



ANNUAL REPORT 2018



Nishat Chunian Limited

BRIEF PROFILE

2016

Diversification into Retail Business
The Linen Company (TLC)

2015

Diversified into Cinema Business
NC Entertainment Private Limited

2014

46 MW Coal Based Power Plant

2013

Established a subsidiary company in
USA

2013

2 Spinning Mills acquired & a new spinning mill started

2010

IPP commercial operations

2006

Diversified into Home Textiles

2005

Acquisition of 2 spinning Mills & 5th
Spinning Mill Started

2000

2nd Spinning mill started production

1998

Diversified into Weaving

1991

1st Spinning Mill Setup

CONTENTS

Company Information	04
Notice of Annual General Meeting	05
Chairperson's Review Report	09
Director's Report	12
Financial Highlights	21
Statement of Compliance with the Code of Corporate Governance	23
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	25
Independent Auditor's Report	26
Nishat (Chunian) Limited – Financial Statements	
Statement of Financial Position	30
Statement of Profit or Loss	32
Statement of Comprehensive Income	33
Statement of Cash Flows	34
Statement of Changes in Equity	35
Notes to the Financial Statements	36
Pattern of Shareholding	82
Categories of Shareholders	85
Consolidated Financial Statements	
Independent Auditor's Report	87
Statement of Financial Position	91
Statement of Profit or Loss	93
Statement of Comprehensive Income	94
Statement of Cash Flows	95
Statement of Changes in Equity	96
Notes to the Consolidated Financial Statements	97
Forms	153

COMPANY INFORMATION

Board of Directors:

Mrs. Farhat Saleem (*Chairperson*)
Mr. Shahzad Saleem (*Chief Executive*)
Mr. Zain Shahzad
Mr. Aftab Ahmad Khan
Mrs. Sonia Karim
Mr. Muhammad Ali Zeb
Mr. Farrukh Ifzal
Mr. Shoaib Ahmad Khan (*Independent*)

Audit Committee:

Mr. Shoaib Ahmad Khan (*Chairman*)
Mr. Zain Shahzad
Mr. Muhammad Ali Zeb

HR & Remuneration Committee:

Mr. Shoaib Ahmad Khan (*Chairman*)
Mrs. Sonia Karim
Mr. Farrukh Ifzal

CFO:

Mr. Babar Ali Khan

Company Secretary:

Mr. Awais Mahmood

Head of Internal Audit:

Mr. Ahmad Bilal

Mills:

Spinning 1, 4, 5, 7 & 8
49th Kilometre, Multan Road,
Bhai Pheru, Tehsil Chunian,
District Kasur.

Dyeing & Printing
4th Kilometre, Manga Road,
Raiwind.

Spinning 2, 3, 6 & Weaving
49th Kilometre, Multan Road,
Kamogal, Tehsil Pattoki,
District Kasur.

Bankers to the Company:

Allied Bank Limited
Askari Bank Limited
Al Barka Bank (Pakistan) Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China (ICBC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Kuwait Investment Company (Private) Limited
Standard Chartered Bank Pakistan Limited
SAMBA Bank Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited

Auditors:

Riaz Ahmad & Company
Chartered Accountants

Registered & Head Office:

31-Q, Gulberg-II,
Lahore, Pakistan.
Phone : 042-35761730-39
Fax : 042-35878696-97
Web : www.nishat.net

Share Registrar:

Hameed Majeed Associates (Pvt) Limited
1st Floor, H.M. House
7-Bank Square, Lahore
Ph: 042-37235081-2 Fax: 042-37358817

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 29th Annual General Meeting of the Shareholders of Nishat (Chunian) Limited (the "Company") will be held on 26th October 2018 at 09:30 A.M. at Registered Office, 31-Q, Gulberg – II, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last General Meeting held on August 20, 2018.
2. To receive, consider and adopt audited unconsolidated and consolidated financial statements of the Company for the year ended 30 June 2018 together with Directors' and Auditors' reports thereon.
3. To approve a final cash dividend @40.00% (i.e. Rs.4.00 per share) as recommended by the Board of Directors.
4. To appoint auditors for the year ending 30 June 2019 and to fix their remuneration. The present Auditors M/s Riaz Ahmad & Company, Chartered Accountants, retire and being eligible offer themselves for reappointment.
5. To transact any other business with the permission of the Chair.

Lahore
Dated: October 02, 2018

By order of the Board
Awais Mahmood
Company Secretary

NOTES:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from 19-10-2018 to 26-10-2018 (both days inclusive) for attending of Annual General Meeting (AGM) and entitlement of 40.00% Final Cash Dividend i.e. Rs.4.00 per share. Transfers Physical / CDS received at the share registrar of the Company M/s Hameed Majeed Associates (Pvt) Ltd., H.M. House, 7-Bank Square, Lahore upto Close of office timings on 18-10-2018 will be treated in time for attending of AGM and above entitlement.

2. Participation in the Annual General Meeting

A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf. The instrument appointing proxy must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

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

B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his / her original CNIC or original Passport at the time of the meeting.
- (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. CNIC / NTN Number on Dividend Warrant (Mandatory)

As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 19(1)/2014 dated 10th January 2014 read with Notification S.R.O. 831(1)/2012 dated July 5, 2012 required that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

4. Deduction of Income Tax from Dividend under Section 150 the Income Tax Ordinance, 2001 (Mandatory)

(i) Pursuant to the provisions of the Finance Act 2017 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance as follows:

- Filler 15%
- Non-Filler 20%

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

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio/CDs Account#	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC#	Shareholding Proportion (No. of Shares)	Name and CNIC#	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iii) For any query/problem/information, the investors may contact our share registrar M/s. Hameed Majeed Associates (Pvt) Ltd., H.M. House 7-Bank Square, The Mall, Lahore at phone 042-37235081-2 or email at shares@hmaconsultants.com

(iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to our share registrar M/s. Hameed Majeed Associates (Pvt) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

(v) Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd. upto October 18, 2018

5. Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Any shareholder who want to claim exemption shall submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 on prescribed Form CZ-50, to our Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd otherwise no exemption will be granted. The Shareholders while sending the Zakat Declarations as the case may be, must quote company name and their respective Folio Numbers / CDC Account Numbers.

6. Payment of Cash Dividend Electronically

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders..

All shareholders are requested to provide the details of their bank mandate specifying:

- (i) Title of Account: _____
- (ii) IBAN number : _____
- (iii) Bank Name : _____
- (iv) Branch Code, Name & Address: _____
- (V) Signature of Shareholder: _____

To the Company's Share Registrar M/s Hameed Majeed Associates (Pvt) Ltd. Shareholders who hold shares with Participants/ Central Depository Company of Pakistan (CDC) are advised to provide the bank mandate details as mentioned above, to the concerned Participant / CDC.

If they so desires the shareholders have the option to seek the dividend mandate by using the standardized "Dividend Mandate Form" available on Company's website <http://www.nishat.net>.

7. Circulation of Annual reports through Digital Storage

Pursuant to the SECP's notification S.R.O 471(I)/2016 dated 31st May, 2016, the shareholders of Nishat (Chunian) Limited in its 27th AGM of the Company had accorded their consent for transmission of annual reports including audited annual accounts, notices of AGM and other information contained therein of the Company through a CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share

registrar, the standard request form provided in the annual report and is also available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand. The shareholders who also intend to receive the annual report including the notice of meetings via email are requested to provide their written consent on the standard request form provided in the annual report and also available on the Company's website.

8. Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city other than Lahore, and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least 7 days prior to the date of the meeting on the Standard Form provided in the annual report and also available on the company's website.

9. Change of Address

Members are requested to notify any change in their addresses immediately. Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Share Registrar of the Company.

10. The Company has placed the audited unconsolidated and consolidated financial statements for the year ended June 30, 2018 along with Auditors and Directors Reports thereon on its website: www.nishat.net

CHAIRPERSON'S REVIEW

Nishat Chunian Limited complies with all requirements set out in the Companies Act, 2017 and the listed companies (code of corporate governance) regulations, 2017 with respect to the composition, procedures and meetings of the board of directors and its committees, except as to the number of independent directors due to a different interpretation of the definition of independent director suggested by Company's auditors and accepted by the Company in good faith. We have immediately taken steps to the remedy of said shortcoming as we consider the robust compliance of COCG a core component of our policy. Further, as required under the code of corporate governance, an annual evaluation of the board of directors is carried out to assess their overall performance and for this purpose, a comprehensive criterion has been developed. The overall assessment is satisfactory based on the following integral elements, which have a direct bearing on the board's role in achieving company's objectives:

- Vision, mission and values: The board members are aligned with the Company's vision, mission and values and encourage them. The board also revisits the vision and mission statement frequently.
- Engagement in strategic planning: The board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, society at large) whom the Company serves. The board has a strategic vision of how the organization should evolve over the next three to five years. Further, the board sets annual goals and targets for the management in all major performance areas.
- Diligence: The board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough to adequately discharge its responsibilities.
- Monitoring business activities: The board remained updated with respect to achievement of company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The board provided appropriate direction and oversight on a timely basis.
- Diversity and mix: The board members effectively bring the diversity to the board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in important board decisions.
- Governance and control environment: The board has effectively set the tone at the top, by putting in place a transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of Corporate Governance and by promoting ethical and fair behavior across the Company.

Mrs. Farhat Saleem
Chairperson

Date: October 02, 2018
Lahore.



Growing Ingeniously







DIRECTOR'S REPORT

The Directors of your Company have the pleasure of presenting to you the financial results of your Company which include both, stand-alone and consolidated audited financial statements for the fiscal year ended June 30, 2018.

OVERVIEW

The Company's operations remained profitable as net sales rose to Rs. 35.56 billion in 2018 from Rs. 29.81 billion in 2017. The driving force behind increase in sales was spinning division, whose sales have increased by 33%. Whereas, home textile and weaving business faced a number of challenges where both demands and margins came under pressure due to intense local and international competition.

in profitability can be attributed to a number of factors, chief among them are; increased margin of spinning business, duty drawbacks and devaluation of rupee. Management firmly believes that results can be further improved by committing to efficient cost management, BMR, better tax planning and making prudent investment strategies.

Keeping with the its profitable track record, the Company is declaring a profit after tax of 6.6% of sales as compared to 5.4% last year. The increase in gross turnover of PKR 53.03 billion which is 14.1% higher as compared to last year's turnover of PKR 46.49 billion.

YEAR AT A GLANCE

Revenue: Rs. 35.56 Billion (+19.3%)
 Profit from Operations Rs. 4.14 Billion (+44.2%)
 Net Profit for the Year Rs. 2.36 Billion (+45.7%)

Financial Highlights	For the Year Ended	
	2018	2017
Sales (Rs.)	35,560,396,444	29,815,994,272
Gross Profit (Rs.)	4,285,466,431	2,899,793,399
Profit After Taxation (Rs.)	2,363,083,847	1,621,331,852
Gross Profit %	12.1%	9.7%
Profit After Taxation %	6.6%	5.4%
Earnings Per Share (Rs.)	9.84	6.75

PROFITABILITY

Revenue earned during this year was Rs. 35.56 billion, up by 19.3% from last year. The Spinning division significantly contributed towards this increase by increasing local market share due to better margins. The gross profits and net profits in this year increased from 9.7% and 5.4% to 12.1% and 6.6% respectively over the last year majorly due increased margin of spinning business, duty drawbacks and devaluation of rupee.

APPROPRIATIONS

The Board of Directors of the Company have proposed to pay Rs. 4.00 per ordinary share cash dividend in its meeting held on October 2, 2018.

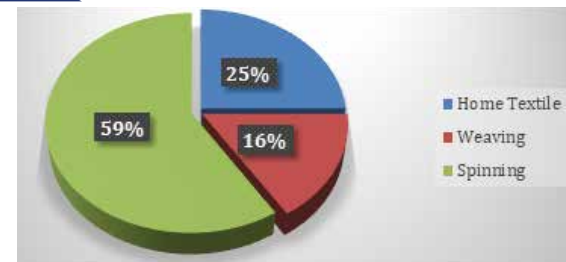
INVESTMENTS

Considerable investments were made during the year in different textile segments for capacity enhancement and improvement in operational efficiency. A summarized overview is given below:

Business Segment	Machinery Added	Investment (PKR in million)
Spinning	<ul style="list-style-type: none"> • 7 Contamination Sorters • 1 Fire Controller Unit • 3 Card Machines • 1 Bobbin Transport System • 8 Blowers • 2 Dryers • 8 Cone winders 	256
Home Textiles	<ul style="list-style-type: none"> • 26 Juki Machines (Capacity: 1,210,000 meters per annum) 	4.4

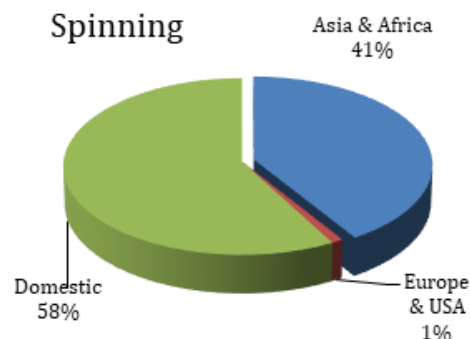
SEGMENT WISE REVENUE

Spinning still remains the main stream for revenue generation for NCL. All three areas of the business have shown tremendous growth in terms of revenue.



SPINNING

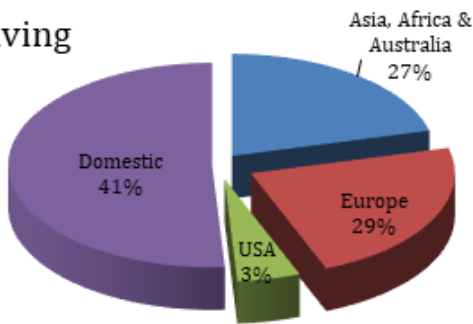
This was a particularly good year for Spinning Division in terms of profitability. Yarn sales grew by 33% to PKR 21.03 billion during the fiscal year ended June 30, 2018 as compared to PKR 15.80 billion in preceding year. Sales have registered an approximate growth of 26% in exports and 40% in local sales over the last year. Raw materials cost increased by almost 4.70% due to rise in cotton prices, both local and imported. However, this increase in cost was conveniently set off by increase in the prices of yarn leading to its overall profitability.





WEAVING

Weaving

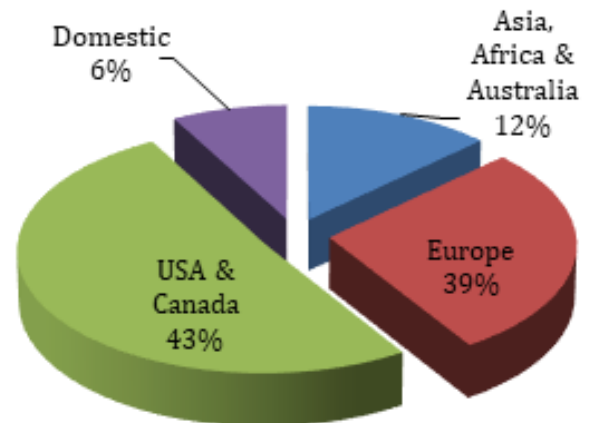


During the year under review, total sales have decreased by 1.8% as compared to last year. However, if the impact of certain accounting mechanism for booking processing sales is ignored, it would reflect that sales from core business have actually increased by 19.6%. The increase in sales, along with the support provided by the Export Package of the government has contributed positively to the segment. The heavy investment in state of the art machinery made in last financial year has enabled the company to maintain its competitive advantage.

HOME TEXTILES

During the year under review, total sales have increased by 6.6% as compared to last year. The addition of digital printing in last financial year provided a more diverse product mix to the existing customer base as well as the ability to serve a new customer segment, as evident by its significantly increased production. In current year, the efficient power cost management by the company and support from the export package of the government has proved vital for the value added sector.

The retail venture of the company ‘The Linen Company’ (TLC) had three outlets in Lahore and one at Rawalpindi at the year end. Another shop in Islamabad was opened in the month of August, 2018. The company also plans to further expand the number of its retail outlets to other cities particularly Karachi.



Home Textiles



SUBSIDIARY COMPANIES

The Company has also annexed its consolidated financial statements along with separate financial statements in accordance with the requirements of International Financial Reporting Standards and Companies Act, 2017. The group results comprise of financial statements of Nishat (Chunian) Limited (“the Holding Company”), Nishat Chunian Power Limited (NCPL), Nishat Chunian USA Inc., NC Electric Company Limited and NC Entertainment (Private) Limited.

Financial Highlights	2018	2017
	(Rupees in million)	
Turnover	53,033	46,491
Gross Profit	9,287	7,725
Profit before taxation	5,841	4,107
Taxation	369	189
Profit after taxation	5,471	3,919
Earnings per share (basic & diluted) – Rupees	15.84	10.21

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

Nishat Chunian Power Limited, incorporated under the Companies Ordinance, 1984 on 23 February, 2007, is established with the objective of setting up power generation project having gross capacity of 200MW under a 25 year ‘take or pay’ agreement with National Transmission & Dispatch Company Limited (NTDCL). NCPL started its operations on July 21, 2010. The Company has been listed on Pakistan Stock Exchange. Nishat (Chunian) Limited currently owns and controls 51.07% shares of Nishat Chunian Power Limited. The Directors’ Report giving a commentary on the performance of NCPL for the year ended 30 June 2018 has been presented separately.

Nishat Chunian USA Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York. It is a wholly owned subsidiary incorporated with a principle objective of liaising with Holding Company’s marketing department providing access, information and other services relating to USA Market and to import home textile products and distribute them to local retailers in USA.

NC Electric Company Limited, incorporated under the Companies Ordinance, 1984 on 18th April, 2014, is established with the objective of setting up coal-based power plant of gross capacity of 46 MW. The plant started its commercial operations early this fiscal year. This will help Nishat (Chunian) Limited (holding company) to diversify its power portfolio which in turns would allow it to reduce fuel and electricity cost.

NC Entertainment (Private) Limited is registered under the Companies Ordinance, 1984 as a company limited by shares on 31st January 2014. It owns and operate multiplex cinemas in Multan and Lahore.

FUTURE OUTLOOK

The Company, in its EOGM held on August 20, 2018 has already decided to dispose of its cinema business. The transaction will be concluded once all the statutory approvals are formalized. This fact has already been communicated through media and stock exchange.

Launch of further retail outlets under the Company's brand name TLC (The Linen Company) are planned in the major cities across the country. A major outlet was opened in Islamabad in the month of August 2018, whilst negotiations are underway for one in Karachi. In home textile division, embroidery machines are being added to achieve in house production and reduce costs.

The company is fully committed to automate the conventional processes to reduce dependency on manpower.

If the announced budgetary measures such as reduction of Custom duty on import of raw material, supply of Natural Gas at subsidized rates and further benefits for the export-oriented industries are materialized, it would enable the company to become further competitive in international markets.

On the whole the future of the company looks very encouraging. The Group is well placed to achieve further success and build shareholder value in the years ahead.

CHALLENGES AND OPPORTUNITIES

The Textile industry continuously operates in a challenging environment. The vulnerability of cotton prices, increasing manpower cost, high energy cost, stringent import regulations on yarn and cotton, non-productive duty structures and tax laws are amongst the major challenges. To cater these challenges, the company has plans for BMR combined with full scale automation for each business segment of the company, to continuously evolve its purchasing strategies and

to carry out efficient and timely tax planning. The company has already setup coal based captive power plant to optimize the fuel mix. Bottom line of the company will also be affected by any changes in export incentive scheme announced and implemented by the Government during the last fiscal year and continued in current year with certain amendments, as it allows competitiveness in the international market.

CORPORATE SOCIAL RESPONSIBILITY

Social welfare and community service are integral part of our company's vision. We add substantially to the national exchequer through the payment of various taxes, duties and levies and our export earnings contribute considerably in stabilizing the country's foreign exchange position. We are committed to provide our employees with a work environment that is healthy, safe and conducive to continuous learning. We continue to employ people irrespective of ethnicities, cultures or gender. We pride ourselves in being an equal opportunity employer. As part of its philanthropic endeavors, the company donates to a school which provides quality education to underprivileged at a nominal fee.

In addition to above, the sponsors of the company along with other philanthropists is in the process of setting up a state-of-the art, not for profit, Saleem Memorial Trust Hospital (SMTH). This 206-bed hospital which is being constructed on 39 kanals of land will provide subsidized medical treatment to the underprivileged. The grey structure was completed in 2018 and the hospital will be functional by 2019.

Further, in the Home Textile Division, 14 Juki machines were added to our training center for equipping unskilled labour with necessary skills.

RISK MANAGEMENT

The company's overall risk management program focuses on the unpredictability factor of the industry, economy in general and of business in specific and seeks to minimize the potential adverse effects on the profitability. The company provides principles for overall risk management, as well as policies covering specific areas. As part

of risk management, the company has designed adequate internal controls and standard operating procedures that are communicated to staff via various policies and procedural guidelines. These controls are also periodically reviewed by management and internal audit function.

INTERNAL FINANCIAL CONTROLS

At Nishat Chunian Limited we have a robust internal control and risk management system. The Risk Management and internal control processes are designed to safeguard the company's assets and to appropriately address and/or mitigate emerging risks being faced by the company. The company has an internal audit department which is outsourced to a reputable audit firm which carries out periodical audits and presents reports

to the Management highlighting loopholes and suggesting areas of improvement. It is ensured by the top management that these suggestions are implemented properly and reviewed periodically. The Board is fully aware of its responsibilities for establishing and managing an efficient and effective internal control system. Thus, these controls are properly implemented and reliance can be placed on their functionality.

ENVIRONMENTAL IMPACTS

The company regularly takes initiatives towards the improvement of environment and well-being of society.

Environment Protection

We have a waste water treatment plant to protect the environment from the hazardous effects of our industrial processes. We are constantly reviewing and implementing the proposals made by the government in respect of environmental protection.

The company has installed caustic recovery plant to recover caustic from waste water. We also use ecofriendly dyes & chemicals that have less pollution load over our waste streams.

Energy Conservation

Apart from making efforts to generate energy from efficient sources, the company is also engaged in exploring ways to conserve energy. Moreover, based on the recommendations of our in-house energy conservation audit to preserve and economize energy resources, we have installed LED lights with a cost of Rs. 10 Million.

Occupational Safety and Health

We carry out regular health and safety awareness programs. The Company has also provided firefighting equipment and vehicles at all of its manufacturing facilities.

STATEMENT OF COMPLIANCE

The requirements of the Code of Corporate Governance as set out by the Pakistan Stock Exchange in its listing regulations have been adopted by the Company and have been duly complied with, except as to the number of independent directors due to a different interpretation of the definition of independent

director suggested by Company's auditors and accepted by the Company in good faith. We have immediately taken steps to the remedy of said shortcoming as we consider the robust compliance of COCG a core component of our policy. A statement to this effect is annexed to the report.

STATEMENT OF VALUE ADDITION & DISTRIBUTION

	Rs. In Millions
Wealth Generated	
Total Revenue and other income	36,678
Bought in Material and services	(28,186)
	8,492
Wealth Distribution	
To Society	
Employee remuneration	2,615
To Government	
Taxes, duties, development surcharge etc.	397
To providers of Finance	
Finance Cost	1,383
Dividend	653
Retained for reinvestment and future growth	
Depreciation, amortization and retained profit	3,444
	8,492

CORPORATE GOVERNANCE

During the year your company remained compliant with the Code of Corporate Governance requirements except as mentioned above.

Composition of Board of Directors:

The diverse mix of gender, knowledge, expertise and skill sets of the members enhances the effectiveness of our Board. Our Board composition represents the interests of all categories of shareholders and it consists of:

Total number of Directors:

- Male 6
- Female 2

Composition

The composition of Board is as follows:

- a) Independent Director: 01 as named hereunder:
 - i. Mr. Shoaib Ahmad Khan

- b) Other Non-Executive Directors: 06 as named hereunder:
 - i. Mrs. Farhat Saleem, Chairperson;
 - ii. Mr. Muhammad Ali Zeb;
 - iii. Mr. Zain Shahzad;
 - iv. Mr. Aftab Ahmad Khan;
 - v. Mr. Farrukh Ifzal; and
 - vi. Mrs. Sonia Karim.

- c) Executive Director: 01 as named hereunder:
 - i. Mr. Shahzad Saleem, Chief Executive

Board of Directors' Meetings:

During the year under review four (4) meetings were held. Attendance by each director is as follows:

Name of Directors	No. of Meetings
Mrs. Farhat Saleem (Chairperson)	1
Mr. Shahzad Saleem (Chief Executive)	3
Mr. Zain Shahzad	0
Mr. Aftab Ahmad Khan	4
Mrs. Sonia Karim	0
Mr. Muhammad Ali Zeb	2
Mr. Farrukh Ifzal	1
Mr. Shoaib Ahmad Khan	2
Mr. Kamran Rasool (Resigned on 19-02-2018)	2
Mr. M. Imran Rafique (Resigned on 01-02-2018)	2

Director's Remuneration

The remuneration of Directors and fee for attending Board meeting is determined by an approved policy in accordance with Companies Act 2017 & the listed Companies (Code of Corporate Governance) Regulations 2017.

Audit Committee

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

Mr. Shoaib Ahmad Khan	Chairman
Mr. Zain Shahzad	Member
Mr. Muhammad Ali Zeb	Member

HR & Remuneration Committee

In compliance with the Code, the Board of Directors of your Company have established a HR & R Committee. Composition of the HR & R committee is as follows:

Mr. Shoaib Ahmad Khan	Chairperson
Mrs. Sonia Karim	Member
Mr. Farrukh Ifzal	Member

Pattern of Shareholding

Pattern of shareholding as on June 30, 2018 is annexed.

Acknowledgment

The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the staff and workers of the company.

For and on behalf of the Board,

Director

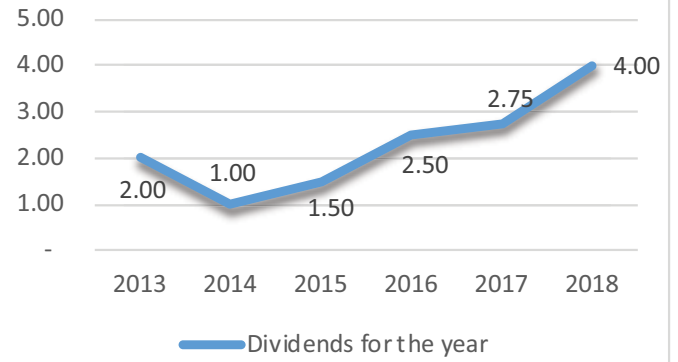
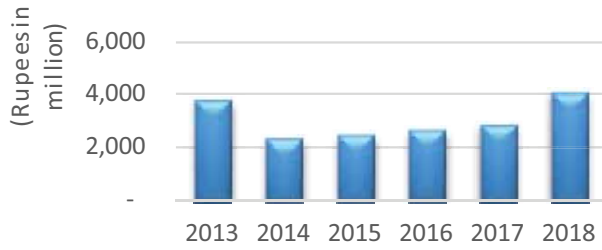
Director

Date: October 02, 2018
Lahore.

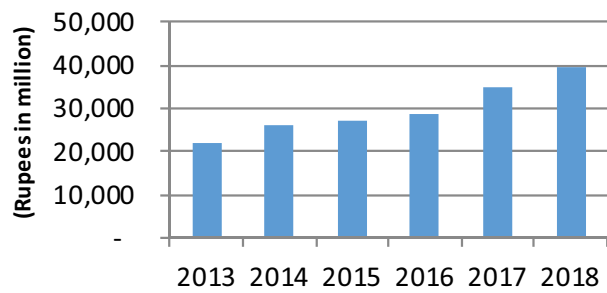
FINANCIAL HIGHLIGHTS

Year	2013	2014	2015	2016	2017	2018
				(Rupees in thousand)		
Net Sales	21,213,244	22,799,758	23,780,455	25,799,122	29,815,994	35,560,396
Gross Profit	3,595,567	1,380,613	1,956,775	2,455,518	2,899,793	4,271,344
Distribution, Admin and Other Expenses	821,778	892,998	940,051	1,003,589	1,148,822	1,259,755
Operating Profit plus Other Income	3,774,183	2,302,894	2,497,253	2,642,648	2,873,374	4,143,471
Finance Cost	1,243,262	1,375,292	1,353,886	1,029,629	1,094,723	1,383,365
Net Income	2,276,161	761,297	800,420	1,328,775	1,621,332	2,363,084
Current Assets	12,396,935	14,548,838	14,794,557	15,975,281	18,707,295	24,808,457
Total Assets	21,924,849	25,940,962	26,959,844	28,883,996	34,622,603	39,393,599
Current Liabilities	9,703,454	12,801,084	14,084,317	15,817,604	18,311,946	20,926,883
Total Equity	8,020,271	8,417,596	9,969,626	10,987,197	12,007,975	13,710,449
Cash Flows:						
Net Cash generated from/(used in) Operating Activities	(1,186,723)	(2,457,485)	319,654	(479,208)	(649,757)	(2,288,612)
Net Cash generated from/(used in) Investing Activities	(231,730)	(933,413)	166,018	(374,500)	(3,865,054)	666,819
Net Cash generated from/(used in) Financing Activities	1,629,694	3,149,899	465,557	(67,092)	4,510,693	1,653,688
Earnings Per Share						
Basic	11.37	3.80	4.00	5.59	6.75	9.84
Diluted	11.37	3.80	4.00	5.59	6.75	9.84
Dividends for the year	2.00	1.00	1.50	2.50	2.75	4.00
Dividend Payout Ratio	0.16	0.26	0.38	0.45	0.41	0.41
Financial Measures:						
ROE	28.38%	9.04%	8.88%	12.09%	13.50%	17.24%
ROI	10.4%	2.9%	3.0%	4.6%	4.7%	6.0%
Net Debt Equity Ratio	52%	56%	30%	19%	35%	35%
Interest Coverage Ratio (times)	3.04	1.67	1.84	2.57	2.62	3.00
P/E ratio (Price per share / EPS)	5.26	11.16	9.19	6.34	7.60	4.83
Dividend Yield Ratio (Cash dividend / Net Income)	0.16	0.26	0.38	0.45	0.41	0.41
Common Stock						
Number of shares outstanding at year end	181,986,028	200,184,630	200,184,630	240,221,556	240,221,556	240,221,556
Break up value	44.07	42.05	49.80	45.74	49.99	57.07
Share price as on 30 June	59.75	42.39	36.73	35.42	51.32	47.48

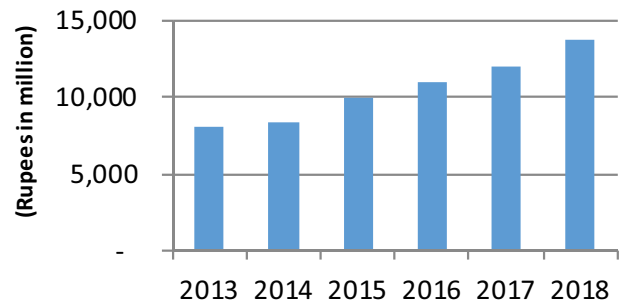
Operating Profit plus Other Income



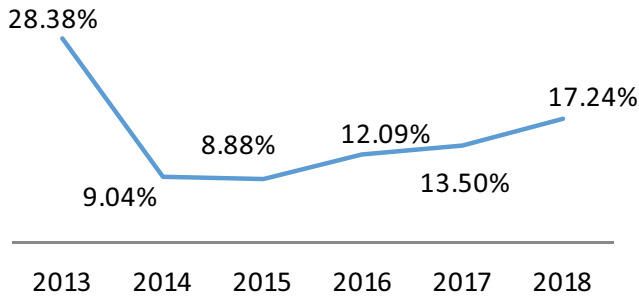
Total Assets



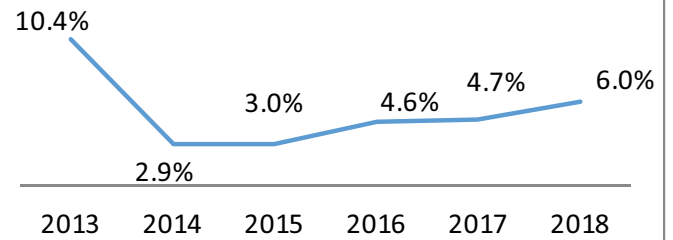
Total Equity



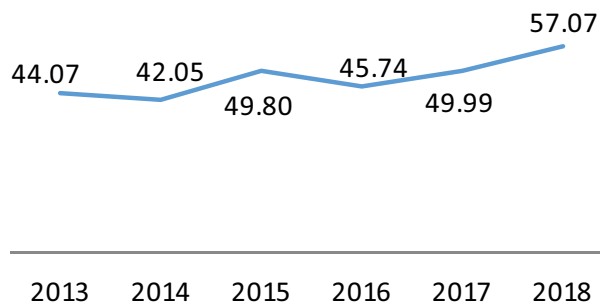
ROE



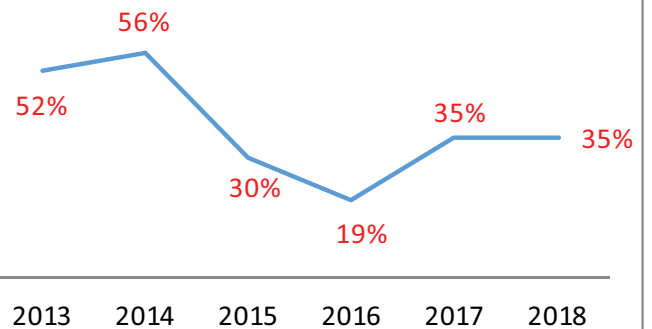
ROI



Break up value



Net Debt Equity Ratio



STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE (CCG)
FOR THE YEAR ENDED 30 JUNE 2018

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

1. The total number of directors are 08 as per the following:
 - a. Male: 06
 - b. Female: 02
2. The composition of board is as follows:
 - a) Independent Director: 01 as named hereunder:
 - i. Mr. Shoaib Ahmad Khan
 - b) Other Non-executive Directors: 06 as named hereunder:
 - i. Mrs. Farhat Saleem, Chairperson;
 - ii. Mr. Muhammad Ali Zeb;
 - iii. Mr. Zain Shahzad;
 - iv. Mr. Aftab Ahmad Khan;
 - v. Mr. Farrukh Ifzal; and
 - vi. Mrs. Sonia Karim.
 - c) Executive Director: 01 as named hereunder:
 - i. Mr. Shahzad Saleem, Chief Executive
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Three Directors are exempt from Directors' Training Programme due to 14 years of education and 15 years of experience on the board of listed companies. Two directors have completed directors' training program. Remaining directors will undergo Directors' Training Programme within the time allowed by CCG.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) Audit Committee (Name of members and Chairman)
 - i. Mr. Shoaib Ahmad Khan (Independent Director and Chairman of Board's Audit Committee)
 - ii. Mr. Muhammad Ali Zeb (Non-Executive Director and Member of Board's Audit Committee)
 - iii. Mr. Zain Shahzad (Non-Executive Director and Member of Board's Audit Committee)
 - b) HR and Remuneration Committee (Name of members and Chairman)
 - i. Mr. Shoaib Ahmad Khan (Independent Director and Chairman of Board's HR&R Committee)

ii. Mrs. Sonia Karim (Non-Executive Director and Member of Board's HR&R Committee)

iii. Mr. Farrukh Ifzal (Non-Executive Director and Member of Board's HR&R Committee)

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

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

a) Audit Committee: 04 meetings held during the year ended 30 June 2018

b) HR and Remuneration Committee: 01 meetings held during the year ended 30 June 2018

15. The board has set up an effective internal audit function and co-sourced the internal audit function to M/s EY Ford Rhodes, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan,

that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

18. Except for as stated above, we confirm that all other requirements of the Regulations have been complied with.

Mrs. FARHAT SALEEM
Chairperson

Date: October 02, 2018
Lahore.

REVIEW REPORT TO THE MEMBERS

ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention

which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr. No.	Paragraph reference	Description
(i)	2	Regulation 6 of the Regulations requires that the independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher. However, there is only one independent director on the Board of Directors of the Company.

RIAZ AHMAD & COMPANY
Chartered Accountants

Date: October 02, 2018
Lahore.

INDEPENDENT AUDITOR'S REPORT

To the members of Nishat (Chunian) Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Nishat (Chunian) Limited (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Inventory existence and valuation</p> <p>Inventory as at 30 June 2018 amounted to Rupees 11,134.100 million and represented a material position in the statement of financial position, break up of which is as follows:</p> <ul style="list-style-type: none">- Stores, spare parts and loose tools amounting to Rupees 686.743 million- Stock-in-trade amounting to Rupees 10,447.357 million <p>The business is characterized by high volume se-</p>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none">• To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.• For a sample of inventory items, re-performed the weighted average cost calculation and

Sr. No.	Key audit matters	How the matter was addressed in our audit
	<p>rial production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters.</p> <p>Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.8 to the financial statements.</p> <p>At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost.</p> <p>Useable stores, spares parts and loose tools and raw materials are valued at weighted average cost, whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.</p> <p>The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required:</p> <ul style="list-style-type: none"> • Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required. <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories note 2.8 to the financial statements. - Stores, spare parts and loose tools note 16 and stock-in-trade note 17 to the financial statements. 	<p>compared the weighted average cost appearing on valuation sheets.</p> <ul style="list-style-type: none"> • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
2.	<p>Preparation of financial statements under the Companies Act, 2017</p> <p>The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In case of the Company, specific additional disclosures and changes to the existing disclosures have</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We assessed the procedures applied by the management for identification of the changes required in the financial statements due the application of the Act. • We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. • We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Date: October 02, 2018
Lahore.

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	3	3,000,000,000	3,000,000,000
Issued, subscribed and paid-up share capital	4	2,402,215,560	2,402,215,560
Reserves	5	11,308,233,791	9,605,759,223
Total equity		13,710,449,351	12,007,974,783
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	4,756,266,450	4,302,681,600
CURRENT LIABILITIES			
Trade and other payables	7	2,238,596,263	1,501,230,807
Accrued mark-up	8	211,095,682	194,237,156
Short term borrowings	9	17,021,991,856	15,236,786,649
Current portion of non-current liabilities	10	1,416,992,650	1,348,981,400
Unclaimed dividend		38,206,334	30,710,405
		20,926,882,785	18,311,946,417
Total liabilities		25,683,149,235	22,614,628,017
CONTINGENCIES AND COMMITMENTS			
	11		
TOTAL EQUITY AND LIABILITIES		39,393,598,586	34,622,602,800

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

Statement under section 232 of the Companies Act, 2017

These financial statements have been signed by two directors and chief financial officer instead of chief executive, one director and chief financial officer as the chief executive is not available for the time being in Pakistan.

DIRECTOR

DIRECTOR

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	12	11,359,643,510	11,972,268,239
Intangible asset	13	1,228,590	2,688,540
Investments in subsidiary companies	14	3,186,681,200	3,902,230,516
Long term loans to employees	15	13,940,372	15,885,959
Long term security deposits		23,647,440	22,234,440
		<u>14,585,141,112</u>	<u>15,915,307,694</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	16	686,743,322	580,064,718
Stock-in-trade	17	10,447,356,778	8,650,117,999
Trade debts	18	8,124,577,164	5,173,332,632
Loans and advances	19	1,865,276,632	1,627,217,961
Short term prepayments		3,453,878	8,091,017
Other receivables	20	3,522,638,415	2,597,671,046
Accrued interest	21	60,317,256	4,483,425
Short term investments	22	21,649,175	21,766,947
Cash and bank balances	23	76,444,854	44,549,361
		<u>24,808,457,474</u>	<u>18,707,295,106</u>
TOTAL ASSETS		<u><u>39,393,598,586</u></u>	<u><u>34,622,602,800</u></u>

CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
REVENUE	24	35,560,396,444	29,815,994,272
COST OF SALES	25	(31,289,052,624)	(26,916,200,873)
GROSS PROFIT		4,271,343,820	2,899,793,399
DISTRIBUTION COST	26	(908,398,202)	(713,514,292)
ADMINISTRATIVE EXPENSES	27	(222,242,176)	(235,449,218)
OTHER EXPENSES	28	(129,114,178)	(199,858,212)
		(1,259,754,556)	(1,148,821,722)
		3,011,589,264	1,750,971,677
OTHER INCOME	29	1,131,881,730	1,122,401,854
PROFIT FROM OPERATIONS		4,143,470,994	2,873,373,531
FINANCE COST	30	(1,383,364,854)	(1,094,723,154)
PROFIT BEFORE TAXATION		2,760,106,140	1,778,650,377
TAXATION	31	(397,022,293)	(157,318,525)
PROFIT AFTER TAXATION		2,363,083,847	1,621,331,852
EARNINGS PER SHARE - BASIC AND DILUTED	32	9.84	6.75

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

Statement under section 232 of the Companies Act, 2017

These financial statements have been signed by two directors and chief financial officer instead of chief executive, one director and chief financial officer as the chief executive is not available for the time being in Pakistan.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
PROFIT AFTER TAXATION	2,363,083,847	1,621,331,852
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,363,083,847	1,621,331,852

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

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DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	33	(674,431,916)	815,626,676
Net increase in long term security deposits		(1,413,000)	(1,465,000)
Finance cost paid		(1,366,506,328)	(1,043,470,215)
Income tax paid		(248,139,633)	(418,776,837)
Net decrease / (increase) in long term loans to employees		1,879,296	(1,671,770)
Net cash used in operating activities		(2,288,611,581)	(649,757,146)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(435,249,966)	(3,568,202,935)
Capital expenditure on intangible asset		(257,650)	(3,868,748)
Proceeds from disposal of operating fixed assets		23,708,387	105,805,812
Loans to subsidiary companies		(4,977,239,955)	(7,384,500,000)
Repayments of loans from subsidiary companies		5,831,045,869	6,601,007,762
Investments in subsidiary companies		-	(489,437,501)
Dividend received from subsidiary company		187,585,820	891,032,645
Short term investments made		-	(20,660,226)
Interest received		37,226,612	3,769,325
Net cash generated from / (used in) investing activities		666,819,117	(3,865,053,866)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,076,300,000	4,575,690,650
Repayment of long term financing		(1,554,703,900)	(2,585,132,650)
Short term borrowings - net		1,785,205,207	3,116,704,127
Dividend paid		(653,113,350)	(596,569,277)
Net cash generated from financing activities		1,653,687,957	4,510,692,850
Net increase / (decrease) in cash and cash equivalents		31,895,493	(4,118,162)
Cash and cash equivalents at the beginning of the year		44,549,361	48,667,523
Cash and cash equivalents at the end of the year		76,444,854	44,549,361

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DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVES			TOTAL EQUITY
		Share premium	General reserve	Unappropriated profit	Total	
			----- Rupees -----			
Balance as at 30 June 2016	2,402,215,560	600,553,890	1,629,221,278	6,355,206,093	7,984,427,371	10,987,196,821
Transaction with owners:						
Final dividend for the year ended 30 June 2016 @ Rupees 2.5 per ordinary	-	-	-	(600,553,890)	(600,553,890)	(600,553,890)
Profit for the year	-	-	-	1,621,331,852	1,621,331,852	1,621,331,852
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,621,331,852	1,621,331,852	1,621,331,852
Balance as at 30 June 2017	2,402,215,560	600,553,890	1,629,221,278	7,375,984,055	9,005,205,333	12,007,974,783
Transaction with owners:						
Final dividend for the year ended 30 June 2017 @ Rupees 2.75 per ordinary	-	-	-	(660,609,279)	(660,609,279)	(660,609,279)
Profit for the year	-	-	-	2,363,083,847	2,363,083,847	2,363,083,847
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,363,083,847	2,363,083,847	2,363,083,847
Balance as at 30 June 2018	2,402,215,560	600,553,890	1,629,221,278	9,078,458,623	10,707,679,901	13,710,449,351

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

Statement under section 232 of the Companies Act, 2017

These financial statements have been signed by two directors and chief financial officer instead of chief executive, one director and chief financial officer as the chief executive is not available for the time being in Pakistan.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1. THE COMPANY AND ITS OPERATIONS

1.1 Nishat (Chunian) 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 31-Q, Gulberg II, Lahore. The Company is engaged in business of spinning, weaving, dyeing, printing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabrics and made-ups made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

1.2 Geographical location and addresses of all business units as at 30 June 2018 are as follows:

Sr. No.	Business units and office	Address
	Manufacturing units:	
1	Spinning Units 1, 4, 5, 7 & 8.	49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.
2	Spinning Units 2, 3, 6 & Weaving.	49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.
3	Dyeing, Printing and Stitching.	4th Kilometre, Manga Road, Raiwind.
	Office	31-Q, 31-C-Q and 10-N, Gulberg-II, Lahore, Pakistan.
	Retail stores	
	The Linen Company (TLC) – I	Outlet No. 9-10, 2nd Floor Gulberg Galleria Mall, Lahore
	The Linen Company (TLC) – II	Z-16, DHA Phase 3, Lahore
	The Linen Company (TLC) – III	2nd Floor, Inside Universal Cinema, Emporium Mall, Lahore
	The Linen Company (TLC) – IV	Outlet No. 21-22, Lower Ground Floor, WTC Giga Mall, Islamabad

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

- a) The exchange rate of United States Dollar to Pak Rupees has increased from Pak Rupees 104.8 as at 30 June 2017 to Pak Rupees 121.4 as at 30 June 2018.
- b) For a detailed discussion about the Company's performance, please refer to the Directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

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

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 12.1.3), management assessment of sufficiency of tax provision in the financial statements (refer note 31.2), change in threshold for identification of executives (refer note 34), additional disclosure requirements for related parties (refer note 35) etc.

c) Accounting convention

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

d) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairment

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

Inventories

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

Accumulating compensated absences

The provision for accumulating compensated absences is made on the basis of accumulated leave balance on account of employees.

Taxation

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

Provisions for doubtful debts

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

Impairment of investments in subsidiary companies

In making an estimate of recoverable amount of the Company's investments in subsidiary companies, the management

considers future cash flows.

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

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

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

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Company's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017). IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified, or included in a disposal group that is classified, as held for sale (in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations). The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments have no impact on the Company's financial statements.

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

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

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2018 or later periods:

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

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and

various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

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

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

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

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

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

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

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition

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

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IAS 28. These amendments are effective for annual periods beginning on or after 01 January 2018. These amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

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

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

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Taxation

Current

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

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used

in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

2.3 Employee benefits

The main features of the schemes operated by the Company for its employees are as follows:

Provident fund

There is an approved contributory provident fund for employees of the Company. Equal monthly contributions are made both by the employees and the Company to the fund in accordance with the fund rules. The Company's contributions to the fund are charged to income currently.

Accumulating compensated absences

The Company provides for accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences.

2.4 Fixed assets

Property, plant, equipment and depreciation

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

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

Depreciation

Depreciation on all operating fixed assets is charged to income on the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 12.1. Depreciation on additions is charged from the month in which the assets are available for use upto the month prior to disposal. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

2.5 Intangible asset

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.6 Ijarah transactions

Ujrah (lease) payments are recognized as expenses in statement of profit or loss on a straight-line basis over the Ijarah term unless another systematic basis is representative of the time pattern of the user's benefit even if the payments are not on that basis.

2.7 Investments

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

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

The Company assess at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investments in subsidiary companies, which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

a) Investment at fair value through profit or loss

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

b) Held-to-maturity

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

c) Investments in subsidiary companies

Investments in subsidiary companies are stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'.

d) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which

are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in statement of profit or loss. These are sub-categorized as under:

Quoted

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

Unquoted

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

2.8 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

Cost of raw materials is measured using the weighted average cost formula.

Cost of work-in-process and finished goods comprise cost of direct material, labour and appropriate manufacturing overheads. Cost of goods purchased for resale is based on first-in-first-out (FIFO) cost formula.

Materials-in-transit are stated at cost comprising invoice values plus other charges paid thereon. Waste stock is valued at net realizable value.

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

2.9 Foreign currencies

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

2.10 Borrowing cost

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of cost of that asset.

2.11 Revenue recognition

Revenue from sales is recognized on dispatch of goods to customers.

Return on bank deposits is accrued on a time proportionate basis by reference to the principal outstanding and the applicable rate of return.

Revenue from sale of electricity is recognized at the time of transmission.

Dividend income on equity investment is recognized as and when the right to receive dividend is established.

2.12 Share capital

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

2.13 Financial instruments

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

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

2.14 Trade debts and other receivables

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

2.15 Borrowings

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

2.16 Trade and other payables

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

2.17 Off setting

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

2.18 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at book value which approximates their fair

value. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts, other short term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.19 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2.20 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in statement of comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss.

Amounts accumulated in equity are recognized in statement of profit or loss in the periods when the hedged item will affect profit or loss.

2.21 Provisions

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

2.22 Impairment

a) Financial assets

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

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

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

b) Non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased

amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of profit or loss.

2.23 Segment reporting

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

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

The Company has following reportable business segments. Spinning – Zone 1, 2 and 3 (Producing different quality of yarn using natural and artificial fibres), Weaving – Unit 1 and 2 (Producing different quality of greige fabric using yarn), Dyeing (Producing dyed fabric using different qualities of greige fabric), Home Textile (Manufacturing of home textile articles using processed fabric produced from greige fabric) and Power Generation (Generating and distributing power).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.24 Government grants

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

2.25 Dividend to ordinary shareholders and other appropriations

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

			2018 Rupees	2017 Rupees
3. AUTHORIZED SHARE CAPITAL				
2018 (Number of shares)	2017			
280,000,000	280,000,000	Ordinary shares of Rupees 10 each	2,800,000,000	2,800,000,000
20,000,000	20,000,000	Preference shares of Rupees 10	200,000,000	200,000,000
<u>300,000,000</u>	<u>300,000,000</u>		<u>3,000,000,000</u>	<u>3,000,000,000</u>

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2018 (Number of shares)	2017		2018 Rupees	2017 Rupees
134,757,848	134,757,848	Ordinary shares of Rupees 10 each fully paid in cash	1,347,578,480	1,347,578,480
104,239,443	104,239,443	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	1,042,394,430	1,042,394,430
1,224,265	1,224,265	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash to members of Umer Fabrics Limited as per the Scheme of Arrangement as approved by the Honourable Lahore High Court, Lahore	12,242,650	12,242,650
<u>240,221,556</u>	<u>240,221,556</u>		<u>2,402,215,560</u>	<u>2,402,215,560</u>

		2018 (Number of shares)	2017
4.1 Ordinary shares of the Company held by companies that are related parties:			
Nishat Mills Limited		32,689,338	32,689,338
D.G. Khan Cement Company Limited		7,274,602	7,274,602
Adamjee Life Assurance Company Limited		1,300,000	1,300,000
		<u>41,263,940</u>	<u>41,263,940</u>

	2018 Rupees	2017 Rupees
5. RESERVES		
Composition of reserves is as follows:		
Capital reserve		
Share premium (Note 5.1)	600,553,890	600,553,890
Revenue reserves		
General reserve	1,629,221,278	1,629,221,278
Unappropriated profit	9,078,458,623	7,375,984,055
	10,707,679,901	9,005,205,333
	<u>11,308,233,791</u>	<u>9,605,759,223</u>

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

6. LONG TERM FINANCING

From banking companies / financial institutions - secured

Long term loans (Note 6.1)		
- MCB Bank Limited - associated company *	240,500,000	240,500,000
- Others	5,457,759,100	4,831,163,000
	5,698,259,100	5,071,663,000
Long term musharaka (Note 6.2)	475,000,000	580,000,000
	6,173,259,100	5,651,663,000
Less: Current portion shown under current liabilities (Note 10)		
Long term loans:		
- MCB Bank Limited - associated company	-	-
- Others	1,316,992,650	1,243,981,400
	1,316,992,650	1,243,981,400
Long term musharaka	100,000,000	105,000,000
	1,416,992,650	1,348,981,400
	<u>4,756,266,450</u>	<u>4,302,681,600</u>

* NIB Bank Limited merged with and into MCB Bank Limited - associated company with effect from close of business on 07 July 2017. Comparatives relating to NIB Bank Limited have been given against MCB Bank Limited for better comparison.

LENDER	2018	2017	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALLMENTS	MARK-UP REPRICING	MARK-UP PAYABLE
From MCB Bank Limited - associated company:						
MCB Bank Limited	160,000,000	160,000,000	SBP rate for LTFF + 1.00%	Sixteen equal half yearly instalments commencing on 25 July 2019 and ending on 25 January 2027.	-	Quarterly
MCB Bank Limited	80,500,000	80,500,000	SBP rate for LTFF + 1.00%	Ten equal half yearly instalments commencing on 07 September 2019 and ending on 07 March 2024.	-	Quarterly
From others:						
	240,500,000	240,500,000				
Standard Chartered Bank (Pakistan) Limited	187,500,000	437,500,000	3-month KIBOR + 0.75%	Sixteen equal quarterly instalments commenced on 04 May 2015 and ending on 04 February 2019.	Quarterly	Quarterly
Allied Bank Limited	17,365,500	25,083,500	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 22 October 2016 and ending on 22 July 2020.	-	Quarterly
Allied Bank Limited	90,000,000	126,000,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 07 January 2017 and ending on 10 October 2020.	-	Quarterly
Allied Bank Limited	96,875,000	135,625,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 20 January 2017 and ending on 20 October 2020.	-	Quarterly
Allied Bank Limited	48,213,000	65,745,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 11 May 2017 and ending on 11 February 2021.	-	Quarterly
Allied Bank Limited	235,000,000	235,000,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 24 February 2019 and ending on 24 November 2026.	-	Quarterly
Allied Bank Limited	131,700,000	131,700,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 18 April 2019 and ending on 18 January 2027.	-	Quarterly
Allied Bank Limited	391,000,000	391,000,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 19 April 2019 and ending on 19 January 2027.	-	Quarterly
Allied Bank Limited	104,562,500	116,512,500	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 21 May 2017 and ending on 21 February 2027.	-	Quarterly
Allied Bank Limited	117,800,000	117,800,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 03 July 2019 and ending on 03 April 2027.	-	Quarterly
Askari Bank Limited	157,500,000	227,500,000	3-month KIBOR + 0.70%	Twenty equal quarterly instalments commenced on 08 December 2015 and ending on 08 September 2020.	Quarterly	Quarterly

LENDER	2018	2017	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALLMENTS	MARK-UP REPRICING	MARK-UP PAYABLE
Askari Bank Limited	141,100,000	157,700,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 02 February 2017 and ending on 02 November 2026.	-	Quarterly
Askari Bank Limited	17,000,000	19,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 February 2017 and ending on 04 November 2026.	-	Quarterly
Askari Bank Limited	127,500,000	142,500,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 08 March 2017 and ending on 08 December 2026.	-	Quarterly
Askari Bank Limited	116,900,000	130,260,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 22 June 2017 and ending on 22 March 2027.	-	Quarterly
Askari Bank Limited	5,580,000	6,200,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commencing on 12 September 2017 and ending on 12 June 2027.	-	Quarterly
Askari Bank Limited	51,800,000	-	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2027.	-	Quarterly
Askari Bank Limited	18,777,500	-	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2027.	-	Quarterly
Askari Bank Limited	18,000,000	20,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027.	-	Quarterly
Askari Bank Limited	106,020,000	117,800,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027.	-	Quarterly
Askari Bank Limited	5,178,600	5,754,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027.	-	Quarterly
Askari Bank Limited	212,400,000	236,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027.	-	Quarterly
Pak Kuwait Investment Company (Private) Limited	38,487,000	52,483,000	SBP rate for LTFF + 0.75%	Eighteen equal quarterly instalments commenced on 22 November 2016 and ending on 22 February 2021.	-	Quarterly
The Bank of Punjab	-	50,000,000	3-month KIBOR + 0.75%	Ten equal half yearly instalments commenced on 17 June 2013 and ended on 17 December 2017.	Quarterly	Quarterly
The Bank of Punjab	-	200,000,000	3-month KIBOR + 0.75%	Ten equal half yearly instalments commenced on 10 December 2013 and ended on 10 June 2018.	Quarterly	Quarterly
The Bank of Punjab	400,000,000	500,000,000	3-month KIBOR + 0.75%	Ten equal half yearly instalments commencing on 30 September 2017 and ending on 30 March 2022.	Quarterly	Quarterly
Samba Bank Limited	-	62,500,000	3-month KIBOR + 0.75%	Sixteen equal quarterly instalments commenced on 28 February 2014 and ended on 31 October 2017.	Quarterly	Quarterly

LENDER	2018	2017	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALLMENTS	MARK-UP REPRICING	MARK-UP PAYABLE
Habib Bank Limited	1,800,000,000	-	3-month KIBOR + 0.50%	Ten equal half yearly instalments commenced on 27 March 2018 and ending 27 September 2022.	Quarterly	Quarterly
Soneri Bank Limited	299,500,000	299,500,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 14 June 2019 and ending on 14 March 2027.	-	Quarterly
Soneri Bank Limited	222,000,000	222,000,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 06 July 2019 and ending on 06 April 2027.	-	Quarterly
Syndicated term finance						
Allied Bank Limited	220,000,000	440,000,000	3-month KIBOR + 1%	Ten equal half yearly instalments commenced on 27 December 2014 and ending on 27 June 2019.	Quarterly	Quarterly
Habib Bank Limited	60,000,000	120,000,000	3-month KIBOR + 1%	Ten equal half yearly instalments commenced on 27 December 2014 and ending on 27 June 2019.	Quarterly	Quarterly
Habib Metropolitan Bank Limited	20,000,000	40,000,000	3-month KIBOR + 1%	Ten equal half yearly instalments commenced on 27 December 2014 and ending on 27 June 2019.	Quarterly	Quarterly
	300,000,000	600,000,000				
	5,457,759,100	4,831,163,000				
	5,698,259,100	5,071,663,000				

6.2 Long term musharaka

LENDER	2018	2017	RATE OF PROFIT PER ANNUM	NUMBER OF INSTALLMENTS	PROFIT REPRICING	PROFIT PAYABLE
	Rupees	Rupees				
Dubai Islamic Bank (Pakistan) Limited	-	80,000,000	6-month KIBOR + 0.75%	Ten equal half yearly instalments commenced on 29 September 2013 and ended on 29 March 2018.	Half Yearly	Half Yearly
Faysal Bank Limited	475,000,000	500,000,000	3-month KIBOR + 0.70%	Twenty equal quarterly instalments commencing on 21 May 2018 and ending on 21 February 2023.	Quarterly	Quarterly
	475,000,000	580,000,000				

6.3 Long term loans are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Company to the extent of Rupees 9,230.58 million (2017: Rupees 8,174.81 million) and ranking charge on all present and future fixed assets of the Company to the extent of Rupees Nil (2017: Rupees 3,238.667 million).

6.4 Long term musharaka are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Company to the extent of Rupees 720 million (2017: Rupees 213,334 million) and ranking charge on all present and future fixed assets of the Company to the extent of Rupees Nil (2017: Rupees 666.67 million).

	2018 Rupees	2017 Rupees
7. TRADE AND OTHER PAYABLES		
Creditors (Note 7.1)	881,574,246	518,174,162
Accrued liabilities	1,144,356,860	757,223,956
Advances from customers	72,570,280	81,790,429
Securities from contractors - interest free and repayable on completion of contracts (Note 7.2)	3,628,300	3,484,800
Retention money	429,946	8,650,318
Income tax deducted at source	8,908,559	19,432,439
Fair value of forward exchange contracts	-	17,060,202
Workers' profit participation fund (Note 7.3)	106,879,305	72,494,888
Others	20,248,767	22,919,613
	<u>2,238,596,263</u>	<u>1,501,230,807</u>

7.1 It includes Rupees 0.926 million (2017: Rupees 34.392 million) due to related parties.

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

7.3 Workers' profit participation fund

Balance as at 01 July	72,494,888	85,243,208
Add: Interest for the year (Note 30)	12,821,913	12,217,220
Add: Allocation for the year (Note 28)	106,879,305	72,494,888
	<u>192,196,106</u>	<u>169,955,316</u>
Less : Payments during the year	85,316,801	97,460,428
Balance as at 30 June	<u>106,879,305</u>	<u>72,494,888</u>

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

	2018 Rupees	2017 Rupees
8. ACCRUED MARK-UP		
Long term financing		
- MCB Bank Limited - associated company	1,798,809	1,336,650
- Others	67,623,410	49,722,129
	<u>69,422,219</u>	<u>51,058,779</u>
Short term borrowings		
- MCB Bank Limited - associated company	2,024,052	4,596,473
- Others	139,649,411	138,581,904
	<u>141,673,463</u>	<u>143,178,377</u>
	<u>211,095,682</u>	<u>194,237,156</u>

	2018 Rupees	2017 Rupees
9. SHORT TERM BORROWINGS		
From banking companies - secured		
Short term running finances (Notes 9.1 and 9.2)		
- MCB Bank Limited - associated company	1,151,049,431	1,074,874,346
- Others	1,136,683,425	1,068,352,427
	2,287,732,856	2,143,226,773
Export finances - Preshipment / SBP refinance (Notes 9.1 and 9.3)		
- MCB Bank Limited - associated company	400,839,000	495,000,000
- Others	7,150,000,000	3,865,059,876
	7,550,839,000	4,360,059,876
Other short term finances (Notes 9.1 and 9.4)	7,183,420,000	8,733,500,000
	<u>17,021,991,856</u>	<u>15,236,786,649</u>

9.1 These finances are obtained from banking companies under mark-up arrangements and are secured by hypothecation of all present and future current assets of the Company and lien on export bills to the extent of Rupees 32,096 million (2017: Rupees 25,462 million) and ranking charge on all present and future current assets of the Company to the extent of Rupees 4,786 million (2017: Rupees 5,667 million). These form part of total credit facilities of Rupees 26,765 million (2017: Rupees 22,265 million).

9.2 The rates of mark-up range from 6.25% to 7.67% (2017: 6.24% to 7.12%) per annum on the balance outstanding.

9.3 The rates of mark-up on Pak Rupee finances and US Dollar finances range from 2.25% to 6.89% (2017: 2.40% to 6.43%) per annum and 1.55% to 2% (2017: 1.30% to 2%) per annum respectively on the balance outstanding.

9.4 The rates of mark-up range from 6.08% to 7.13% (2017: 6.15% to 6.43%) per annum on the balance outstanding.

9.5 Finances from MCB Bank Limited - associated company have been utilized for working capital purposes.

	2018 Rupees	2017 Rupees
10. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Current portion of long term financing (Note 6)	1,416,992,650	1,348,981,400

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 The Company preferred appeal against the Government of Punjab in the Honourable Lahore High Court, Lahore against imposition of electricity duty on internal generation and the writ petition has been accepted. However, Government of Punjab has moved to the Honourable Supreme Court of Pakistan against the order of Honourable Lahore High Court, Lahore. The Company has fully provided its liability in respect of electricity duty on internal generation. As at the reporting date, an amount of Rupees 69.963 million (2017: Rupees 66.650 million) is payable on this account but the management of the Company is confident that payment of electricity duty will not be required.

- 11.1.2** The Collectorate of Customs (Export) has issued show cause notices with the intention to reject the duty draw back claims aggregating to Rupees 9.482 million on blended grey fabrics exported under Duty and Tax Remission Rules for Export (DTRE) scheme. The department is of the view that the Company has not submitted Appendix-1 as per Rule 297-A of the above referred scheme. The Company considers that since it has taken benefit of remission of sales tax only, it is entitled to full duty draw back and filed appeal before Appellate Tribunal Inland Revenue (ATIR), Karachi Bench which was decided against the Company. The Company also applied to Federal Board of Revenue (FBR) to constitute Alternate Dispute Resolution Committee (ADRC) in terms of section 195C of the Customs Act, 1969 to settle the dispute. ADRC vide its order dated 16 April 2008 has recommended the case in favour of the Company and forwarded the case to FBR. However, FBR has not accepted the recommendations of ADRC. The Company has filed appeal before the Honourable High Court of Sindh on 07 December 2013 against the order of ATIR, where the case is pending.
- 11.1.3** The Company impugned selection of its tax affairs for audit in terms of section 177 of the Income Tax Ordinance, 2001 for tax year 2009 in Honourable Lahore High Court, Lahore through writ petition. After dismissal of writ petition by the Honourable Lahore High Court, Lahore, the tax department has completed the audit of tax year 2009 of income tax affairs of the Company and Deputy Commissioner Inland Revenue (DCIR) has passed an order under sections 122(1)/122(5) of the Income Tax Ordinance, 2001 creating a tax demand of Rupees 6.773 million. The Company has filed appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the decision of DCIR which is pending adjudication. No provision against this demand has been made in these financial statements as the Company is hopeful of a favourable outcome of appeal based on the opinion of the tax advisor.
- 11.1.4** As a result of withholding tax audit for the tax year 2006, DCIR has raised a demand of Rupees 32.156 million under sections 161 and 205 of the Income Tax Ordinance, 2001. The Company is in appeal before ATIR as its appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] was unsuccessful. The Company expects a favourable outcome of the appeal based on advice of the tax counsel. The Company also challenged the initiation of proceedings, under section 161 and 205 of the Income Tax Ordinance, 2001 pertaining to tax years 2007, 2008, 2009, 2010, 2011 and 2012 in the Honourable Lahore High Court, Lahore through a writ petition. The Honourable Lahore High Court, Lahore directed the Tax Department to issue notice for reconciliation and in case default is established only then action under section 205 of the Income Tax Ordinance, 2001 can be taken. The Company also filed intra court appeals to the Honourable Lahore High Court, Lahore, which were dismissed. Against this dismissal, appeal has been filed before the Supreme Court of Pakistan which is pending adjudication. The management of the Company believes that the expected favourable outcome of its appeal before ATIR, in respect of tax year 2006 on same issues, will dispose of the initiation of these proceedings. In respect of tax year 2012, the case has been decided at departmental level as stated in Note 11.1.7, hence appeal filed before the Supreme Court of Pakistan in respect of tax year 2012 shall be withdrawn shortly.
- 11.1.5** The Company is in appeal before ATIR as its appeal before CIR(A) against the order of Additional Commissioner Inland Revenue (ACIR) was unsuccessful. ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2011 whereby a demand of Rupees 6.822 million has been raised. No provision against the demand has been made in these financial statements as the Company is hopeful of a favourable outcome of appeal based on opinion of the tax advisor.
- 11.1.6** The Deputy Collector (Refund – Gold) by order dated 16 May 2007 rejected the input tax claim of the Company, for the month of June 2005, amounting to Rupees 1.604 million incurred in zero rated local supplies of textile and articles thereof on the grounds that the input tax claim is in contravention of SRO 992(I)/2005 which states that no registered person engaged in the export of specified goods (including textile and articles thereof) shall, either through zero-rating or otherwise, be entitled to deduct or reclaim input tax paid in respect of stocks of such goods acquired up to 05 June 2005, if not used for the purpose of exports made up to the 31 December 2005. The appeal of the Company before ATIR was successful and input tax claim of the Company is expected to be processed after necessary verification in this regard. Pending the outcome of verification no provision for inadmissible input tax has been recognized in these financial statements.

- 11.1.7** The ACIR through an order under section 161/205 of the Income Tax Ordinance, 2001 created a demand of Rupees 147.745 million for tax year 2012 on account of alleged non-deduction of income tax on payments against the heads commission to selling agents on exports and export marketing expenses. Being aggrieved, the Company filed an appeal before CIR(A), who vide order dated 09 June 2016 accepted the stance of the Company and deleted the demand related to commission to selling agents on exports, whereas, with respect to export marketing expenses, CIR(A) remanded back the case to ACIR. However, the Company has filed appeal before ATIR which is pending for fixation. Based on grounds and facts, the appeal is likely to be decided in favour of the Company. The demand created under section 161/205 of the Income Tax Ordinance, 2001 of tax year 2012 amounting to Rupees 147.745 million by ACIR was subsequently reduced to Rupees 165,593 through appeal effect order issued by ACIR.
- 11.1.8** The Company filed appeal before CIR(A) against the order of ACIR. ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2012 whereby a demand of Rupees 125.162 million has been raised. CIR(A) vide order dated 29 June 2016 has deleted some of the additions made by ACIR. Being aggrieved by the order of CIR(A), the Company as well as the tax department have preferred appeals before the ATIR which are pending adjudication. No provision against this demand has been made in these financial statements as the Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.
- 11.1.9** The Company filed appeal before CIR(A) against the order of ACIR. ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2010 whereby a demand of Rupees 142.956 million has been raised. CIR(A) vide order dated 28 October 2016 has deleted some of the additions made by ACIR. Being aggrieved by the order of CIR(A), the Company as well as the tax department have preferred appeals before the ATIR which are pending adjudication. No provision against this demand has been made in these financial statements as the Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.
- 11.1.10** The Deputy Commissioner Inland Revenue passed an order under sections 161/205 of the Income Tax Ordinance, 2001 creating a demand of Rupees 19.073 million for the tax year 2014. The Company preferred an appeal against this order before CIR (A). The CIR (A) adjudicated that impugned order is unsustainable and remanded back the matter to taxation officer for consideration of legal grounds and merits of the case. The Company has also filed an appeal before ATIR against the order of CIR (A). The proceedings before both forums are pending for adjudication. No provision against this demand has been made in these financial statements as the Company is confident of favorable outcome of its appeals.
- 11.1.11** Through show cause notice, the Collector of Customs, Karachi raised demand of Rupees 23.585 million on the grounds that the Company was not entitled for exemption of sales tax and facility of reduced rate of income tax on 13 consignments of cotton imported during the period from April 2013 to April 2014. The vires of show cause notice were challenged in Honorable Sindh High Court at Karachi from where stay was granted with the direction to the Collector that he will not pass final order pursuant to the impugned show cause notice particularly in respect of advance income tax till next date of hearing. In spite of the categorical orders of the Honorable High Court, the Collector passed order, creating the demand of the aforesaid amount. Appeal against the said order filed in ATIR, Karachi has been dismissed. Custom reference application has been filed in Sindh High Court, Karachi against the order of ATIR. There is sufficient case law on the subject and there is every likelihood that case will be decided in favour of the Company.
- 11.1.12** The Company is contesting sales tax demands / rejections of sales tax by taxation authorities amounting to Rupees 7.098 million at various forums. These demands have been raised on account of various issues, like refund of sales tax on purchases of furnace oil and diesel, non-provision of documents against certain refund processing system objections and supplies made to certain parties. No provision against the aforesaid demands has been made in these financial statements as the management is confident of favourable outcome of its appeals based on advice of the legal counsel. The name of the Company was selected by the FBR through balloting for audit of its sales tax record of tax year 2014. Writ petition against the selection was filed and in pursuance of Court's order, the record was submitted to the assessing officer. Based on the audit, Deputy Commissioner has issued a show cause notice on account of alleged discrepancies/observations noted during audit to the tune of Rupees 7.480 million. The Company has challenged the vires of show cause notice in Lahore High Court, Lahore and expects favourable outcome of the matter, hence no provision has been recognized in these financial statements.

- 11.1.13** Being aggrieved, the Company is in appeal before ATIR against the order of CIR(A). The ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 27.845 million has been raised. The appeal before CIR(A) has been decided and some matters have been decided in favour of the Company. No provision against this demand has been made in these financial statements as the Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.
- 11.1.14** The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Company. Consequently, the Company has claimed input sales tax amounting to Rupees 178.417 million (2017: Rupees 80.269 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.
- 11.1.15** Guarantees of Rupees 609.109 million (2017: Rupees 525.388 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company against electricity connections, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.
- 11.1.16** Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 3,234.598 million (2017: Rupees 2,328.471 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable.
- 11.1.17** The Company has issued cross corporate guarantees of Rupees 9.25 billion (2017: Rupees 14.12 billion) on behalf of NC Electric Company Limited - wholly-owned subsidiary company to secure the obligations of subsidiary company towards its lenders.

11.2 Commitments

- 11.2.1** Contracts for capital expenditure amounting to Rupees Nil (2017: Rupees 49.228 million).
- 11.2.2** Letters of credit other than for capital expenditure amounting to Rupees 1,265.473 million (2017: Rupees 1,318.171 million).
- 11.2.3** Outstanding foreign currency forward contracts of Rupees 418.294 million (2017: Rupees 4,940.270 million).

12. FIXED ASSETS

Property, plant and equipment:

Operating fixed assets (Note 12.1)
Capital work-in-progress (Note 12.2)

	2018 Rupees	2017 Rupees
	11,287,175,272	11,719,057,304
	72,468,238	253,210,935
	11,359,643,510	11,972,268,239

12.1 Reconciliations of carrying amounts of operating fixed assets at the beginning and at the end of the year are as follows:

Description	Operating fixed assets							Total	
	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Factory equipment	Furniture, fixture and equipment	Office equipment		Motor vehicles
----- Rupees -----									
At 30 June 2016									
Cost	634,362,063	3,068,064,891	12,572,895,391	594,464,378	242,664,185	86,735,899	78,486,744	119,840,463	17,397,514,014
Accumulated depreciation	-	(1,084,621,423)	(6,408,929,807)	(218,823,879)	(123,769,901)	(44,599,689)	(33,133,647)	(55,982,131)	(7,969,860,477)
Accumulated impairment loss	-	-	(9,725,736)	-	-	-	-	-	(9,725,736)
Net book value	634,362,063	1,983,443,468	6,154,239,848	375,640,499	118,894,284	42,136,210	45,353,097	63,858,332	9,417,927,801
Year ended 30 June 2017									
Opening net book value	634,362,063	1,983,443,468	6,154,239,848	375,640,499	118,894,284	42,136,210	45,353,097	63,858,332	9,417,927,801
Additions	81,893,956	129,112,396	3,017,136,527	43,933,009	16,913,161	23,537,322	10,926,853	28,802,128	3,352,255,352
Disposals:									
Cost	-	(12,237,028)	(590,180,000)	-	(270,000)	(6,000)	(2,041,104)	(19,268,774)	(624,002,906)
Accumulated impairment loss	-	-	9,725,736	-	-	-	-	-	9,725,736
Accumulated depreciation	-	152,963	368,174,877	-	47,098	2,448	453,721	12,635,154	381,466,261
Depreciation	-	(12,084,065)	(212,279,387)	-	(222,902)	(3,552)	(1,587,383)	(6,633,620)	(232,810,909)
Closing net book value	716,256,019	1,999,147,957	8,320,886,316	379,874,707	122,745,805	59,634,641	49,645,500	70,666,359	11,719,057,304
At 30 June 2017									
Cost	716,256,019	3,184,940,259	14,999,851,918	638,397,387	259,307,346	110,267,221	87,372,493	129,373,817	20,125,766,460
Accumulated depreciation	-	(1,185,792,302)	(6,678,965,602)	(258,522,680)	(136,561,541)	(50,432,580)	(37,726,993)	(58,707,458)	(8,406,709,156)
Net book value	716,256,019	1,999,147,957	8,320,886,316	379,874,707	122,745,805	59,834,641	49,645,500	70,666,359	11,719,057,304
Year ended 30 June 2018									
Opening net book value	716,256,019	1,999,147,957	8,320,886,316	379,874,707	122,745,805	59,834,641	49,645,500	70,666,359	11,719,057,304
Additions	10,806,400	91,707,904	421,689,770	24,437,172	11,668,521	23,803,595	11,322,593	20,556,708	615,992,663
Disposals:									
Cost	-	-	(121,810,851)	(10,000)	-	(619,756)	(1,154,420)	(27,437,810)	(151,032,837)
Accumulated depreciation	-	-	87,423,033	7,641	-	508,652	366,576	16,903,675	105,209,577
Depreciation	-	(102,851,583)	(816,640,222)	(39,226,962)	(13,064,017)	(111,104)	(787,844)	(10,534,135)	(45,823,260)
Closing net book value	727,062,419	1,988,004,278	7,891,548,046	365,082,558	121,350,309	73,570,113	54,490,001	66,067,548	11,287,175,272
At 30 June 2018									
Cost	727,062,419	3,276,648,163	15,299,730,837	662,824,559	270,975,867	133,451,060	97,540,666	122,492,715	20,590,726,286
Accumulated depreciation	-	(1,288,643,885)	(7,408,182,791)	(297,742,001)	(149,625,558)	(59,880,947)	(43,050,665)	(56,425,167)	(9,303,551,014)
Net book value	727,062,419	1,988,004,278	7,891,548,046	365,082,558	121,350,309	73,570,113	54,490,001	66,067,548	11,287,175,272
Annual rate of depreciation (%)									
		5	10	10	10	10	10	10	20

12.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

Description	Qty	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
----- Rupees -----								
Plant and machinery								
Ring frame	1	3,331,627	(2,818,779)	512,848	190,000	(322,848)	Negotiation	Ishaq Textile Mills Limited, Faisalabad
Drawing frame	3	8,521,854	(7,469,807)	1,052,047	50,420	(1,001,627)	Negotiation	Mr. Imran Munawar, Lahore
Auto cone machine	1	1,725,752	(555,249)	1,170,503	126,051	(1,044,452)	Negotiation	Mr. Imran Munawar, Lahore
Auto cone machine	5	7,047,901	(2,183,780)	4,864,121	630,255	(4,233,866)	Negotiation	Mr. Imran Munawar, Lahore
Auto cone machine	1	6,525,834	(2,022,019)	4,503,815	126,051	(4,377,764)	Negotiation	Mr. Imran Munawar, Lahore
Auto cone Muratec	2	48,576,919	(36,786,310)	11,790,609	252,102	(11,538,507)	Negotiation	Mr. Imran Munawar, Lahore
Auto cone Muratec	1	24,288,460	(18,393,155)	5,895,305	115,546	(5,779,759)	Negotiation	Mr. Imran Munawar, Lahore
Auto cone	1	15,763,779	(12,109,113)	3,654,666	115,547	(3,539,119)	Negotiation	Mr. Imran Munawar, Lahore
Drawing frame	1	2,596,450	(1,932,877)	663,573	16,807	(646,766)	Negotiation	Mr. Imran Munawar, Lahore
Motor vehicles								
Honda Civic LEC-11-9927	1	1,855,560	(1,322,137)	533,423	1,200,000	666,577	Negotiation	Mr. Muhammad Afzal, Lahore
Daihatsu Mira LEF-17-2417	1	1,281,146	(179,859)	1,101,287	1,281,146	179,859	Company's policy	Mr. Adil Mehmood (Ex-employee), Lahore
Toyota Corolla Altis LEC-12-2274	1	1,897,690	(1,288,859)	608,831	1,200,000	591,169	Negotiation	Mr. Muhammad Bilal, Lahore
Toyota Corolla Altis LEC-12-2273	1	1,897,690	(1,298,376)	599,314	1,235,000	635,686	Negotiation	Mr. Muhammad Farooq, Lahore
Toyota Corolla Altis LEC-12-3823	1	1,897,740	(1,290,862)	606,878	1,225,000	618,122	Negotiation	Mr. Abdul Hameed Chuhan, Lahore
Toyota Corolla Altis LEA-14-2163	1	2,048,810	(1,064,015)	984,795	1,481,000	496,205	Negotiation	Mr. Muhammad Aqib Zahoor, Lahore
Suzuki Cultus LEC-16-7126	1	1,116,752	(362,125)	754,627	736,490	(18,137)	Company's policy	Mr. Muhammad Tahir (Ex-employee), Lahore
Toyota Hilux Vigo Champ AG-467	1	3,498,168	(2,094,392)	1,403,776	3,200,000	1,796,224	Negotiation	Mr. Mubashar Razzaq, Lahore
Honda City LEF-16-1553	1	1,565,960	(531,922)	1,034,038	1,565,960	531,922	Company's policy	Mr. Rohan Zafer Hashmi (Ex-employee), Lahore
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000								
		15,594,745	(11,505,941)	4,088,804	8,961,012	4,872,208		
		<u>151,032,837</u>	<u>(105,209,577)</u>	<u>45,823,260</u>	<u>23,708,387</u>	<u>(22,114,873)</u>		

12.1.2 The depreciation charge for the year has been allocated as follows:

	2018 Rupees	2017 Rupees
Cost of sales (Note 25)	995,439,652	811,924,755
Administrative expenses (Note 27)	6,611,783	6,390,185
	<u>1,002,051,435</u>	<u>818,314,940</u>

12.1.3 Particulars of immovable fixed assets are as follows:

Manufacturing units and office	Address	Area of land Acres
Manufacturing units		
Spinning Units 1,4,5,7 & 8	49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur	45.83
Spinning Units 2,3,6 & Weaving	49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.	65.20
Dyeing, Printing and Stitching	4th Kilometre, Manga Road, Raiwind.	34.78
Office	31-Q, 31-C-Q, 10-N, Gulberg-II, Lahore, Pakistan	0.98
		<u>146.79</u>

12.2 Capital work-in-progress

	2018 Rupees	2017 Rupees
Civil works on freehold land	2,210	74,926,573
Mobilization advances	137,500	987,035
Letters of credit	39,324	30,070,002
Advances for capital expenditures	72,289,204	147,227,325
	<u>72,468,238</u>	<u>253,210,935</u>

13. INTANGIBLE ASSET

	2018 Rupees	2017 Rupees
Balance as at 01 July	2,688,540	5,019,748
Addition during the year	257,650	3,868,748
Amortization during the year (Note 13.2)	(1,717,600)	(6,199,956)
As at 30 June	<u>1,228,590</u>	<u>2,688,540</u>

13.1 Cost as at 30 June	21,867,812	21,610,162
Accumulated amortization	(20,639,222)	(18,921,622)
Net book value as at 30 June	<u>1,228,590</u>	<u>2,688,540</u>

13.2 Amortization on intangible asset amounting to Rupees 1.718 million (2017: Rupees 6.199 million) has been allocated to administrative expenses.

13.3 Intangible asset - computer software has been amortized at the rate 30% per annum.

	2018 Rupees	2017 Rupees
14. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST		
Nishat Chunian Power Limited - quoted (Note 187,585,820 (2017: 187,585,820) fully paid ordinary shares	1,875,858,200	1,875,858,200
Nishat Chunian USA Inc. - unquoted 10 (2017: 10) fully paid shares with no par value Equity held 100% (2017: 100%)	10,823,000	10,823,000
NC Electric Company Limited - unquoted (Note 120,000,000 (2017: 50,000) fully paid ordinary shares of Rupees 10 each Equity held 100% (2017: 100%)	1,200,000,000	500,000
Advance for purchase of shares	-	1,461,809,323
	1,200,000,000	1,462,309,323
NC Entertainment (Private) Limited - unquoted (Note 14.2) 10,000,000 (2017: 400) fully paid ordinary shares of Rupees 10 each Equity held 100% (2017: 100%)	100,000,000	4,000
Advance for purchase of shares	-	553,235,993
	100,000,000	553,239,993
	<u>3,186,681,200</u>	<u>3,902,230,516</u>

14.1 The Company has pledged 187,354,914 (2017: 187,354,914) ordinary shares to lenders of Nishat Chunian Power Limited for the purpose of securing finance.

14.2 3 ordinary shares of NC Electric Company Limited and 2 ordinary shares of NC Entertainment (Private) Limited are in the name of directors of respective companies nominated by the Company.

14.3 Investments made in subsidiary companies are in accordance with the requirements of the Companies Act, 2017.

	2018 Rupees	2017 Rupees
15. LONG TERM LOANS TO EMPLOYEES		
Considered good:		
Executives (Notes 15.1 and 15.2)	12,469,463	18,001,240
Other employees (Note 15.2)	4,343,547	691,066
	16,813,010	18,692,306
Less: Current portion shown under current assets (Note 19)		
Executives	2,278,227	2,732,427
Other employees	594,411	73,920
	2,872,638	2,806,347
	<u>13,940,372</u>	<u>15,885,959</u>

15.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 18.066 million (2017: Rupees 18.001 million).

15.2 These represent motor vehicle loans and house building loans to executives, payable in 36 to 48 and 96 monthly instalments respectively. Interest on long term loans ranged from 5.00% to 7.91% (2017: 4.63% to 8.12%) per annum while some loans are interest free. Motor vehicle loans are secured against registration of cars in the name of the Company, whereas house building loans are secured against balance standing to the credit of employee in the provident fund trust account.

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

	2018 Rupees	2017 Rupees
16. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	362,151,590	325,819,342
Spare parts	272,408,584	211,203,117
Loose tools	52,183,148	43,042,259
	<u>686,743,322</u>	<u>580,064,718</u>
17. STOCK-IN-TRADE		
Raw materials	8,313,291,820	6,831,007,143
Work-in-process	902,207,503	681,950,465
Finished goods	1,124,942,023	1,058,655,750
Waste	106,915,432	78,504,641
	<u>10,447,356,778</u>	<u>8,650,117,999</u>

- 17.1 Stock-in-trade of Rupees 245.976 million (2017: Rupees 161.563 million) is being carried at net realizable value.
- 17.2 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees Nil (2017: Rupees 6.501 million).
- 17.3 This includes stock of Rupees 29.635 million (2017: Rupees 28.426 million) sent to outside parties for processing.
- 17.4 During the current year, as a result of fire at cotton godown, some cotton bales got burnt. The carrying value of the burnt stock-in-trade was Rupees 100.377 million. The Company have claimed such loss from its insurance providers as referred to in note 29.1.

	2018 Rupees	2017 Rupees
18. TRADE DEBTS		
Considered good:		
Secured:		
- Others	6,560,173,418	4,356,277,736
Unsecured:		
- Nishat Chunian USA Inc. - subsidiary company	811,797,986	507,035,834
- Nishat Mills Limited - related party	39,471,265	69,615,588
- Others	713,134,495	240,403,474
	<u>1,564,403,746</u>	<u>817,054,896</u>
	<u>8,124,577,164</u>	<u>5,173,332,632</u>

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

	2018 Rupees	2017 Rupees
Nishat Chunian USA Inc. - subsidiary company	811,797,986	804,041,452
Nishat Mills Limited - related party	<u>111,242,504</u>	<u>76,301,941</u>

- 18.2 As at 30 June 2018, trade debts due from other than related parties of Rupees 97.271 million (2017: Rupees 24.118 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2018 Rupees	2017 Rupees
Upto 1 month	75,236,313	3,364,584
1 to 6 months	20,464,444	3,115,607
More than 6 months	1,570,085	17,637,926
	<u>97,270,842</u>	<u>24,118,117</u>

- 18.3 As at 30 June 2018, trade debts due from related parties amounting to Rupees 6.622 million (2017: Rupees 37.425 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	2018 Rupees	2017 Rupees
Upto 1 month	6,622,459	37,425,050
1 to 6 months	-	-
More than 6 months	-	-
	<u>6,622,459</u>	<u>37,425,050</u>

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

Jurisdiction and relationship with the Company (related party or other)	Type of arrangements			Total
	Letters of credit	Cash against documents	Contracts	
	-----Rupees-----			
USA				
-Nishat Chunian USA Inc. - subsidiary company	-	-	811,797,986	811,797,986
-Others	265,551,574	143,168,574	6,284,514	415,004,662
Asia				
-Others	3,976,220,756	15,005,283	78,789	3,991,304,828
Europe				
-Others	1,121,076,470	262,355,938	16,774,563	1,400,206,971
Jurisdiction other than above				
-Others	385,953,029	52,564,224	-	438,517,253
	<u>5,748,801,829</u>	<u>473,094,019</u>	<u>834,935,852</u>	<u>7,056,831,700</u>

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

Jurisdiction and relationship with the Company (related party or other)	Type of arrangements			Total
	Letters of credit	Cash against documents	Contracts	
	-----Rupees-----			
USA				
-Nishat Chunian USA Inc. - subsidiary company	-	-	507,035,834	507,035,834
-Others	200,735,128	252,646,545	862,587	454,244,260
Asia				
-Others	2,384,261,815	18,367,248	-	2,402,629,063
Europe				
-Others	612,612,091	282,487,907	13,732,206	908,832,204
Jurisdiction other than above				
-Others	7,932,778	6,675,603	-	14,608,381
	<u>3,205,541,812</u>	<u>560,177,303</u>	<u>521,630,627</u>	<u>4,287,349,742</u>

19. LOANS AND ADVANCES**Considered good:**

Employees - interest free:

	2018 Rupees	2017 Rupees
- Executives	3,086,340	4,465,659
- Other employees	4,135,427	18,630,197
	<u>7,221,767</u>	<u>23,095,856</u>
Current portion of long term loans to employees (Note 15)	2,872,638	2,806,347
Advances to suppliers (Note 19.1)	1,020,949,629	589,447,921
Short term loans to subsidiary companies (Note 19.2)	508,168,820	783,492,238
Advances to contractors	677,006	972,313
Letters of credit	325,386,772	227,403,286
	<u>1,865,276,632</u>	<u>1,627,217,961</u>

19.1 It includes advances amounting to Rupees Nil (2017: Rupees 0.486 million) to D.G. Khan Cement Company Limited - related party and Rupees 2.003 million (2017: Rupees 0.743 million) to Adamjee Insurance Company Limited - associated company. These are neither past due nor impaired.

19.1.1 The maximum aggregate amount of advances to related parties at the end of any month during the year was as follows:

D.G.Khan Cement Company Limited	<u>485,614</u>	<u>6,019,518</u>
Adamjee Insurance Company Limited	<u>4,758,980</u>	<u>3,240,166</u>

19.2 These represent amounts due from following subsidiary companies:

	2018 Rupees	2017 Rupees
Nishat Chunian Power Limited (Note 19.2.1)	-	350,000,000
NC Electric Company Limited (Note 19.2.1)	448,338,227	423,492,238
NC Entertainment (Private) Limited (Note 19.2.1)	59,830,593	10,000,000
	<u>508,168,820</u>	<u>783,492,238</u>

19.2.1 Return on these loans is 3 months KIBOR + 2% or weighted average borrowing cost of the Company, whichever is higher and these loans are repayable within one year from the date of disbursement. These are neither past due nor impaired.

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

	2018 Rupees	2017 Rupees
Nishat Chunian Power Limited	<u>400,000,000</u>	<u>850,000,000</u>
NC Electric Company Limited	<u>502,400,646</u>	<u>423,492,238</u>
NC Entertainment (Private) Limited	<u>446,277,423</u>	<u>10,000,000</u>

	2018 Rupees	2017 Rupees
20. OTHER RECEIVABLES		
Considered good:		
Sales tax recoverable	1,404,097,105	1,080,894,415
Advance income tax - net	894,405,910	1,043,288,570
Export rebate and claims	66,171,247	77,572,321
Duty drawback receivable	773,195,151	341,479,236
Fair value of forward exchange contracts	8,493,361	-
Due from NC Electric Company Limited - subsidiary company (Note 20.1)	162,119,504	-
Insurance claim receivable (Note 20.2)	77,192,605	698,769
Receivable from employees' provident fund trust (Note 20.3)	44,298,020	32,479,681
Miscellaneous	92,665,512	21,258,054
	<u>3,522,638,415</u>	<u>2,597,671,046</u>

20.1 It is in the ordinary course of business and is interest free.

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

	2018 Rupees	2017 Rupees
NC Electric Company Limited	162,119,504	-

20.1.2 The ageing analysis of this receivable is as follows:

	2018 Rupees	2017 Rupees
Upto 1 month	1,923,525	-
1 to 6 months	11,080,344	-
More than 6 months	149,115,635	-
	<u>162,119,504</u>	<u>-</u>

20.2 It includes Rupees 48.519 million (2017: Rupees 0.489 million) receivable from Adamjee Insurance Company Limited - associated company. It is neither past due nor impaired.

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

	2018 Rupees	2017 Rupees
Adamjee Insurance Company Limited - associated company	75,430,412	2,619,898

20.3 The maximum aggregate amount receivable from employees' provident fund trust at the end of any month during the year was as follows:

	2018 Rupees	2017 Rupees
Nishat (Chunain) Limited - Employees Provident Fund	51,815,842	33,377,214

21. ACCRUED INTEREST

On short term loans to:

Nishat Chunian Power Limited - subsidiary company	-	78,054
NC Electric Company Limited - subsidiary company	33,082,811	4,237,905
NC Entertainment (Private) Limited - subsidiary company	27,234,445	167,466
	<u>60,317,256</u>	<u>4,483,425</u>

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

	2018 Rupees	2017 Rupees
Nishat Chunian Power Limited	178,849	568,684
NC Electric Company Limited	33,082,811	4,237,904
NC Entertainment (Private) Limited	42,793,767	167,466

21.2 As at 30 June 2018, accrued interest of Rupees 49.204 million (2017: Rupees 0.156 million) was past due but not impaired. The ageing analysis of this accrued interest is as follows:

Upto 1 month	-	-
1 to 6 months	20,575,839	156,065
More than 6 months	28,627,871	-
	<u>49,203,710</u>	<u>156,065</u>

22. SHORT TERM INVESTMENTS

Held-to-maturity

Term deposit receipts (Note 22.1)	20,660,226	20,660,226
Add: Accrued interest	988,949	1,106,721
	<u>21,649,175</u>	<u>21,766,947</u>

22.1 These represent deposits under lien with the bank of the Company against bank guarantees of the same amount issued by the bank to Sui Northern Gas Pipelines Limited against gas connections. Interest on term deposit receipts ranges from 5.35% to 5.40% (2017: 5.34% to 5.94%) per annum. The maturity period of these term deposit receipts is one year.

23. CASH AND BANK BALANCES

Cash with banks:

On saving accounts (Note 23.1) Including US\$ 14,464 (2017: US\$ 14,444)	1,755,880	1,521,722
On current accounts Including US\$ 81,629 (2017: US\$ 44,338)	71,149,757	41,508,643
	<u>72,905,637</u>	<u>43,030,365</u>

Cash in hand

	<u>3,539,217</u>	<u>1,518,996</u>
	<u>76,444,854</u>	<u>44,549,361</u>

23.1 Rate of profit on saving accounts ranges from 3.75% to 4.50% (2017: 3.11% to 4.75%) per annum.

23.2 Included in cash with banks are Rupees 18.578 million (2017: Rupees 12.542 million) with MCB Bank Limited - associated company.

24. REVENUE

	2018 Rupees	2017 Rupees
Export sales (Note 24.1)	20,044,767,534	17,523,174,149
Local sales (Note 24.2)	14,474,941,854	11,660,194,920
Processing income	298,465,790	240,842,283
Export rebate	36,725,636	39,529,905
Duty drawback	705,495,630	352,253,015
	<u>35,560,396,444</u>	<u>29,815,994,272</u>

24.1 Export sales includes waste sales of Rupees 5.908 million (2017: Rupees Nil).

24.2 Local sales

Sales (Note 24.2.1)

Less: Sales tax

	2018 Rupees	2017 Rupees
Sales (Note 24.2.1)	14,487,485,174	11,663,888,889
Less: Sales tax	12,543,320	3,693,969
	<u>14,474,941,854</u>	<u>11,660,194,920</u>

24.2.1 Local sales includes waste sales of Rupees 957.844 million (2017: Rupees 726.961 million).

25. COST OF SALES

Raw materials consumed (Note 25.1)

Packing materials consumed

Stores, spare parts and loose tools consumed

Processing charges

Salaries, wages and other benefits (Note 25.2)

Fuel and power

Insurance

Postage and telephone

Travelling and conveyance

Vehicles' running and maintenance

Entertainment

Depreciation on operating fixed assets (Note 12.1.2)

Repair and maintenance

Other factory overheads

Raw materials consumed (Note 25.1)	22,062,016,901	19,522,701,235
Packing materials consumed	929,256,432	845,732,666
Stores, spare parts and loose tools consumed	1,045,779,001	916,548,416
Processing charges	415,688,173	103,057,986
Salaries, wages and other benefits (Note 25.2)	2,406,958,235	2,202,361,610
Fuel and power	3,266,258,933	2,541,860,467
Insurance	37,746,401	41,212,846
Postage and telephone	734,763	838,002
Travelling and conveyance	2,987,985	18,971,324
Vehicles' running and maintenance	27,686,394	21,230,302
Entertainment	9,215,023	7,285,903
Depreciation on operating fixed assets (Note 12.1.2)	995,439,652	811,924,755
Repair and maintenance	340,735,302	336,060,035
Other factory overheads	63,503,531	74,296,834
	<u>31,604,006,726</u>	<u>27,444,082,381</u>

Work-in-process

Opening stock

Closing stock

Opening stock	681,950,465	664,745,190
Closing stock	(902,207,503)	(681,950,465)
	<u>(220,257,038)</u>	<u>(17,205,275)</u>

Cost of goods manufactured

Cost of goods manufactured	31,383,749,688	27,426,877,106
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Finished goods and waste - opening stocks

Finished goods

Waste

Finished goods	1,058,655,750	581,318,344
Waste	78,504,641	45,165,814
	<u>1,137,160,391</u>	<u>626,484,158</u>

	<u>32,520,910,079</u>	<u>28,053,361,264</u>
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Finished goods and waste - closing stocks

Finished goods

Waste

Finished goods	(1,124,942,023)	(1,058,655,750)
Waste	(106,915,432)	(78,504,641)
	<u>(1,231,857,455)</u>	<u>(1,137,160,391)</u>

	<u>31,289,052,624</u>	<u>26,916,200,873</u>
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25.1 Raw materials consumed

Opening stock

Add: Purchased during the year

Less: Loss of cotton due to fire (Note 17.4)

Less: Closing stock

Opening stock	6,831,007,143	5,566,727,586
Add: Purchased during the year	23,644,678,967	20,786,980,792
	<u>30,475,686,110</u>	<u>26,353,708,378</u>
Less: Loss of cotton due to fire (Note 17.4)	100,377,389	-
Less: Closing stock	8,313,291,820	6,831,007,143
	<u>22,062,016,901</u>	<u>19,522,701,235</u>

25.2 Salaries, wages and other benefits include Rupees 21.958 million (2017: Rupees 16.952 million) and Rupees 42.141 million (2017: Rupees 39.561 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

	2018 Rupees	2017 Rupees
26. DISTRIBUTION COST		
Salaries and other benefits (Note 26.1)	100,650,733	82,684,060
Ocean freight	147,469,280	96,664,451
Freight and octroi	122,991,035	90,459,446
Forwarding and other expenses	154,792,008	160,347,738
Export marketing expenses	142,214,145	149,997,190
Commission to selling agents	213,381,741	133,361,407
Rent, rates and taxes	11,965,560	-
Printing and stationery	4,170	-
Travelling and conveyance	1,643,249	-
Postage and telephone	408,629	-
Legal and professional	2,946,561	-
Repair and maintenance	4,754,051	-
Electricity and sui gas	1,364,901	-
Entertainment	322,387	-
Miscellaneous	3,489,752	-
	<u>908,398,202</u>	<u>713,514,292</u>

26.1 Salaries and other benefits include Rupees 3.145 million (2017: Rupees 3.882 million) and Rupees 4.444 million (2017: Rupees 3.854 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

27. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 27.1)	107,316,146	94,120,115
Printing and stationery	4,499,527	3,491,940
Vehicles' running and maintenance - net	2,452,947	2,145,527
Travelling and conveyance	47,622,072	39,954,667
Postage and telephone - net	4,063,711	4,022,785
Fee and subscription	7,650,774	5,312,814
Legal and professional (Note 27.2)	16,768,254	12,830,815
Electricity and sui gas - net	2,211,058	1,581,927
Insurance	2,492,695	3,216,017
Repair and maintenance - net	12,071,414	5,152,194
Entertainment	4,399,421	5,215,031
Depreciation on operating fixed assets (Note 12.1.2)	6,611,783	6,390,185
Amortization on intangible asset (Note 13.2)	1,717,600	6,199,956
Miscellaneous - net	2,364,774	45,815,245
	<u>222,242,176</u>	<u>235,449,218</u>

27.1 Salaries and other benefits include Rupees 3.427 million (2017: Rupees 3.002 million) and Rupees 3.785 million (2017: Rupees 3.411 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

27.2 Legal and professional charges include the following in respect of auditors' remuneration for:		
Audit fee	1,700,000	1,591,150
Half yearly review	525,000	450,000
Certification fees	125,000	125,000
Reimbursable expenses	177,000	177,000
	<u>2,527,000</u>	<u>2,343,150</u>

28. OTHER EXPENSES		
Workers' profit participation fund (Note 7.3)	106,879,305	72,494,888
Donations (Note 28.1)	120,000	358,227
Loss on disposal of operating fixed assets (Note 12.1.1)	22,114,873	127,005,097
	<u>129,114,178</u>	<u>199,858,212</u>

28.1 Donations

These include donations amounting to Rupees Nil (2017: Rupees 0.251 million) to Mian Muhammad Yahya Trust, 31-Q, Gulberg II, Lahore in which Mr. Shahzad Saleem, Chief Executive, Mr. Aftab Ahmad Khan, Director and Mrs. Farhat Saleem, Director are trustees and Rupees Nil (2017: Rupees 0.023 million) to Saleem Memorial Trust Hospital, 31-Q, Gulberg II, Lahore in which Mr. Shahzad Saleem, Chief Executive and Mrs. Farhat Saleem, Director are directors.

29. OTHER INCOME

Income from financial assets

	2018 Rupees	2017 Rupees
Return on bank deposits	1,043,978	1,186,625
Credit balances written back	417,222	15,029
Net exchange gain	779,705,584	153,873,433

Income from investment in subsidiary company

Dividend income from Nishat Chunian Power Limited	187,585,820	891,032,645
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Income from loans to subsidiary companies

Interest income on short term loans	91,898,693	8,172,846
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Income from non-financial assets

Sale of scrap	56,055,429	45,736,683
Gain on insurance claim of stock-in-trade written off due to fire (Note 29.1)	14,122,611	-
Reversal of provision for workers' welfare fund	-	21,681,803
Miscellaneous	1,052,393	702,790

1,131,881,730	1,122,401,854
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29.1 As referred to in Note 17.4, during the current year, as a result of a fire incident at cotton godown some cotton bales got burnt. The Company filed the insurance claim in respect of its stock-in-trade. The insurer appointed a surveyor who completed its survey and assessed the insurance claim at Rupees 114.500 million. The assessed amount of insurance claim has been agreed between the insurers and the Company. Out of the total claim, the Company has received proceeds of Rupees 37.500 million from the insurers as on 30 June 2018. As the carrying value of the burnt stock-in-trade was Rupees 100.377 million, hence gain recognized during the year on insurance claim of stock-in-trade written off due to fire amounted to Rupees 14.123 million.

30. FINANCE COST

Mark-up on:

- long term loans	314,176,801	229,269,366
- long term musharaka	37,171,056	20,389,096
- short term running finances	213,257,432	163,788,338
- export finances - Preshipment / SBP refinances	199,947,250	150,688,544
- short term finances - others	471,662,810	429,983,510
Interest on workers' profit participation fund (Note 7.3)	12,821,913	12,217,220
Bank charges and commission	134,327,592	88,387,080

1,383,364,854	1,094,723,154
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31. TAXATION

Current (Note 31.1)

397,022,293	157,318,525
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- 31.1 Provision for current taxation represents minimum tax on local sales, final tax on export sales, super tax and tax on income from other sources at applicable rates. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate has not been presented, being impracticable.
- 31.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

Description	Year ended 30 June		
	2017	2016	2015
	-----Rupees-----		
Provision for taxation	157,318,525	284,243,516	342,947,481
Tax assessed	59,355,908	123,160,379	203,816,588

- 31.2.1 The difference is mainly due to provision for super tax and calculation of tax credit for investment in plant and machinery. The Company is contesting the levy of super tax.

31.3 Deferred income tax asset

The asset for deferred income tax originated due to timing differences relating to:

Taxable temporary difference

Accelerated tax depreciation	(356,553,374)	(344,873,494)
Amortization on intangible asset	(300,608)	-
	(356,853,982)	(344,873,494)

Deductible temporary differences

Available tax losses	1,021,986,894	922,792,379
Amortization on intangible asset	-	352,047

Deferred income tax asset

	1,021,986,894	923,144,426
	665,132,912	578,270,932

Deferred income tax asset not recognized in these financial statements

	(665,132,912)	(578,270,932)
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Deferred income tax asset recognized in these financial statements

	-	-
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- 31.3.1 Deferred income tax asset of Rupees 665.133 million (2017: Rupees 578.271 million) has not been recognized in these financial statements as the Company's management believes that sufficient taxable profits will not be probably available in foreseeable future, hence, the temporary differences may not reverse.
- 31.4 The Company has carry forwardable tax losses of Rupees 3,524 million (2017: Rupees 3,076 million).

32. EARNINGS PER SHARE - BASIC AND DILUTED

	2018	2017
Profit after taxation attributable to ordinary shareholders (Rupees)	2,363,083,847	1,621,331,852
Weighted average number of ordinary shares outstanding during the year (Number)	240,221,556	240,221,556
Basic earnings per share (Rupees)	9.84	6.75

32.1 There is no dilutive effect on basic earnings per share for the year ended 30 June 2018 and 30 June 2017 as the Company has no potential ordinary shares as on 30 June 2018 and 30 June 2017.

	2018 Rupees	2017 Rupees
33. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	2,760,106,140	1,778,650,377
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	1,002,051,435	818,314,940
Amortization on intangible asset	1,717,600	6,199,956
Loss on disposal of operating fixed assets	22,114,873	127,005,097
Dividend income	(187,585,820)	(891,032,645)
Finance cost	1,383,364,854	1,094,723,154
Return on bank deposits	(1,043,978)	(1,186,625)
Interest income on short term loans to subsidiary companies	(91,898,693)	(8,172,846)
Credit balances written back	(417,222)	(15,029)
Reversal of provision for workers' welfare fund (Note 29)	-	(21,681,803)
Working capital changes (Note 33.1)	(5,562,841,105)	(2,087,177,900)
	<u>(674,431,916)</u>	<u>815,626,676</u>
33.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(106,678,604)	201,019,737
Stock-in-trade	(1,797,238,779)	(1,792,161,065)
Trade debts	(2,951,244,532)	25,558,189
Loans and advances	(513,315,798)	167,819,198
Short term prepayments	4,637,139	(5,336,047)
Other receivables	(936,783,209)	(261,104,105)
	<u>(6,300,623,783)</u>	<u>(1,664,204,093)</u>
Increase / (decrease) in trade and other payables	737,782,678	(422,973,807)
	<u>(5,562,841,105)</u>	<u>(2,087,177,900)</u>

33.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2017	5,651,663,000	15,236,786,649	30,710,405	20,919,160,054
Financing / borrowings obtained	2,076,300,000	-	-	2,076,300,000
Repayment of financing / borrowings	(1,554,703,900)	-	-	(1,554,703,900)
Short term borrowings - net	-	1,785,205,207	-	1,785,205,207
Dividend declared	-	-	660,609,279	660,609,279
Dividend paid	-	-	(653,113,350)	(653,113,350)
Balance as at 30 June 2018	<u>6,173,259,100</u>	<u>17,021,991,856</u>	<u>38,206,334</u>	<u>23,233,457,290</u>

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive, directors and executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	----- Rupees -----					
Managerial remuneration	7,300,000	4,600,000	-	-	55,683,472	54,851,007
Contribution to provident fund	-	-	-	-	4,638,433	4,569,089
House rent	2,920,000	1,840,000	-	-	22,273,389	21,940,403
Utilities	730,000	460,000	-	-	5,568,347	5,485,101
Others	2,326,601	1,183,430	-	-	6,630,813	7,616,279
	13,276,601	8,083,430	-	-	94,794,454	94,461,879
Number of persons	1	1	-	-	29	31

34.1 The Company provides to chief executive, directors and certain executives with free use of Company maintained cars and residential telephones.

34.2 Aggregate amount charged in these financial statements for meeting fee to eight (2017: five) directors was Rupees 340,000 (2017: Rupees 360,000).

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

35. TRANSACTIONS WITH RELATED PARTIES

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

	2018 Rupees	2017 Rupees
Subsidiary companies		
Common facilities cost charged	19,200,000	19,200,000
Dividend income	187,585,820	891,032,645
Purchase of fixed assets	-	91,000,000
Sale of goods	1,223,911,487	1,373,699,115
Purchase of electricity and steam	2,862,208,988	805,389,330
Investments made	-	489,437,501
Issue of shares by subsidiary companies against advance for purchase of shares	1,299,496,000	-
Advance for purchase of shares of subsidiary companies transferred to short term loans and other receivable	715,549,313	-
Interest income	91,898,693	8,172,846
Short term loans made	5,555,722,451	7,384,500,000
Repayment / adjustment of short term loans made	5,831,045,869	6,601,007,762
Common area maintenance charges	3,294,200	-
Associated undertakings		
Mark up on borrowings	22,180,251	33,950,215
Insurance premium paid	52,847,578	54,713,338
Insurance claims received	44,393,990	10,805,106
Other related parties		
Purchase of goods	8,969,951	62,256,073
Sale of goods	1,780,323,001	1,459,639,336
Dividend paid	113,475,835	103,159,850
Company's contribution to employees' provident fund trust	50,369,376	46,826,164

35.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in (Note 34)

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

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	Percentage of shareholding
Nishat Chunian Power Limited	Subsidiary company	Yes	51.47
Nishat Chunian USA Inc.	Wholly owned subsidiary company	Yes	100
NC Electric Company Limited	Wholly owned subsidiary company	Yes	100
NC Entertainment (Private) Limited	Wholly owned subsidiary company	Yes	100
Nishat Mills Limited	Share holding	Yes	None
D.G. Khan Cement Company Limited	Share holding	No	None
MCB Bank Limited	Common directorship	Yes	None
Saleem Memorial Trust Hospital	Common directorship	Yes	None
Adamjee Insurance Company Limited	Common directorship	Yes	None
Adamjee Life Assurance Company Limited	Common directorship	Yes	None
Pakgen Power Limited	Common directorship	No	None
Mian Muhammad Yahya Trust	Common directorship	No	None
NC Holdings Limited	Common directorship	No	None
Lalpir Solar Power (Private) Limited	Common directorship	No	None
Nishat Energy Limited	Common directorship	No	None
MCB Islamic Bank Limited	Common directorship	No	None
Nishat Papers Products Company Limited	Common directorship	No	None
Nishat (Aziz Avenue) Hotel and Properties Limited	Common directorship	No	None
Nishat (Gulberg) Hotel and Properties Limited	Common directorship	No	None
Nishat (Raiwind) Hotel and properties Limited	Common directorship	No	None
MCB Financial Services Limited	Common directorship	No	None
Hyundai Nishat Motor (Private) Limited	Common directorship	No	None
Nishat Hotels and Properties Limited	Common directorship	No	None
Nishat (Chunian) Limited - Employees Provident Fund	Post-employment benefit plan	Yes	None

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

Name, address and name of chief executive officer / principal officer	Country of incorporation	Status	Basis of association	Percentage of shareholding	Latest available financial statements of the investee company and auditors' opinion thereon	
					Financial statements period ended	Type of opinion
Nishat Chunian USA Inc. Registered address: 230 Fifth Avenue, Suite 1406, New York, NY 10001. President: Mr. Shahzad	USA	Operational	Wholly owned subsidiary company	100	30 June 2018	Un-modified

35.4 As on 30 June 2018, disclosures relating to investment made in foreign company are as follows:

Name of the company	Jurisdiction	Beneficial owner	Amount of investment			Terms and conditions of investment / advance	Amount of returns received	Litigations against investee company	Default / breach relating to foreign company	Gain / (loss) on disposal of foreign investment
			Made during the year ended 30 June	Rupees	Foreign currency					

Long term investments:

Nishat Chunian USA Inc.	USA	Nishat (Chunian) Limited	2013	10,823,000	USD 110,000	Investment in shares of subsidiary company	None	None	None	Not applicable
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As on 30 June 2017, disclosures relating to investment made in foreign company are as follows:

Name of the company	Jurisdiction	Beneficial owner	Amount of investment			Terms and conditions of investment / advance	Amount of returns received	Litigations against investee company	Default / breach relating to foreign company	Gain / (loss) on disposal of foreign investment
			Made during the year ended 30 June	Rupees	Foreign currency					

Long term investments:

Nishat Chunian USA Inc.	USA	Nishat (Chunian) Limited	2013	10,823,000	USD 110,000	Investment in shares of subsidiary company	None	None	None	Not applicable
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36. NUMBER OF EMPLOYEES

Number of employees as on 30 June

Average number of employees during the year

2018	2017
6,175	6,437
6,248	6,249

36.1 These include 5,968 (2017: 6,220) number of factory employees

37. SEGMENT INFORMATION

	Spinning			Weaving			Processing and Home Textile			Power Generation			Elimination of inter-segment transactions			Total - Company		
	2018	2017	2016	Unit - 1 (1-2)	Unit - 2 (3,4,5)	Unit - 3 (2,3,4)	2018	2017	2016	Dyeing	Sheeting	2018	2017	2016	2018	2017	2016	
Sales:																		
- External	5,114,291,391	4,122,159,476	933,560,146	840,484,056	2,648,803,399	2,889,690,971	2,648,803,399	2,889,690,971	2,889,690,971	2,889,690,971	2,889,690,971	2,889,690,971	2,889,690,971	2,889,690,971	2,889,690,971	2,889,690,971	2,889,690,971	
- Export	1,114,240,315	824,699,286	5,488,024,250	3,613,753,626	5,359,072,035	4,113,418,020	5,359,072,035	4,113,418,020	4,113,418,020	4,113,418,020	4,113,418,020	4,113,418,020	4,113,418,020	4,113,418,020	4,113,418,020	4,113,418,020	4,113,418,020	
- Local	6,577,801,119	4,965,259,282	6,043,984,552	4,434,356,980	9,086,941,098	6,027,493,951	9,086,941,098	6,027,493,951	6,027,493,951	6,027,493,951	6,027,493,951	6,027,493,951	6,027,493,951	6,027,493,951	6,027,493,951	6,027,493,951	6,027,493,951	
Inter-segment	6,897,020,222	5,083,888,629	7,182,911,650	4,833,582,603	3,066,938,992	7,848,482,858	3,066,938,992	7,848,482,858	7,848,482,858	7,848,482,858	7,848,482,858	7,848,482,858	7,848,482,858	7,848,482,858	7,848,482,858	7,848,482,858	7,848,482,858	
Cost of Sales	(6,091,105,252)	(4,657,230,433)	(6,230,335,638)	(4,403,153,344)	(7,935,647,248)	(7,332,216,201)	(7,935,647,248)	(7,332,216,201)	(7,332,216,201)	(7,332,216,201)	(7,332,216,201)	(7,332,216,201)	(7,332,216,201)	(7,332,216,201)	(7,332,216,201)	(7,332,216,201)	(7,332,216,201)	
Gross profit / (loss)	868,992,339	466,238,416	895,566,212	386,446,259	1,100,261,344	635,216,567	1,100,261,344	635,216,567	635,216,567	635,216,567	635,216,567	635,216,567	635,216,567	635,216,567	635,216,567	635,216,567	635,216,567	
Distribution expenses	(84,419,943)	(89,077,264)	(87,086,457)	(85,308,579)	(108,863,937)	(108,007,717)	(108,863,937)	(108,007,717)	(108,007,717)	(108,007,717)	(108,007,717)	(108,007,717)	(108,007,717)	(108,007,717)	(108,007,717)	(108,007,717)	(108,007,717)	
Administrative expenses	(20,988,923)	(19,720,023)	(17,426,329)	(18,930,527)	(31,146,283)	(31,146,283)	(31,146,283)	(31,146,283)	(31,146,283)	(31,146,283)	(31,146,283)	(31,146,283)	(31,146,283)	(31,146,283)	(31,146,283)	(31,146,283)	(31,146,283)	
Profit / (Loss) before taxation and un-allocated income and expenses	(12,989,526)	(20,979,870)	(15,929,574)	(32,929,831)	(142,929,861)	(103,929,861)	(142,929,861)	(103,929,861)	(103,929,861)	(103,929,861)	(103,929,861)	(103,929,861)	(103,929,861)	(103,929,861)	(103,929,861)	(103,929,861)	(103,929,861)	
Un-allocated income and expenses	733,206,016	317,238,915	777,657,166	381,727,178	988,779,542	696,693,182	988,779,542	696,693,182	696,693,182	696,693,182	696,693,182	696,693,182	696,693,182	696,693,182	696,693,182	696,693,182	696,693,182	
Other operating expenses																		
Other operating income																		
Finance cost																		
Provision for doubtful																		
Profit after taxation																		
Profit / (Loss) before taxation and un-allocated income and expenses	3,140,703,442	1,930,827,889	3,140,703,442	1,930,827,889	3,140,703,442	1,930,827,889	3,140,703,442	1,930,827,889	3,140,703,442	1,930,827,889	3,140,703,442	1,930,827,889	3,140,703,442	1,930,827,889	3,140,703,442	1,930,827,889	3,140,703,442	
Other operating expenses	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	(129,144,378)	
Other operating income	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	(1,383,864,854)	
Finance cost	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	(157,218,253)	
Provision for doubtful	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	(2,381,028,824)	
Profit after taxation	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	2,381,028,824	

	Spinning			Weaving			Dyeing			Home Textile			Power Generation			Total - Company		
	2018	2017	2016	Unit - 1	Unit - 2	Unit - 3	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
37.1 Total assets for reportable segments	4,791,339,137	4,206,885,614	5,856,081,167	5,263,971,306	6,304,571,280	3,648,412,131	2,125,864,648	665,508,402	1,189,752,569	4,419,201,667	3,440,838,578	2,979,467,778	2,327,226,385	1,930,215,818	1,628,915,109	31,368,506,303	26,665,026,489	3,902,230,516
Unallocated assets:																		
Investments in subsidiary companies																		
Other receivables																		
Short term investments																		
Cash and bank balances																		
Other corporate assets																		
Total assets as per statement of financial position	113,688,028	82,032,627	138,194,257	100,262,100	167,508,190	121,529,818	65,073,792	36,386,317	580,312,917	383,708,728	386,875,278	255,805,818	383,772,367	315,771,368	2,053,186,250	1,360,572,568	5,651,663,000	
Total liabilities as per statement of financial position																		
Unallocated liabilities:																		
Long term financing																		
Accrued mark-up																		
Short term borrowings																		
Other corporate liabilities																		
Total liabilities as per statement of financial position																		
Geographical information																		
The Company's revenue from external customers by geographical location is detailed below:																		
Europe																		
Asia, Africa and Australia																		
United States of America, Canada and South America																		
Pakistan																		
37.3 All non-current assets of the Company as at reporting dates are located and operating in Pakistan.																		
37.4 Revenue from major customers																		
The Company's revenue is earned from a large mix of customers.																		

38. PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning

	2018	2017
Number of spindles installed	222,708	222,708
Number of spindles worked	213,012	212,164
Capacity after conversion into 20/1 count (Kgs.)	78,969,801	66,097,519
Actual production of yarn after conversion into 20/1 count (Kgs.)	77,802,760	65,120,709

Under utilization of available capacity was due to normal maintenance and time lost in shifting of coarser counts to finer counts and vice versa.

Weaving

Number of looms installed	363	363
Number of looms worked	363	363
Capacity after conversion into 50 picks - square yards	282,370,503	249,955,829
Actual production after conversion into 50 picks - square yards	240,664,380	217,086,638

Under utilization of available capacity was due to the following reasons:

- change of articles required
- higher count and cover factor
- due to normal maintenance

Power plant

Number of engines installed	19	19
Number of engines worked	19	19
Generation capacity (KWh)	355,918,320	355,918,320
Actual generation (KWh)	41,954,708	169,791,503

Under utilization of available capacity was due to normal maintenance and demand.

Dyeing

Number of thermosol dyeing machines	1	1
Number of stenters machines	4	4
Capacity in meters	36,500,000	31,800,000
Actual processing of fabrics - meters	29,769,648	29,104,022

Under utilization of available capacity was due to normal maintenance and demand.

Printing

Number of printing machines	1	1
Capacity in meters	7,825,000	7,825,000
Actual processing of fabrics - meters	7,368,944	7,966,418

Under utilization of available capacity was due to normal maintenance and demand.

Digital printing

Number of printing machines	2	2
Capacity in meters	3,120,000	1,820,000
Actual processing of fabrics - meters	796,820	76,419

Stitching

The plant capacity of this division is indeterminable due to multi product plant involving varying run length of order lots.

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Company's foreign exchange risk exposure is restricted to bank balances, and the amounts receivable / payable from / to the foreign entities. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2018	2017
Cash at banks - USD	96,093	58,782
Trade debts - USD	55,701,534	33,347,608
Trade debts - EURO	2,084,946	585,194
Trade and other payables - USD	(963,224)	(270,937)
Trade and other payables - EURO	(122,857)	(23,649)
Short term borrowings - USD	-	(8,410,094)
Accrued mark-up - USD	-	(54,186)
Net exposure - USD	54,834,403	24,671,173
Net exposure - EURO	1,962,089	561,545

The following significant exchange rates were applied during the year:

	2018	2017
Rupees per US Dollar		
Average rate	110.43	104.55
Reporting date rate	121.40	104.80
Rupees per EURO		
Average rate	131.89	114.17
Reporting date rate	141.33	119.91

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 325.846 million (2017: Rupees 124.229 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

(iii) Interest rate risk

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

The Company has no significant long-term interest-bearing asset. The Company's interest rate risk arises mainly from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

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

	2018 Rupees	2017 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	2,853,259,100	2,527,909,000
Short term borrowings	3,700,839,000	3,810,059,876
	6,554,098,100	6,337,968,876
Financial assets		
Long term loans to employees	8,674,680	12,342,730
Net exposure	<u>(6,545,423,420)</u>	<u>(6,325,626,146)</u>
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	1,755,880	1,521,722
Short term investments	20,660,226	20,660,226
	22,416,106	22,181,948
Financial liabilities		
Long term financing	3,320,000,000	3,123,754,000
Short term borrowings	13,321,152,856	11,426,726,773
	16,641,152,856	14,550,480,773
Net exposure	<u>(16,618,736,750)</u>	<u>(14,528,298,825)</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 157.878 million (2017: Rupees 138.019 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2018 Rupees	2017 Rupees
Long term security deposits	23,647,440	22,234,440
Trade debts	8,124,577,164	5,173,332,632
Loans and advances	532,203,597	825,280,400
Other receivables	254,785,016	21,956,823
Short term investments	21,649,175	21,766,947
Bank balances	72,905,637	43,030,365
	<u>9,029,768,029</u>	<u>6,107,601,607</u>

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

	Rating			2018	2017
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	634,655	184
Bank Alfalah Limited	A1+	AA+	PACRA	1,425,527	1,228,920
Bank Al-Habib Limited	A1+	AA+	PACRA	4,744,155	365,187
Dubai Islamic Bank (Pakistan) Limited	A-1	AA-	JCR-VIS	447,226	260,413
Faysal Bank Limited	A1+	AA	PACRA	8,826,290	3,805,115
Habib Bank Limited	A-1+	AAA	JCR-VIS	25,625,494	2,067,476
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	17,172,220
Industrial and Commercial Bank of China Limited	P-1	A1	Moody's	2,334	2,785
MCB Bank Limited	A1+	AAA	PACRA	18,577,753	12,541,584
Meezan Bank Limited	A-1+	AA+	JCR-VIS	8,416,590	2,515,829
National Bank of Pakistan	A1+	AAA	PACRA	147,356	144,704
Samba Bank Limited	A-1	AA	JCR-VIS	1,778,095	-
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	178,611	154,189
The Bank of Punjab	A1+	AA	PACRA	-	957,538
United Bank Limited	A-1+	AAA	JCR-VIS	2,101,551	1,814,221
				72,905,637	43,030,365
Short term investments					
BankIslami Pakistan Limited	A1	A+	PACRA	21,649,175	21,766,947
				94,554,812	64,797,312

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 18.

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

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2018, the Company had Rupees 9,743 million (2017: Rupees 7,028 million) available borrowing limits from financial institutions and Rupees 76.445 million (2017: Rupees 44.549 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2018:

Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
----- Rupees -----					

Non-derivative financial liabilities:

Long term financing	6,173,259,100	7,005,982,758	1,036,761,188	859,626,657	1,258,400,688	3,851,194,225
Short term borrowings	17,021,991,856	17,257,378,329	14,895,365,571	2,362,012,758	-	-
Trade and other payables	2,050,238,119	2,050,238,119	2,050,238,119	-	-	-
Accrued mark-up	211,095,682	211,095,682	211,095,682	-	-	-
	25,456,584,757	26,524,694,888	18,193,460,560	3,221,639,415	1,258,400,688	3,851,194,225

Contractual maturities of financial liabilities as at 30 June 2017:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
----- R u p e e s -----						
Non-derivative financial liabilities:						
Long term financing	5,651,663,000	6,503,129,073	925,395,850	745,481,195	1,172,738,226	3,659,513,802
Short term borrowings	15,236,786,649	15,467,234,688	13,253,890,306	2,213,344,382	-	-
Trade and other payables	1,358,223,456	1,358,223,456	1,358,223,456	-	-	-
Accrued mark-up	194,237,156	194,237,156	194,237,156	-	-	-
	<u>22,440,910,261</u>	<u>23,522,824,373</u>	<u>15,731,746,768</u>	<u>2,958,825,577</u>	<u>1,172,738,226</u>	<u>3,659,513,802</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at reporting date. The rates of interest / mark up have been disclosed in note 6 and note 9 to these financial statements.

39.2 Financial instruments by categories

Assets as per statement of financial position

	2018		2017
	Loans and receivables	At fair value through profit or loss	Loans and receivables
	Rupees	Rupees	Rupees
Long term security deposits	23,647,440	-	22,234,440
Trade debts	8,124,577,164	-	5,173,332,632
Loans and advances	532,203,597	-	825,280,400
Other receivables	254,785,016	8,493,361	21,956,823
Short term investments	21,649,175	-	21,766,947
Cash and bank balances	76,444,854	-	44,549,361
	<u>9,033,307,246</u>	<u>8,493,361</u>	<u>6,109,120,603</u>

Liabilities as per statement of financial position

	2018	2017	
	At amortized cost	At amortized cost	At fair value through profit or loss
	Rupees	Rupees	Rupees
Long term financing	6,173,259,100	5,651,663,000	-
Accrued mark-up	211,095,682	194,237,156	-
Short term borrowings	17,021,991,856	15,236,786,649	-
Trade and other payables	2,050,238,119	1,341,163,254	17,060,202
	<u>25,456,584,757</u>	<u>22,423,850,059</u>	<u>17,060,202</u>

39.3 Offsetting financial assets and financial liabilities

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

40. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in note 6 and note 9 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy was to maintain a gearing ratio of 65% debt and 35% equity (2017: 65% debt and 35% equity).

		2018	2017
Borrowings	Rupees	23,195,250,956	20,888,449,649
Total equity	Rupees	13,710,449,351	12,007,974,783
Total capital employed	Rupees	<u>36,905,700,307</u>	<u>32,896,424,432</u>
Gearing ratio	Percentage	<u>62.85</u>	<u>63.50</u>

There is no significant change in gearing ratio.

41. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

----- Rupees -----

Financial assets

Derivative financial assets	-	8,493,361	-	8,493,361
Total financial assets	-	8,493,361	-	8,493,361

Recurring fair value measurements At 30 June 2017	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

----- Rupees -----

Financial liabilities

Derivative financial liabilities	-	17,060,202	-	17,060,202
Total financial liabilities	-	17,060,202	-	17,060,202

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

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

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

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

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.

42. UNUTILIZED CREDIT FACILITIES

The Company has total credit facilities amounting to Rupees 26,765 million (2017: Rupees 22,265 million) out of which Rupees 9,743 million (2017: Rupees 7,028 million) remained unutilized at the end of the year.

43. EVENTS AFTER THE REPORTING PERIOD

43.1 The Board of Directors of the Company at their meeting held on October 02, 2018 has proposed cash dividend of Rupees 4.00 per ordinary share (2017: Rupees 2.75 per ordinary share) in respect of the year ended 30 June 2018. However, this event has been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

43.2 Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 7.5% of accounting profit before tax of the Company if it does not distribute at least 40% of its after tax profit for the year within six months of the end of the year ended 30 June 2018 through cash or bonus shares. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on October 02, 2018 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

43.3 In order to concentrate on the core business of the Company, the board of directors of the Company in their meeting held on 24 July 2018 and subsequently the shareholders of the Company in their Extra Ordinary General Meeting held on 20 August 2018 approved the sale of NC Entertainment (Private) Limited, a wholly owned subsidiary company, to the highest bidder (Mr. Shahmir Yahya, a related party). The transaction is expected to be completed shortly after completion of related legal and corporate formalities. Total agreed consideration for disposal of investment in subsidiary company is Rupees 322 million against cost of investment in subsidiary company of Rupees 100 million.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 02, 2018 by the Board of Directors of the Company.

45. PROVIDENT FUND

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

46. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made. However, to comply with the requirements of the Companies Act, 2017 unclaimed dividend and intangible asset have been reclassified from trade and other payables and fixed assets respectively and presented on the face of statement of financial position.

47. GENERAL

Figures have been rounded off to nearest of Rupee.

48. STATEMENT UNDER SECTION 232 OF THE COMPANIES ACT, 2017

These financial statements have been signed by two directors and chief financial officer instead of chief executive, one director and chief financial officer as the chief executive is not available for the time being in Pakistan.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2018

Number of ShareHolders	Shareholding		Total Number of Shares Held	Percentage of Total Capital
	From	To		
2,501	1	100	53,125	0.02
1,186	101	500	360,761	0.15
851	501	1000	692,515	0.29
1,285	1001	5000	3,560,439	1.48
343	5001	10000	2,606,132	1.08
131	10001	15000	1,674,015	0.70
64	15001	20000	1,165,504	0.49
56	20001	25000	1,310,559	0.55
36	25001	30000	1,003,253	0.42
15	30001	35000	499,101	0.21
23	35001	40000	874,357	0.36
19	40001	45000	815,519	0.34
16	45001	50000	789,670	0.33
9	50001	55000	469,117	0.20
13	55001	60000	757,402	0.32
5	60001	65000	315,381	0.13
13	65001	70000	877,306	0.37
10	70001	75000	733,063	0.31
1	75001	80000	76,900	0.03
3	80001	85000	245,020	0.10
3	85001	90000	266,955	0.11
4	90001	95000	369,136	0.15
15	95001	100000	1,492,523	0.62
3	100001	105000	306,406	0.13
5	105001	110000	539,871	0.22
2	120001	125000	250,000	0.10
2	125001	130000	260,000	0.11
5	130001	135000	663,396	0.28
3	135001	140000	412,700	0.17
1	140001	145000	145,000	0.06
4	145001	150000	598,500	0.25
1	150001	155000	152,002	0.06
1	155001	160000	156,000	0.06
1	160001	165000	162,000	0.07
1	165001	170000	167,716	0.07
2	170001	175000	350,000	0.15
5	180001	185000	912,856	0.38
1	190001	195000	190,500	0.08
8	195001	200000	1,597,000	0.66
3	200001	205000	604,194	0.25
1	205001	210000	210,000	0.09
2	235001	240000	475,500	0.20

4	245001	250000	990,833	0.41
1	260001	265000	261,770	0.11
2	270001	275000	545,000	0.23
2	295001	300000	600,000	0.25
1	315001	320000	315,550	0.13
2	320001	325000	649,500	0.27
1	325001	330000	329,500	0.14
1	345001	350000	350,000	0.15
1	370001	375000	375,000	0.16
2	375001	380000	754,000	0.31
2	395001	400000	800,000	0.33
1	405001	410000	406,000	0.17
1	410001	415000	411,500	0.17
1	430001	435000	435,000	0.18
1	435001	440000	436,500	0.18
1	455001	460000	459,000	0.19
1	460001	465000	462,500	0.19
2	595001	600000	1,196,500	0.50
1	600001	605000	605,000	0.25
1	620001	625000	625,000	0.26
1	630001	635000	631,500	0.26
1	640001	645000	640,603	0.27
1	650001	655000	650,500	0.27
1	660001	665000	665,000	0.28
1	725001	730000	730,000	0.30
1	795001	800000	800,000	0.33
1	905001	910000	907,000	0.38
1	940001	945000	942,000	0.39
1	945001	950000	950,000	0.40
1	985001	990000	985,450	0.41
2	995001	1000000	2,000,000	0.83
1	1170001	1175000	1,172,000	0.49
1	1265001	1270000	1,268,000	0.53
1	1295001	1300000	1,300,000	0.54
1	1435001	1440000	1,439,258	0.60
1	1550001	1555000	1,551,000	0.65
1	1625001	1630000	1,629,603	0.68
1	1810001	1815000	1,811,500	0.75
1	1985001	1990000	1,986,950	0.83
1	2145001	2150000	2,150,000	0.90
1	2455001	2460000	2,458,014	1.02
1	2535001	2540000	2,535,016	1.06
1	2860001	2865000	2,861,500	1.19
1	3155001	3160000	3,159,500	1.32
1	3420001	3425000	3,421,974	1.42
1	3720001	3725000	3,720,340	1.55
1	4235001	4240000	4,240,000	1.77
1	4670001	4675000	4,671,800	1.94

1	5135001	5140000	5,139,064	2.14
1	5625001	5630000	5,626,868	2.34
1	5640001	5645000	5,644,999	2.35
1	5805001	5810000	5,807,791	2.42
1	6095001	6100000	6,100,000	2.54
1	8180001	8185000	8,180,719	3.41
1	8340001	8345000	8,343,914	3.47
1	10870001	10875000	10,870,685	4.53
1	11820001	11825000	11,822,562	4.92
2	13960001	13965000	27,920,654	11.62
1	15395001	15400000	15,400,000	6.41
1	17045001	17050000	17,049,469	7.10
1	20865001	20870000	20,866,776	8.69
6,725	<-----Total----->		240,221,556	100.00

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2018

CATEGORIES OF SHAREHOLDERS		NO. OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
A)	Directors/Chief Executive Officer and their spouse and minor Children			
	Mr. Shahzad Saleem	2	27,920,154	11.62
	Mrs. Farhat Saleem	2	5,915,662	2.46
	Mr. Zain Shahzad	1	500	0.00
	Mrs. Sonia Karim	1	50,017	0.02
	Mr. Farrukh Ifzal	1	500	0.00
	<u>Spouse:</u>			
	Mrs. Ayesha Shahzad w/o Mr. Shahzad Saleem	2	238,448	0.10
	TOTAL:-	9	34,125,281	14.21
B)	Executives			
	N/A	-	-	0.00
C)	Associated Companies, Undertakings and related parties	4	39,963,940	16.64
D)	Public Sectors Companies & Corporations	-	-	
E)	NIT and IDBP (ICP UNIT)	4	5,617	0.00
F)	Banks, Development Financial Institutions & Non-Banking Financial Institutions	25	19,306,540	8.04
H)	Insurance Companies	10	20,114,214	8.37
I)	Modarabas & Mutual Funds	27	17,484,180	7.28
J)	*Shareholding 5% or more	*4	88,530,146	*36.85
K)	Joint Stock Companies	109	8,476,513	3.53
L)	Others	64	12,203,969	5.08
M)	General Public	6,475	88,541,302	36.86
	TOTAL:-	6,725	240,171,039	100.00

* Shareholders having 5% or above shares exist in other categories therefore not included in total.

Shareholding Detail of 5% or more

Name of Shareholder	Shares held	%
MR. SHAHZAD SALEEM	27,920,154	11.62
MR. YAHYA SALEEM	13,960,302	5.81
MR. SHAHMIR YAHYA	13,960,352	5.81
NISHAT MILLS LIMITED	32,689,338	13.61
TOTAL :-	88,530,146	36.85

INFROMATION UNDER CLAUSE XIX(I) OF THE CODE OF CORPORATE GOVERNANCE

All the trade in the company/s shares carried by its Directors, CEO, CFO, Company Secretary and their spouse and minor children during the year July 1, 2017 to June 30, 2018:

Sale	Purchase
-	-



**NISHAT (CHUNIAN) LIMITED
AND ITS SUBSIDIARY COMPANIES**

**CONSOLIDATED FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION**

30 JUNE 2018



INDEPENDENT AUDITOR'S REPORT

To the members of Nishat (Chunian) Limited

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

The auditors of Nishat Chunian Power Limited (Subsidiary Company) have drawn attention to Note 19.7 to the consolidated financial statements, which describe the matter regarding recoverability of certain trade debts. Their opinion is not modified in respect of this matter.

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p>Inventory existence and valuation</p> <p>Inventory of the textile business of the Group represented a material position in the consolidated statement of financial position.</p> <p>The textile business is characterized by high volumes and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters.</p>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none">To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.9 to the consolidated financial statements.</p> <p>At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost.</p> <p>Useable stores, spares parts and loose tools and raw materials are valued at weighted average cost, whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.</p> <p>The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required:</p> <ul style="list-style-type: none"> • Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required. <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories note 2.9 to the consolidated financial statements. - Stores, spare parts and loose tools note 17 and stock-in-trade note 18 to the consolidated financial statements. 	<ul style="list-style-type: none"> • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
2.	<p>Preparation of consolidated financial statements under the Companies Act, 2017</p> <p>The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Group's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements.</p> <p>In case of the Group, specific additional disclosures and changes to the existing disclosures have been included in the consolidated financial statements.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We assessed the procedures applied by the management for identification of the changes required in the consolidated financial statements due the application of the Act. • We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. • We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Date: October 02, 2018
Lahore.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	3	3,000,000,000	3,000,000,000
Issued, subscribed and paid-up share capital	4	2,402,215,560	2,402,215,560
Reserves	5	15,679,647,437	12,541,748,839
Equity attributable to equity holders of the Holding Company		18,081,862,997	14,943,964,399
Non-controlling interest		5,976,634,360	4,489,481,958
Total equity		24,058,497,357	19,433,446,357
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	10,481,386,830	13,518,998,245
Deferred revenue	7	2,972,000	-
Deferred income tax liability	8	-	29,687,845
		10,484,358,830	13,548,686,090
CURRENT LIABILITIES			
Trade and other payables	9	3,178,485,746	2,144,384,880
Accrued mark-up	10	570,404,272	506,797,544
Short term borrowings	11	25,510,180,650	21,474,756,918
Unclaimed dividend		53,705,334	45,804,405
Current portion of non-current liabilities	12	4,675,185,917	4,174,666,224
		33,987,961,919	28,346,409,971
Total liabilities		44,472,320,749	41,895,096,061
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		68,530,818,106	61,328,542,418

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

Statement under section 232 of the Companies Act, 2017

These consolidated financial statements have been signed by two directors and chief financial officer instead of chief executive, one director and chief financial officer as the chief executive is not available for the time being in Pakistan.

DIRECTOR

DIRECTOR

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	14	28,359,395,549	29,826,624,961
Intangible assets	15	19,714,770	23,471,181
Long term loans to employees	16	17,897,227	20,847,814
Long term security deposits		23,752,440	22,339,440
Deferred income tax asset	8	8,793,557	-
		<u>28,429,553,543</u>	<u>29,893,283,396</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	17	1,364,302,917	1,214,819,200
Stock-in-trade	18	12,756,423,851	10,091,417,012
Trade debts	19	19,204,333,280	13,916,760,930
Loans and advances	20	1,619,392,876	1,320,638,807
Short term deposits and prepayments	21	30,497,543	32,099,574
Other receivables	22	4,841,867,825	4,580,174,905
Short term investments	23	32,179,691	32,294,160
Cash and bank balances	24	252,266,580	247,054,434
		<u>40,101,264,563</u>	<u>31,435,259,022</u>
TOTAL ASSETS		<u><u>68,530,818,106</u></u>	<u><u>61,328,542,418</u></u>

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
REVENUE	25	53,033,447,870	46,491,076,370
COST OF SALES	26	(43,746,611,007)	(38,765,841,557)
GROSS PROFIT		9,286,836,863	7,725,234,813
DISTRIBUTION COST	27	(968,232,967)	(895,297,451)
ADMINISTRATIVE EXPENSES	28	(483,225,873)	(447,957,227)
OTHER EXPENSES	29	(170,755,814)	(284,671,147)
		(1,622,214,654)	(1,627,925,825)
		7,664,622,209	6,097,308,988
OTHER INCOME	30	888,130,215	255,442,049
PROFIT FROM OPERATIONS		8,552,752,424	6,352,751,037
FINANCE COST	31	(2,712,197,173)	(2,245,621,672)
PROFIT BEFORE TAXATION		5,840,555,251	4,107,129,365
TAXATION	32	(369,490,920)	(188,551,657)
PROFIT AFTER TAXATION		5,471,064,331	3,918,577,708
PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE HOLDING COMPANY		3,804,150,810	2,452,753,644
NON-CONTROLLING INTEREST		1,666,913,521	1,465,824,064
		5,471,064,331	3,918,577,708
EARNINGS PER SHARE - BASIC AND DILUTED	33	15.84	10.21

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

Statement under section 232 of the Companies Act, 2017

These consolidated financial statements have been signed by two directors and chief financial officer instead of chief executive, one director and chief financial officer as the chief executive is not available for the time being in Pakistan.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
PROFIT AFTER TAXATION	5,471,064,331	3,918,577,708
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of foreign operations	(5,642,933)	(52,232)
Other comprehensive loss for the year	(5,642,933)	(52,232)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>5,465,421,398</u>	<u>3,918,525,476</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE HOLDING COMPANY	3,798,507,877	2,452,701,412
NON-CONTROLLING INTEREST	1,666,913,521	1,465,824,064
	<u>5,465,421,398</u>	<u>3,918,525,476</u>

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DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	3,151,577,483	2,856,190,481
Net increase in long term security deposits		(1,413,000)	(1,465,000)
Finance cost paid		(2,648,590,445)	(2,197,629,832)
Income tax paid		(259,472,863)	(431,903,361)
Net decrease / (increase) in long term loans to employees		2,822,296	2,607,230
Net cash generated from operating activities		244,923,471	227,799,518
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(950,075,988)	(4,681,996,061)
Capital expenditure on intangible asset		(3,480,645)	(25,562,390)
Proceeds from sale of operating fixed assets		49,975,387	110,224,812
Loss on derivative financial instruments		-	(1,713,000)
Short term investments - net		-	(20,660,226)
Profit on bank deposits received		3,650,313	2,947,727
Net cash used in investing activities		(899,930,933)	(4,616,759,138)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,276,300,000	4,447,684,104
Repayment of long term financing		(4,813,391,722)	(3,453,000,500)
Short term borrowings - net		4,035,423,732	5,014,191,343
Dividend paid to non-controlling interest		(179,761,119)	(853,865,314)
Dividends paid		(652,708,350)	(595,057,341)
Net cash generated from financing activities		665,862,541	4,559,952,292
Net increase in cash and cash equivalents		10,855,079	170,992,672
Impact of exchange translation		(5,642,933)	(52,232)
Cash and cash equivalents at the beginning of the year		247,054,434	76,113,994
Cash and cash equivalents at the end of the year		252,266,580	247,054,434

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DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY							NON-CONTROLLING INTEREST	TOTAL EQUITY		
	CAPITAL RESERVES		REVENUE RESERVES			TOTAL RESERVES	SHAREHOLDERS' EQUITY				
	Exchange translation reserve	Share premium	General reserve	Unappropriated profit	Total						
Balance as at 30 June 2016	2,402,215,560	(983,772)	600,553,890	1,629,221,278	8,460,809,921	10,090,031,199	10,689,601,317	13,091,816,877	3,562,941,251	16,654,758,128	
Transactions with owners:											
Final dividend for the year ended 30 June 2016 @ Rupees 2.5 per ordinary share	-	-	-	-	(600,553,890)	(600,553,890)	(600,553,890)	(600,553,890)	-	(539,283,357)	(600,553,890)
Dividend to non-controlling interest	-	-	-	-	(600,553,890)	(600,553,890)	(600,553,890)	(600,553,890)	(539,283,357)	(1,139,837,247)	(600,553,890)
Profit for the year	-	-	-	-	2,452,753,644	2,452,753,644	2,452,753,644	2,452,753,644	1,465,824,064	3,918,577,708	(600,553,890)
Other comprehensive loss for the year	-	(52,232)	-	-	(52,232)	(52,232)	(52,232)	(52,232)	-	(52,232)	(52,232)
Total comprehensive income for the year	-	(52,232)	-	-	2,452,753,644	2,452,753,644	2,452,753,644	2,452,753,644	1,465,824,064	3,918,525,476	(600,553,890)
Balance as at 30 June 2017	2,402,215,560	(1,036,004)	600,553,890	1,629,221,278	10,313,009,675	11,942,230,963	12,541,748,839	14,943,964,399	4,489,481,958	19,433,446,357	
Transactions with owners:											
Final dividend for the year ended 30 June 2017 @ Rupees 2.75 per ordinary share	-	-	-	-	(660,609,279)	(660,609,279)	(660,609,279)	(660,609,279)	-	(660,609,279)	(660,609,279)
Dividend to non-controlling interest	-	-	-	-	(660,609,279)	(660,609,279)	(660,609,279)	(660,609,279)	(179,761,119)	(840,370,398)	(660,609,279)
Profit for the year	-	-	-	-	3,804,150,810	3,804,150,810	3,804,150,810	3,804,150,810	1,666,913,521	5,471,064,331	(660,609,279)
Other comprehensive loss for the year	-	(5,642,933)	-	-	(5,642,933)	(5,642,933)	(5,642,933)	(5,642,933)	-	(5,642,933)	(5,642,933)
Total comprehensive income for the year	-	(5,642,933)	-	-	3,804,150,810	3,804,150,810	3,804,150,810	3,804,150,810	1,666,913,521	5,465,421,398	(660,609,279)
Balance as at 30 June 2018	2,402,215,560	(6,678,937)	600,553,890	1,629,221,278	13,456,551,206	15,085,772,484	15,679,647,437	18,081,862,997	5,976,634,360	24,058,497,357	

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DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat (Chunian) Limited

Subsidiary Companies

- Nishat Chunian Power Limited
- Nishat Chunian USA Inc.
- NC Electric Company Limited
- NC Entertainment (Private) Limited

Nishat (Chunian) Limited

Nishat (Chunian) Limited (“the Holding Company”) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Holding Company is engaged in business of spinning, weaving, dyeing, printing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabrics and made-ups made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

Nishat Chunian Power Limited

Nishat Chunian Power Limited is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on the Pakistan Stock Exchange Limited. The principal activity of Nishat Chunian Power Limited is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 31-Q, Gulberg II, Lahore. Nishat Chunian Power Limited has commenced commercial operations from 21 July 2010 and the twenty five years term of the Power Purchase Agreement (PPA) with National Transmission and Despatch Company Limited (NTDCL) starts from this date. Ownership interest held by non-controlling interests in Nishat Chunian Power Limited is 48.93% (2017: 48.93%).

Nishat Chunian USA Inc.

Nishat Chunian USA Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York. The registered office of Nishat Chunian USA Inc. is situated at 230 Fifth Avenue, Suite 1406, New York, NY 10001, USA. The principal business of the Nishat Chunian USA Inc. is to import home textile products and distribute to local retailers.

NC Electric Company Limited

NC Electric Company Limited is a public limited company incorporated in Pakistan on 18 April 2014 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). NC Electric Company Limited is a wholly owned subsidiary of Nishat (Chunian) Limited. Its registered office is situated at 31-Q, Gulberg II, Lahore. The principal objects of NC Electric Company Limited are to develop, own and operate a 46 MW and 8 TPH process steam coal fired electric power generation project at 49 KM, Multan Road, near Bhai Phero, District Kasur. NC Electric Company Limited commenced commercial operations from 01 May 2017.

NC Entertainment (Private) Limited

NC Entertainment (Private) Limited is registered under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) as a company limited by shares on 31 January 2014. The registered office of NC Entertainment (Private)

Limited is situated at 31-Q, Gulberg II, Lahore. The main objective of NC Entertainment (Private) Limited is to construct and/or operate cinemas, theatres and studios. NC Entertainment (Private) Limited is a wholly owned subsidiary of Nishat (Chunian) Limited.

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

Sr. No.	Business units and office	Address
	Manufacturing units:	
1	Spinning Units 1, 4, 5, 7 & 8.	49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.
2	Spinning Units 2, 3, 6 & Weaving.	49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.
3	Dyeing, Printing and Stitching.	4th Kilometre, Manga Road, Raiwind.
4	Power Plant	49 KM, Multan Road, near Bhai Pheru, District Kasur.
5	Power Plant	Jamber Kalan, Tehsil Pattoki, District Kasur.
	Office	31-Q, Gulberg-II, Lahore, Pakistan.
	Office - USA	230 Fifth Avenue, Suite 1406, New York, NY 10001.
	Retail stores	
	The Linen Company (TLC) – I	Outlet No. 9-10, 2nd Floor Gulberg Galleria Mall, Lahore
	The Linen Company (TLC) – II	Z-16, DHA Phase 3, Lahore
	The Linen Company (TLC) – III	2nd Floor, Inside Universal Cinema, Emporium Mall, Lahore
	The Linen Company (TLC) – IV	Outlet No. 21-22, Lower Ground Floor, WTC Giga Mall, Islamabad
	Entertainment Units	
	Entertainment Unit – I	Emporium Mall, Lahore.
	Entertainment Unit – II	Buch Villas, Multan.

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

- The exchange rate of United States Dollar to Pak Rupees has increased from Pak Rupees 104.8 as at 30 June 2017 to Pak Rupees 121.4 as at 30 June 2018.
- For a detailed discussion about the Group's performance, please refer to the Directors' report.

1.4 Significant restrictions

Cash and bank balances held in foreign country are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from these countries, other than through normal dividends. The carrying amount of these assets included within the consolidated financial statements to which these restrictions apply is Rupees 0.047 million (2017: Rupees 4.879 million).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

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

The Fourth Schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of these consolidated financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Group (refer note 14.1.3), management assessment of sufficiency of tax provision in the consolidated financial statements (refer note 32.4), change in threshold for identification of executives (refer note 33), additional disclosure requirements for related parties (refer note 34) etc.

c) Accounting convention

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

d) Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

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

Inventories

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

Accumulating compensated absences

The provision for accumulating compensated absences is made by the Holding Company on the basis of accumulated leave balance on account of employees.

Taxation

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

Provisions for doubtful debts

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

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

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

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

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Group's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017). IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified, or included in a disposal group that is classified, as held for sale (in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations). The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments have no impact on the Group's financial statements.

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

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

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2018 or later periods:

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

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

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

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason

for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Group's financial statements.

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

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

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

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

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Group's financial statements.

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

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IAS 28. These amendments are effective for annual periods beginning on or after 01 January 2018. These amendments have no significant impact on the Group's financial statements and have therefore not been analyzed in detail.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019.

The amendments have no significant impact on the Group's financial statements and have therefore not been analyzed in detail.

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

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

h) Exemption from applicability of certain interpretations to standards

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

Consequently, Nishat Chunian Power Limited – Subsidiary Company is not required to account for a portion of its PPA with NTDC as a lease under IAS 17. If the aforesaid Subsidiary Company were to follow IFRIC 4 and IAS 17, the effect on the consolidated financial statements would be as follows:

	2018 Rupees	2017 Rupees
De-recognition of property, plant and equipment	(11,339,436,000)	(11,903,840,000)
Recognition of lease debtor	8,960,423,000	10,874,924,000
(Decrease) / increase in un-appropriated profit at the beginning of the year	(1,028,916,000)	20,986,000
Decrease in profit for the year	(1,350,097,000)	(1,049,902,000)
Increase in un-appropriated profit at the end of the year	(2,379,013,000)	(1,028,916,000)

2.2 Consolidation

a) Subsidiaries

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

The assets and liabilities of the subsidiary companies have been consolidated on a line by line basis and the carrying

value of investments held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiary companies.

Intra group balances and transactions have been eliminated.

Non-controlling interest is that part of net results of the operations and of net assets of the subsidiary companies attributable to interest which is not owned by the Holding Company. Non-controlling interest is presented as a separate item in the consolidated financial statements.

b) Translation of the financial statements of foreign subsidiary

The financial statements of foreign subsidiary of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated in functional currency of the Group. Statement of Financial Position items are translated at the exchange rate at the reporting date and statement of profit or loss items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange translation reserve in consolidated reserves.

2.3 Taxation

Current

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

The profits and gains of Nishat Chunian Power Limited – Subsidiary Company and NC Electric Company Limited – Subsidiary Company from electric power generation are exempt from tax under clause (132), Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein. The aforesaid Subsidiary Companies are also exempt from minimum tax on turnover (sale of electricity) under clause (11A), Part IV of the Second Schedule to the Income Tax Ordinance, 2001. However, full provision is made in the consolidated statement of profit or loss on income from sources not covered under the above clause at current rates of taxation after taking into account, tax credits and rebates available, if any.

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

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively. Nishat Chunian Power Limited - Subsidiary Company and NC Electric Company Limited – Subsidiary Company have not made provision for deferred tax as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132), Part I of the Second Schedule to the Income Tax Ordinance, 2001.

2.4 Employee benefits

The main features of the schemes operated are as follows:

Provident fund

The Holding Company, Nishat Chunian Power Limited – Subsidiary Company, NC Electric Company Limited – Subsidiary Company and NC Entertainment (Private) Limited – Subsidiary Company operate funded provident fund schemes covering all permanent employees. Equal monthly contributions are made both by the employees and the employers' to funds in accordance with the funds' rules. The employers' contributions to the funds are charged to income currently.

Accumulating compensated absences

The Holding Company provides for accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences.

2.5 Fixed assets

Property, plant, equipment and depreciation

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

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

Depreciation

Depreciation on all operating fixed assets is charged to income on the reducing balance method, except in case of Nishat Chunian Power Limited - Subsidiary Company, NC Electric Company Limited – Subsidiary Company and Nishat Chunian USA Inc. – Subsidiary Company, where this accounting estimate is based on straight line method, so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 14.1. Depreciation on additions is charged from the month in which the assets are available for use upto the month prior to disposal. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognized.

2.6 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization method is reviewed and adjusted, if appropriate, at each reporting date.

2.7 Goodwill

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

Negative goodwill is recognized directly in consolidated statement of profit or loss in the year of acquisition.

2.8 Investments

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

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

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

a) Investment at fair value through profit or loss

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

b) Held-to-maturity

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

c) Available-for-sale

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

Quoted

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

Unquoted

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

2.9 Inventories

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

Stores, spare parts and loose tools

Usable stores, spares parts, loose tools are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw materials is measured using the weighted average cost formula.

Cost of work-in-process and finished goods comprise cost of direct material, labour and appropriate manufacturing overheads. Cost of goods purchased for resale is based on first-in-first-out (FIFO) cost formula.

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

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

2.10 Foreign currencies

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

2.11 Borrowing cost

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of cost of that asset.

2.12 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sales is recognized on dispatch of goods to customers.
- Return on bank deposits is accrued on a time proportionate basis by reference to the principal outstanding and the applicable rate of return.
- Revenue on account of energy is recognized on transmission of electricity and steam to customers, whereas on account of capacity is recognized when due.
- Box office revenue is recognized as and when the film is exhibited less share of distributors. Concession revenue is recognized at point of sale. Advertising revenue is recognized over the period the advert is shown in cinemas or when the related advertisement or commercial appears before the public.

2.13 Share capital

Ordinary shares and irredeemable preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Financial instruments

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

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

2.15 Trade debts and other receivables

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

2.16 Borrowings

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

2.17 Trade and other payables

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

2.18 Offsetting of financial assets and financial liabilities

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

2.19 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at book value which approximates their fair value. For the purpose of consolidated cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts, other short term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.20 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of profit or loss.

Amounts accumulated in equity are recognized in consolidated statement of profit or loss in the periods when the hedged item will affect profit or loss.

2.21 Provisions

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

2.22 Impairment

a) Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

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

2.23 Segment reporting

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

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

The Group has following reportable business segments. Spinning – Zone 1, 2 and 3 (Producing different quality of yarn using natural and artificial fibers), Weaving – Unit 1 and 2 (Producing different quality of greige fabric using yarn), Dyeing (Producing dyed fabric using different qualities of greige fabric), Home Textile (Manufacturing of home textile articles using processed fabric produced from greige fabric), Power Generation (Generating, transmitting and distributing power) and Entertainment (Operating cinemas).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.24 Dividend to ordinary shareholders and other appropriations

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

2.25 Ijarah transactions

Ujrah (lease) payments are recognized as expenses in consolidated statement of profit or loss on a straight-line basis over the Ijarah term unless another systematic basis is representative of the time pattern of the user's benefit even if the payments are not on that basis.

2.26 Government grants

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

3. AUTHORIZED SHARE CAPITAL

2018 (Number of shares)	2017 (Number of shares)		2018 Rupees	2017 Rupees
280,000,000	280,000,000	Ordinary shares of Rupees 10 each	2,800,000,000	2,800,000,000
20,000,000	20,000,000	Preference shares of Rupees 10 each	200,000,000	200,000,000
<u>300,000,000</u>	<u>300,000,000</u>		<u>3,000,000,000</u>	<u>3,000,000,000</u>

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2018 (Number of shares)	2017 (Number of shares)			
134,757,848	134,757,848	Ordinary shares of Rupees 10 each fully paid in cash	1,347,578,480	1,347,578,480
104,239,443	104,239,443	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	1,042,394,430	1,042,394,430
1,224,265	1,224,265	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash to members of Umer Fabrics Limited as per the Scheme of Arrangement as approved by the Honourable Lahore High Court, Lahore	12,242,650	12,242,650
<u>240,221,556</u>	<u>240,221,556</u>		<u>2,402,215,560</u>	<u>2,402,215,560</u>

4.1 Ordinary shares of the Holding Company held by companies that are related parties:

	2018 (Number of shares)	2017 (Number of shares)
Nishat Mills Limited	32,689,338	32,689,338
D.G. Khan Cement Company Limited	7,274,602	7,274,602
Adamjee Life Assurance Company Limited	1,300,000	1,300,000
	<u>41,263,940</u>	<u>41,263,940</u>

	2018 Rupees	2017 Rupees
5. RESERVES		
Composition of reserves is as follows:		
Capital reserves		
Exchange translation reserve [Note 2.2(b)]	(6,678,937)	(1,036,004)
Share premium (Note 5.1)	600,553,890	600,553,890
	593,874,953	599,517,886
Revenue reserves		
General reserve	1,629,221,278	1,629,221,278
Unappropriated profit	13,456,551,206	10,313,009,675
	15,085,772,484	11,942,230,953
	15,679,647,437	12,541,748,839
5.1 This reserve can be utilized only for the purposes specified in section 81 of the Companies Act, 2017.		
6. LONG TERM FINANCING		
From banking companies / financial institutions - secured		
Long term loans (Note 6.1)		
- MCB Bank Limited - associated company *	1,108,670,100	1,325,712,624
- Others	12,630,902,647	14,137,951,845
	13,739,572,747	15,463,664,469
Long term musharaka (Note 6.2)	1,417,000,000	2,230,000,000
	15,156,572,747	17,693,664,469
Less: Current portion shown under current liabilities		
Long term loans:		
- MCB Bank Limited - associated company	217,042,525	217,042,524
- Others	4,063,698,948	3,577,623,700
	4,280,741,473	3,794,666,224
Long term musharaka	394,444,444	380,000,000
	4,675,185,917	4,174,666,224
	10,481,386,830	13,518,998,245

* NIB Bank Limited merged with and into MCB Bank Limited - associated company with effect from close of business on 07 July 2017. Comparatives relating to NIB Bank Limited have been given against MCB Bank Limited for better comparison.

LENDER	2018	2017	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALMENTS	MARK-UP REPRICING	MARK-UP PAYABLE
6.1 Long term loans						
Nishat (Chunian) Limited - Holding Company (Note 6.3)						
From MCB Bank Limited - associated company:						
MCB Bank Limited	160,000,000	160,000,000	SBP rate for LTFF + 1.00%	Sixteen equal half yearly instalments commencing on 25 July 2019 and ending on 25 January 2027.	-	Quarterly
MCB Bank Limited	80,500,000	80,500,000	SBP rate for LTFF + 1.00%	Ten equal half yearly instalments commencing on 07 September 2019 and ending on 07 March 2024.	-	Quarterly
	240,500,000	240,500,000				
From others:						
Standard Chartered Bank (Pakistan) Limited	187,500,000	437,500,000	3-month KIBOR + 0.75%	Sixteen equal quarterly instalments commencing on 04 May 2015 and ending on 04 February 2019.	Quarterly	Quarterly
Allied Bank Limited	17,365,500	25,083,500	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commencing on 22 October 2016 and ending on 22 July 2020.	-	Quarterly
Allied Bank Limited	90,000,000	126,000,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commencing on 07 January 2017 and ending on 10 October 2020.	-	Quarterly
Allied Bank Limited	96,875,000	135,625,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commencing on 20 January 2017 and ending on 20 October 2020.	-	Quarterly
Allied Bank Limited	48,213,000	65,745,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commencing on 11 May 2017 and ending on 11 February 2021.	-	Quarterly
Allied Bank Limited	235,000,000	235,000,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 24 February 2019 and ending on 24 November 2026.	-	Quarterly
Allied Bank Limited	131,700,000	131,700,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 18 April 2019 and ending on 18 January 2027.	-	Quarterly
Allied Bank Limited	391,000,000	391,000,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 19 April 2019 and ending on 19 January 2027.	-	Quarterly
Allied Bank Limited	104,562,500	116,512,500	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commencing on 21 May 2017 and ending on 21 February 2027.	-	Quarterly

LENDER	2018	2017	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALMENTS	MARK-UP REPRICING	MARK-UP PAYABLE
Allied Bank Limited	117,800,000	117,800,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 03 July 2019 and ending on 03 April 2027.	-	Quarterly
Askari Bank Limited	157,500,000	227,500,000	3-month KIBOR + 0.70%	Twenty equal quarterly instalments commenced on 08 December 2015 and ending on 08 September 2020.	Quarterly	Quarterly
Askari Bank Limited	141,100,000	157,700,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 02 February 2017 and ending on 02 November 2026.	-	Quarterly
Askari Bank Limited	17,000,000	19,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 February 2017 and ending on 04 November 2026.	-	Quarterly
Askari Bank Limited	127,500,000	142,500,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 08 March 2017 and ending on 08 December 2026.	-	Quarterly
Askari Bank Limited	116,900,000	130,260,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 22 June 2017 and ending on 22 March 2027.	-	Quarterly
Askari Bank Limited	5,580,000	6,200,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commencing on 12 September 2017 and ending on 12 June 2027.	-	Quarterly
Askari Bank Limited	51,800,000	-	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2027.	-	Quarterly
Askari Bank Limited	18,777,500	-	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2027.	-	Quarterly
Askari Bank Limited	18,000,000	20,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027.	-	Quarterly
Askari Bank Limited	106,020,000	117,800,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027.	-	Quarterly
Askari Bank Limited	5,178,600	5,754,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027.	-	Quarterly
Askari Bank Limited	212,400,000	236,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027.	-	Quarterly
Pak Kuwait Investment Company (Private) Limited	38,487,000	52,483,000	SBP rate for LTFF + 0.75%	Eighteen equal quarterly instalments commenced on 22 November 2016 and ending on 22 February 2021.	-	Quarterly
The Bank of Punjab	-	50,000,000	3-month KIBOR + 0.75%	Ten equal half yearly instalments commenced on 17 June 2013 and ended on 17 December 2017.	Quarterly	Quarterly
The Bank of Punjab	-	200,000,000	3-month KIBOR + 0.75%	Ten equal half yearly instalments commenced on 10 December 2013 and ended on 10 June 2018.	Quarterly	Quarterly

LENDER	2018	2017	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALMENTS	MARK-UP REPRICING	MARK-UP PAYABLE
The Bank of Punjab	400,000,000	500,000,000	3-month KIBOR + 0.75%	Ten equal half yearly instalments commencing on 30 September 2017 and ending on 30 March 2022.	Quarterly	Quarterly
Samba Bank Limited	-	62,500,000	3-month KIBOR + 0.75%	Sixteen equal quarterly instalments commenced on 28 February 2014 and ended on 31 October 2017.	Quarterly	Quarterly
Habib Bank Limited	1,800,000,000	-	3-month KIBOR + 0.50%	Ten equal half yearly instalments commenced on 27 March 2018 and ending 27 September 2022.	Quarterly	Quarterly
Soneri Bank Limited	299,500,000	299,500,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 14 June 2019 and ending on 14 March 2027.	-	Quarterly
Soneri Bank Limited	222,000,000	222,000,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 06 July 2019 and ending on 06 April 2027.	-	Quarterly
Syndicated term finance						
Allied Bank Limited	220,000,000	440,000,000	3-month KIBOR + 1%	Ten equal half yearly instalments commenced on 27 December 2014 and ending on 27 June 2019.	Quarterly	Quarterly
Habib Bank Limited	60,000,000	120,000,000	3-month KIBOR + 1%	Ten equal half yearly instalments commenced on 27 December 2014 and ending on 27 June 2019.	Quarterly	Quarterly
Habib Metropolitan Bank Limited	20,000,000	40,000,000	3-month KIBOR + 1%	Ten equal half yearly instalments commenced on 27 December 2014 and ending on 27 June 2019.	Quarterly	Quarterly
	300,000,000	600,000,000				
	5,457,759,100	4,831,163,000				
NC Electric Company Limited - Subsidiary Company (Note 6.5 and 6.10)						
From MCB Bank Limited - associated company:						
MCB Bank Limited	519,200,000	649,000,000	SBP rate for LTFF + 1.25%	Ten equal semi annual instalments with grace period of two years	-	Quarterly
MCB Bank Limited	348,970,100	436,212,624	6-month KIBOR + 0.90%	Ten equal semi annual instalments with grace period of two years	Half yearly	Half yearly
	868,170,100	1,085,212,624				

From others_LENDER	2018	2017	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALMENTS	MARK-UP REPRICING	MARK-UP PAYABLE
Habib Bank Limited	1,010,646,657	1,299,402,845	6-month KIBOR + 0.90%	Nine equal semi annual instalments with grace period of two years	Half yearly	Quarterly
Allied Bank Limited	388,888,890	500,000,000	SBP rate for LTFF+ 1.00%	Nine equal semi annual instalments with grace period of eighteen months	-	Quarterly
Nishat Chunion Power Limited - Subsidiary Company (Note 6.6)						
Senior facility	4,489,070,000	6,049,162,000	3-month KIBOR + 3%	Twenty five quarterly instalments ending on 01 July 2020.	Quarterly	Quarterly
Term finance facility	1,084,538,000	1,458,224,000	3-month KIBOR + 3%	Twenty five quarterly instalments ending on 01 July 2020.	Quarterly	Quarterly
	5,573,608,000	7,507,386,000				
NC Entertainment (Private) Limited - Subsidiary Company (Note 6.8)						
JS Bank Limited	200,000,000	-	1-month KIBOR + 1.50%	Four equal quarterly instalments ending on June 2020.	-	Quarterly
	13,739,572,747	15,463,664,469				
6.2 Long term musharaka						
Nishat (Chunion) Limited - Holding Company (Note 6.4)						
Dubai Islamic Bank (Pakistan) Limited	-	80,000,000	6-month KIBOR + 0.75%	Ten equal half yearly instalments commenced on 29 September 2013 and ending on 29 March 2018.	Half Yearly	Half Yearly
Faysal Bank Limited	475,000,000	500,000,000	3-month KIBOR + 0.70%	Twenty equal quarterly instalments commencing on 21 May 2018 and ending on 21 February 2023.	Quarterly	Quarterly
	475,000,000	580,000,000				

LENDER	2018	2017	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALMENTS	MARK-UP REPRICING	MARK-UP PAYABLE
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NC Electric Company Limited - Subsidiary Company (Note 6.9 and 6.10)

Dubai Islamic Bank Pakistan Limited	517,000,000	900,000,000	6 months KIBOR + 0.85%	Ten equal semi annual instalments with grace period of two years	Half yearly	Half yearly
AlBaraka Bank (Pakistan) Limited	425,000,000	750,000,000	6 months KIBOR + 0.85%	Ten equal semi annual instalments with grace period of two years	Half yearly	Quarterly
	942,000,000	1,650,000,000				
	1,417,000,000	2,230,000,000				

- 6.3** Long term loans are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Holding Company to the extent of Rupees 9,230.58 million (2017: Rupees 8,174.81 million) and ranking charge on all present and future fixed assets of the Holding Company to the extent of Rupees Nil (2017: Rupees 3,238.667 million).
- 6.4** Long term musharaka are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Holding Company to the extent of Rupees 720 million (2017: Rupees 213.334 million) and ranking charge on all present and future fixed assets of the Holding Company to the extent of Rupees Nil (2017: Rupees 666.67 million).
- 6.5** Long term loans from MCB Bank Limited and Habib Bank Limited are secured against first pari passu charge of Rupees 4,000 million over all present and future fixed assets of the NC Electric Company Limited - Subsidiary Company, cross corporate guarantee of Holding Company to MCB Bank Limited amounting to Rupees 1,500 million and cross corporate guarantee of Holding Company to Habib Bank Limited amounting to Rupees 4,400 million. Long term loan from Allied Bank Limited is secured against first pari passu charge of Rupees 667 million over all present and future fixed assets (including land and building) of the NC Electric Company Limited - Subsidiary Company and cross corporate guarantee of Holding Company amounting to Rupees 500 million.

- 6.6** This represents long term financing obtained from a consortium of banks led by United Bank Limited (Agent Bank). The portion of long term financing from Faysal Bank Limited is on murabaha basis. The overall financing is secured against registered first joint pari passu charge on immovable property, mortgage of project receivables (excluding energy payment receivables), hypothecation of all present and future assets and all properties of Nishat Chunian Power Limited - Subsidiary Company (excluding working capital hypothecated property), lien over project bank accounts and pledge of shares held by the Holding Company in Nishat Chunian Power Limited - Subsidiary Company. It carries mark-up at the rate of three months Karachi Inter-Bank Offered Rate (KIBOR) plus three percent per annum, payable on quarterly basis. The mark-up rate charged during the year on the outstanding balance ranges from 9.14% to 9.50% (2017: 9.04% to 9.12%) per annum. As of 30 June 2018, the finance is repayable in nine quarterly installments ending on 01 July 2020.
- 6.7** In accordance with the terms of agreement with the lenders of long term finances to Nishat Chunian Power Limited - Subsidiary Company, there are certain restrictions on the distribution of dividends by Nishat Chunian Power Limited - Subsidiary Company.
- 6.8** NC Entertainment (Private) Limited - Subsidiary Company has entered into term finance agreement with JS Bank Limited dated 20 April 2018. The loan is repayable in four equal quarterly installments starting from September 2018 and ending on June 2020 at a rate of one months KIBOR plus 150 bps per annum. This loan is secured by aggregate 1st exclusive charge of Rupees 606 million over all present and future current and fixed assets of NC Entertainment (Private) Limited - Subsidiary Company at Emporium Mall, Lahore and Buch Villas, Multan or any other place, pledge of shares of ex-director and personal guarantees of ex-director of NC Entertainment (Private) Limited - Subsidiary Company amounting to Rupees 350 million.
- 6.9** Long term musharaka from Dubai Islamic Bank Pakistan Limited is secured against first pari passu charge of Rupees 1,333 million over all present and future fixed assets (including land and building) of the NC Electric Company Limited - Subsidiary Company and cross corporate guarantee of Nishat (Chunian) Limited amounting to Rupees 528.021 million. Long term musharaka from Al Baraka Bank (Pakistan) Limited is secured against first pari passu charge of Rupees 1,000 million over all present and future fixed assets (including land and building) of the NC Electric Company Limited - Subsidiary Company and cross corporate guarantee of Nishat (Chunian) Limited amounting to Rupees 1,000 million.
- 6.10** Total long term loans and long term musharaka facility to NC Electric Company Limited - Subsidiary Company amounts to Rupees 3.5 billion and Rupees 2 billion respectively. The effective mark-up rate charged during the year on the outstanding balance ranged from 4.00% to 7.31% (2017: 4.00% to 7.31%) per annum. In accordance with the terms of agreement with the lenders of long term finances, there are certain restrictions on the distribution of dividends by the NC Electric Company Limited - Subsidiary

7. DEFERRED REVENUE

Value of subsequent services
Amortized during the year

	2018 Rupees	2017 Rupees
	3,715,000	-
	(743,000)	-
	2,972,000	-

- 7.1** NC Entertainment (Private) Limited - Subsidiary Company has entered into agreement with Haier Pakistan (Private) Limited ("the Supplier") for the period of five year. Under terms of agreement, the Supplier agreed to deliver and install some items of electronic appliance e.g. LED in exchange of receiving ongoing service and such LED will remain sole property of NC Entertainment (Private) Limited - Subsidiary Company, unless the agreement terminated. NC Entertainment (Private) Limited - Subsidiary Company has recognized the such items as property, plant and equipment due to revenue generating transaction and recognized the revenue over the term specified in agreement in accordance with IFRIC-18 "Transfers of Assets from Customers."

8. DEFERRED INCOME TAX (ASSET) / LIABILITY

The (asset) / liability for deferred income tax of the NC Entertainment (Private) Limited - Subsidiary Company originated due to timing differences relating to:

	2018 Rupees	2017 Rupees
Taxable temporary difference		
Accelerated tax depreciation	38,394,308	44,854,954
Deductible temporary differences		
Accelerated tax amortization on intangible assets	(156,448)	-
Available tax losses	(43,932,915)	(15,167,109)
Turnover tax	(2,293,796)	-
Excess of alternative corporate tax over corporate tax	(804,706)	-
Deferred income tax liability	(8,793,557)	29,687,845

- 8.1 Deferred income tax asset of Holding Company Rupees 665.133 million (2017: Rupees 578.271 million) has not been recognized in these consolidated financial statements as the Holding Company's management believes that sufficient taxable profits will not be probably available in foreseeable future, hence, the temporary differences may not reverse.
- 8.2 The Holding Company has carry forwardable tax losses of Rupees 3,524 million (2017: Rupees 3,076 million).
- 8.3 For the purposes of current taxation of Nishat Chunian Power Limited - Subsidiary Company, the tax credit available for carry forward is estimated at Rupees 101.737 million (2017: Rupees 94.115 million). Management believes that the tax credit available for carry forward may not be utilized in the foreseeable future. Consequently, based on the prudence principle, deferred tax asset on tax credit available for carry forward has not been recognized in these consolidated financial statements.
- 8.4 Nishat Chunian USA Inc. has net operating loss carry forwards (NOL) of approximately Rupees 38,362,400 which expire beginning in 2032. The Subsidiary Company has not recognized deferred tax asset resulting from NOL of approximately Rupees 12,989,800 based on prudence principle.

9. TRADE AND OTHER PAYABLES

	2018 Rupees	2017 Rupees
Creditors (Note 9.1)	1,503,805,345	937,431,854
Accrued liabilities	1,260,097,267	807,576,723
Advances from customers	72,570,280	81,790,429
Securities from customers - interest free (Note 9.2)	9,187,150	3,387,239
Securities from contractors - interest free and repayable on completion of contracts (Note 9.2)	3,628,300	3,484,800
Retention money	438,946	8,659,318
Income tax deducted at source	15,606,762	23,411,884
Sales tax on services	-	69,832
Fair value of forward exchange contracts	-	17,060,202
Workers' profit participation fund (Note 9.3)	277,223,305	222,483,001
Others	35,928,391	39,029,598
	3,178,485,746	2,144,384,880

- 9.1 It includes Rupees 0.926 million (2017: Rupees 0.737 million) due to a related party.

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

	2018 Rupees	2017 Rupees
9.3 Workers' profit participation fund		
Balance as at 01 July	222,483,001	223,065,321
Add: Interest for the year (Note 31)	12,821,913	12,217,220
Add: Allocation for the year	277,223,192	222,472,888
	<u>512,528,106</u>	<u>457,755,429</u>
Less: Payments during the year	235,304,801	235,272,428
Balance as at 30 June	<u>277,223,305</u>	<u>222,483,001</u>
9.3.1 The Group retains workers' profit participation funds for their business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Group till the date of allocation to workers.		
10. ACCRUED MARK-UP		
Long term financing		
- MCB Bank Limited - associated company	14,027,809	15,426,650
- Others	242,583,305	248,387,569
	<u>256,611,114</u>	<u>263,814,219</u>
Short term borrowings		
- MCB Bank Limited - associated company	2,024,052	4,596,473
- Others	311,769,106	238,386,852
	<u>313,793,158</u>	<u>242,983,325</u>
	<u>570,404,272</u>	<u>506,797,544</u>
11. SHORT TERM BORROWINGS		
From banking companies - secured		
Nishat (Chunian) Limited - Holding Company		
Short term running finances (Notes 11.1 and 11.2)		
- MCB Bank Limited - associated company (Note 11.5)	1,151,049,431	1,074,874,346
- Others	1,136,683,425	1,068,352,427
	<u>2,287,732,856</u>	<u>2,143,226,773</u>
Export finances - Preshipment / SBP refinance (Notes 11.1 and 11.3)		
- MCB Bank Limited - associated company (Note 11.5)	400,839,000	495,000,000
- Others	7,150,000,000	3,865,059,876
	<u>7,550,839,000</u>	<u>4,360,059,876</u>
Other short term finances (Notes 11.1 and 11.4)	7,183,420,000	8,733,500,000
NC Electric Company Limited - Subsidiary Company (Note 11.6)		
Short term running finances	409,507,329	18,697,064
Murabaha facilities	299,999,904	-
Nishat Chunian USA Inc. - Subsidiary Company		
Revolving credit line (Note 11.8)	43,939,273	176,054,205
Nishat Chunian Power Limited - Subsidiary Company		
Short term running finances (Note 11.9)	37,742,000	950,954,000
Money market loans (Note 11.10)	6,070,000,000	3,900,000,000
Murabaha facilities (Note 11.11)	1,548,191,000	1,192,265,000
NC Entertainment (Private) Limited - Subsidiary Company		
Short term borrowings / loans (Note 11.12)	78,809,288	-
	<u>25,510,180,650</u>	<u>21,474,756,918</u>

- 11.1** These finances are obtained from banking companies under mark-up arrangements and are secured by hypothecation of all present and future current assets of the Holding Company and lien on export bills to the extent of Rupees 32,096 million (2017: Rupees 25,462 million) and ranking charge on all present and future current assets of the Holding Company to the extent of Rupees 4,786 million (2017: Rupees 5,667 million). These form part of total credit facilities of Rupees 26,765 million (2017: Rupees 22,265 million).
- 11.2** The rates of mark-up range from 6.25% to 7.67% (2017: 6.24% to 7.12%) per annum on the balance
- 11.3** The rates of mark-up on Pak Rupee finances and US Dollar finances range from 2.25% to 6.89% (2017: 2.40% to 6.43%) per annum and 1.55% to 2% (2017: 1.30% to 2%) per annum respectively on the balance outstanding.
- 11.4** The rates of mark-up range from 6.08% to 7.13% (2017: 6.15% to 6.43%) per annum on the balance
- 11.5** Finances from MCB Bank Limited - associated company have been utilized for working capital purposes.
- 11.6** These running financing facilities are obtained from banking companies under mark-up arrangement and are secured against joint pari passu hypothecation charge of Rupees 1000 million on all present and future current assets of NC Electric Company Limited - Subsidiary Company and cross corporate guarantee of Nishat (Chunian) Limited - Holding Company amounting to Rupees 1,020 million. Rates of mark-up range from 6.50% to 8.00% (2017: 6.88%) per annum on the balance outstanding. Further, murahaba facility available from a commercial bank amounted to Rupees 300 million (2017: Rupees 300 million). The amount utilized as at 30 June 2018 was Rupees 300 million (2017: Rupees Nil). The facility is secured against joint pari passu hypothecation charge of Rupees 400 million on all present and future current assets of NC Electric Company Limited - Subsidiary Company and cross corporate guarantee of Nishat (Chunian) Limited - Holding Company amounting to Rupees 302.207 million. The rate of mark-up range from 6.54% to 6.64% per annum on the balance outstanding.
- 11.7** These form part of total credit facilities (including for opening letters of credit and guarantees) of Rupees 1,525 million. The amount utilized by NC Electric Company Limited - Subsidiary Company as at 30 June 2018 was Rupees 722.190 million.
- 11.8** Nishat Chunian USA Inc. - Subsidiary Company has a revolving credit pursuant to which it may borrow up to US Dollars 2,500,000 (Rupees 304 million) subject to borrowing base availability, bearing interest at prime plus 0.25% (4.50% at 30 June 2018). The borrowings base equals to 75% of the aggregate amount of all qualified accounts receivable, as defined. This note is collateralized by as first security interest in substantially all assets of the Nishat Chunian USA Inc. - Subsidiary Company and is guaranteed by the Holding Company.
- 11.9** Running finance main facilities available from commercial banks under mark-up arrangements amount to Rupees 8,250 million (2017: Rupees 6,450 million). Running finance facilities are available at mark-up rates ranging from one month to three months KIBOR plus 0.15% to 2% per annum, payable quarterly. Running finance facilities are secured against first joint pari passu hypothecation charge on the present and future current assets of Nishat Chunian Power Limited - Subsidiary Company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 6.29% to 8.50% (2017: 6.38% to 8.12%) per annum.
- 11.10** Money market loans are available to Nishat Chunian Power Limited - Subsidiary Company as a sub-facility to the running finance facility at mark-up rates ranging from one month to six months KIBOR plus 0.035% to 0.05% per annum. Money market loans are secured against first joint pari passu hypothecation charge on the present and future current assets of Nishat Chunian Power Limited - Subsidiary Company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 6.14% to 7.08% (2017: 6.03% to 6.55%) per annum.

- 11.11** Murabaha and musharaka main facilities available from Islamic banks aggregate to Rupees 4,500 million (2017: Rupees 4,500 million) at mark-up rates ranging from one week to six months KIBOR plus 0.1% to 1% per annum. The amount utilised as at 30 June 2018, for musharaka facilities was Rupees 1,548.190 million (2017: Rupees 1,192.265 million). Mark-up on murabaha is payable at the maturity of the respective murabaha transaction, whereas, the mark-up on musharaka is payable quarterly on the balance outstanding. The facilities are secured against first joint pari passu hypothecation charge on the present and future current assets of Nishat Chunian Power Limited - Subsidiary Company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 6.24% to 7.45% (2017: 6.19% to 6.75%) per annum.
- 11.12** NC Entertainment (Private) Limited - Subsidiary Company has entered into master agreement with JS Bank Limited dated 09 October 2017 to meet its working capital requirements having limit up to Rupees 150 million. This loan is repayable in 4 equal quarterly installments started from January 2018 and ending on December 2018 at a rate of three months KIBOR plus 75 bps per annum. This loan is secured by aggregate 1st exclusive charge of Rupees 606 million over all present and future current and fixed assets of NC Entertainment (Private) Limited - Subsidiary Company.

12. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing (Note 6)

	2018 Rupees	2017 Rupees
	<u>4,675,185,917</u>	<u>4,174,666,224</u>

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- 13.1.1** The Holding Company preferred appeal against the Government of Punjab in the Honorable Lahore High Court, Lahore against imposition of electricity duty on internal generation and the writ petition has been accepted. However, Government of Punjab has moved to the Honourable Supreme Court of Pakistan against the order of Honourable Lahore High Court, Lahore. The Holding Company has fully provided its liability in respect of electricity duty on internal generation. As at the reporting date, an amount of Rupees 69.963 million (2017: Rupees 66.650 million) is payable on this account but the management of the Holding Company is confident that payment of electricity duty will not be required.
- 13.1.2** The Collectorate of Customs (Export) has issued show cause notices with the intention to reject the duty draw back claims aggregating to Rupees 9.482 million on blended grey fabrics exported under Duty and Tax Remission Rules for Export (DTRE) scheme. The department is of the view that the Holding Company has not submitted Appendix-1 as per Rule 297-A of the above referred scheme. The Holding Company considers that since it has taken benefit of remission of sales tax only, it is entitled to full duty draw back and filed appeal before Appellate Tribunal Inland Revenue (ATIR), Karachi Bench which was decided against the Holding Company. The Holding Company also applied to Federal Board of Revenue (FBR) to constitute Alternate Dispute Resolution Committee (ADRC) in terms of section 195C of the Customs Act, 1969 to settle the dispute. ADRC vide its order dated 16 April 2008 has recommended the case in favour of the Holding Company and forwarded the case to FBR. However, FBR has not accepted the recommendations of ADRC. The Holding Company has filed appeal before the Honourable High Court of Sindh on 07 December 2013 against the order of ATIR, where the case is pending.
- 13.1.3** The Holding Company impugned selection of its tax affairs for audit in terms of section 177 of the Income Tax Ordinance, 2001 for tax year 2009 in Honourable Lahore High Court, Lahore through writ petition. After dismissal of writ petition by the Honourable Lahore High Court, Lahore, the tax department has completed the audit of tax year 2009 of income tax affairs of the Holding Company and Deputy Commissioner Inland Revenue (DCIR) has passed an order under sections 122(1)/122(5) of the Income Tax Ordinance, 2001 creating a tax demand of Rupees 6.773 million. The Holding Company has filed appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the decision of DCIR which is pending adjudication. No provision against this demand has been made in these consolidated financial statements as the Holding Company is hopeful of a favourable outcome of appeal based on the opinion of the tax advisor.

- 13.1.4** As a result of withholding tax audit for the tax year 2006, DCIR has raised a demand of Rupees 32.156 million under sections 161 and 205 of the Income Tax Ordinance, 2001. The Holding Company is in appeal before ATIR as its appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] was unsuccessful. The Holding Company expects a favourable outcome of the appeal based on advice of the tax counsel. The Holding Company also challenged the initiation of proceedings, under section 161 and 205 of the Income Tax Ordinance, 2001 pertaining to tax years 2007, 2008, 2009, 2010, 2011 and 2012 in the Honourable Lahore High Court, Lahore through a writ petition. The Honourable Lahore High Court, Lahore directed the Tax Department to issue notice for reconciliation and in case default is established only then action under section 205 of the Income Tax Ordinance, 2001 can be taken. The Holding Company also filed intra court appeals to the Honourable Lahore High Court, Lahore, which were dismissed. Against this dismissal, appeal has been filed before the Supreme Court of Pakistan which is pending adjudication. The management of the Holding Company believes that the expected favourable outcome of its appeal before ATIR, in respect of tax year 2006 on same issues, will dispose of the initiation of these proceedings. In respect of tax year 2012, the case has been decided at departmental level as stated in Note 13.1.7, hence appeal filed before the Supreme Court of Pakistan in respect of tax year 2012 shall be withdrawn shortly.
- 13.1.5** The Holding Company is in appeal before ATIR as its appeal before CIR(A) against the order of Additional Commissioner Inland Revenue (ACIR) was unsuccessful. ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2011 whereby a demand of Rupees 6.822 million has been raised. No provision against the demand has been made in these consolidated financial statements as the Holding Company is hopeful of a favourable outcome of appeal based on opinion of the tax advisor.
- 13.1.6** The Deputy Collector (Refund – Gold) by order dated 16 May 2007 rejected the input tax claim of the Holding Company, for the month of June 2005, amounting to Rupees 1.604 million incurred in zero rated local supplies of textile and articles thereof on the grounds that the input tax claim is in contravention of SRO 992(I)/2005 which states that no registered person engaged in the export of specified goods (including textile and articles thereof) shall, either through zero-rating or otherwise, be entitled to deduct or reclaim input tax paid in respect of stocks of such goods acquired up to 05 June 2005, if not used for the purpose of exports made up to the 31 December 2005. The appeal of the Holding Company before ATIR was successful and input tax claim of the Holding Company is expected to be processed after necessary verification in this regard. Pending the outcome of verification no provision for inadmissible input tax has been recognized in these consolidated financial statements.
- 13.1.7** The ACIR through an order under section 161/205 of the Income Tax Ordinance, 2001 created a demand of Rupees 147.745 million for tax year 2012 on account of alleged non-deduction of income tax on payments against the heads commission to selling agents on exports and export marketing expenses. Being aggrieved, the Holding Company filed an appeal before CIR(A), who vide order dated 09 June 2016 accepted the stance of the Holding Company and deleted the demand related to commission to selling agents on exports, whereas, with respect to export marketing expenses, CIR(A) remanded back the case to ACIR. However, the Holding Company has filed appeal before ATIR which is pending for fixation. Based on grounds and facts, the appeal is likely to be decided in favour of the Holding Company. The demand created under section 161/205 of the Income Tax Ordinance, 2001 of tax year 2012 amounting to Rupees 147.745 million by ACIR was subsequently reduced to Rupees 165,593 through appeal effect order issued by ACIR.
- 13.1.8** The Holding Company filed appeal before CIR(A) against the order of ACIR. ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2012 whereby a demand of Rupees 125.162 million has been raised. CIR(A) vide order dated 29 June 2016 has deleted some of the additions made by ACIR. Being aggrieved by the order of CIR(A), the Holding Company as well as the tax department have preferred appeals before the ATIR which are pending adjudication. No provision against this demand has been made in these consolidated financial statements as the Holding Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.

- 13.1.9** The Holding Company filed appeal before CIR(A) against the order of ACIR. ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2010 whereby a demand of Rupees 142.956 million has been raised. CIR(A) vide order dated 28 October 2016 has deleted some of the additions made by ACIR. Being aggrieved by the order of CIR(A), the Holding Company as well as the tax department have preferred appeals before the ATIR which are pending adjudication. No provision against this demand has been made in these consolidated financial statements as the Holding Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.
- 13.1.10** The Deputy Commissioner Inland Revenue passed an order under sections 161/205 of the Income Tax Ordinance, 2001 creating a demand of Rupees 19.073 million for the tax year 2014. The Holding Company preferred an appeal against this order before CIR(A). The CIR(A) adjudicated that impugned order is unsustainable and remanded back the matter to taxation officer for consideration of legal grounds and merits of the case. The Holding Company has also filed an appeal before ATIR against the order of CIR(A). The proceedings before both forums are pending for adjudication. No provision against this demand has been made in these consolidated financial statements as the Holding Company is confident of favorable outcome of its appeals.
- 13.1.11** Through show cause notice, the Collector of Customs, Karachi raised demand of Rupees 23.585 million on the grounds that the Holding Company was not entitled for exemption of sales tax and facility of reduced rate of income tax on 13 consignments of cotton imported during the period from April 2013 to April 2014. The vires of show cause notice were challenged in Honorable Sindh High Court at Karachi from where stay was granted with the direction to the Collector that he will not pass final order pursuant to the impugned show cause notice particularly in respect of advance income tax till next date of hearing. In spite of the categorical orders of the Honorable High Court, the Collector passed order, creating the demand of the aforesaid amount. Appeal against the said order has been filed in ATIR, Karachi but has been dismissed. Custom reference application has been filed in Sindh High Court, Karachi against the order of ATIR. There is sufficient case law on the subject and there is every likelihood that case will be decided in favour of the Holding Company.
- 13.1.12** The Holding Company is contesting sales tax demands / rejections of sales tax by taxation authorities amounting to Rupees 7.098 million at various forums. These demands have been raised on account of various issues, like refund of sales tax on purchases of furnace oil and diesel, non-provision of documents against certain refund processing system objections and supplies made to certain parties. No provision against the aforesaid demands has been made in these consolidated financial statements as the management is confident of favourable outcome of its appeals based on advice of the legal counsel. The name of the Holding Company was selected by the FBR through balloting for audit of its sales tax record of tax year 2014. Writ petition against the selection was filed and in pursuance of Court's order, the record was submitted to the assessing officer. Based on the audit, Deputy Commissioner has issued a show cause notice on account of alleged discrepancies/observations noted during audit to the tune of Rupees 7.480 million. The Holding Company has challenged the vires of show cause notice in Lahore High Court, Lahore and expects favorable outcome of the matter, hence no provision has been recognized in these consolidated financial statements.
- 13.1.13** Being aggrieved, the Holding Company is in appeal before ATIR against the order of CIR(A). The ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 27.845 million has been raised. The appeal before CIR(A) has been decided and some matters have been decided in favour of the Holding Company. No provision against this demand has been made in these consolidated financial statements as the Holding Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.
- 13.1.14** The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has 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 178.417 million (2017: Rupees 80.269) 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.

- 13.1.15** Guarantees of Rupees 609.109 million (2017: Rupees 525.388 million) are given by the banks of the Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company against electricity connections, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.
- 13.1.16** Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 3,234.598 million (2017: Rupees 2,328.471 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable.
- 13.1.17** The Holding Company has issued cross corporate guarantees of Rupees 9.25 billion (2017: Rupees 14.12 billion) on behalf of NC Electric Company Limited - Subsidiary Company to secure the obligations of Subsidiary Company towards its lenders.
- 13.1.18** During the financial year 2014, a sales tax demand of Rupees 1,161.548 million was raised against Nishat Chunian Power Limited - Subsidiary Company through order dated 28 November 2013, by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by Nishat Chunian Power Limited - Subsidiary Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Nishat Chunian Power Limited - 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 Nishat Chunian Power Limited - Subsidiary Company. Against the aforesaid order, Nishat Chunian Power Limited - Subsidiary Company preferred an appeal dated 10 December 2013 before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon Nishat Chunian Power Limited - Subsidiary Company's other grounds of appeal. Consequently, Nishat Chunian Power Limited - Subsidiary Company preferred an appeal on 17 March, 2014 before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the Department also preferred a second appeal on 08 May 2014 before the ATIR against the CIR(A)'s order, both of which are pending adjudication

Furthermore, during the financial year 2015, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated 12 November 2014, whereby intentions were shown to raise a sales tax demand of Rupees 1,093.262 million by disallowing input sales tax claimed by Nishat Chunian Power Limited - Subsidiary Company for the tax periods from July 2010 to June 2012 on similar grounds as explained above. The Nishat Chunian Power Limited - Subsidiary Company agitated the initiation of such proceedings through institution of a writ petition before the Lahore High Court ('LHC') on 23 July 2015. During the year 2017, LHC disposed off the petition in the Subsidiary Company's favour through its order dated 31 October 2016, by stating that there is no supply being made against capacity purchase price, hence, there is no existence of an "exempt supply". Accordingly, the Subsidiary Company is free to reclaim or deduct input tax under the relevant provisions of Sales Tax Act, 1990. However, the tax department filed a review petition before the LHC on 09 January 2017 and an appeal before the Supreme Court of Pakistan on 24 November 2017 against the aforementioned LHC's order, both of which are pending adjudication.

For the period July 2013 to June 2014, Subsidiary Company's case was selected for audit by 'Federal Board of Revenue' ('FBR'), which selection was objected to, on jurisdictional basis, by Subsidiary Company by way of filing a writ petition before LHC on 20 November 2015. While, LHC has allowed the department to proceed with audit proceedings, it has been directed that no adjudication order, consequent to conduct of audit, shall be passed after confronting the audit report. The audit proceedings were completed by the department during the financial year 2016 and audit report thereof was submitted to the Subsidiary Company seeking explanations in regard to the issues raised therein. In the subject audit report, an aggregate amount of Rupees 631.769 million primarily including a disallowance of input sales tax of Rupees 622.263 million has been confronted on same grounds as explained above. LHC through its order dated 09 January 2017 has allowed initiation of adjudication proceedings after issuance of audit report. On 17 May 2017, the DCIR issued a showcause notice as to why sales tax of the aforesaid amount of Rupees 631.769 million alongwith default surcharge should not be recovered from the Subsidiary Company. The Subsidiary Company has filed a representation in this regard with the Chairman, Federal Board of Revenue. As of the reporting date

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

- 13.1.19** During the current year, an amendment order dated 31 August 2017 was issued by the DCIR under section 122 of the Income Tax Ordinance, 2001 ('ITO') for Tax Year 2014 whereby income tax of Rupees 191.536 million was levied on other income, interest on delayed payments from NTDC, minimum tax on capacity sales, scrap sales and sale proceeds of fixed assets' disposal, and WWF was also levied of Rupees 12.946 million. Against the aforesaid order, Nishat Chunian Power Limited - Subsidiary Company preferred an appeal on 25 September 2017 before the CIR(A) and the learned CIR(A) passed an order on 02 February 2018, declaring that the levy of income tax on interest on delayed payments from NTDC and minimum tax on capacity sales is not justified, while directing the Subsidiary Company to pay income tax aggregating to Rupees 1.466 million on profit on debt, miscellaneous income, capital gain on disposal of securities, minimum tax on scrap sales and fixed assets' disposal, and WWF of Rupees 4.552 million. The Subsidiary Company and tax authority both have filed appeals on 8 March 2018 and 26 March 2018 respectively, before the ATIR against the order of CIR(A) that are pending adjudication.

Further, during the current year, another amendment order dated 13 June 2018 was issued by the Additional Commissioner Inland Revenue under section 122 of the ITO for Tax Year 2012 and subsequently, rectification order dated 27 June 2018 under section 221 of the ITO was issued whereby income tax of Rupees 50.063 million was levied mainly comprising minimum tax on capacity sales. Subsequent to year end, the Subsidiary Company has filed an appeal on 26 July 2018 before the CIR(A) against the aforesaid orders, which is pending adjudication.

The management considers that there exist meritorious grounds to defend Nishat Chunian Power Limited - Subsidiary Company's stance and the ultimate decision from the appellate authorities would be in the Subsidiary Company's favour. Consequently, no provision has been made in these consolidated financial statements for the above mentioned amounts aggregating Rupees 254.545 million.

- 13.1.20** Guarantees of Rupees 17.683 million (2017: Rupees 12.926 million) have been issued by banks of NC Electric Company Limited - Subsidiary Company in favour of Director, Excise and Taxation, Karachi against disputed amounts of infrastructure cess.
- 13.1.21** The followings have been issued by the banks on behalf of Nishat Chunian Power Limited - Subsidiary Company:
- (a) Letter of guarantee of Rupees 18.942 million (2016: Rupees 26.747 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.
- 13.1.22** Post dated cheques amounting to Rupees 8.230 million (2017: Rupees 29.472) have been issued by NC Electric Company Limited - Subsidiary Company in favour of Collector of Customs against disputed amount of tax on import of coal.
- 13.1.23** NC Entertainment (Private) Limited - Subsidiary Company received show cause notice dated 19 January 2017 from Inland Revenue Audit Officer, Federal Board of Revenue under section 176(1) regarding selection for tax audit under section 214 (C) of the Income Tax Ordinance, 2001 for Tax Year 2015. However, NC Entertainment (Private) Limited - Subsidiary Company has filed an appeal with the Commissioner Inland Revenue (Appeals - II) against the above mentioned order dated 14 March 2018. The appeal is currently pending adjudication. The management is confident of a favourable outcome in this regard, therefore no provision of income tax of Rupees 12.043 million has been made in these consolidated financial statements.

13.2 Contingent asset

During the year on 29 July 2017, Nishat Chunian Power Limited - Subsidiary Company instituted arbitration proceedings against NTDC/Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing an amount of Rupees 1,161.535 million relating to delayed payment charges on outstanding delayed payment invoices. Nishat Chunian Power Limited - Subsidiary Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivables from NTDC as per terms of the PPA. However, NTDC has denied this liability and objected on the maintainability of the Arbitration Proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivables.

The LCIA appointed a sole Arbitrator and hearings were also held on 19 and 20 February 2018. On 16 April 2018, the Arbitrator has issued Partial Final Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings.

Arbitration Proceedings on merits of the case are underway, however, in 23 May 2018, NTDC filed a civil suit against this Interim Award in Civil Court, Lahore, that is pending adjudication. As the above amount is disputed, therefore, on prudence basis, Nishat Chunian Power Limited - Subsidiary Company has not accounted for these amounts as receivable in these consolidated financial statements.

13.3 Commitments:

13.3.1 Contracts for capital expenditure amounting to Rupees Nil (2017: Rupees 49.228 million).

13.3.2 Letters of credit other than for capital expenditure amounting to Rupees 1,409.546 million (2017: Rupees 1,356.239 million).

13.3.3 Outstanding foreign currency forward contracts of Rupees 418.294 million (2017: Rupees 4,940.270 million).

13.3.4 The amount of future lease rentals on contract of NC Entertainment (Private) Limited - Subsidiary Company and the period in which payments will become due are as follows:

	2018 Rupees	2017 Rupees
Not later than one year	191,267,640	101,661,000
Later than one year but not later than five years	840,590,160	406,644,000
Later than five years	1,638,233,232	1,524,915,000
	<u>2,670,091,032</u>	<u>2,033,220,000</u>

13.3.5 The Nishat Chunian USA, Inc. - Subsidiary Company is obligated under an operating lease which expires 31 January 2019 and provides for a minimum annual rentals of approximately Rupees 10.198 million.

	2018 Rupees	2017 Rupees
Property, plant and equipment:		
Operating fixed assets (Note 14.1)	28,285,126,311	29,571,507,026
Capital work-in-progress (Note 14.2)	74,269,238	255,117,935
	<u>28,359,395,549</u>	<u>29,826,624,961</u>

14. FIXED ASSETS

Property, plant and equipment:

Operating fixed assets (Note 14.1)	28,285,126,311	29,571,507,026
Capital work-in-progress (Note 14.2)	74,269,238	255,117,935
	<u>28,359,395,549</u>	<u>29,826,624,961</u>

Reconciliations of carrying amounts of operating fixed assets at the beginning and at the end of the year are as follows:

Description	Operating fixed assets							Total	
	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Factory equipment	Furniture, fixture and equipment	Office equipment		Motor vehicles
Rupees									
At 30 June 2016									
Cost	887,973,249	3,265,934,986	30,541,418,522	597,078,417	242,664,185	91,350,252	132,561,097	214,259,497	35,973,240,205
Accumulated depreciation	-	(1,127,510,357)	(12,070,967,030)	(220,377,645)	(123,769,901)	(48,823,482)	(52,611,193)	(94,507,023)	(13,738,566,631)
Accumulated impairment loss	-	-	(9,725,736)	-	-	-	-	-	(9,725,736)
Net book value	887,973,249	2,138,424,629	18,460,725,756	376,700,772	118,894,284	42,526,770	79,949,904	119,752,474	22,224,947,838
Year ended 30 June 2017									
Opening net book value	887,973,249	2,138,424,629	18,460,725,756	376,700,772	118,894,284	42,526,770	79,949,904	119,752,474	22,224,947,838
Additions	12,536,484	1,386,824,832	8,059,340,603	43,933,009	16,913,161	23,537,322	16,543,613	59,719,147	9,619,348,171
Disposals:									
Cost	-	(6,000,000)	(1,163,587,000)	-	(270,000)	(6,000)	(2,258,104)	(25,122,774)	(1,199,243,878)
Accumulated impairment loss	-	-	9,725,736	-	-	-	-	-	9,725,736
Accumulated depreciation	-	1,000,000	941,581,877	-	47,098	2,448	570,721	16,966,154	960,168,298
Depreciation charge	-	(7,000,000)	(212,279,387)	-	(222,902)	(3,552)	(1,687,383)	(8,156,620)	(229,349,844)
Closing net book value	900,509,733	3,400,755,374	24,495,765,209	380,673,980	122,745,805	60,128,201	75,233,536	135,695,188	29,571,507,026
At 30 June 2017									
Cost	900,509,733	4,644,759,818	37,437,172,125	641,011,426	259,307,346	114,881,574	146,846,606	248,855,870	44,393,344,498
Accumulated depreciation	-	(1,244,004,444)	(12,941,406,916)	(260,337,446)	(136,561,541)	(54,753,373)	(71,613,070)	(113,160,682)	(14,821,837,472)
Net book value	900,509,733	3,400,755,374	24,495,765,209	380,673,980	122,745,805	60,128,201	75,233,536	135,695,188	29,571,507,026
Year ended 30 June 2018									
Opening net book value	900,509,733	3,400,755,374	24,495,765,209	380,673,980	122,745,805	60,128,201	75,233,536	135,695,188	29,571,507,026
Additions	10,806,400	95,344,611	909,287,183	31,058,022	11,668,521	24,071,435	16,703,349	34,957,164	1,133,896,685
Disposals:									
Cost	-	-	(780,777,458)	(10,000)	-	(619,756)	(1,799,420)	(59,304,810)	(842,511,444)
Accumulated depreciation	-	-	735,181,471	7,641	-	508,652	669,576	32,234,675	768,602,015
Depreciation charge	-	-	(45,595,987)	(2,359)	-	(111,104)	(1,129,844)	(27,070,135)	(73,909,429)
Closing net book value	911,316,133	3,337,116,942	23,291,160,197	371,300,150	121,350,309	74,009,068	71,812,334	107,061,178	28,285,126,311
At 30 June 2018									
Cost	911,316,133	4,740,104,429	37,565,681,850	672,059,448	270,975,867	138,333,253	161,750,535	224,508,224	44,684,729,739
Accumulated depreciation	-	(1,402,987,487)	(14,274,521,653)	(300,759,298)	(149,625,558)	(64,324,185)	(89,938,201)	(117,447,046)	(16,399,603,428)
Net book value	911,316,133	3,337,116,942	23,291,160,197	371,300,150	121,350,309	74,009,068	71,812,334	107,061,178	28,285,126,311
Annual rate of depreciation (%)									
	4 - 10	4 - 10	4 - 15 and number of hours used	10 - 20	10	10 - 20	10 - 33	20	

14.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

Description	Qty	Cost	----- Rupees -----				Particulars of purchasers
			Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	
Plant and machinery							
Ring Frame EJM 128	1	3,331,627	(2,818,779)	512,848	190,000	(322,848)	Ismaq Textile Mills Limited, Faisalabad
Drawing frame	3	8,521,854	(7,469,807)	1,052,047	50,420	(1,001,627)	Mr. Imran Munawar, Lahore
Auto cone machine	1	1,725,752	(555,249)	1,170,503	126,051	(1,044,452)	Mr. Imran Munawar, Lahore
Auto cone machine	5	7,047,901	(2,183,780)	4,864,121	630,255	(4,233,866)	Mr. Imran Munawar, Lahore
Auto cone machine	1	6,525,834	(2,022,019)	4,503,815	126,051	(4,377,764)	Mr. Imran Munawar, Lahore
Auto cone Muratec	2	48,576,919	(36,786,310)	11,790,609	252,102	(11,538,507)	Mr. Imran Munawar, Lahore
Auto cone Muratec	1	24,288,459	(18,393,155)	5,895,304	115,546	(5,779,758)	Mr. Imran Munawar, Lahore
Auto cone	1	15,763,779	(12,109,113)	3,654,666	115,547	(3,539,119)	Mr. Imran Munawar, Lahore
Drawing frame	1	2,596,450	(1,932,877)	663,573	16,807	(646,766)	Mr. Imran Munawar, Lahore
Overhead grab crane	1	11,279,607	(71,438)	11,208,169	6,000,000	(5,208,169)	Adamjee Insurance Company Limited (related party)
Motor vehicles							
Honda Civic LEC-11-9927	1	1,855,560	(1,322,137)	533,423	1,200,000	666,577	Mr. Muhammad Afzal, Lahore
Daihatsu Mira LEF-17-2417	1	1,281,146	(179,859)	1,101,287	1,281,146	179,859	Mr. Adil Mehmood (Ex-employee), Lahore
Toyota Corolla Allis LEC-12-2274	1	1,897,690	(1,288,859)	608,831	1,200,000	591,169	Mr. Muhammad Bilal, Lahore
Toyota Corolla Allis LEC-12-2273	1	1,897,690	(1,298,376)	599,314	1,235,000	635,686	Mr. Muhammad Farooq, Lahore
Toyota Corolla Allis LEC-12-3823	1	1,897,740	(1,290,862)	606,878	1,225,000	618,122	Mr. Abdul Hameed Chohan, Lahore
Toyota Corolla Allis LEA-14-2163	1	2,048,810	(1,064,015)	984,795	1,481,000	496,205	Mr. Muhammad Aqib Zahoor, Lahore
Suzuki Cultus LEC-16-7126	1	1,116,752	(362,125)	754,627	736,490	(18,137)	Mr. Muhammad Tahir (Ex-employee), Lahore
Toyota Hilux Vigo Champ AG-467	1	3,498,168	(2,094,392)	1,403,776	3,200,000	1,796,224	Mr. Mubashar Razzaq, Lahore
Honda City LEF-16-1553	1	1,565,960	(531,922)	1,034,038	1,565,960	531,922	Mr. Rohan Zafar Hashmi (Ex-employee), Lahore
Motor vehicle	1	14,151,000	(5,896,000)	8,255,000	9,400,000	1,145,000	Sprint Services, Rawalpindi
Motor vehicle	1	12,003,000	(6,402,000)	5,601,000	6,500,000	899,000	Gilgit Balistan Mountain Seeds
Motor vehicle	1	2,674,000	(223,000)	2,451,000	2,674,000	223,000	Mr. Muhammad Yahya Saleem, Director
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000							
		666,965,746	(662,305,941)	4,659,805	10,654,012	5,994,207	
		842,511,444	(768,602,015)	73,909,429	49,975,387	(23,934,042)	

14.1.2 The depreciation charge for the year has been allocated as follows:

	2018 Rupees	2017 Rupees
Cost of sales (Note 26)	2,320,370,231	2,016,336,322
Administrative expenses (Note 28)	25,997,740	26,343,828
Capital work-in-progress	-	758,989
	2,346,367,971	2,043,439,139

14.1.3 Particulars of immovable fixed assets are as follows:

Manufacturing units and office	Address	Area of land Acres
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Nishat (Chunian) Limited - Holding Company

Manufacturing units

Spinning Units 1,4,5,7 & 8	49th Kilometer, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur	45.83
Spinning Units 2,3,6 & Weaving	49th Kilometer, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.	65.20
Dyeing, Printing and Stitching	4th Kilometer, Manga Road, Raiwind.	34.78
Office	31-Q, 31-C-Q, and 10-N, Gulberg-II, Lahore, Pakistan	0.98

NC Electric Company Limited - Subsidiary Company

Coal fired electric power generation project	49th Kilometer, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur	29.35
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Nishat Chunian Power Limited - Subsidiary Company

Freehold land	Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab	7.50
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14.2 Capital work-in-progress

	2018 Rupees	2017 Rupees
Civil works on freehold land	1,803,210	75,186,573
Mobilization advance	137,500	987,035
Letters of credit	39,324	30,070,002
Advances for capital expenditure	72,289,204	148,874,325
	74,269,238	255,117,935

	2018 Rupees	2017 Rupees
15. INTANGIBLE ASSETS		
Balance as at 01 July	23,471,181	7,819,748
Addition during the year	3,480,645	25,562,389
Amortization during the year	(7,237,056)	(9,910,956)
As at 30 June	<u>19,714,770</u>	<u>23,471,181</u>
Cost as at 30 June	52,669,448	49,188,803
Accumulated amortization	(32,954,678)	(25,717,622)
Net book value as at 30 June	<u>19,714,770</u>	<u>23,471,181</u>

15.1 Amortization on intangible assets amounting to Rupees 4.460 million (2017: Rupees 3.011 million) and Rupees 2.777 million (2017: Rupees 6.900 million) has been allocated to cost of sales and administrative expenses, respectively.

15.2 Intangible assets have been amortized at the rates ranging from 20% - 30% per annum.

16. LONG TERM LOANS TO EMPLOYEES

Considered good:

Executives (Note 16.2)	16,440,318	22,603,095
Other employees (Note 16.2)	5,314,547	1,974,066
	<u>21,754,865</u>	<u>24,577,161</u>

Less: Current portion shown under current assets (Note 20)

Executives	2,929,227	3,344,427
Other employees	928,411	384,920
	<u>3,857,638</u>	<u>3,729,347</u>
	<u>17,897,227</u>	<u>20,847,814</u>

16.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 22.994 million (2017: Rupees 28.001 million).

16.2 These represent motor vehicle loans and house building loans to executives and employees, payable in 36 to 48, 96 monthly instalments respectively. Interest on long term loans ranged from 3.1% to 10.66% (2017: 3.1% to 10.66%) per annum while some loans are interest free. Motor vehicle loans are secured against registration of motor vehicles in the name of the respective Group Company, whereas house building loans are secured against balance standing to the credit of employee in the provident fund trust account.

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

	2018 Rupees	2017 Rupees
17. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores (Note 17.1)	1,039,711,185	960,573,824
Spare parts	272,408,584	211,203,117
Loose tools	52,183,148	43,042,259
	<u>1,364,302,917</u>	<u>1,214,819,200</u>

- 17.1 Most of the items of stores and spares of Nishat Chunian Power Limited - Subsidiary Company and NC Electric Company Limited - Subsidiary Company are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage. Moreover, stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	2018 Rupees	2017 Rupees
18. STOCK-IN-TRADE		
Raw materials	9,958,948,023	7,762,092,957
Work-in-process	902,207,503	681,950,465
Finished goods	1,788,352,893	1,568,868,949
Waste	106,915,432	78,504,641
	<u>12,756,423,851</u>	<u>10,091,417,012</u>

- 18.1 Stock-in-trade of Rupees 245.976 million (2017: Rupees 161.563 million) is being carried at net realizable value.

- 18.2 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees Nil (2017: Rupees 6.501 million)

- 18.3 This includes stock of Rupees 29.635 million (2017: Rupees 28.426 million) sent to outside parties for processing.

- 18.4 During the current year, as a result of fire at cotton godown, some cotton bales got burnt. The carrying value of the burnt stock-in-trade was Rupees 100.377 million. The Holding Company have claimed such loss from its insurance providers as referred to in note 30.1.

	2018 Rupees	2017 Rupees
19. TRADE DEBTS		
Considered good:		
Secured (Notes 19.7)		
- Others (Note 19.5)	18,291,242,460	13,425,906,239
Unsecured		
- Nishat Mills Limited - related party	39,471,265	69,615,588
- Others	873,619,555	421,239,103
	913,090,820	490,854,691
	<u>19,204,333,280</u>	<u>13,916,760,930</u>

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

Nishat Mills Limited - related party	111,242,504	76,301,941
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- 19.2 As at 30 June 2018, trade debts of Rupees 7,605.748 million (2017: Rupees 5,011.893 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

Upto 1 month	1,718,607,838	1,866,778,236
1 to 6 months	4,546,371,883	1,646,720,668
More than 6 months	1,340,767,977	1,498,393,926
	<u>7,605,747,698</u>	<u>5,011,892,830</u>

- 19.3 As at 30 June 2018, trade debts due from related party amounting to Rupees Nil (2017: Rupees 37.425 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	2018 Rupees	2017 Rupees
Upto 1 month	-	37,425,050
1 to 6 months	-	-
More than 6 months	-	-
	-	37,425,050

- 19.4 During the year, trade debts of Rupees 24.034 million (Rupees Nil) have been written off. The ageing of these trade debts was more than 6 months. These trade debts do not include amounts due from related parties.

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

Jurisdiction and relationship with the Group (related party or other)	Type of arrangements			Total
	Letters of credit	Cash against documents	Contracts	
-----Rupees-----				
USA				
-Others	265,551,574	143,168,574	6,284,514	415,004,662
Asia				
-Others	3,976,220,756	15,005,283	78,789	3,991,304,828
Europe				
-Others	1,121,076,470	262,355,938	16,774,563	1,400,206,971
Jurisdiction other than above				
-Others	385,953,029	52,564,224	-	438,517,253
	5,748,801,829	473,094,019	23,137,866	6,245,033,714

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

Jurisdiction and relationship with the Group (related party or other)	Type of arrangements			Total
	Letters of credit	Cash against documents	Contracts	
-----Rupees-----				
USA				
-Others	200,735,128	252,646,545	862,587	454,244,260
Asia				
-Others	2,384,261,815	18,367,248	-	2,402,629,063
Europe				
-Others	612,612,091	282,487,907	13,732,206	908,832,204
Jurisdiction other than above				
-Others	7,932,778	6,675,603	-	14,608,381
	3,205,541,812	560,177,303	14,594,793	3,780,313,908

- 19.7 Included in trade debts is an amount of Rupees 966.166 million relating to capacity purchase price not acknowledged by NTDC as the plant of Nishat Chunian Power Limited - Subsidiary Company was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that Nishat Chunian Power Limited - Subsidiary Company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, Nishat Chunian Power Limited - Subsidiary Company had taken up this issue at appropriate forums. On 28 June 2013, Nishat Chunian Power Limited - Subsidiary Company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by Nishat Chunian Power Limited - Subsidiary Company before the Supreme Court of Pakistan on the above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, Nishat Chunian Power Limited - Subsidiary Company applied for withdrawal of the aforesaid petition in 2013 and on 25 January 2018, the Supreme Court disposed off the petitions filed before it. During the financial year 2014, Nishat Chunian Power Limited - Subsidiary Company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

During the financial year 2016, the Expert gave his determination whereby the aforesaid amount was determined to be payable to Nishat Chunian Power Limited - Subsidiary Company by NTDC. Pursuant to the Expert's determination, the Subsidiary Company demanded the payment of the aforesaid amount of Rupees 966.166 million from NTDC that has not yet been paid by NTDC. Nishat Chunian Power Limited - Subsidiary Company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed. In October 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') filed a case in the court of Senior Civil Judge, ("Civil Case 2015"), Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication.

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

The Arbitrator, on 08 June 2017, declared his Partial Final Award and decided the matter principally in Nishat Chunian Power Limited - Subsidiary Company's favour and declared that the above mentioned Expert's determination is final and binding on all parties ("Final Partial Award"). Aggrieved by the Partial Final Award, NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Final Partial Award on 10 July 2017. In response to this decision of Civil Court, the Nishat Chunian Power Limited - Subsidiary Company filed a revision petition in District Court and the District Court ("District Case 2017") while granting interim relief to the Nishat Chunian Power Limited - Subsidiary Company, suspended the Civil Court's order on 12 August 2017. Alongwith challenging the Final Partial Award in Lahore Civil Court, NTDC also challenged the same, on 06 July 2017, in Commercial Court of England. As per advice of foreign legal counsel, Nishat Chunian Power Limited - Subsidiary Company also filed a case for anti suit injunction in Commercial Court of England against NTDC on 14 August 2017. The District Judge, Lahore through its order dated 8 July, 2017 set-aside the aforementioned orders of the Civil Judge, Lahore dated 18 April 2017 and accepted Nishat Chunian Power Limited - Subsidiary Company's appeals but dismissed the Nishat Chunian Power Limited - Subsidiary Company's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, (i) Nishat Chunian Power Limited - Subsidiary Company filed writ petitions before the LHC, which announced a favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of LHC; and (ii) GOP/PPIB filed revision petitions in the LHC, which are currently pending adjudication.

On 29 October 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to Nishat Chunian Power Limited - Subsidiary Company: i) Rupees 966.166 million pursuant to Expert's determination; ii) Rupees 224.229 million being Pre award interest; iii) Rupees 9.203 million for breach of arbitration agreement; iv) Rupees 1.684 million and USD 612,311 for the Nishat Chunian Power Limited - Subsidiary Company's cost of proceedings; v) GBP 30,157 for Nishat Chunian Power Limited - Subsidiary Company's LCIA cost of arbitration and vi) Interest at KIBOR + 4.5% compounded semiannually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rupees 92.932 million upto 30 June 2018.

On 24 November 2017, NTDC challenged the Final Award in Commercial Court of England. On 29 November 2017, Nishat Chunian Power Limited - Subsidiary Company filed an application before LHC for implementation of Final Award that is also pending adjudication. During the hearing held in December 2017 in London, NTDC withdrew its petitions dated 06 July 2017 and 24 November 2017 filed before Commercial Court of England against Nishat Chunian Power Limited - Subsidiary Company, pertaining to Partial Final Award and Final Award respectively. On 04 May 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC has sought permission to file an appeal before the Court of Appeals, London, which is pending as of today.

Based on the favourable Expert's determination and Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the above amount of Rupees 966.166 million is likely to be recovered by Nishat Chunian Power Limited - Subsidiary Company. Consequently, no provision for this amount has been made in these consolidated financial statements. Further, on prudence basis, Nishat Chunian Power Limited - Subsidiary Company has not recognised the abovementioned amounts in these consolidated financial statements for Pre-award interest, breach of arbitration agreement, Nishat Chunian Power Limited - Subsidiary Company cost of proceedings, Nishat Chunian Power Limited - Subsidiary Company's LCIA cost of arbitration and interest thereon on all these amounts as per Final Award due to its uncertainty since it is pending adjudication as mentioned above. Such amounts as per Final Award would be recognized when it attains finality and it is certain.

20. LOANS AND ADVANCES

Considered good:

Employees - interest free:

- Executives

- Other employees

Current portion of long term loans to employees (Note 16)

Advances to suppliers (Note 20.1)

Advances to contractors

Letters of credit

	2018 Rupees	2017 Rupees
	3,822,340	14,445,336
	6,599,364	9,324,734
	<u>10,421,704</u>	<u>23,770,070</u>
	3,857,638	3,729,347
	1,274,877,213	741,499,739
	677,006	972,313
	329,559,315	550,667,338
	<u>1,619,392,876</u>	<u>1,320,638,807</u>

20.1 It includes advances amounting to Rupees Nil (2017: Rupees 0.486 million) to D.G. Khan Cement Company Limited - related party and Rupees 2.003 million (2017: Rupees 0.743 million) to Adamjee Insurance Company Limited - associated company. These are neither past due nor impaired.

20.1.1 The maximum aggregate amount of advances to related parties at the end of any month during the year was as

D.G. Khan Cement Company Limited

Adamjee Insurance Company Limited

485,614	6,019,518
<u>4,758,980</u>	<u>3,240,166</u>

	2018 Rupees	2017 Rupees
21. SHORT TERM DEPOSITS AND PREPAYMENTS		
Deposits	9,760,036	9,566,438
Prepayments	20,737,507	22,533,136
	<u>30,497,543</u>	<u>32,099,574</u>
22. OTHER RECEIVABLES		
Considered good:		
Sales tax recoverable	1,993,551,429	1,758,339,536
Advance income tax - net	988,852,174	1,137,351,633
Export rebate and claims	66,171,247	77,572,321
Duty drawback receivable	773,195,151	341,479,236
Receivable from employees' provident fund trust	20,670,671	23,668,868
Claim recoverable from NTDCCL for pass through item - Workers' profit participation fund (Note 22.1)	726,930,000	670,289,573
Liquidity damages recoverable	-	538,316,800
Fair value of forward exchange contracts	8,493,361	-
Insurance claim receivable (Note 22.2)	150,562,605	698,797
Miscellaneous	113,441,187	32,458,141
	<u>4,841,867,825</u>	<u>4,580,174,905</u>
22.1 Workers' profit participation fund		
Balance as at 01 July	670,289,573	674,817,573
Add: Provision for the year	170,319,000	149,988,000
Less: Amount received during the year	113,678,573	154,516,000
Balance as at 30 June	<u>726,930,000</u>	<u>670,289,573</u>

22.1.1 Under section 9.3(a) of the Power Purchase Agreement (PPA) with NTDCCL, payments to Workers' Profit Participation Fund by Nishat Chunian Power Limited - Subsidiary Company are recoverable from NTDCCL as pass through item.

22.2 It includes Rupees 48.519 million (2017: Rupees 0.489 million) receivable from Adamjee Insurance Company Limited - associated company. It is neither past due nor impaired.

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

	2018 Rupees	2017 Rupees
Adamjee Insurance Company Limited - associated company	<u>75,430,412</u>	<u>2,619,898</u>

	2018 Rupees	2017 Rupees
23. SHORT TERM INVESTMENTS		
Held-to-maturity		
Term deposit receipts (Note 23.1)	31,160,226	31,160,226
Add: Accrued interest	1,019,465	1,133,934
	<u>32,179,691</u>	<u>32,294,160</u>
23.1	These represent deposits under lien with the bank of the Group against bank guarantees of the same amount issued by the bank to Sui Northern Gas Pipelines Limited against gas connections and Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess. Interest on term deposit receipts ranges from 3.11% to 5.40% (2017: 3.11% to 5.94%) per annum. The maturity period of these term deposit receipts is one year.	
	2018 Rupees	2017 Rupees
24. CASH AND BANK BALANCES		
Cash with banks:		
On saving accounts (Note 24.1)		
Including US\$ 14,464 (2017: US\$ 14,444)	114,019,358	177,063,168
On current accounts (Note 24.2)		
Including US\$ 81,629 (2017: US\$ 44,338)	131,410,269	66,991,984
	<u>245,429,627</u>	<u>244,055,152</u>
Cash in hand	6,836,953	2,999,282
	<u>252,266,580</u>	<u>247,054,434</u>
24.1	Rate of profit on saving accounts ranges from 1.94% to 5.10% (2017: 1.95% to 8.50%) per annum.	
24.2	Included in cash with banks Rupees 51.471 million (2017: Rupees 51.288 million) with MCB Bank Limited - associated company.	
25. REVENUE		
Export sales (Note 25.1)	18,737,289,468	16,149,103,897
Local sales (Note 25.2 and Note 25.3)	33,255,471,346	29,709,347,270
Processing income	298,465,790	240,842,283
Export rebate	36,725,636	39,529,905
Duty drawback	705,495,630	352,253,015
	<u>53,033,447,870</u>	<u>46,491,076,370</u>
25.1	Export sales includes waste sales of Rupees 5.908 million (2017: Rupees Nil).	
25.2 Local sales		
Sales	35,926,229,643	32,038,692,484
Less: Sales tax	2,415,140,016	2,036,613,900
Less: Advance income tax	3,193,632	-
Less: Discount	252,424,649	292,731,314
	<u>33,255,471,346</u>	<u>29,709,347,270</u>

25.3 Local sales includes waste sales of Rupees 957.844 million (2017: Rupees 726.961 million).

	2018 Rupees	2017 Rupees
26. COST OF SALES		
Raw materials consumed	34,713,563,721	29,980,188,207
Packing materials consumed	929,256,432	845,732,666
Operations and maintenance	478,543	-
Stores, spare parts and loose tools consumed	1,255,390,452	1,073,706,102
Processing charges	415,688,173	103,057,986
Salaries, wages and other benefits (Note 26.1)	2,687,737,818	2,378,831,512
Fuel and power	828,474,893	1,860,285,044
Fee and subscription	12,732,478	3,453,000
Insurance	220,041,354	213,888,377
Postage and telephone	14,291,872	14,620,160
Travelling and conveyance	31,985,159	37,025,586
Vehicles' running and maintenance	28,773,617	21,590,283
Common area maintenance charges	75,519,646	-
Lease rentals	111,453,682	97,305,693
Entertainment	9,653,023	7,440,903
Electricity consumed in-house	17,627,285	6,784,540
Amortization on intangible assets (Note 15.1)	4,459,866	3,011,000
Depreciation on operating fixed assets (Note 14.1.2)	2,320,370,231	2,016,336,322
Repair and maintenance	418,487,016	422,822,616
Other factory overheads (Note 26.2)	118,777,519	98,975,867
	<u>44,214,762,780</u>	<u>39,185,055,864</u>
Work-in-process		
Opening stock	681,950,465	664,745,190
Closing stock	(902,207,503)	(681,950,465)
	<u>(220,257,038)</u>	<u>(17,205,275)</u>
Cost of goods manufactured	43,994,505,742	39,167,850,589
Finished goods and waste - opening stocks		
Finished goods	1,568,868,949	1,200,198,744
Waste	78,504,641	45,165,814
	<u>1,647,373,590</u>	<u>1,245,364,558</u>
	<u>45,641,879,332</u>	<u>40,413,215,147</u>
Finished goods and waste - closing stocks		
Finished goods	(1,788,352,893)	(1,568,868,949)
Waste	(106,915,432)	(78,504,641)
	<u>(1,895,268,325)</u>	<u>(1,647,373,590)</u>
	<u>43,746,611,007</u>	<u>38,765,841,557</u>

26.1 Salaries, wages and other benefits include Rupees 21.958 million (2017: Rupees 16.952 million) and Rupees 48.295 million (2017: Rupees 45.182 million) in respect of accumulating compensated absences and provident funds contributions by the Group respectively.

26.2 This includes wages of contractual employees of Rupees 4.029 million (2017: Rupees 9.555 million).

	2018	2017
	Rupees	Rupees
27. DISTRIBUTION COST		
Salaries and other benefits (Note 27.1)	100,650,733	82,684,060
Ocean freight	147,469,280	96,664,451
Freight and octroi	186,120,001	272,242,605
Forwarding and other expenses	154,792,008	160,347,738
Export marketing expenses	142,214,145	149,997,190
Commission to selling agents	213,381,741	133,361,407
Rent, rates and taxes	11,965,560	-
Printing and stationery	4,170	-
Travelling and conveyance	1,643,249	-
Postage and telephone	408,629	-
Legal and professional	2,946,561	-
Repair and maintenance	4,754,051	-
Electricity and sui gas	1,364,901	-
Entertainment	322,387	-
Miscellaneous	195,551	-
	968,232,967	895,297,451

- 27.1** Salaries and other benefits include Rupees 3.145 million (2017: Rupees 3.882 million) and Rupees 4.444 million (2017: Rupees 3.854 million) in respect of accumulating compensated absences and provident funds contributions by the Group respectively.

	2018	2017
	Rupees	Rupees
28. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 28.1)	211,436,065	182,667,395
Printing and stationery	6,830,319	4,795,117
Vehicles' running and maintenance	3,762,947	2,970,527
Travelling and conveyance	58,123,005	53,357,902
Postage and telephone	6,558,704	6,050,508
Fee and subscription	11,344,504	9,195,384
Legal and professional (Note 28.2)	94,814,915	57,991,771
Electricity and sui gas	2,211,058	1,581,927
Insurance	7,389,543	8,274,576
Repair and maintenance	15,747,595	5,631,794
Entertainment	8,234,971	8,200,304
Depreciation on operating fixed assets (Note 14.1.2)	25,997,740	26,343,828
Amortization on intangible assets (Note 15.1)	2,777,190	6,899,956
Miscellaneous	27,997,317	73,996,238
	483,225,873	447,957,227

- 28.1** Salaries and other benefits include Rupees 3.427 million (2017: Rupees 3.002 million) and Rupees 6.291 million (2017: Rupees 5.774 million) in respect of accumulating compensated absences and provident fund contribution by the Group respectively.

- 28.2** Legal and professional charges include the following in respect of auditors' remuneration for:

	2018 Rupees	2017 Rupees
Riaz Ahmad & Company		
Audit fee	2,192,500	1,983,650
Half yearly review	525,000	450,000
Certification fees	125,000	125,000
Reimbursable expenses	184,500	184,500
	3,027,000	2,743,150
A. F. Ferguson & Co.		
Audit fee	1,565,000	1,500,000
Half yearly review	875,000	840,000
Tax services	1,175,000	230,000
Certifications required by various regulations	239,000	463,000
Reimbursable expenses	223,000	230,000
	4,077,000	3,263,000
Riaz Ahmad, Saqib, Gohar & Company		
Audit fee	250,000	100,000
Tax advisory services	-	35,000
	250,000	135,000
	7,354,000	6,141,150
29. OTHER EXPENSES		
Workers' profit participation fund	106,879,304	72,494,888
Donations (Note 29.1)	5,202,000	85,183,227
Trade debts written off	24,034,468	-
Loss on derivative financial instruments	-	900,000
Exchange loss	8,635,000	6,968,000
Loss on disposal of operating fixed assets (Note 14.1.1)	23,934,042	119,125,032
Impairment loss (Note 13.1)	-	-
Miscellaneous	2,071,000	-
	170,755,814	284,671,147
29.1 Donations		
Following is the interest of the directors of the Group in the donees:		
Donee	Directors of the Group Companies	Interest in donee
Mian Muhammad Yahya Trust 31-Q, Gulberg II, Lahore	Mr. Shahzad Saleem Mrs. Farhat Saleem	Trustee Trustee
Saleem Memorial Trust Hospital 31-Q, Gulberg II, Lahore	Mr. Shahzad Saleem Mrs. Farhat Saleem	Director Director
		5,082,000
		80,023,000
		5,082,000
		84,399,000
30. OTHER INCOME		
Income from financial assets		
Return on bank deposits	3,535,844	4,060,839
Mark up on loans to executives	218,000	299,000
Gain on derivative financial instruments	1,077,000	-
Net exchange gain	779,705,200	153,873,433
Income from non-financial assets		
Gain on insurance claim of stock-in-trade written off due to fire (Note 30.1)	14,122,611	-
Sale of scrap	85,918,429	73,939,683
Credit balances written back	417,222	15,029
Reversal of provision for workers' welfare fund	-	21,681,803
Miscellaneous	3,135,909	1,572,262
	888,130,215	255,442,049

- 30.1** As referred to in Note 18.4, during the current year, as a result of a fire incident at cotton godown some cotton bales got burnt. The Holding Company filed the insurance claim in respect of its stock-in-trade. The insurer appointed a surveyor who completed its survey and assessed the insurance claim at Rupees 114.500 million. The assessed amount of insurance claim has been agreed between the insurers and the Holding Company. Out of the total claim, the Holding Company has received proceeds of Rupees 37.500 million from the insurers as on 30 June 2018. As the carrying value of the burnt stock-in-trade was Rupees 100.377 million, hence gain recognized during the year on insurance claim of stock-in-trade written off due to fire amounted to Rupees 14.123 million.

	2018 Rupees	2017 Rupees
31. FINANCE COST		
Mark-up on:		
- long term loans	1,139,447,406	1,019,197,503
- long term musharaka	37,171,056	20,389,096
- short term running finances	678,301,917	518,294,070
- export finances - Preshipment / SBP refinances	199,947,250	150,688,544
- short term finances	501,582,386	431,475,855
Interest on employees' provident fund	1,180,978	521,624
Interest on workers' profit participation fund (Note 9.3)	12,821,913	12,217,220
Bank charges and commission	141,744,267	92,837,760
	<u>2,712,197,173</u>	<u>2,245,621,672</u>
32. TAXATION		
Current (Note 32.1)	407,024,047	159,414,021
Prior year adjustment	948,274	(550,210)
Deferred	(38,481,401)	29,687,846
	<u>369,490,920</u>	<u>188,551,657</u>

- 32.1** Provision for current taxation represents minimum tax on local sales except electricity sales, final tax on export sales, super tax on the Holding Company and tax on income from other sources at applicable rates. Provision for current taxation relating to Nishat Chunian USA Inc. is as per applicable laws of USA. Reconciliation of tax expense and product of accounting profit multiplied by applicable tax rate has not been presented, being impracticable.

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

Description	Year ended 30 June		
	2017	2016	2015
Provision for taxation	159,285,412	284,243,516	342,947,481
Tax assessed	62,271,068	123,160,379	203,816,588

	2018	2017
33. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to shareholders of the Holding Company (Rupees)	<u>3,804,150,810</u>	<u>2,452,753,644</u>
Weighted average number of ordinary shares outstanding during the year (Number)	<u>240,221,556</u>	<u>240,221,556</u>
Basic earnings per share (Rupees)	<u>15.84</u>	<u>10.21</u>

33.1 There is no dilutive effect on basic earnings per share for the year ended 30 June 2018 and 30 June 2017 as the Company has no potential ordinary shares as on 30 June 2018 and 30 June 2017.

	2018 Rupees	2017 Rupees
34. CASH GENERATED FROM OPERATIONS		
Profit before taxation	5,840,555,251	4,107,129,365
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	2,346,367,971	2,042,680,150
Amortization on intangible assets	7,237,056	9,910,956
Loss on sale of property, plant and equipment	23,934,042	119,125,032
Finance cost	2,712,197,173	2,245,621,672
Return on bank deposits	(3,535,844)	(4,060,839)
Reversal of provision for workers' welfare fund	-	(21,681,803)
Credit balances written back	(417,222)	(15,029)
Working capital changes (Note 34.1)	(7,774,760,944)	(5,642,519,023)
	<u>3,151,577,483</u>	<u>2,856,190,481</u>
34.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(149,483,717)	247,280,457
Stock-in-trade	(2,665,006,839)	(2,081,688,368)
Trade debts	(5,287,572,350)	(2,695,590,817)
Loans and advances	(298,625,778)	(19,210,656)
Short term deposits and prepayments	1,602,031	(15,039,542)
Other receivables	(410,192,379)	(1,005,860,466)
	<u>(8,809,279,032)</u>	<u>(5,570,109,392)</u>
Increase / (decrease) in trade and other payables	1,034,518,088	(72,409,631)
	<u>(7,774,760,944)</u>	<u>(5,642,519,023)</u>

34.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	----- Rupees -----			
Balance as at 01 July 2017	17,693,664,469	21,474,756,918	45,804,405	39,214,225,792
Financing / borrowings obtained	2,276,300,000	-	-	2,276,300,000
Repayment of financing / borrowings	(4,813,391,722)	-	-	(4,813,391,722)
Short term borrowings - net	-	4,035,423,732	-	4,035,423,732
Dividend declared	-	-	660,609,279	660,609,279
Dividend paid	-	-	(652,708,350)	(652,708,350)
	<u>15,156,572,747</u>	<u>25,510,180,650</u>	<u>53,705,334</u>	<u>40,720,458,731</u>

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these consolidated financial statements for the year for remuneration including certain benefits to the chief executive, directors and executives of the Holding Company is as follows:

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	----- Rupees -----					
Managerial remuneration	7,300,000	4,600,000	-	-	55,683,472	54,851,007
Contribution to provident fund	-	-	-	-	4,638,433	4,569,089
House rent	2,920,000	1,840,000	-	-	22,273,389	21,940,403
Utilities	730,000	460,000	-	-	5,568,347	5,485,101
Others	2,326,601	1,183,430	-	-	6,630,813	7,616,279
	13,276,601	8,083,430	-	-	94,794,454	94,461,879
Number of persons	1	1	-	-	29	31

35.1 The Holding Company provides to chief executive, directors and certain executives with free use of Holding Company maintained cars and residential telephones.

35.2 Aggregate amount charged in these consolidated financial statements for meeting fee to eight (2017: five) directors of the Holding Company was Rupees 340,000 (2017: Rupees 360,000).

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

36. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, other related companies, key management personnel and post employment benefit plan. The Group in the normal course of business carried out transactions with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

	2018 Rupees	2017 Rupees
Associated undertakings		
Mark up on borrowings	76,009,772	91,313,826
Insurance premium paid	106,677,099	80,737,741
Insurance claims received	49,193,990	10,818,144
Other related parties		
Purchase of goods	8,969,951	62,256,073
Sales of goods	1,780,323,001	1,459,639,336
Dividend paid	113,475,835	103,159,850

- 36.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in (Note 35)
- 36.2 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	Percentage of shareholding
Nishat Mills Limited	Share holding	Yes	None
D.G. Khan Cement Company Limited	Share holding	No	None
MCB Bank Limited	Common directorship	Yes	None
Saleem Memorial Trust Hospital	Common directorship	Yes	None
Adamjee Insurance Company Limited	Common directorship	Yes	None
Adamjee Life Assurance Company Limited	Common directorship	Yes	None
Pakgen Power Limited	Common directorship	No	None
Mian Muhammad Yahya Trust	Common directorship	No	None
NC Holdings Limited	Common directorship	No	None
Lalpir Solar Power (Private) Limited	Common directorship	No	None
Nishat Energy Limited	Common directorship	No	None
MCB Islamic Bank Limited	Common directorship	No	None
Nishat Papers Products Company Limited	Common directorship	No	None
Nishat (Aziz Avenue) Hotel and Properties Limited	Common directorship	No	None
Nishat (Gulberg) Hotel and Properties Limited	Common directorship	No	None
Nishat (Raiwind) Hotel and properties Limited	Common directorship	No	None
MCB Financial Services Limited	Common directorship	No	None
Hyundai Nishat Motor (Private) Limited	Common directorship	No	None
Nishat Hotels and Properties Limited	Common directorship	No	None
Provident Funds	Post-employment benefit plans	Yes	None

37 PROVIDENT FUND

Nishat (Chunain) Limited - Holding Company

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

Nishat Chunian Power Limited - Subsidiary Company

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

38. NUMBER OF EMPLOYEES

Number of employees as on 30 June (Note 38.1)

Average number of employees during the year

2018	2017
6,598	6,850
6,666	6,608

- 38.1 These include 6,346 (2017: 6,611) number of factory employees

40. PLANT CAPACITY AND ACTUAL PRODUCTION	2018	2017
Nishat (Chunian) Limited - Holding Company		
Spinning		
Number of spindles installed	222,708	222,708
Number of spindles worked	213,012	212,164
Capacity after conversion into 20/1 count (Kgs.)	78,969,801	66,097,519
Actual production of yarn after conversion into 20/1 count (Kgs.)	77,802,760	65,120,709
Under utilization of available capacity was due to normal maintenance and time lost in shifting of coarser counts to finer counts and vice		
Weaving		
Number of looms installed	363	363
Number of looms worked	363	363
Capacity after conversion into 50 picks - square yards	282,370,503	249,955,829
Actual production after conversion into 50 picks - square yards	240,664,380	217,086,638
Under utilization of available capacity was due to the following reasons:		
- change of articles required		
- higher count and cover factor		
- due to normal maintenance		
Power plant		
Number of engines installed	19	19
Number of engines worked	19	19
Generation capacity (KWh)	355,918,320	355,918,320
Actual generation (KWh)	41,954,708	169,791,503
Under utilization of available capacity was due to normal maintenance and demand.		
Dyeing		
Number of thermosol dyeing machines	1	1
Number of stenters machines	4	4
Capacity in meters	36,500,000	31,800,000
Actual processing of fabrics - meters	29,769,648	29,104,022
Under utilization of available capacity was due to normal maintenance and demand.		
Printing		
Number of printing machines	1	1
Capacity in meters	7,825,000	7,825,000
Actual processing of fabrics - meters	7,368,944	7,966,418
Under utilization of available capacity was due to normal maintenance and demand.		
Digital Printing		
Number of printing machines	2	2
Capacity in meters	3,120,000	1,820,000
Actual processing of fabrics - meters	796,820	76,419
Stitching		
The plant capacity of this division is indeterminable due to multi product plant involving varying run length of order lots.		
Nishat Chunian Power Limited - Subsidiary Company		
Installed capacity [based on 8,760 hours (2017: 8,760) hours] - MWH	1,714,525	1,714,525
Actual energy delivered - MWH	1,099,666	1,315,869
Output produced by plant is dependent on the load demanded by NT DCL and plant availability.		
NC Entertainment (Private) Limited - Subsidiary Company		
Screens (Numbers)	11	11
Seating capacity (Numbers)	2520	2520
Average occupancy	28.02%	11.91%
Occupancy rate dependent on the multiple factors as trend of Pakistani / Indian movies, sociopolitical change, filmmakers' investment and interest, new or obsolete technology etc.		
NC Electric Company Limited - Subsidiary Company		
Installed capacity (based on 8760 hours) (MWH)	402,960	402,960
Actual energy delivered (MWH)	280,531	92,863
Output produced by the plant is majorly dependent on the load demanded by the Holding Company. Low production in previous year was due to reason that the power plant started operation during the year ended 30 June 2017 and installed capacity is computed on annual basis.		

41. INTERESTS IN OTHER ENTITIES

41.1 Non-controlling interests (NCI)

Set out below is summarised financial information for Nishat Chunian Power Limited - Subsidiary Company that has non-controlling interests that are material to the Group. The amounts disclosed for Subsidiary Company are before inter-company eliminations.

	2018 Rupees	2017 Rupees
Summarised balance sheet		
Current assets	15,014,916,000	11,808,694,000
Current liabilities	10,849,987,000	9,049,756,000
Current net assets	4,164,929,000	2,758,938,000
Non-current assets	11,391,166,000	12,004,961,000
Non-current liabilities	3,326,769,000	5,573,611,000
Non-current net assets	8,064,397,000	6,431,350,000
Net assets	12,229,326,000	9,190,288,000
Accumulated non-controlling interest	5,976,634,360	4,489,481,958
Summarised statement of comprehensive income		
Revenue	16,594,018,000	16,147,843,000
Profit for the year	3,406,385,000	2,999,751,000
Other comprehensive income	-	-
Total comprehensive income	3,406,385,000	2,999,751,000
Profit allocated to non-controlling interest	1,666,913,521	1,465,824,064
Dividend to non-controlling interest	179,761,119	539,283,357
Summarised cash flows		
Cash flows from operating activities	1,474,442,000	1,563,865,000
Cash flows from investing activities	(453,354,000)	(335,490,000)
Cash flows from financing activities	(2,651,125,000)	(3,057,717,000)
Net decrease in cash and cash equivalents	(1,630,037,000)	(1,829,342,000)

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Group's foreign exchange risk exposure is restricted to bank balances, borrowings and the amounts receivable / payable from / to the foreign entities. The Group uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Group's exposure to currency risk was as follows:

	2018	2017
Cash at banks - USD	96,093	58,782
Trade debts - USD	55,701,534	33,347,608
Trade debts - EURO	2,084,946	585,194
Trade and other payables - USD	(963,224)	(270,937)
Trade and other payables - EURO	(122,857)	(23,649)
Short term borrowings - USD	-	(8,410,094)
Accrued mark-up - USD	-	(54,186)
Net exposure - USD	54,834,403	24,671,173
Net exposure - EURO	1,962,089	561,545

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	110.43	104.55
Reporting date rate	121.40	104.80

Rupees per EURO

Average rate	131.89	114.17
Reporting date rate	141.33	119.91

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 325.846 million (2017: Rupees 124.229 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

(iii) Interest rate risk

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

The Group has no significant interest-bearing assets except long term loans to employees, overdue trade debts of Nishat Chunian Power Limited - Subsidiary Company and bank balances in saving and deposit accounts. The Group's interest rate risk mainly arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Group to fair value interest rate risk.

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

	2018 Rupees	2017 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	3,761,347,990	3,676,909,000
Short term borrowings	3,700,839,000	3,810,059,876
	7,462,186,990	7,486,968,876
Financial assets		
Long term loans to employees	8,674,680	12,342,730
Bank balances - saving accounts	97,084,000	114,869,000
Net exposure	(7,356,428,310)	(7,359,757,146)

	2018 Rupees	2017 Rupees
Floating rate instruments		
Financial assets		
Trade debts - over due	5,433,697,000	3,218,815,000
WPPF receivable from NTDC - overdue	556,586,000	520,302,000
Bank balances - saving accounts	12,760,252	24,444,054
Short term investments	31,190,742	31,187,439
	6,034,233,994	3,794,748,493
Financial liabilities		
Long term financing	11,395,224,757	14,016,755,469
Short term borrowings	21,809,341,650	17,664,697,042
	33,204,566,407	31,681,452,511
Net exposure	(27,170,332,413)	(27,886,704,018)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 258.118 million (2017: Rupees 265.141 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2018 Rupees	2017 Rupees
Deposits	33,512,476	31,905,878
Trade debts	19,204,333,280	13,916,760,930
Loans and advances	32,176,569	48,347,231
Short term investments	32,179,691	32,294,160
Other receivables	999,427,153	1,241,763,311
Bank balances	245,429,627	244,055,152
	20,547,058,796	15,515,126,662

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

	Rating			2018	2017
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	996,143	3,433,275
Askari Bank Limited	A1+	AA+	PACRA	26,000	8,000
Allied Bank Limited	A1+	AA+	PACRA	59,588	242,763
Bank Alfalah Limited	A1+	AA+	PACRA	1,717,527	1,417,920
Bank Al-Habib Limited	A1+	AA+	PACRA	4,744,155	365,187
Dubai Islamic Bank (Pakistan) Limited	A-1	AA-	JCR-VIS	1,657,960	3,898,317
Faysal Bank Limited	A1+	AA	PACRA	8,826,290	3,805,115
Habib Bank Limited	A-1+	AAA	JCR-VIS	54,831,814	14,608,125
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	17,190,220
MCB Bank Limited	A1+	AAA	PACRA	51,470,762	51,288,070
Meezan Bank Limited	A-1+	AA	JCR-VIS	15,234,827	2,731,217
National Bank of Pakistan	A1+	AAA	PACRA	97,515,356	182,704
Samba Bank Limited	A-1	AA	JCR-VIS	1,778,095	
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	178,611	154,189
The Bank of Punjab	A1+	AA	PACRA	-	957,538
United Bank Limited	A-1+	AAA	JCR-VIS	2,141,551	116,638,221
Industrial and Commercial Bank of China Limited	P-1	A1	Moody's	2,334	2,785
Soneri Bank Limited	A1+	AA -	PACRA	4,201,875	22,252,100
JPMorgan Chase Bank, N.A.		Not available		21,488	18,572
Habib American Bank		Not available		25,251	4,860,834
				<u>245,429,627</u>	<u>244,055,152</u>
Short term investments					
BankIslami Pakistan Limited	A1	A+	PACRA	21,649,175	21,766,947
Dubai Islamic Bank (Pakistan) Limited	A-1	AA-	JCR-VIS	10,530,516	10,527,213
Trade debts - NTDC		Not available		<u>4,254,679,000</u>	<u>4,120,701,000</u>
				<u>4,532,288,318</u>	<u>4,397,050,312</u>

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

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

(c) Liquidity risk

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

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2018, the Group had Rupees 13,880 million available borrowing limits from financial institutions and Rupees 252.267 million cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2018:

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
----- R u p e e s -----						
Non-derivative financial liabilities:						
Long term financing	15,156,572,747	16,356,048,087	1,788,551,868	3,922,304,884	2,299,167,183	8,346,024,152
Short term borrowings	25,510,180,650	26,311,559,988	14,939,468,466	11,372,091,522	-	-
Trade and other payables	2,813,085,399	2,813,085,399	2,813,085,399	-	-	-
Accrued mark-up	570,404,272	570,404,272	570,404,272	-	-	-
	<u>44,050,243,068</u>	<u>46,051,097,746</u>	<u>20,111,510,005</u>	<u>15,294,396,406</u>	<u>2,299,167,183</u>	<u>8,346,024,152</u>

Contractual maturities of financial liabilities as at 30 June 2017:

Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
-----------------	------------------------	------------------	-------------	----------	-------------------

----- Rupees -----

Non-derivative financial liabilities:

Long term financing	17,693,664,469	20,558,880,823	2,743,468,184	2,648,184,636	5,167,875,531	9,999,352,472
Short term borrowings	21,474,756,918	22,328,567,888	18,306,667,840	4,021,900,048	-	-
Trade and other payables	1,847,933,887	1,847,933,887	1,847,933,887	-	-	-
Accrued mark-up	506,797,544	506,797,544	506,797,544	-	-	-
	<u>41,523,152,818</u>	<u>45,242,180,142</u>	<u>23,404,867,455</u>	<u>6,670,084,684</u>	<u>5,167,875,531</u>	<u>9,999,352,472</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at reporting date. The rates of interest / mark up have been disclosed in note 7 and note 11 to these consolidated financial statements.

42.2 Financial instruments by categories

Assets as per consolidated statement of financial position

	2018			2017		
	Loans and receivables	At amortized cost	At fair value through profit or loss	Loans and receivables	At amortized cost	At fair value through profit or loss

----- Rupees -----

Deposits	33,512,476	-	-	31,905,878	-	-
Trade debts	19,204,333,280	-	-	13,916,760,930	-	-
Loans and advances	32,176,569	-	-	48,347,231	-	-
Short term investments	-	32,179,691	-	-	32,294,160	-
Other receivables	990,933,792	-	8,493,361	1,241,763,311	-	-
Cash and bank balances	252,266,580	-	-	247,054,434	-	-
	<u>20,513,222,697</u>	<u>32,179,691</u>	<u>8,493,361</u>	<u>15,485,831,784</u>	<u>32,294,160</u>	<u>-</u>

Liabilities as per consolidated statement of financial position

	At fair value through profit or loss		At amortized cost	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees

Long term financing	-	-	15,156,572,747	17,693,664,469
Accrued mark-up	-	-	570,404,272	506,797,544
Short term borrowings	-	-	25,510,180,650	21,474,756,918
Derivative financial instruments	-	-	-	-
Trade and other payables	-	17,060,202	2,813,085,399	1,847,933,887
	-	<u>17,060,202</u>	<u>44,050,243,068</u>	<u>41,523,152,818</u>

43. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Group as referred to in note 6 and note 10 respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'. The Group's strategy, which was unchanged from last year, was to maintain a gearing ratio of 75% debt and 25% equity.

		2018	2017
Borrowings	Rupees	40,666,753,397	39,168,421,387
Total equity	Rupees	24,058,497,357	19,433,446,357
Total capital employed	Rupees	<u>64,725,250,754</u>	<u>58,601,867,744</u>
Gearing ratio	Percentage	62.83	66.84

44. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

----- Rupees -----

Financial assets

Derivative financial assets	-	8,493,361	-	8,493,361
Total financial assets	-	8,493,361	-	8,493,361

Recurring fair value measurements At 30 June 2017	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

----- Rupees -----

Financial liabilities

Derivative financial liabilities	-	17,060,202	-	17,060,202
Total financial liabilities	-	17,060,202	-	17,060,202

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

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

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

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

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

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

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

45. UNUTILIZED CREDIT FACILITIES

The Group has total credit facilities amounting to Rupees 40,005 million (2017: Rupees 39,377 million) out of which Rupees 13,880 million (2017: Rupees 13,367 million) remained unutilized at the end of the year.

46. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company at their meeting held on October 02, 2018 has proposed cash dividend of Rupees 4.00 per ordinary share (2017: Rupees 2.75 per ordinary share) in respect of the year ended 30 June 2018. The board of directors of Nishat Chunian Power Limited - Subsidiary Company at their meeting held on September 28, 2018 has proposed cash dividend of Rupee 1.50 per ordinary share (2017: Rupee 1 per ordinary share) However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these consolidated financial statements.

Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 7.5% of accounting profit before tax of the Company if it does not distribute at least 40% of its after tax profit for the year within six months of the end of the year ended 30 June 2018 through cash or bonus shares. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on October 02, 2018 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

In order to concentrate on the core business of the Holding Company, the board of directors of the Holding Company in their meeting held on 24 July 2018 and subsequently the shareholders of the Holding Company in their Extra Ordinary General Meeting held on 20 August 2018 approved the sale of NC Entertainment (Private) Limited, a wholly owned subsidiary company, to the highest bidder (Mr. Shahmir Yahya, a related party). The transaction is expected to be completed shortly after completion of related legal and corporate formalities. Total agreed consideration for disposal of investment in NC Entertainment (Private) Limited - Subsidiary Company is Rupees 322 million against cost of investment in subsidiary company of Rupees 100

47. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 02, 2018 by the Board of Directors of the Holding Company.

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped wherever necessary for the purpose of comparison. However, no significant rearrangements / regroupings have been made in these consolidated financial statements. However, to comply with the requirements of the Companies Act, 2017 unclaimed dividend and intangible asset have been reclassified from trade and other payables and fixed assets respectively and presented on the face of consolidated statement of financial position.

49. GENERAL

Figures have been rounded off to nearest of Rupee.

50. STATEMENT UNDER SECTION 232 OF THE COMPANIES ACT, 2017

These consolidated financial statements have been signed by two directors and chief financial officer instead of chief executive, one director and chief financial officer as the chief executive is not available for the time being in Pakistan.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

PROXY FORM

The Company Secretary,
Nishat (Chunian) Limited
31-Q, Gulberg-II,
Lahore.

I / We _____ Of _____ being a member(s) of Nishat (Chunian) Limited, and a holder of _____ Ordinary shares as per Share Register Folio No. _____ (in case of Central Depository System Account Holder A/c No. _____ Participant I.D. No. _____) hereby appoint _____ of _____ another member of the Company as per Register Folio No. _____ or (failing him / her _____ of _____ another member of the Company) as my / our Proxy to attend and vote for me / us and on my / our behalf at 29th Annual General Meeting of the Company, will be held on October 26, 2018 (Friday) at 09:30 a.m at the Head Office of the Company 31-Q, Gulberg II, Lahore and at any adjournment thereof.

As witness my hand this _____ day of _____ 2018 signed by the said _____ in presence of _____

Witness

Signature

Signature

Affix Rs. 5/-
Revenue
Stamp

Notes:

1. Proxies, in order to be effective, must be received at the company's Registered Office / Head Office not less than 48 hours before the meeting duly stamped, signed and witnessed.
2. Signature must agree with the specimen signature registered with the Company.

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

Subject: CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

Dear Sirs,

I/we, being the shareholder(s) of NISHAT (CHUNIAN) LIMITED ("Company"), do hereby consent and authorize the Company for electronic transmission of the Audited Annual Financial Statements of the Company along with Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the Company of any change in my Email address.

I understand that the transmission of Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email shall meet the requirements as mentioned under the provisions of Companies Act, 2017.

Name of Shareholder(s):	
Fathers / Husband Name:	
CNIC:	
NTN:	
Fathers / Husband Name:	
E-mail address:	
Telephone:	
Mailing Address:	

Date: _____

Signature: (In case of corporate shareholders, the authorized signatory must sign)

1. Name of Member: _____

2. CNIC/Passport Number: _____

3. Participant ID / Folio No/Sub A/C: _____

8. Registered Address: _____

I/We hereby request you to provide me/us a hard copy of the Annual Report of NISHAT (CHUNIAN) LIMITED for the year ended June 30, _____ at my above mentioned registered address instead of CD/DVD/USB. I undertake to intimate any change in the above information through revised Standard Request Form.

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary,

NISHAT (CHUNIAN) LIMITED

31-Q, Gulberg II, Lahore

Email: awais@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED

H.M. House, 7-Bank Square,

The Mall, Lahore

In case a member prefers to receive hard copies for all the future annual audited accounts, then such preference shall be communicated to the company in writing.

NISHAT (CHUNIAN) LIMITED
E-DIVIDEND FORM (DIVIDEND PAYMENT THROUGH ELECTRONIC MODE)

The Company Secretary/Share Registrar,

I/We, _____, holding CNIC No. _____, being the registered shareholder of the company under folio no. _____, state that pursuant the relevant provisions of Section 242 of the Companies Act, 2017 pertaining to dividend payments by listed companies, the below mentioned information relating to my Bank Account for receipt of current and future cash dividends through electronic mode directly into my bank account are true and correct and I will intimate the changes, if any in the above-mentioned information to the company and the concerned Share Registrar as soon as these occur through revised E-Dividend Form.

Title of Bank Account	
Bank Account Number	
IBAN Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline number of Shareholder	
Email of Shareholder	

In case of CDC shareholding, I hereby also undertake that I shall update the above information of my bank account in the Central Depository System through respective participant

Date: _____

Member's Signature

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary

NISHAT (CHUNIAN) LIMITED
31-Q, Gulberg II, Lahore
Email: awais@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

**NISHAT (CHUNIAN) LIMITED
FORM FOR VIDEO CONFERENCE FACILITY**

The Company Secretary/Share Registrar,

I/we, _____, of _____, being the registered shareholder(s) of the company under Folio No(s). _____/ CDC Participant ID No.____ and Sub Account No.____ CDC Investor Account ID No., and holder of _____ Ordinary Shares, hereby request for video conference facility at _____ for the Annual General Meeting of the Company to be held on 26th October, 2018

Date: _____

Member's Signature

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary,

NISHAT (CHUNIAN) LIMITED
31-Q, Gulberg II, Lahore
Email: awais@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

میں اہم

ساکن

بہیشت رکن نشاط (چونیاں) لمیٹڈ اور حامل عام حصص بمطابق شیئر رجسٹر فلیو نمبر
(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر پارٹیشن آئی ڈی نمبر)

بذریعہ ہذا

محترم / محترمہ ساکن

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فلیو نمبر یا (اسکی غیر موجودگی میں محترم / محترمہ
ساکن جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فلیو نمبر کو

مورخہ 26 اکتوبر 2018ء کو کمپنی کے صدر دفتر 31-Q، گلبرگ II، لاہور میں منعقد ہونے والے کمپنی کے 29 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے کے لئے اپنا / ہمارا بطور
عقار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

بلور گواہ میرے دستخط..... آج بروز..... تاریخ..... 2018ء

دستخط گواہ.....

دستخط گواہ.....

5 روپے کارسیدی

نکت چسپاں کریں

نوٹ:

- 1- پراکسیاں تاکہ موخر ہو سکیں کمپنی کے رجسٹرڈ دفتر / صدر دفتر میں باقاعدہ ممبر، دستخط اور گواہی شدہ اجلاس سے کم از کم 48 گھنٹے قبل پہنچ جانی چاہئیں۔
- 2- دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں

نمبر 1 مورخہ 26 جنوری 2000 میں دی گئی درج ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

A۔ اجلاس میں شرکت کیلئے:

- (i) بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا شخص جن کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور انکی رجسٹریشن تفصیلات، ریگولیشنز کے مطابق اپ لوڈ ہیں، کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔
- (ii) بصورت کارپوریٹ انٹیلی، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نامزد کے نمونہ دستخط اجلاس کے وقت مہیا کرنا ہوگے (اگر پہلے مہیا نہیں کئے گئے)۔

B۔ پراکسیز تقرری کیلئے:

- (i) بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا شخص جن کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور انکی رجسٹریشن تفصیلات، ریگولیشنز کے مطابق اپ لوڈ ہیں، کو بائیکورٹمنٹ کے مطابق پراکسی فارم جمع کرنا ہوگا۔
- (ii) پراکسی فارم، دو (2) افراد جن کے نام، پتے اور CNIC نمبرز فارم پر مذکور ہو گئے، سے گواہی شدہ ہو گئے۔
- (iii) بینیفیشل اونرز اور پراکسی کے CNIC یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم کے ہمراہ جمع کرنا ہوگی۔
- (iv) پراکسی، اجلاس کے وقت اپنا اصل CNIC یا اصل پاسپورٹ مہیا کرے گا/گی۔
- (v) بصورت کارپوریٹ انٹیلی، بورڈ آف ڈائریکٹرز قرارداد/مختار نامہ مع نمونہ دستخط، کمپنی کو پراکسی فارم کے ہمراہ جمع کرنا ہوگا (اگر پہلے مہیا نہیں کئے)۔

3۔ ڈیویڈنڈ وائنس پراکسیز CNIC/NTN نمبر (لازمی)

سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان (SECP) نے بروئے اپنے نوٹیفکیشن SRO 831(1)/2012 مورخہ 5 جولائی 2012 کے مطابق وقتاً فوقتاً پہلے ہی مطلع کیا ہے کہ ڈیویڈنڈ وائنس پر نابالغ اور کارپوریٹ حصص داران کے سوائے رجسٹرڈ حصص دار یا بااختیار شخص کے کمپیوٹرائزڈ شناختی کارڈ (CNIC) نمبر بھی درج ہونے چاہئیں۔

لہذا، ڈیویڈنڈ وائنس کا اجراء حصص داران کی طرف سے CNIC (انفرادی) / NTN (کارپوریٹ انٹیلی) کے جمع کرانے کے حوالہ سے ہوگا۔

4۔ اکنم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے تحت ڈیویڈنڈ سے اکنم ٹیکس کی ڈیکشن (لازمی)

(i)۔ فنانس ایکٹ 2017 کی پروویژن کی پیروی میں ڈیویڈنڈ ادا ٹیکسوں سے اکنم ٹیکس کی ڈیکشن کی شرح اکنم ٹیکس آرڈیننس کے تحت پر درج ذیل ہیں:

فائلرز 15%

نان فائلرز 20%

تمام حصص داران سے درخواست ہے کہ ایف بی بی آر کی ویب سائٹ پر مہیا ایکونٹیکس سٹیز فہرست (ATL) میں اپنا سٹیکس چیک کریں اور اگر درکار ہو، ٹیکس ڈیکشن کی کم شرح سے مستفید ہونے کے لئے ATL میں اپنے نام کا اندراج کرانے کے لئے ضروری اقدامات اٹھائیں۔

(ii)۔ مزید برآں، فیڈرل بورڈ آف ریونیو (ایف بی آر) کی وضاحت کے مطابق بصورت مشترکہ

نشاط (چونیاں) لمیٹڈ

اطلاع سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ نشاط (چونیاں) لمیٹڈ (دی "کمپنی") کے حصص داران کا

29 واں سالانہ اجلاس عام بمقام رجسٹرڈ دفتر Q-31، گلبرگ-II، لاہور پر 26 اکتوبر 2018ء کو صبح 09:30 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عام امور:

1۔ 20 اگست 2018ء کو منعقدہ گزشتہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔

2۔ 30 جون 2018ء بختتمہ سال کیلئے کمپنی کے نظر ثانی شدہ غیر اشتمال شدہ اور اشتمال شدہ مالی حسابات مع ان پراکسیز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری دینا۔

3۔ بورڈ آف ڈائریکٹرز کی سفارش کے مطابق حتمی نقد منافع منقسمہ بشرح 40% (یعنی 4.00 روپے فی شیئر) کی منظوری دینا۔

4۔ 30 جون 2019ء بختتمہ سال کیلئے محاسب کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔ موجودہ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہونے کی بناء پر دوبارہ تقرری کیلئے اپنے آپ کو پیش کرتے ہیں۔

5۔ صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی کرنا۔

لاہور

مورخہ: 02 اکتوبر 2018ء

بحکم بورڈ

اولیں محمود

گمپنی سیکرٹری

نوٹ:

1۔ حصص منتقلی کتابوں کی بندش

کمپنی کی حصص منتقلی کتابوں میں 19-10-2018 تا 26-10-2018 (بشمول ہر دو ایام) 40 فیصد حتمی نقد منافع منقسمہ یعنی 4.00 روپے فی شیئر کے استحقاق کے لئے بند رہیں گی۔ مادی منتقلیاں اسی ڈی ایس، کمپنی کے شیئر رجسٹرار، میسرز حمید مجید ایسوسی ایٹ (پرائیویٹ) لمیٹڈ، ایچ ایم ہاؤس، 7۔ پینک سکوائر، لاہور پر 18-10-2018 کو کاروبار کے اختتام تک موصول ہونے والی 40 فیصد حتمی نقد منافع منقسمہ کے استحقاق کے لئے بروقت تصور ہوگی۔

2۔ سالانہ اجلاس عام میں شرکت

اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اجلاس میں شرکت اور ووٹ دینے کیلئے اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دیگر ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی تقرری کے آلات باقاعدہ مہر اور دستخط شدہ کمپنی کے رجسٹرڈ دفتر پر اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازماً موصول ہو جانے چاہئیں۔

سی ڈی سی اکاؤنٹ ہولڈرز کو مزید برآں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے جاری شدہ سرکلر

- (i) عنوان اکاؤنٹ -----
(ii) IBAN نمبر -----
(iii) بینک کا نام -----
(iv) برانچ کا نام، کوڈ اور پتہ -----
(v) حصص دار کے دستخط -----

کمپنی کے شیئر رجسٹرار میسرز جمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو مہیا کریں۔ حصص داران جو حصص پارٹنیشنس / سنٹرل ڈیپازٹری کمپنی پاکستان (CDC) کے ہاں حصص رکھتے ہیں سے درخواست ہے کہ مذکورہ بالا بینک مینڈیٹ تفصیلات متعلقہ پارٹنیشنس / سی ڈی سی کو مہیا کریں۔

7۔ ڈیجیٹل سٹورج کے ذریعے سالانہ رپورٹس کی ترسیل

SECP کے نوٹیفکیشن SRO 471(1)/2016 مورخہ 31 مئی 2016 کی پیروی میں نشاط (چونیاں) لمیٹڈ کے حصص داران کمپنی کے 27 ویں AGM میں سالانہ رپورٹس بشمول تصدیق شدہ سالانہ حسابات، AGM کے نوٹس اور کمپنی کی دیگر معلومات ہارڈ کاپیوں میں ترسیل کی بجائے سی ڈی ر ڈی وی ڈی ر یا ایس بی کے ذریعے ترسیل کیلئے اپنی رضامندی کی منظوری دے چکے ہیں۔ حصص داران جو مذکورہ بالا دستاویزات کی ہارڈ کاپیاں وصول کرنا چاہتے ہوں کمپنی سیکرٹری / شیئر رجسٹرار کو سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم ارسال کریں اور کمپنی حصص داران کو مطالبہ پر مذکورہ بالا دستاویزات ایسی طلب کے ایک ہفتہ کے اندر مفت مہیا کرے گی۔ حصص داران جو سالانہ رپورٹ بشمول اجلاس کے نوٹس بذریعہ ای میل بھی وصول کرنا چاہتے ہوں سے درخواست ہے کہ سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم پر اپنی تحریری رضامندی فراہم کریں۔

8۔ وڈیو کانفرنس سہولت

کمپنیز ایکٹ کی پروویژن کی پیروی میں، کمپنی کے کل پیڈ اپ کیپٹل کے کم از کم 10% کے مالک لاہور کے علاوہ شہر میں سکونت داران کمپنی سے اجلاس میں شرکت کے لئے وڈیو لنک کی سہولت مہیا کرنے کا مطالبہ کر سکتے ہیں۔ وڈیو لنک سہولت کا مطالبہ مذکورہ بالا پتہ پر شیئر رجسٹرار کے ذریعے سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم پر اجلاس کی تاریخ سے کم از کم 7 یوم قبل وصول کیا جائے گا۔

9۔ پتہ کی تبدیلی

ممبران سے التماس ہے کہ اپنے پتہ میں کسی تبدیلی سے فی الفور مطلع فرمائیں۔ حصص داران سے التماس ہے کہ مذکورہ بالا معلومات / دستاویزات (i) متعلقہ سنٹرل ڈیپازٹری سسٹم (CDS) پارٹنیشنس اور (ii) مادی سیکورٹیز کی صورت میں کمپنی کے شیئر رجسٹرار کو مہیا کریں۔

10۔ کمپنی 30 جون 2018 ختم ہونے کے لئے نظر ثانی شدہ مالی حسابات معائنہ پر آڈیٹرز اور ڈائریکٹرز کی رپورٹس اپنی ویب سائٹ: www.nishat.net پر رکھ چکی ہے۔

اکاؤنٹ ہر ایک جوائنٹ ہولڈر سے انکے شیئر ہولڈنگ تناسب کی بنیاد پر اصل شیئر ہولڈر اور جوائنٹ ہولڈر کے طور پر یا تو فاکٹر یا نان فاکٹر الگ الگ دو ہولڈنگ ٹیکس کا تعین کیا جائیگا اس حوالہ سے تمام حصص داران جو مشترکہ حصص رکھتے ہیں سے التماس ہے کہ اپنے ملکیتی حصص کی بابت اصل شیئر ہولڈر اور جوائنٹ ہولڈر کا شیئر ہولڈنگ تناسب درج ذیل کے مطابق تحریری صورت میں ہمارے شیئر رجسٹرار کو مہیا کریں۔

کمپنی کا نام	فولیو / سی ڈی ایس اکاؤنٹ نمبر	کل حصص	اصل حصص دار	مشترکہ حصص دار
			نام اور شیئر ہولڈنگ تناسب (حصص کی تعداد)	نام اور شیئر ہولڈنگ تناسب (حصص کی تعداد)

مطلوبہ معلومات ہمارے شیئر رجسٹرار کو نوٹس ہذا کے 10 یوم کے اندر پہنچانی چاہئیں بصورت دیگر یہ تصور کر لیا جائے گا کہ اصل شیئر ہولڈر اور جوائنٹ ہولڈر شیئرز کی مساوی تعداد کا مالک ہے۔

(iii)۔ کسی تفتیش / مسئلہ / معلومات کے لئے سرمایہ کار ہمارے شیئر رجسٹرار، میسرز جمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، ایچ ایم ہاؤس، 7۔ بینک سکوئر، لاہور فون: 042-37235081 یا ای میل: shares@hmaconsultants.com پر رابطہ فرمائیں۔

iv۔ سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ شیئر ہولڈرز کو اپنے متعلقہ پارٹنیشنس کے ہاں اپنے قومی ٹیکس نمبر (NTN) اپ ڈیٹ رکھنا چاہئے جبکہ کارپوریٹ مادی حصص داران کو اپنے NTN سرٹیفکیٹ کی کاپی ہمارے شیئر رجسٹرار، میسرز جمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو ارسال کرنی چاہئے۔ NTN یا NTN سرٹیفکیٹس جو بھی صورت ہو ارسال کرتے وقت حصص داران کو کمپنی کا نام اور اپنے متعلقہ فولیو نمبر لازماً تحریر کرنے چاہئیں۔

5۔ زکوٰۃ اور عشر قوانین کے تحت سوریس پر ڈیویڈنڈز سے منہا کی جائے گی اور متعلقہ اتھارٹی کے ہاں مجوزہ مدت کے اندر جمع کرائی جائے گی۔ کوئی شیئر ہولڈرز جو ایگزیمپشن کلیم کرنا چاہتا ہو زکوٰۃ اور عشر آرڈیننس 1980 اور زکوٰۃ (ڈیڈکشن اینڈ ری فنڈ) روٹز 1980ء کے رول 4 کے تحت اپنی زکوٰۃ ڈیکلریشنز CZ-50 فارم میں ہمارے شیئر رجسٹرار، میسرز جمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کو جمع کرائیں، بصورت دیگر ایگزیمپشن نہیں دی جائے گی۔ حصص یافتگان زکوٰۃ ڈیکلریشن جو بھی صورت ہو، ارسال کرتے ہوئے کمپنی کا نام اور اپنے متعلقہ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر لازماً تحریر کریں۔

6۔ نقد منافع منقسمہ کی ایکٹیو اور بیکلی ادا ہوگی

کمپنیز ایکٹ 2017ء کے سیکشن 242 پر پروویژن کے مطابق، نقد منافع منقسمہ کا لین دین فقط ایکٹر ایکٹ موڈ کے ذریعہ براہ راست حقدار حصص داران کی طرف سے منسوب بینک اکاؤنٹ میں کیا جائے گا۔

تمام حصص داران سے التماس ہے کہ اپنے بینک مینڈیٹ سپسٹیفنگ تفصیلات:

مجلس نضمام کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2018 کو ختم ہونے والے سال کے لئے آپ کی کمپنی کے مالی نتائج جس میں واحد اور مجموعی نظر ثانی شدہ مالی حسابات دونوں شامل ہیں آپ کو پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

جائزہ

کمپنی کی کارروائیاں مالی سال کے دوران منافع بخش رہیں کیونکہ خالص فروخت 2017 میں 29.81 بلین روپے سے 2018 میں 35.56 بلین روپے تک بڑھ گئی۔ فروخت میں اضافہ کے پیچھے ڈریونگ فورس سپنگ ڈویژن تھی، جس کی فروخت %33 تک زیادہ ہوئی۔ جبکہ ہوم ٹیکسٹائل اور یوٹیگ کاروبار کو کئی مشکلات کا سامنا رہا جہاں طلب اور مارجنز دونوں مقامی اور بین الاقوامی مقابلہ میں تناؤ کے باعث دباؤ میں رہے۔ اپنے منافع بخش ٹریک ریکارڈ کو دیکھتے ہوئے کمپنی فروشت سال %5.4 کے مقابلے اس سال فروخت کا %6.6 بعد از ٹیکس منافع کا اعلان کر رہی ہے۔ منافع میں اضافہ کئی عوامل سے منسوب کیا جاسکتا ہے جن میں سے چند اہم: سپنگ کاروبار کا زیادہ منافع، ڈیوٹی ڈرا بیک اور روپیہ کی قدر میں کمی ہیں۔ انتظامیہ کو پختہ یقین ہے کہ نتائج انتظامی اخراجات پر مؤثر کنٹرول، بی ایم آر، بہتر ٹیکس منصوبہ بندی اور نفاذ سرمایہ کاری حکمت عملیاں تیار کر کے مزید بہتر بنائے جاسکتے ہیں۔

مجموعی بنیاد پر، کمپنی نے 53.03 بلین روپے کی مجموعی آمدنی حاصل کی جو گزشتہ سال کی 46.49 بلین روپے کی آمدنی کے مقابلے %14.1 زیادہ ہے۔

سال ایک نظر میں

آمدنی: 35.56 بلین روپے (پلس 19.3 فیصد)

کاروبار سے منافع: 4.14 بلین روپے (پلس 44.2 فیصد)

سال کا خالص منافع: 2.36 بلین روپے (پلس 45.7 فیصد)

مختتمہ سال 2017	مختتمہ سال 2018	مالی جھلکیاں
29,815,994,272	35,560,396,444	فروخت (روپے)
2,899,793,399	4,285,466,431	مجموعی منافع (روپے)
1,621,331,852	2,363,083,847	بعد از ٹیکس منافع (روپے)
9.7 فیصد	12.15%	مجموعی منافع فیصد
5.4 فیصد	6.6%	بعد از ٹیکس منافع فیصد
6.75	9.84	نی شیئر آمدنی (روپے)

منافع

اس سال کے دوران حاصل ہونے والی آمدنی 35.56 بلین روپے، جو گزشتہ سال سے 19.3 فیصد زیادہ تھی۔ بہتر مارجن دستیاب ہونے کی وجہ سے سپنگ ڈویژن نے مقامی مارکیٹ کے حصہ میں اضافہ کر کے اس اضافہ میں نمایاں کردار ادا کیا ہے۔ اس عرصہ کے لئے مجموعی منافع اور خالص منافع گزشتہ سال کے مقابلے بالترتیب 9.7 فیصد اور 5.4 فیصد سے 12.1 فیصد اور 6.6 فیصد تک زیادہ بنیادی طور پر سپنگ کاروبار میں زیادہ مارجنز، ڈیوٹی ڈرا بیک اور روپیہ کی قدر میں کمی وجہ سے ہوا ہے۔

تصرفات

کمپنی کی مجلس نضمام نے 12 اکتوبر 2018 کو منعقدہ اپنے اجلاس میں نقد منافع منقسمہ 4.00 روپے فی عام شیئر ادا کرنے کی تجویز دی ہے۔

سرمایہ کاری

سال کے دوران اہم سرمایہ کاری میں اضافہ آپریشنل کارکردگی کی صلاحیت میں اضافہ اور بہتر بنانے کے لئے ٹیکنالوجی کے مختلف شعبوں میں کیا گیا تھا۔ مختصر جائزہ حسب ذیل ہے:

سرمایہ کاری (روپے بلین میں)	مشینری کا اضافہ	کاروبار کا شعبہ
256	<ul style="list-style-type: none"> • 7 کھٹا مشینیں سارٹرز • 1 فائر کنٹرولر پینٹ • 3 کارڈ مشینیں • 1 یو این ٹرانسپورٹ سسٹم • 8 بلووزرز • 2 ڈرائیور • 8 کونوائنڈرز 	سپننگ
4.4	• جوگی مشینیں (1,210,000 میٹر زنی اینم)	ہوم ٹیکسٹائل

شعبہ واران مدنی

سپننگ NCL کے لئے اہم آمدنی پیدا کرنے والا کاروبار ہے۔ کاروباروں کے تینوں شعبوں نے آمدنی کے لحاظ سے مستحکم ترقی ظاہر کی ہے۔

سپننگ

منافع کے لحاظ سے سپننگ ڈویژن کے لئے یہ سال خاص طور پر اچھا تھا۔ گزشتہ سال میں 15.80 بلین روپے کے مقابلے میں 30 جون 2018 کو ختم ہونے والے مالی سال کے دوران یارن کی فروخت 33 فیصد اضافہ سے 21.03 بلین روپے ہوئی ہے۔ فروخت نے گزشتہ سال سے برآمدات میں تقریباً 26% نمو اور مقامی فروخت میں 40% نمو درج کرائی ہے۔ خام مال کی قیمتیں مقامی اور درآمدہ، کپاس کی قیمتوں میں اضافہ کے باعث تقریباً 4.70% تک بڑھ گئیں۔ تاہم، اخراجات میں اضافہ کے اثرات یارن کی قیمتوں میں اضافہ کے ذریعہ آسانی سے ختم ہو گئے۔

ویونگ

زیر جائزہ سال کے دوران کل فروخت گزشتہ سال کے مقابلے میں 1.8 فیصد تک کم ہو گئی۔ تاہم اگر بنگلہ پروسیدنگ سیلز کے لئے موثر اکاؤنٹنگ میکانزم کے اثر کو نظر انداز کیا جائے تو، ظاہر ہوتا ہے کہ بنیادی کاروبار سے فروخت واقعی 19.6% تک زیادہ ہوئی۔ حکومت کے برآمدی ہیکٹیج کی مدد کے ساتھ ساتھ فروخت میں اضافہ نے کمپنی کے لئے مثبت کردار ادا کیا ہے۔ گزشتہ مالی سال کی گئی جدید مشینری میں بھاری سرمایہ کاری نے کمپنی کو اس کی مقابلہ کی انفرادیت قائم رکھنے کے قابل بنایا ہے۔

ہوم ٹیکسٹائل

زیر جائزہ سال کے دوران کل فروخت گزشتہ سال کے مقابلے میں 6.6 فیصد تک بڑھ گئی۔ گزشتہ مالی سال ڈیجیٹل پرنٹنگ کا اضافہ نئے گاہکوں کی پسندیدگی کی صلاحیت کے ساتھ ساتھ موجودہ گاہکوں کے لئے مزید متنوع پروڈکٹ کس فراہم کرتا ہے۔ موجودہ سال میں، کمپنی کی طرف سے بجلی کے اخراجات کے موثر انتظامات اور حکومت کے برآمدی ہیکٹیج کے مدد و پلیوائیڈ ڈیکلر کے لئے اہم ثابت ہوئی ہے۔ کمپنی کی ریٹیل وینچر "دی لینن کمپنی" TLC کی سال اختتام پر لاہور میں تین اور راولپنڈی میں ایک آؤٹ لٹس ہے۔ اگست 2018 کو اسلام آباد میں ایک اور دکان کا افتتاح کیا ہے۔ کمپنی دیگر شہروں خاص طور پر کراچی میں اپنے خوردہ آؤٹ لٹ کی تعداد میں مزید اضافہ کرنے کی منصوبہ بندی کر رہی ہے۔

ذیلی کمپنیاں

کمپنی نے بین الاقوامی رپورٹنگ معیارات اور کنٹریز ایکٹ 2017 کی ضروریات کے مطابق مجموعی مالی حسابات کے ساتھ ساتھ الگ مالی حسابات بھی منسلک کئے ہیں۔ گروپ نتائج میں نشاط (چونیاں) لمیٹڈ (ہولڈنگ کمپنی) نشاط چونیاں پاور لمیٹڈ (NCPL)، نشاط چونیاں یو ایس اے انکارپوریشن، این سی الیکٹریک کمپنی لمیٹڈ اور این سی انٹرنیشنل (پرائیویٹ) لمیٹڈ کے مالی حسابات شامل ہیں۔

مالی جھلکیاں	2018 (روپے بلین میں)	2017 (روپے بلین میں)
کل آمدنی	53,033	46,491
مجموعی منافع	9,287	7,725
فیکس سے پہلے منافع	5,841	4,107
فیکسیشن	369	189
فیکس کے بعد منافع	5,471	3,919
فی شیئر آمدنی (بنیادی اور معتدل)۔ روپے	15.84	10.21

نشاط چونیاں لمیٹڈ کی تمام ذیلی کمپنیوں کی مختصر تفصیل حسب ذیل ہے:

نشاط چونیاں پاور لمیٹڈ، 23 فروری 2007 کلینیز آرڈیننس 1984 کے تحت انکارپوریشن، نیشنل ٹرانسمیشن اینڈ ڈسٹری بیوٹن کمپنی لمیٹڈ (NTDCL) کے ساتھ 25 سالہ "لیک یا پے" کے تحت 200 میگا واٹ کی مجموعی صلاحیت کے حامل بجلی پیدا کرنے کا منصوبہ قائم کرنے کے مقصد کے ساتھ قائم ہوئی۔ NCPL نے 21 جولائی 2010 کو اپنے آپریٹرز کا آغاز کیا۔ کمپنی کراچی، اسلام آباد اور لاہور اسٹاک ایکسچینج (اب، پاکستان اسٹاک ایکسچینج) میں درج ہے۔ نشاط (چونیاں) لمیٹڈ فی الحال نشاط پاور لمیٹڈ کے 51.07% شیئرز کنٹرول رکھتی ہے۔ 30 جون 2018 کو ختم ہونے والے سال کے لئے NCPL کی کارکردگی پر تفصیلی ڈائریکٹرز رپورٹ الگ پیش کی گئی ہے۔

نشاط چونیاں یو ایس اے انکارپوریشن، برنس کارپوریشن لاز آف دی سٹیٹ آف نیویارک کے تحت غیر ملکی ذیلی انکارپوریشن ہے۔ یہ امریکی مارکیٹ سے متعلقہ رسائی، معلومات اور دیگر خدمات مہیا کرنے اور امریکہ میں مقامی ریٹیلرز کو ہوم ٹیکسٹائل مصنوعات درآمد اور تقسیم کرنے والے ہولڈنگ کمپنی کے مارکیٹنگ ڈیپارٹمنٹ کے ساتھ رابطہ کرنے کے بنیادی مقصد کے ساتھ مکمل ملکیتی ذیلی انکارپوریشن ہے۔ این سی الیکٹریک کمپنی لمیٹڈ، 18 اپریل 2014 کلینیز آرڈیننس 1984 کے تحت انکارپوریشن، 46 میگا واٹ کی مجموعی صلاحیت کے کول میڈ پاور پلانٹ قائم کرنے کے مقصد کے ساتھ قائم ہوئی۔ پلانٹ نے گزشتہ مالی سال میں کامیابی سے اپنے تجارتی آپریٹرز کو دیئے تھے جس نے ایندھن اور بجلی کے اخراجات کم کرنے میں نشاط (چونیاں) لمیٹڈ (ہولڈنگ کمپنی) کی مدد کی۔

این سی انٹرنیشنل (پرائیویٹ) لمیٹڈ کلینیز آرڈیننس 1984 کے تحت 31 جنوری 2014 کو شیئرز کے ذریعے ایک کمپنی لمیٹڈ کے طور پر درج ہوئی۔ یہ کمپنی مالی سال 2014-15 میں ہماری متنوع حکمت عملی کے تعاقب میں خریدی گئی تھی۔

مستقبل کا نقطہ نظر

کمپنی نے 20 اگست 2018 کو منعقدہ اپنے EOGM میں پہلے ہی اپنے سینما کاروبار کو ختم کرنے کا فیصلہ کیا ہے۔ ٹرانزیکشن ایک باکمل ہو جائے تو تمام قانونی منظوریوں رکھی ہیں۔ اس حقیقت سے پہلے ہی میڈیا اور اسٹاک ایکسچینج کے ذریعے مطلع کر دیا گیا ہے۔

کمپنی کے برانڈ نام TLC (دی لینن کمپنی) سے پورے ملک کے بڑے شہروں میں مزید خوردہ آؤٹ لٹس کھولنے کی منصوبہ بندی جاری ہے۔ ایک بڑی آؤٹ لٹ اگست 2018 میں اسلام آباد میں کھولی گئی ہے۔ جبکہ کراچی میں ایک کے لئے بات چیت ہو رہی ہے۔ ہوم ٹیکسٹائل ڈویژن میں، گھریلو مصنوعات بڑھانے اور اخراجات کو کم کرنے کے لئے انیمبر اینڈری مشینوں کا اضافہ کیا جا رہا ہے۔ کمپنی افرادی قوت پر انحصار کو کم کرنے کے لئے روایتی پرائس کو مکمل طور پر خود کار بنانے کے لئے پُر عزم ہے۔

اگر حکومت کی طرف سے بھڑی اقدامات کا اعلان کیا گیا جیسا کہ خام مال کی درآمد پر کسٹمز ڈیوٹی کی کمی، کم نرخوں پر قدرتی گیس کی فراہمی اور برآمدی انڈسٹریوں میں مزید فوائد منظم ہو گئیں تو، یہ کمپنی کو بین الاقوامی مارکیٹوں میں مزید مسابقت بنا دیں گے۔

مجموعی طور پر کمپنی کا مستقبل بہت حوصلہ افزاء دکھائی دیتا ہے

چیلنجز اور مواقع

ٹیکسٹائل صنعت مسلسل مشکل ادوار سے گزر رہی ہے، قدرتی آفات میں مقامی کپاس کی قیمتوں میں اضافہ، افرادی قوت کی قیمت میں اضافہ، ایندھن اور بجلی کی اعلیٰ لاگت، یارن اور کپاس پر درآمد کے سخت قواعد و ضوابط اور سرکش ڈیوٹیز کا سٹرکچر، بیلز ٹیکس کا نظام اور آمدنی ٹیکس قوانین اہم مشکلات ہیں۔ ان مشکلات سے نمٹنے کے لئے، کمپنی، کمپنی کے ہر کاروباری شعبہ کے لئے مکمل آٹومیشن کے ساتھ کمپائمنٹری ایم آر، مسلسل خریداری کی حکمت عملی، موثر اور بروقت ٹیکس کی منصوبہ بندی کر رہی ہے۔ کمپنی نے فیول کس کو بہتر بنانے کے لئے پہلے ہی کول سیڈ کپو پاور پلانٹ قائم کیا ہے۔ کمپنی کی ٹیلی لائن مالی سال کے دوران حکومت کی طرف سے اعلان کردہ برآمداتی سکیم سے متاثر ہوئی اور موجودہ سال میں بھی جاری رہے گی، چند اصلاحات کے ساتھ یہ بین الاقوامی مارکیٹ میں مقابلہ کی اجازت دیتی ہے۔

کارپوریٹ سماجی ذمہ داری

سماجی بہبود اور کمیونٹی کی خدمت ہمارے ڈون کا لازمی حصہ ہے۔ ہم مختلف میکسر، ڈیوٹیز اور لیویز کی ادائیگی کے ذریعے قومی خزانے میں نہ صرف قابل ذکر اضافہ کرتے ہیں بلکہ ہماری برآمدات کی آمدنی ملک کی غیر ملکی زرمبادلہ کی پوزیشن کو مستحکم کرنے میں کافی اہم کردار ادا کرتی ہے۔ ہم اپنے ملازمین کو کام کا ماحول فراہم کرنے کے لئے مصروف عمل ہیں جو صحت مند، محفوظ اور مسلسل سیکھے کے لئے موزوں ہو۔ کمپنی نسلی گروہوں، ثقافتوں اور جنس سے قطع نظر مسلسل لوگوں کو روزگار فراہم کر رہی ہے۔ ہمیں ایک مساوی مواقع آج جہونے پر فخر ہے۔

رقابہ کی کوششوں میں، کمپنی ایک اسکول کو عطیہ کرتی ہے، اسکول برائے نام نہیں پر اعلیٰ معیار کی تعلیم فراہم کرتا ہے۔ مذکورہ بالا کے علاوہ، کمپنی معداس کے اسپانسرز اور دیگر محترم حضرات غیر منافع بخش جدید، سلیم میموریل ٹرسٹ ہسپتال (SMTH) قائم کرنے کے پراسیس میں ہیں۔ یہ 206 بستریوں کا ہسپتال جو 39 کمر کے رقبہ پر تعمیر کیا جا رہا ہے، غیر مرعات یافتہ کو ایک مثالی رعایتی طبی علاج فراہم کرے گا۔ زمینی سٹرکچر 2018 تک مکمل ہو رہا ہے اور ہسپتال 2019 تک فعال ہو جائے گا۔

مزید برآں، ہوم ٹیکسٹائل ڈویژن میں، غیر ہنرمند لیبر کو ضروری مہارتوں سے لیس کرنے کے لئے ہمارے ٹریننگ سنٹر میں 14 جوبی مشینوں کا اضافہ کیا گیا ہے۔

خطرات اور غیر یقینی صورتحال

کمپنی کا مجموعی رسک مینجمنٹ پروگرام انڈسٹری، عام طور پر معیشت اور مخصوص کاروبار کے غیر متوقع عنصر پر توجہ مرکوز کرتا ہے اور منافع پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی تمام رسک مینجمنٹ کے ساتھ ساتھ مخصوص شعبوں کا احاطہ کرنے والی پالیسیوں کے لئے اصول فراہم کرتی ہے۔ رسک مینجمنٹ کے ایک حصے کے طور پر، کمپنی نے مناسب داخلی کنٹرول اور معیاری آپریٹنگ طریقہ کار تیار کئے ہیں جو مختلف پالیسیوں اور باضابطہ گائیڈ لائنز کے ذریعے کارکنوں تک پہنچائے گئے ہیں۔ ان کنٹرولز کا انتظامیہ اور اندرونی آڈٹ فنکشن کے ذریعے باقاعدگی سے جائزہ لیا جاتا ہے۔

داخلی مالیاتی کنٹرول

نشاط (چونیاں) لمیٹڈ میں ہمارا مضبوط داخلی کنٹرول اور رسک مینجمنٹ نظام ہے۔ رسک مینجمنٹ اور داخلی کنٹرول کے عوامل کو کمپنی کی اثاثوں کی حفاظت اور کمپنی کو درپیش بڑھتے ہوئے خطرات سے مناسب طریقے سے نمٹنے اور/یا کم کرنے کے لئے تیار کئے گئے ہیں۔ کمپنی میں ایک انٹرنل آڈٹ ڈیپارٹمنٹ ہے جو ایک معروف آڈٹ فرم کو گیا ہے جو مقررہ وقت پر آڈٹ اور مینجمنٹ رپورٹ پیش کرتا ہے۔ رپورٹس نہ صرف کسی یا لوپ ہوئے پیش کرتی ہیں بلکہ موجودہ نظام میں بہتری کی تجاویز بھی دیتی ہیں۔ بورڈ ایک کارگر اور موثر انٹرنل کنٹرول سسٹم کو قائم اور منظم کرنے کے لئے اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہے۔ اس لئے داخلی مالیاتی کنٹرول کو مناسب طریقے سے لاگو کر رہے ہیں اور انحصار اس کی مناسب فعالیت پر رکھا جاسکتا ہے۔

ماحولیاتی اثرات

کمپنی باقاعدگی سے ماحول اور معاشرے کی فلاح و بہبود کو بہتر بنانے کے اقدامات کرتی ہے۔

ماحولیاتی تحفظ

ہم نے اپنے انڈسٹریل پروسیس کے خطرناک اثرات سے ماحول کو محفوظ بنانے کے لئے ای ویسٹ و اثر ٹریٹمنٹ پلانٹ قائم کیا ہے۔

ہم مسلسل ماحولیاتی تحفظ کے سلسلے میں حکومت کی طرف سے دی جانے والی تجویز کا جائزہ اور عمل درآمد کر رہے ہیں۔ کمپنی نے ویٹ وائر سے کاسٹنگ نکالنے کے لئے کاسٹنگ ریکوری پلانٹ نصب کیا ہے۔ ہم ماحول دوست ڈائیز اور کیمیکل استعمال کرتے ہیں جو ہمارے فضلہ کے ذخائر پر کم آلودگی کا بوجھ رکھتے ہیں۔

توانائی کی بچت

ستے اور موثر ذرائع سے بجلی پیدا کرنے کی کوششوں کے علاوہ، کمپنی بجلی بچانے کے طریقوں کو تلاش اور استحصال کرنے میں بھی مصروف ہے۔ اس کے علاوہ، بجلی کے ذرائع کو محفوظ اور بچانے کے لئے ان ہاؤس انرجی کنزرویشن آڈٹ کی سفارشات کی بنیاد پر ہم نے 10 ملین روپے کی لاگت کی LED لائٹس نصب کی ہیں۔

پیشہ ورانہ حفاظت اور صحت

ہم باقاعدہ صحت اور حفاظت کے بارے میں آگاہی پروگرام کا انعقاد کرتے ہیں۔ کمپنی نے اپنی تمام مینوفیکچرنگ کی سہولیات میں فائر فائٹنگ سازوسامان اور گاڑیاں بھی فراہم کی ہیں۔

تعمیل کا بیان

کمپنی نے، پاکستان اسٹاک ایکسچینج لیمنڈ کے لسٹنگ ضابطے میں شامل کوڈ آف کارپوریٹ گورننس کی ضروریات پر عمل ہے اور باقاعدہ تعمیل کی ہے، سوائے کمپنی کے آڈیٹرز کی طرف سے تجویز کردہ مختلف تشریح کے باعث اور کمپنی کی طرف سے منظور کردہ آڈیٹرز کی تعداد کا فیصلہ کیا گیا ہے۔ ہم نے فوری طور پر اس کے لئے اقدامات کئے ہیں کیونکہ ہم COCG کی تعمیل ہماری پالیسی کا ایک اہم حصہ ہے۔

تعمیل کا بیان منسلک کیا جاتا ہے۔

ویلیو ایڈیشن اور تقسیم کا بیان

روپے ملین میں

	پیدا کردہ دولت
36,678	کل وصولی اور دیگر آمدنی
(28,186)	مال اور خدمات میں خرید
8,492	
	دولت کی تقسیم
	معاشرہ کو
2,615	ملازمین کی تنخواہ
	حکومت کو
397	ٹیکسز، ڈیوٹیز، ترقیاتی چارجز وغیرہ
	سرمایہ فراہم کنندگان کو
1,383	مالی لاگت
653	منافع منقسمہ
	سرمایہ کاری اور مستقبل کی ترقی کے لئے محفوظ
3,444	فروسوڈی، کساد بازاری اور محفوظ منافع
8,492	

کارپوریٹ گورننس

سال کے دوران آپ کی کمپنی کارپوریٹ گورننس کے ضابطہء اخلاق کی ضروریات پر عمل پیرا رہی ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل:

ارکان کی صنف، علم، مہارت اور مہارت کے متنوع مرکب ہمارے بورڈ کی موثریت میں اضافہ کرتی ہے۔ ہمارے بورڈ کی تشکیل حصص داران کے تمام اقسام کے مفادات کی نمائندگی کرتی ہے اور یہ

مشتمل ہے:

ڈائریکٹرز کی کل تعداد

مرد 6

خاتون 2

ترتیب

(a) آزاد ڈائریکٹر: 01

i - جناب شعیب احمد خان

(b) دیگر نان ایگزیکٹو ڈائریکٹر: 06

i - محترمہ فرحت سلیم، چیئر پرسن

ii - جناب محمد علی زیب

iii - جناب زین شہزاد

iv - جناب آفتاب احمد خان

v - جناب فرخ افضل اور

vi - محترمہ سونیا کریم

(c) ایگزیکٹو ڈائریکٹر: 01

i - جناب شہزاد سلیم، چیف ایگزیکٹو

بورڈ آف ڈائریکٹرز کے اجلاس:

زیر جائزہ سال کے دوران چار (4) اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

تعداد حاضری	نام ڈائریکٹر
1	محترمہ فرحت سلیم (چیئر پرسن)
3	جناب شہزاد سلیم (چیف ایگزیکٹو)
0	جناب زین شہزاد
4	جناب آفتاب احمد خان
0	محترمہ سونیا کریم

2	جناب محمد علی زبیب
1	جناب فرخ افضال
2	جناب شعیب احمد خان
2	جناب کامران رسول (19 فروری 2018 کو مستعفی ہو گئے)

جناب عمران رفیق (01 فروری 2018 کو مستعفی ہو گئے)

ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کا مشاہرہ اور بورڈ کے اجلاس کی فیس کا تعین کمپنیز ایکٹ 2017 اور رولز اینڈ ریگولیشنز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق منظور شدہ پالیسی کے ذریعے کیا گیا ہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی، بورڈ آف ڈائریکٹرز کی طرف سے مقررہ ریفرنس کی شرائط کے مطابق اپنے فرائض انجام دے رہی ہے۔ آڈٹ کمیٹی کی تشکیل درج ذیل ہے:

جناب شعیب احمد خان	چیئر مین
جناب زین شہزاد	ممبر
جناب محمد علی زبیب	ممبر

HR & معاضہ کمیٹی

COCG 2012 کی تعمیل میں، کمپنی کے بورڈ آف ڈائریکٹرز نے ایک HR & R کمیٹی قائم کی ہے۔ HR & R کمیٹی کی تشکیل درج ذیل ہے:

جناب شعیب احمد خان	چیئر مین
محترمہ سونہیہ کریم	ممبر
جناب فرخ افضال	ممبر

نمونہ حصص داری

30 جون 2018ء کے مطابق نمونہ حصص داری منسلک ہے۔

اظہار تشکر

بورڈ اپنے قابل قدر حصص دار، بینکوں، مالیاتی ادارے اور کسٹمرز کا شکر گزار ہے، جن کے تعاون، مسلسل حمایت اور تحفظ نے کمپنی کو مسلسل بہتری کی طرف گامزن کیا ہے۔ زبر جائزہ مدت کے دوران،

منجھٹ اور ملازمین کے درمیان تعلقات ہموار رہے ہیں اور ہم کمپنی کے ملازمین اور کارکنوں کی لگن اور سخت محنت کا بھی شکریہ ادا کرنا چاہتے ہیں۔

منجانب بورڈ

ڈائریکٹر

ڈائریکٹر

تاریخ: 02 اکتوبر 2018ء
لاہور

چیئر پرسن کی جائزہ رپورٹ

نشاط چونیال لمیٹڈ کمپنی نے، پاکستان اسٹاک ایکسچینج لمیٹڈ کے سٹیک ضابطے میں شامل کوڈ آف کارپوریٹ گورننس کی ضروریات پر عمل ہے اور باقاعدہ فیصل کی ہے، سوائے کمپنی کے آڈیٹرز کی طرف سے تجویز کردہ مختلف تشریح کے باعث اور کمپنی کی طرف سے منظور کردہ آزاد ڈائریکٹرز کی تعداد کا فیصلہ کیا گیا ہے۔ ہم نے فوری طور پر اس کے لئے اقدامات کئے ہیں کیونکہ ہم COCG کی فیصلہ ہماری پالیسی کا ایک اہم حصہ ہے۔ اس کے علاوہ، جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت درکار ہے، بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی کا جائزہ لینے کے لئے سالانہ تشخیص کی جاتی ہے اور اس مقصد کے لئے، ایک جامع معیار تیار کیا گیا ہے۔ مجموعی طور پر تشخیص مندرجہ بالا عناصر پر مبنی اطمینان بخش ہے، جس سے کمپنی کے مقاصد کو حاصل کرنے میں بورڈ کے کردار پر براہ راست اثر پڑے گا۔

- وژن، مشن اور اقدار: بورڈ کے ارکان کمپنی کے نقطہ نظر، مشن اور اقدار کے ساتھ منسلک ہیں اور اس کی حوصلہ افزائی کرتے ہیں۔ بورڈ اکثر نقطہ نظر اور مشن بیان پر نظر ثانی بھی کرتے ہیں۔

- اسٹریٹجک منصوبہ بندی میں مصروفیت: بورڈ اسٹیک ہولڈرز (حصص دار، گاہکوں، ملازمین، وینڈرز، بڑے پیمانے پر سوسائٹی) کو واضح سمجھتے ہیں جن کی کمپنی خدمت کرتی ہے۔ بورڈ میں ایک اسٹریٹجک

نقطہ نظر ہے کہ اگلے تین سے پانچ سالوں میں تنظیم کس طرح بہتر ترقی ترقی کرے گی۔ اس کے علاوہ بورڈ نے تمام اہم کارکردگی کے شعبے میں مینجمنٹ کے لئے سالانہ مقاصد اور اہداف مقرر کیے ہیں۔

- تہذیبی: بورڈ کے ممبران اپنے فرائض کو تہذیبی سے انجام دیا ہے اور اچھی طرح سے تجزیہ، تبادلہ خیال کیا اور کاروباری حکمت عملی، کارپوریٹ مقاصد، منصوبوں، بجٹ، مالی حسابات اور دیگر رپورٹس میں منظور

کیں۔ اس نے بورڈ اور کمپنی کے اجلاسوں کے لئے موزوں وقت قبل کافی اور مستحکم ایجنڈوں اور معاون تحریری مواد فراہم کیا ہے۔ بورڈ نے اپنی ذمہ داریوں کو مناسب طریقے سے انجام دینے کیلئے کئی اجلاس کئے

ہیں۔

- کاروباری سرگرمیوں کی نگرانی: بورڈ کو کمپنی کے مقاصد، اہداف، حکمت عملی اور مالیاتی کارکردگی کی بابت اندرونی اور بیرونی آڈیٹرز اور دیگر آزاد مشیران کی طرف سے باقاعدہ نمائندگی کے ذریعہ کامیابی

کے ساتھ اپ ڈیٹ کیا گیا۔ بورڈ کو بروقت بنیاد پر مناسب سمت اور نگرانی فراہم کی گئی۔

- تنوع اور کس: بورڈ کے ارکان نے مؤثر طریقے سے بورڈ میں تنوع اور آزاد اور نان ایگزیکٹو ڈائریکٹرز کا موازنہ کیا۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بورڈ کے اہم فیصلوں میں مساوی شامل تھے۔

- گورننس اور کنٹرول کا ماحول: بورڈ نے مؤثر طریقے سے گورننس کا شفاف اور مضبوط نظام قائم کر کے ایک مؤثر طرز کی مثال قائم کی ہے۔ اس سے کارپوریٹ گورننس کے بہترین طریقوں پر عملدرآمد اور

کمپنی میں اخلاقیات اور منصفانہ رویے کو فروغ دینے کی طرف ایک مؤثر کنٹرول ماحول کی عکاسی ظاہر ہوتی ہے۔

مسز فرحت سلیم

چیئر پرسن

تاریخ: 102 اکتوبر، 2018
لاہور

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