued interest	177	-	177
Cash and bank balances	159,170	784	159,954

## 15 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2017.

## 16 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 26 October 2017.

## 17 CORRESPONDING FIGURES

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

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

## 18 GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER





اس وقت، حکمت عملی موجودہ صارفین کے ساتھ کام کرنے اور طویل عرصہ کے پیداواری آرڈرز حاصل کرنے کی ہے۔ دریں اثناء ہماری مارکیٹنگ ٹیم اچھی قیمتوں پر آرڈرز حاصل کرنے کے لئے نئے اور پریمیم صارفین کے ساتھ اپنی کسٹمرز کو بڑھانے کی بھی کوشش کر رہی ہے۔ ہم پیداواری صلاحیت کو بڑھانے کے علاوہ جدید انڈسٹریل انجینئرنگ پر سبجز کے نفاذ کے ذریعے کارکردگی کو بہتر بنانے کی منصوبہ بندی کر رہے ہیں۔

### پاور جنریشن

M-3 فیصل آباد صنعتی انیسٹیٹ، فیصل آباد میں واقع سپنگ پیداوار کی سہولیات کی ضروریات کو پورا کرنے کے لئے نئے کپلو پاور پلانٹ کی تعمیر کا کام تکمیل کی طرف گامزن ہے اور پاور پلانٹ نومبر 2017 میں مکمل ہونے کی توقع ہے۔

چونکہ کئی ماحول کو محفوظ بنانے کے لئے پُر عزم ہے اس لئے ہم باقاعدگی سے ماحول دوست ٹیکنالوجی میں سرمایہ کاری کرتے ہیں۔ اس طرح کی ایک سرمایہ کاری ریورس اوسموس (RO) ٹیکنالوجی کی بنیاد پر دو فلٹریشن پلانٹس کی تبدیلی کے منصوبہ میں کی گئی ہے۔ دو RO پلانٹس معمول سے زیادہ نمکیاتی اجزاء، گندے پانی جوئی احوال ضائع کیا جا رہا ہے کو دوبارہ قابل استعمال بنانے کے لئے مشینز کو آپریشن سرانجام دیں گے۔ یہ 15 کمب میٹرنی گھنٹہ گندے پانی کی دوبارہ بحالی کی استعداد کار کے ساتھ بجلی، کیمیکل اور فلٹریشن کے اخراجات بچانے میں معاون ہوگا، جو بصورت دیگر عام آپریشن میں ضائع ہو جاتا ہے۔ گندے پانی کی بحالی ماحول کی بہتری میں شراکت اور وائرٹریٹمنٹ پلانٹ کے انتظامی اخراجات کو بھی کم کرنے میں مدد دے گی۔

بیور بنانے والی مشین مئی 2017 میں پیداواری تنصیبات میں مکمل کی گئی اور کامیاب تجربہ کے بعد کمرشل پیداواری مئی 2017 کے وسط میں شروع ہو گئی تھی۔ مشین کو ل فائز پاور پلانٹ میں چلنے والے کوئلہ سے نکلنے والی راکھ سے بیورز بناتی ہے۔

### ذیلی کمپنیاں اور کنسولٹیڈ مالیاتی حسابات

نشاہ پاور لمیٹڈ، نشاہ لیٹمن (پرائیویٹ) لمیٹڈ، نشاہ ہائیڈرو پاور (پرائیویٹ) لمیٹڈ، ہنڈائی نشاہ موٹر (پرائیویٹ) لمیٹڈ، نشاہ ایواٹس اے انکارپوریٹڈ، نشاہ لیٹمن ٹریڈنگ LLC، نشاہ انٹرنیشنل FZE، نشاہ گلوبل چائینہ کھیتی لمیٹڈ اور نشاہ UK (پرائیویٹ) لمیٹڈ کھیتی اور کنسپٹ گارمنٹس اور ٹیکسٹائل FZE کی ذیلی کمپنیوں کی پورٹ فولیو میں شامل ہیں۔ لہذا، کھیتی نے انٹرنیشنل فیڈرل رپورٹنگ سٹینڈرڈز کی ضروریات کے مطابق اپنی سپرٹ کنڈرٹسڈ عبوری مالیاتی معلومات کے علاوہ کنسولٹیڈ کنڈرٹسڈ عبوری مالیاتی معلومات منسلک کی ہیں۔

### اظہار تشکر

مجلس نفعیہ مانتظامیہ، عملہ اور کارکنوں کی کوششوں کو سراہتی ہے۔

منجانب بورڈ آف ڈائریکٹرز



مقصود احمد

ڈائریکٹر



میاں عمر نشا

چیف ایگزیکٹو آفیسر

26 اکتوبر 2017ء

لاہور



جیسا کہ ہم اپنے کاروباری دورانیہ کے بیک کے مہینوں میں داخل ہو گئے ہیں۔ ہم دوسری سہ ماہی کے لئے اپنی استعداد کار کو پہلے ہی فروخت کر چکے ہیں۔ اس مدت میں ہمارا بڑا پینچ ڈانگ سیکٹ کی دستیاب اہلیتوں کے اندر تمام اہم صارفین کو مطمئن کرتے ہوئے مطلوبہ صلاحیت کو استعمال میں لانا ہے۔ تمام ڈومیسٹک اور بین الاقوامی چیلنجز کے باوجود، ہمارا یقین ہے کہ ہم دوسری سہ ماہی میں بھی اپنی موجودہ کارکردگی کی سطح کو برقرار رکھنے کے قابل ہوں گے۔

اضافہ (کمی)		30 ستمبر تک سہ ماہی		پروسیڈ کاتھ
فیصد	قدر	2016	2017	
0.08	8	9,412	9,420	فروخت - (میٹرز '000)
0.22	0.56	257.72	258.28	قیمت فی میٹر
0.30	7,288	2,425,704	2,432,992	فروخت - ('000 روپے)

### ہوم پیکسٹس

متفاد جتنا سر ہمیں کہ عالمی طلب میں کمی اور ہنگامی توانائی کے باوجود، برآمد فروخت 10 فیصد تک بڑھانے کے لئے سالانہ ہدف کے حصول کے لئے کوششیں جاری ہیں۔ 30 ستمبر 2017 کو اختتام پزیر سہ ماہی کے دوران سیکٹ کی امریکی ڈالر کے لحاظ سے برآمد فروخت میں 11 فیصد نمو درج کی گئی ہے۔

اضافہ (کمی)		30 ستمبر تک سہ ماہی		پروسیڈ کاتھ اینڈ میڈ ایس
فیصد	قدر	2016	2017	
6.36	350	5,499	5,849	فروخت - (میٹرز '000)
6.22	19.33	310.57	329.90	قیمت فی میٹر
12.98	221,739	1,707,841	1,929,580	فروخت - ('000 روپے)

گزشتہ مالی سال کے دوران ہماری اہم کامیابیوں میں سے ایک کام کے لباس اور مسلح افواج کی وردیوں کی پیداوار کے لئے نئی کاروباری لائن کی کھٹنگ تھی۔ ہماری ٹیکسٹ سہولیات کی توسیع کے ساتھ یہ سیکٹر قابل اعتماد رفتار سے مضبوط ہو رہا ہے اور اس کے علاوہ ڈومیسٹک کاروبار کی ضروریات کو پورا کرنے کے لئے ہمیں برآمدی آرڈرز وصول ہوتے ہیں۔ ہمیں امید ہے کہ یہ سیکشن آئندہ سالوں میں مزید ترقی کرے گا۔

### گارمنٹس

گارمنٹس سیکٹ دوپہ مقصد طور پر تعمیر شدہ اور جدید گارمنٹس مینوفیکچرنگ پلانٹ پر مشتمل ہے جو ملک کے لئے قیمتی غیر ملکی زرمبادلہ کمانے کی مدد میں ویلیو ایڈڈ مصنوعات برآمد کرنے کے لئے قائم کیا گیا ہے۔ فی الحال سیکٹ پیداوار کارکردگی اور مارکیٹ شیئر کو بہتر بنانے کے لئے تعمیر نو کے مرحلہ میں ہے۔

اضافہ (کمی)		30 ستمبر تک سہ ماہی		گارمنٹس
فیصد	قدر	2016	2017	
18.95	194	1,024	1,218	فروخت - (گارمنٹس '000)
7.28	56.48	775.63	832.11	قیمت فی گارمنٹ
27.61	219,258	794,250	1,013,508	فروخت - ('000 روپے)

اضافہ / (کمی)		30 ستمبر تختہ سرمایہ		یارن
فیصد	قدر	2016	2017	
(9.42)	(548)	5,820	5,272	فروخت - (کلوگرام '000)
(0.13)	(0.38)	289.84	289.46	قیمت فی کلو
(9.54)	(160,849)	1,686,888	1,526,039	فروخت - ('000 روپے)

مالی سال 2017-18 کی پہلی سرمایہ بین الاقوامی مارکیٹ میں کاشن یارن کے کاروبار کے لئے بالکل حوصلہ افزا نہیں تھی کیونکہ بین الاقوامی خریدار پیشکش کردہ نرخوں پر خریدنے کے لئے تیار نہیں تھے۔ بین الاقوامی مارکیٹ کے مقابلے مقامی مارکیٹ میں قیمتیں معاون تھیں لیکن مقامی مارکیٹ کی قیمتیں تھما سینگ انڈسٹری کے لئے اچھے نتائج پیدا نہیں کر سکتی تھیں۔ تاہم، کپاس کی قیمتوں میں کمی کارخانہ نوی فصل کی آمد سے منسوب ہے جس کی وجہ سے ہم کاشن یارن کے کاروبار میں اچھے نتائج کی توقع کرتے ہیں۔ سپنگ سٹیکٹ کار مارکیٹنگ ڈیپارٹمنٹ حالات کو بہتر بنانے کے لئے سخت محنت کر رہا ہے۔ مقامی مارکیٹ میں قیمت اور طلب دونوں بہتر ہوئی ہیں اور ہم بین الاقوامی مارکیٹ میں بھی طلب بہتر ہونے کی توقع کر رہے ہیں۔ پہلی سرمایہ کے دوران کاشن یارن کی اہم مارکیٹوں ہانگ کانگ / چین میں طلب سست رہی لیکن ہم آئندہ دونوں مثبت کاروباری توقع کر رہے ہیں۔

### ڈیونگ

مالی سال 2017-18 کی پہلی سرمایہ پالیسیسٹر فائبر کی قیمتوں میں تیزی کے رجحان کی گواہی دیتی ہے جبکہ کپاس کی قیمتیں مستحکم ہیں۔ پہلے ہی وضاحت کی گئی ہے کہ آئندہ مہینوں میں کاشن کا دافرا سٹاک دستیاب ہوگا جو قیمتوں پر دباؤ ڈالے گا تاہم پالیسیسٹر کی مارکیٹ تیز رہنے کی توقع ہے۔ فہرک کے کاروبار میں خاص طور پر مقامی مارکیٹ میں مندی ہے۔ ہم نے اس سرمایہ میں اپنے برآمد کے کاروبار میں تقریباً 10 فیصد تک اضافہ کیا ہے اور مستقبل میں برآمد فروخت کے اپنے کام میں مزید اضافہ کی امید کرتے ہیں۔

اضافہ / (کمی)		30 ستمبر تختہ سرمایہ		گرے کا تھ
فیصد	قدر	2016	2017	
19.84	4,210	21,220	25,430	فروخت - (میٹر '000)
(1.74)	(2.39)	137.15	134.76	قیمت فی میٹر
17.75	516,590	2,910,402	3,426,992	فروخت - ('000 روپے)

اس سرمایہ کے دوران پیداواری تخصیبات میں ہماری نئی وسیع چوڑائی کی Picanol لومز نصب کی گئی ہیں جنہوں نے قابل ذکر نتائج ظاہر کئے ہیں۔ مقامی مارکیٹ میں تنگ چوڑائی کی لومز کے کاروبار پر بہت زیادہ دباؤ ہے اور ہم موجودہ تیس پرانی 190 سینٹی میٹر لومز کو نئی 280 سینٹی میٹر اور 340 سینٹی میٹر وسیع چوڑائی کی لومز کے ساتھ تبدیل کرنے کی منصوبہ بندی کر رہے ہیں۔ وسیع چوڑائی کی لومز پر پیش لپک فراہم کرتی ہیں اور ہم ان لومز پر شیٹنگ فہرک، ہرواندہ و زنڈ لہاس کے کپڑے اور 100 فیصد کاشن فیشن فہرک کی طرح کے تمام اقسام کی آئٹمز تیار کر سکتے ہیں۔ اس سرمایہ کے دوران برآمد فروخت میں اضافہ بنیادی طور پر اپنی انڈسٹری کے رجحان کے ساتھ ٹھنکی / کام کے لباس کے کاروبار میں اضافہ کے باعث ہوا ہے۔ ہم آئندہ مہینوں میں سٹیکٹ کی برآمد فروخت میں نمایاں اضافہ کی توقع کرتے ہیں جو ہمارے ڈیویسٹک فیشن فہرک کے کاروبار کی جگہ لے گا جہاں حجم اور مارجنز دونوں کم ہیں۔

### ڈانگ

ڈانگ کے شعبہ نے مالی سال 2017-18 کی پہلی سرمایہ کے دوران تسلی بخش کارکردگی کا مظاہرہ کیا ہے۔ فیروزوں مارکیٹ حالات اور ہمارے کاروباری دورانیہ کی دباؤ والی مدت کے باوجود ہم اس سال کی پہلی سرمایہ میں مناسب منافع کمانے کے قابل تھے۔

## ڈائریکٹرز رپورٹ

نیشنل ملز لمیٹڈ ("کمپنی") کی مجلس نمبر 30 ستمبر 2017ء کو ختم ہونے والی سرمایہ کے لئے مجلس نظام کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

### آپریٹنگ مالیاتی نتائج

کمپنی کی آمدنی ٹیکسٹائل مصنوعات کی عالمی طلب میں کمی کے باوجود 30 ستمبر 2016 کو ختم ہونے والی اسی سرمایہ کے مقابلے 30 ستمبر 2017 کو ختم ہونے والی سرمایہ میں 11.70 فیصد تک بڑھ گئی۔ بعد از ٹیکس منافع گزشتہ سال کی اسی سرمایہ کے 641.378 ملین روپے سے بڑھ کر مالی سال 2017-18 کی پہلی سرمایہ میں 706.998 ملین روپے ہو گیا۔ شدید مسابقت اور عالمی طلب میں کمی کے باوجود منافع میں اضافہ کی بنیادی وجہ برآمدات کی فروخت میں 77.224 ملین ڈالر سے 82.545 ملین ڈالر کا اضافہ ہے۔ دیگر آمدنی گزشتہ سال کی اسی سرمایہ کی 339.654 ملین روپے سے مالی سال 2017-18 کی پہلی سرمایہ میں 561.322 ملین روپے ڈیویڈنڈ آمدنی میں اضافہ کی وجہ سے 38.33 فیصد تک بڑھ گئی۔

اضافہ/(کمی) فیصد	30 ستمبر ختم شدہ سرمایہ		مالی بھگتیاں
	2016	2017	
11.70	10,991,925	12,278,413	خالص فروخت (روپے '000)
(6.45)	1,371,171	1,282,721	مجموعی منافع (روپے '000)
10.23	641,378	706,998	بعد از ٹیکس منافع (روپے '000)
	12.47	10.45	مجموعی منافع (فیصد)
	5.83	5.76	بعد از ٹیکس منافع (فیصد)
	1.82	2.01	نی شیئر آمدنی - (روپے)

### عام مارکیٹ کا جائزہ اور مستقبل کے امکانات

مالی سال 2017-18 کی پہلی سرمایہ میں پاکستانی ٹیکسٹائل انڈسٹری نے مجموعی طور پر کمی کا رجحان ظاہر کیا۔ طلب میں کمی کا عالمی رجحان جاری رہا جو گزشتہ سال کی اسی سرمایہ کے مقابلے رواں سرمایہ میں مزید کم ہوئی۔ جبکہ دیگر انتظامی اخراجات جیسا کہ پہلے اور بھاپ پیدا کرنے کے لئے تیل اور کوئلہ اس سرمایہ کے دوران واقعی طور پر بڑھ گئے ہیں، لیکن مثبت پہلو یہ ہے کہ کپاس کی عالمی پیداوار اس سال میں نمایاں طور پر اچھی ہونے کی توقع ہے جو خام مال کی بہتر قیمتوں میں معاون ہوگی اور خوش آئند آفاقہ متوقع ہے۔

### شعبہ دار تجزیہ

#### سپننگ

اچھی معیاری اور بڑی فصل کی خبر نے کپاس کی قیمتوں میں کمی کی توقعات پیدا کر دی ہیں جو اسپنرز کے لئے منافع بخش سال کی علامت ثابت ہو سکتی ہے۔ اگرچہ سرمایہ کے مالی نتائج زیادہ اچھے نہیں تھے کیونکہ سپننگ سیکٹ کا کپاس اسٹاک بنیادی طور پر گزشتہ سال کے مقابلے کپاس اسٹاک پر مشتمل تھا لیکن اگلی سرمایہوں کے دوران ہم مثبت مالی اور آپریٹنگ کارکردگی کی توقع کرتے ہیں۔



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