CONTENTS

NADEEM TEXTILE MILLS LIMITED

Vision Statement

To be a dynamic, profitable and growth oriented Company.

Mission Statement

The mission of the Company is to prudently utilize the human resources and plant and machinery in order to achieve high levels of sustainable growth by:

- offering high class products and services to all our customers.
- continuously upgrading the latest production facilities to achieve higher levels of operational efficiency.
- nurturing a work culture that generates creativity, enthusiasm, professionalism and teamwork.
- maintaining the highest standards of ethics, safety and environment.
- contributing towards the economic development of the country.

COMPANY INFORMATION

Board of Directors	:	Mr. Zahid Mazhar (Chief Executive) Mr. Omer Bin Zahid (Executive Director) Mr. Hassan Bin Zahid (Executive Director) Mrs. Naila Zahid (Chairperson) Mrs. Anam Omer Mrs. Shafia Hassan Mr. Faiz-ul-Hassan Siddiqui Mr. Nadeem Ahmed Mr. Mehmood Siddiqui
Chief Financial Officer	:	Mr. Omer Bin Zahid
Company Secretary	:	Mr. Abdul Amin
Audit Committee	:	Mr. Faiz-ul-Hassan Siddiqui (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member)
H. R. & Remuneration Committee	:	Mr. Nadeem Ahmed (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member)
Auditors	:	M/s. Rahman Safaraz Rahim Iqbal Rafiq Chartered Accountants
Legal Advisor	:	Mr. Abdul Ghani Khan (Advocate)
Bankers	:	Soneri Bank Limited J.S. Bank Limited Bank Al-Falah Limited Samba Bank Limited
Head Office / Registered Office	:	A 801-804, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi - Pakistan. Phone: (021) 35220481-8 Fax: (92-21) 35220495-6
Share Registrar	:	M/s Hameed Majeed Associates (Pvt.) Ltd. 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. Phone : 32424826-32412754 Fax : 32424835 E-mail: majeed@hmaconsultants.com
Mills	:	Unit-1: A-265, S.I.T.E., Nooriabad, District Dadu, Sindh. Unit-2: E-11, S.I.T.E., Kotri, Sindh.
URL	:	www.nadeem.com.pk

NADEEM TEXTILE MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of **Nadeem Textile Mills Limited** will be held on Saturday, October 27, 2018 at 5:30 p.m. at 801-804, 8th Floor, Lakson Square Building No.3, Block-A, Sarwar Shaheed Road, Karachi, to transact the following business:

Ordinary Business:

1. To confirm the Minutes of the Annual General Meeting of the Company held on 28th October, 2017.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2018 together with the Directors' and Auditors' Reports thereon.
3. To approve the cash dividend @32% (Rs.3.20 per share) for the year ended June 30, 2018 as recommended by the Board of Directors.
4. *To appoint Auditors and* fix their remuneration for the year ending June 30, 2019.
5. To transact any other business with the permission of the Chair.

Special Business:

6. To ratify the transactions carried out by the Company with related parties as disclosed in the Financial Statements for the year ended June 30, 2018 by passing the following resolutions as ordinary resolutions:

   "RESOLVED that the related parties transactions carried out by the Company with Nadeem Power Generation (Pvt.) Ltd. and Nadeem International (Pvt.) Ltd. related parties during the year ended June 30, 2018 be and are hereby approved."

   FURTHER RESOLVED THAT the Company may carry out transactions including, but not limited to, the sale/purchase of yarn, sale/purchase of cotton/fibre, sale/purchase of electricity, reprocessing of yarns, rent/lease of assets, sale/purchase of machinery and equipment and other necessary goods, including receipt and payment of dividends, with related parties from time to time for the financial year 2018-19.

Karachi:
27-09-2018

By order of the Board
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from October 19, 2018 to October 27, 2018 (both days inclusive).Transfers received before the closure of shares transfer books (i.e. 18-10-2018) at the office of share Registrar, M/s Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber, Hasrat Mohani Road, Karachi by 18-10-2018 will be treated in time for the entitlement to attend the Annual General Meeting and payment of the dividend.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company.
3. The instrument appointing a proxy, in order to be valid must be received at the Head Office of the Company at A -801-804, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi, not less than forty-eight (48) hours before the time fixed for the meeting.
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her participant ID number and account/sub account number along-with original Computerized National Identity Card (CNIC) or passport at the time of attending the meeting to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.
5. CDC Account Holders will also have to follow the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
6. Members are requested to immediately inform of any change in their addresses to our Share Registrar, M/S Hameed Majeed Associates (Pvt.) Ltd., 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
7. In pursuance of the directions given by SECP vide SRO787(I)/2014 dated September 8, 2014, those shareholders who desire the receive Annual Financial statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.nadeem.com.pk and send the said form duly filled in and signed along with copy of his/her/its CNIC/Passport or other such information in the case of a body corporate to the Company's share registrar. This is optional; in case you do not wish to avail this facility please ignore this point. Annual Financial statements will be sent to you at your registered address, as per normal practice.
8. **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) account number, (iii) IBAN number: (iv) bank name and (v) branch name, code & address, to the Company's Share Registrar M/S Hameed Majeed Associates (Pvt.) Ltd., Karachi.

9. **Submission of copies of CNIC and NTN Certificate (Mandatory)**
Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrant shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s Hameed Majeed Associates (Pvt.) Ltd., Karachi, without any delay.
In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall withhold the Dividend in terms of Clause (a) of proviso under Section 243(2) of the Companies Act 2017, which will be released by the Share Registrar, only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

Withholding Tax on Dividend
Pursuant to the provision of the Finance Act, 2017 effective July 1, 2017 the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance, 2001, are as under:

(a) For filers of income tax returns: 15%
(b) For non-filers of income tax returns: 20%

Shareholders who are filers are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

Withholding tax on Dividend in case of Joint Account Holders
In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividend of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, enabling the Company to compute withholding tax of each shareholder accordingly. The required information must reach the Company's Share Registrar by October 18, 2018, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business, given as agenda item no. 6 of the Notice to be transacted at the 32nd Annual General Meeting of the Company.

ITEM NO. 6 OF THE AGENDA:
Nadeem Textile Mills Limited is engaged in manufacture and sale of yarn. The Company in the normal course of business carries out transactions with its associated entities. Summary of transactions carried out during the year with the associated entities is as follow:

S. No.	Name of Associated Undertaking	Nature of Transactions	Rupees
1	Nadeem Power Generation (Pvt) Ltd.	Purchase of Power	260,833,330
2	Nadeem Power Generation (Pvt) Ltd.	Loan Received	2,300,000
3	Nadeem Power Generation (Pvt) Ltd.	Loan Re-Paid	9,877,687
4	Nadeem Power Generation (Pvt) Ltd.	Rental Income	10,000
5	Nadeem International (Pvt) Ltd.	Loan Received	32,000,000
6	Nadeem International (Pvt) Ltd.	Loan Re-Paid	46,350,000
7	Nadeem International (Pvt) Ltd.	Weigh Bridge Expenses	180,000

Mr. Zahid Mazhar, Mr. Omer Bin Zahid and Mr. Hassan Bin Zahid are Directors of Nadeem Textile Mills Limited and are also Directors of Nadeem Power Generation (Private) Limited.

Mr. Zahid Mazhar, Mr. Omer Bin Zahid, Mr. Hassan Bin Zahid and Mrs. Naila Zahid are Directors of Nadeem Textile Mills Limited and are also Directors of Nadeem International (Private) Limited.

All related party transactions, during the year 2018, were reviewed and approved by the Audit Committee and the Board in their respective meetings. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

The above concerned Directors abstained while the Board approved the above transactions in accordance with the requirement of relevant provision of the Companies Act, 2017 and listed Companies (Code of Corporate Governance) Regulations 2017.

The above transactions with related parties are an ongoing process and will also remain continued in future.

None of the Directors other than the above concerned directors have any direct or indirect interest in the above mentioned associated entities and have no interest in the above business, other than shareholders of the Company.

NADEEM TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE SHARE HOLDERS
FOR THE YEAR ENDED JUNE 30, 2018

Dear Shareholders,

The Directors of your Company have pleasure in submitting their report together with the audited financial statements of the Company and Auditor's Report thereon for the year ended June 30, 2018.

FINANCIAL HIGHLIGHTS

The financial results of the Company for the year ended June 30, 2018 are summarized below.

	Rupees in Million	
	2018	**2017**
Sales	6,441.23	5,230.01
Gross Profit	563.96	306.93
Profit / (Loss) before tax	168.29	24.49
Profit / (Loss) after tax	149.76	7.13

The sales turnover has increased in the current year to Rs. 6,441.23 million from Rs. 5,230.01 million of the previous year which shows an increase of 23.16%. The Company has managed to earn gross profit of Rs. 563.96 million as compared to 306.93 million of the preceding year showing an increase of 83.75%. Net profit after tax also increased to Rs. 149.76 million as compared to profit of Rs. 7.13 million of the previous year. No changes have occurred during the financial year in the nature of the business of the company.

BREAK-UPVALUE AND EARNING PER SHARE

The break-up value of the shares as on June 30, 2018 was Rs. 37.84 as compared to Rs. 30.85 as at June 30, 2017.

The earning per share for the year ended June 30, 2018 is Rs. 8.07 as compared to 0.44 for the year ended June 30, 2017.

DIVIDEND

The Board of Directors of the company is pleased to recommend a cash dividend of 32 % i.e., Rs. 3.2 per share for the year ended June 30, 2018.

OVERVIEW

Pakistan's yarn exports have been on the decline for the last couple of years owing to higher costs of production. APTMA has been continuously apprising the Government regarding the problems of the Pakistan Textile Industry. Its efforts have started giving results. The government of Pakistan has started taking positive steps including award of 4% export rebate to improve the growth of textile industry and exports.

Textile exports witnessed considerable growth during the current fiscal year. This increase in textile exports was primarily due to the support extended under the Prime Minister's export relief package, as well as the substantial adjustment of the value of Pak Rupee against dollar.

OPERATING PERFORMANCE

The plant remained operative throughout the year and achieved the production of 22.19 million Kgs. of spun yarn after conversion into 20/s count as compared to 20.45 million Kgs. of previous year.

PRESENT AND FUTURE OUTLOOK

Over the last five years, annual cotton production has decreased from 13.86 million bales to 11.98 million bales, witnessing a decrease of 14 percent, which has left Pakistan with the only choice to import cotton to meet the domestic demand. Apart from technical and administrative challenges and climate change, poor research and training, shortage of good seeds, shrinkage of area cultivated and water scarcity has also played a major role in shrinkage of the cotton production.

In order to protect the textile industry, all duties and non-tariff barriers on import of cotton should be removed till such time when domestic cotton production can meet domestic demand. To improve the crop yield and quality of cotton, aggressive campaign and awareness program should be launched by the Government. A reduction in custom duty on import of polyester is also necessary to improve the viability and availability of raw material and to regain market share in the man-made fibre segment.

We hope that the new government would try to fulfill its commitments for the resolution of the major issues being faced by the textile industry of Pakistan such as high cost of doing business, energy prices, inadequate production of raw cotton, delay in payment of Sales Tax and Income Tax Refunds, low productivity of labour, lack of institutional support / infrastructure facilities etc.

The Management is determined to show better financial results in the time to come by increasing its export sales and fetching better yarn rates in the local market as well. The management of the Company aims to continue working towards efficiently running the mills and earning profits for their shareholders.

EXPANSION AND MODERNIZATION

The Company is continuing its BMR policy. The management has imported and successfully installed 2MW CAT Gas Generator to improve the power generation. Used spinning machinery in good condition has also been procured to improve production and quality.

This BMR program is to be continued in future according to the resources available.

HUMAN RESOURCE

The company has established a Human Resource and Remuneration Committee comprises of three members as mentioned in the company information. On the recommendations of HR&R Committee, the management is continuously upgrading its manpower through training facilities and by inducting more qualified staff.

CODE OF CORPORATE GOVERNANCE

The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and declares that:

- The financial statements, together with the notes thereon have been drawn up in conformity with the Companies Act 2017.These Statements present fairly the Company's state of affairs, results of its operations, cash flow, comprehensive income and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of Internal Control is sound in design and has been effectively implemented and monitored. The process of review and monitoring continues with the object to improve it further.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The key operating and financial data for the last six years in summarized form is annexed.
- Information about taxes and levies is given in the notes to the accounts.
- The Company entered in arm length transactions with other members of the group. These transactions are in compliance with the directives issued by the Security & Exchange Commission of Pakistan in this regard.
- All the directors of the company are registered as tax-payer and none of the company's directors is in default of payment of any dues to a banking company, DFI, NBFI or Stock Exchange.
- None of the directors of the company is serving on the Board of 5 or more listed companies.
- The company operates an unfunded gratuity covering all its employees who have completed their qualifying period. Provision is made annually to cover current obligation under the scheme. The company has adopted the revised IAS 19.
- Trading in the shares of Company during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children are mentioned in the annexed pattern of shareholding.

CORPORATE SOCIAL RESPONSIBILITY

The company has strong commitment towards corporate social responsibility. The Company believes in contributing to the society and environment by promoting better working environment and contributing regularly to the national exchequer as per law.

i. **Health, Safety and Environment:**
We work continuously to ensure that our employees work in a safe and healthy working environment. The Company regularly contributes towards the health facility and retirement benefits available for the workers of the Company

ii. **Business Ethics:**
The Management is committed to conducting all business activities with integrity, honesty, and observance of laws and regulations. A Code of Conduct detailing policies with respect to the same has been developed and approved by the Board.

iii. **Energy Savings:**
The Management focuses on energy conservation. Many preventive measures have been adopted by fixing energy conserving devices to save the energy. Workers are also made aware of various energy conservation methods in order to curtail the unnecessary consumption of energy.

BOARD MEETINGS
During the period under review, six meetings of the Board of Directors were held and following were in attendance:

Name of Directors	No. of Meetings Attended
1. Mr. Zahid Mazhar	6
2. Mr. Omer Bin Zahid	6
3. Mr. Hassan Bin Zahid	6
4. Mrs. Naila Zahid	6
5. Mrs. Anam Omer	6
6. Mrs. Shafia Hassan	6
7. Mr. Mehmood Siddiqui	6
8. Mr. Faiz-ul-Hassan Siddiqui	6
7. Mr. Nadeem Ahmed	6

COMPOSITION OF BOARD

Directors	Numbers
(a) Male	06
(b) Female	03

Composition	Numbers
a) Independent Director	02
b) Other Non-Executive Directors	04
c) Executive Directors	03

ASSOCIATED COMPANIES
Following is the list of associated companies:
(a) Nadeem Power Generation (Pvt.) Ltd.
(b) Nadeem International (Pvt.) Ltd.

The transactions between the related parties were made at arm's length basis. The Company has fully complied with the best practices of transfer pricing as stated in the Listing Regulations. The related party transactions were approved by the Board on the recommendation of Audit Committee.

AUDIT COMMITTEE
The company has established an audit committee as required by the Code of Corporate Governance, which comprises of three members as mentioned in the company information. The audit committee has established an internal audit function to monitor and review the adequacy and implementation of internal control at each level.

AUDITORS
The Auditors of the Company M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible; offer themselves for re-appointment as Auditors for the next term.

As suggested by the Audit Committee, The Board recommends their appointment as Auditors of the Company for the year ending June 30, 2019.

PATTERN OF SHAREHOLDING
The pattern of shareholding of the company as at June 30, 2018 is annexed.

ACKNOWLEDGMENT
The Directors of the Company would like to take the opportunity to thank the shareholders, valued clients and bankers for the co-operation extended by them during the course of business activities. The Directors are also pleased to record their appreciation for the continued diligence and devotion of the staff members and workers of the Company.

On Behalf of Board of Directors
OMER BIN ZAHID
Director

Karachi:
Dated: September 27, 2018

ندیم ٹیکسٹائل ملز لمیٹڈ
ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

آپ کی کمپنی کے ڈائریکٹرز سالانہ رپورٹ معہ ۳۰ جون ۲۰۱۸ کو ختم ہونے والے مالی سال کے پڑتال شدہ مالیاتی گوشوارے اور اس پر آڈیٹر کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی کارکردگی

۳۰ جون ۲۰۱۸ کو اختتام پذیر ہونے والے مالی سال کے لئے کمپنی کے مالیاتی نتائج کی مختصر جھلکیاں درج ذیل ہیں۔

----- روپے ملین میں -----

	30 جون 2018 کو ختم ہونے والا مالی سال	30 جون 2017 کو ختم ہونے والا مالی سال
فروخت	6,441.23	5,230.01
کل منافع	563.96	306.93
خالص منافع/ (نقصان) قبل از ٹیکس	168.29	24.49
خالص منافع/ (نقصان) بعد از ٹیکس	149.76	7.13

موجودہ سالانہ فروخت بڑھ کر 6,441.23 ملین روپے ہوگئی ہے جو کہ پچھلے سال کے 5,230.01 ملین روپے سے 23.16 فیصد زیادہ ہے۔ کمپنی نے مجموعی 563.96 ملین روپے کا مجموعی منافع کمایا جو کہ گزشتہ سال کے 306.93 ملین روپے کے مقابلے میں 83.75 فیصد زیادہ ہے۔ بعد از ٹیکس خالص منافع بھی بڑھ کر 149.76 ملین روپے ہوگیا جو کہ پچھلے سال کے 7.13 ملین روپے تھا۔ کمپنی کے کاروبار کی نوعیت میں مالی سال کے دوران کوئی تبدیلی نہیں ہوئی۔

بریک اپ ویلیو اور فی حصص آمدن

۳۰ جون ۲۰۱۸ کو حصص کی بریک اپ ویلیو 37.84 روپے تھی جبکہ اس کے مقابلے میں یہ قدر ۳۰ جون ۲۰۱۷ کو 30.85 روپے تھی۔

۳۰ جون ۲۰۱۸ کو اختتام پذیر ہونے والے سال کے لئے درج ذیل حساب کے مطابق فی حصص آمدنی 8.07 روپے ہے جو کہ ۳۰ جون ۲۰۱۷ کے لئے 0.44 روپے تھی۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز بحساب 32% یعنی 3.2 فی شیئر کیش ڈیویڈنڈ برائے اختتام سال ۳۰ جون ۲۰۱۸ کی تجویز پیش کرنے میں خوشی محسوس کرتا ہے۔

جائزہ

بڑھتے ہوئی پیداواری اخراجات کی وجہ سے گزشتہ چند برسوں کے دوران پاکستانی دھاگے کی برآمدات میں کمی واقع ہوئی ہے۔ اپٹما مسلسل پاکستان ٹیکسٹائل انڈسٹری کی دشواریوں کے بارے میں حکومت کی توجہ مبذول کروارہی ہے۔ اس کی کوششوں کے نتائج آنا شروع ہوگئے ہیں۔ ٹیکسٹائل انڈسٹری اور برآمدات کی ترقی کو بہتر بنانے کے لئے پاکستان کی حکومت نے 4% برآمدی چھوٹ سمیت دیگر مثبت اقدامات کئے ہیں۔

موجودہ مالی سال کے دوران ٹیکسٹائل برآمدات میں کافی اضافہ ہوا۔ ٹیکسٹائل کی برآمدات میں یہ اضافہ بنیادی طور پر وزیر اعظم کے برآمدی امدادی پیکج کے ساتھ ساتھ ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے باعث ہوا۔

پیداواری کارکردگی

پلانٹ سال بھر چلتے رہے جس کے نتیجے میں 20/1 میں تبدیلی کے بعد 22.19 ملین کلوگرام دھاگے کی پیداوار حاصل کی گئی جو کہ گزشتہ سال 20.45 ملین کلوگرام تھی۔

موجودہ اور مستقبل کے نقطہ نظر

گزشتہ پانچ سالوں کے دوران کپاس کی سالانہ پیداوار 13.86 ملین بیلز سے کم ہو کر 11.98 ملین بیلز تک آ گئی ہے جو کہ تقریباً 14 فیصد کمی کو ظاہر کرتی ہے جس کی وجہ سے پاکستان کو اپنی ملکی طلب پوری کرنے کے لئے کپاس کی درآمد کرنے کے سوا کوئی دوسرا راستہ نہیں۔ تکنیکی اور انتظامی چیلنجوں اور موسمیاتی تبدیلیوں کے علاوہ غیر معیاری ریسرچ اور تربیت، اچھے بیجوں کی قلت، فصل کے

رقبے میں کمی اور پانی کی قلت نے بھی کپاس کی پیداوار میں کمی کی اہم وجوہات ہیں۔

ٹیکسٹائل انڈسٹری کی حفاظت کے لئے کپاس کی درآمد پر تمام ڈیوٹی اور غیر محصولاتی رکاوٹوں کو دور کرنا چاہئے جب تک کہ کپاس کی پیداوار ملکی طلب کے مطابق نہ ہو جائے۔ حکومت کی طرف سے کپاس کی فصل کی پیداوار اور معیار کو بہتر بنانے کے لئے آگاہی مہم شروع کی جانی چاہئے۔ پولیسٹر کی درآمدات پر کسٹم ڈیوٹی میں کمی کی جانی بھی ضروری ہے تاکہ خام مال میں استحکام اور دستیابی کو بہتر بنا کر غیر قدرتی ریشوں کی مارکیٹ میں اپنے حصے کا حصول کیا جا سکے۔

ہمیں امید ہے کہ نئی حکومت پاکستان کے ٹیکسٹائل انڈسٹری کو درپیش اہم مسائل کے حل کے لئے اپنے وعدوں کو پورا کرے گی جیسے بڑھتی ہوئی پیداواری لاگت، قیمتوں میں اضافہ، خام کپاس کی ناکافی پیداوار، سیلز ٹیکس اور انکم ٹیکس کی واپسی کی ادائیگی میں تاخیر، فی مزدور کم پیداوار، اداروں کے تعاون اور بنیادی ڈھانچے کی سہولیات کا فقدان وغیرہ۔

توسیع اور جدت

کمپنی اپنی BMR کی پالیسی جاری رکھے ہوئے ہے۔ مینجمنٹ نے بجلی کی پیداوار کو بہتر بنانے کے لئے 2 میگاواٹ کیٹر پلر گیس جنریٹر درآمد کر کے کامیابی سے نصب کیا ہے۔ پیداوار اور معیار کو بہتر بنانے کے لئے اچھی حالت میں استعمال شدہ مشینری بھی خریدی گئی ہیں۔

یہ BMR پروگرام دستیاب وسائل کے مطابق مستقبل میں بھی جاری رکھا جائے گا۔

افرادی وسائل

کمپنی نے ایک افرادی وسائل اور معاوضہ کمیٹی قائم کی ہے جو کہ تین ارکان پر مشتمل ہے جن کے نام کمپنی کی معلومات کے صفحے پر درج ہیں۔ اس کمیٹی کی سفارش پر کمپنی اپنے ملازمین کی مسلسل تربیت اور زیادہ تعلیم یافتہ عملے کی بھرتی کے ذریعے اپنے افرادی قوت میں بہتری لا رہی ہے۔

کوڈ آف کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورننس کے فریم ورک کے مطابق مالیاتی رپورٹ کے ضمن میں ڈائریکٹرز مندرجہ ذیل امور کی تصدیق کرتے ہیں :

☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جیسے سرگرمیوں کے نتائج، رقم کی آمدورفت اور کاروباری سرمایہ میں ہونے والی تبدیلیاں۔

☆ حساب داری کے مناسب کھاتے رکھے جاتے ہیں۔

☆ مالیاتی گوشواروں کی تیاری کے لئے ہمیشہ مناسب اور متعلقہ اکاؤنٹنگ پالیسیوں میں ہونے والی کسی بھی تبدیلی کو مالیاتی گوشواروں میں ظاہر کیا جاتا ہے۔ حسابداری کے گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔

☆ پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کو مالیاتی گوشواروں کی تیاری کے لئے بروئے کار لایا جاتا ہے اور ان میں ہونے والی کسی بھی تبدیلی کو مناسب طور پر ظاہر کیا جاتا ہے اور اس کی وضاحت کی جاتی ہے۔

☆ اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے روبہ عمل ہے جس کی مسلسل نگرانی کی جاتی ہے۔

☆ کمپنی کے قائم نہ رہنے کے حوالے سے کسی بھی قسم کا کوئی خدشہ نہیں پایا جاتا۔

☆ کارپوریٹ گورننس کے درج کردہ اصولوں سے کسی قسم کا انحراف نہیں کیا جا رہا۔

☆ گزشتہ ۶ برس کے مالی اور انتظامی امور سے متعلق اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

☆ واجب الادا ٹیکسوں اور دیگر دوسری ادائیگیوں کے بارے میں معلومات گوشوارے کے نوٹس میں دی گئی ہیں۔

☆ گروپ کے دوسرے اراکین کے ساتھ لین دین ضابطے کے مطابق ہے۔ تمام سودوں میں سیکیورٹی اینڈ ایکسچینج کمیشن کی ہدایات کو ملحوظ خاطر رکھا گیا ہے۔

☆ کمپنی کے تمام ڈائریکٹرز رجسٹرڈ ٹیکس دہندگان ہیں اور ان میں سے کوئی بھی کسی بینکنگ کمپنی، NBFI, DFI یا اسٹاک ایکسچینج کا نادہندہ نہیں ہے۔

☆ کمپنی کا کوئی بھی ڈائریکٹر 5 سے زیادہ لسٹڈ کمپنیوں کے بورڈ میں اپنی خدمات پیش نہیں کر رہا۔

☆ کمپنی اپنے تمام ملازمین جو کہ اپنی اہلیت کی مدت پوری کر چکے ہوں کے لئے ایک ان فنڈ ڈ گریجویٹی اسکیم چلاتی ہے جس کی پروویژن سالانہ کی بنیاد پر کی جاتی ہے۔ کمپنی نے اس سلسلے میں نظرثانی شدہ IAS-19 کو اپنایا ہے۔

☆ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانسیل آفیسر، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کئے گئے کمپنی کے حصص کے تمام ترسودے منسلکہ پیٹرن آف شیئر ہولڈنگ میں درج ہیں۔

بورڈ کے اجلاس

زیر جائزہ مدت کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے جس میں مندرجہ ذیل افراد حاضر تھے۔

ڈائریکٹرز کے نام	اجلاس میں حاضری
جناب زاہد مظہر	6
جناب عمر بن زاہد	6
جناب حسن بن زاہد	6
محترمہ نائلہ زاہد	6
محترمہ انعم عمر	6
محترمہ شافیہ حسن	6
جناب محمود صدیقی	6
جناب فیض الحسن صدیقی	6
جناب ندیم احمد	6

متعلقہ کمپنیاں

متعلقہ کمپنیوں کی فہرست درج ذیل ہے۔

(۱) ندیم پاور جنریشن (پرائیوٹ) لمیٹڈ

(۲) ندیم انٹرنیشنل (پرائیوٹ) لمیٹڈ

آڈٹ کمیٹی

کارپوریٹ گورننس کے تقاضوں کو پورا کرنے کے لئے کمپنی نے تین ارکان پر مشتمل ایک آڈٹ کمیٹی قائم کی ہے جن کے نام کمپنی کی معلومات کے صفحے پر درج ہیں۔ آڈٹ کمیٹی نے نگرانی اور اندرونی کنٹرول کے نفاذ کا جائزہ لینے کے لئے ہر سطح پر انٹرنل آڈٹ کے نظام کا نفاذ کیا ہے۔

آڈیٹرز

سالانہ اجلاس عام کے اختتام پر کمپنی کے آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق چارٹرڈ اکاونٹنٹس کی خدمات کا عرصہ مکمل ہو چکا ہے اور اپنی اہلیت کی بنیاد پر انہوں نے دوبارہ تعیناتی کی خدمات پیش کی ہیں۔

بورڈ آف ڈائریکٹرز نے یہ سفارش کی ہے کہ آڈٹ کمیٹی کی تجویز کے مطابق انہیں اگلے مالی سال ۳۰ جون ۲۰۱۹ء کے لئے بھی کمپنی کا آڈیٹر مقرر کیا جائے۔

حصص یافتگان کی تفصیل

حصص یافتگان کی تفصیل برائے ۳۰ جون ۲۰۱۸ء اس رپورٹ کے ساتھ منسلک ہے۔

اظہار تشکر

کمپنی کے ڈائریکٹرز اپنے حصص یافتگان، قابل قدر گاہکوں اور بینکاروں کا تہہ دل سے مشکور ہیں جنہوں نے کمپنی کے معاملات میں تعاون کیا۔ ڈائریکٹرز کمپنی کے عملے اور کارکنوں کی مسلسل کوششوں اور لگن کا اعتراف کرنے میں خوشی محسوس کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

عمر بن زاہد

ڈائریکٹر

کراچی :

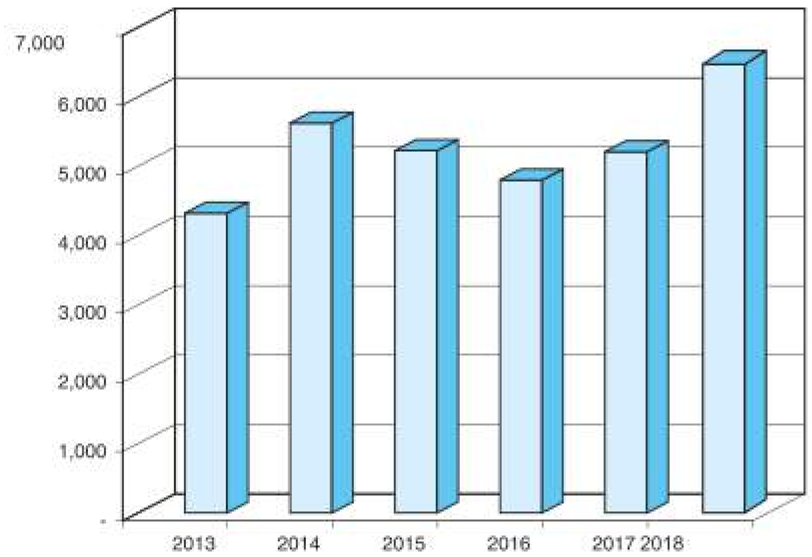
مورخہ : ۲۷ ستمبر ۲۰۱۸ء

NADEEM TEXTILE MILLS LIMITED
Key Operating & Financial Data
For the period from July 2013 To June 2018

PERIODS	Jul - Jun 2017-2018	Jul - Jun 2016-2017	Jul - Jun 2015-2016	Jul - Jun 2014-2015	Jul - Jun 2013-2014	Jul - Jun 2012-2013
Net Sales Revenue	6,441,230,473	5,230,013,369	4,800,851,059	5,224,533,979	5,620,594,591	4,322,718,024
Cost Of Goods Sold	5,877,270,121	4,923,087,905	4,695,875,674	5,021,581,671	5,282,539,289	4,007,983,172
Gross Profit	563,960,352	306,925,464	104,975,385	202,952,308	338,055,302	314,734,852
Operating Profit	382,570,826	147,077,113	(32,661,510)	61,092,746	193,815,115	235,929,615
Profit/(Loss) Before Tax	168,299,087	24,494,249	(148,482,489)	(66,994,605)	82,515,432	114,479,183
Profit/(Loss) After Tax	149,755,696	7,126,008	(178,224,297)	(88,010,907)	56,533,190	72,698,839
Paid Up Capital	192,119,850	156,195,000	156,195,000	120,150,000	120,150,000	120,150,000
Current Assets	2,409,635,450	1,699,417,236	1,419,416,621	1,281,610,172	1,238,828,343	1,152,555,818
Current Liabilities	2,529,508,675	1,956,025,702	1,686,792,467	1,477,332,240	1,402,102,804	1,506,146,440

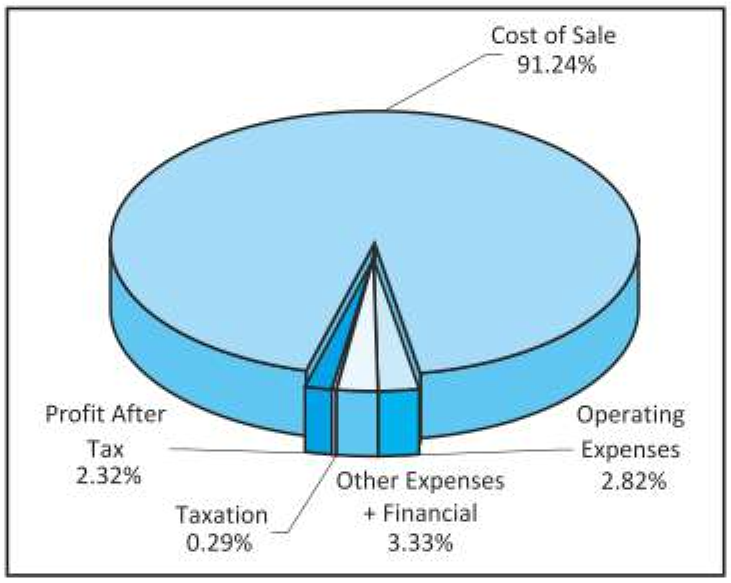
TURNOVER

Year	Sales in (M)
2018	6,441
2017	5,230
2016	4,801
2015	5,225
2014	5,621
2013	4,323



APPLICATION OF REVENUE
FOR THE YEAR ENDED JUNE 30, 2018

	RUPEES	%
Cost of Sale	5,877,270,121	91.24%
Operating Expenses	181,389,526	2.82%
Other Expenses + Financial	214,271,739	3.33%
Taxation	18,543,391	0.29%
Profit / (Loss) After Tax	149,755,696	2.32%
TOTAL	**6,441,230,473**	**100.00%**



NADEEM TEXTILE MILLS LIMITED

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

FOR THE YEAR ENDED JUNE 30,2018

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

1. The total number of directors are 9 as per the following:
   a. Male: 6
   b. Female: 3

2. The composition of board is as follows:

Category	Names
a) Independent Directors	Mr. Faiz-ul-Hassan Siddiqui Mr. Nadeem Ahmed
b) Executive Directors	Mr. Zahid Mazhar Mr. Omer Bin Zahid Mr. Hassan Bin Zahid
c) Non-Executive Directors	Mrs. Naila Zahid Mrs. Anam Omer Mrs. Shafia Hassan Mr. Mehmood Siddiqui

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

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

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

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

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

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

9. Three of the directors met the criteria of exemption under the condition of having 14 years of education and 15 years of experience on the Board of Directors of Listed Company. The condition of training certification for the other directors is being complied in due course.

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/Director duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:
a) Audit Committee

Mr.	Faiz-ul-Hassan	(Chairman)
Mrs.	Anam Omer	(Member)
Mrs.	Shafia Hassan	(Memebr)

b) HR and Remuneration Committee

Mr.	Nadeem Ahmed	(Chairman)
Mrs.	Anam Omer	(Member)
Mrs.	Shafia Hassan	(Member)

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

14. The frequency of meetings of the committee were as per following:
a) Audit Committee (Quarterly)
b) HR and Remuneration Committee (Annually)

15. The board has set up an effective internal audit function is 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. We confirm that all other requirements of the Regulations have been complied with.

Karachi:
Dated: September 27, 2018

OMER BIN ZAHID
Director

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Blcok-A, S.M.C.H.S.,
Karachi-74400, PAKISTAN
Tel. No. : (021) 4549345-9
Fax No. : (021) 4548210
E-mail : info@rsrir.com
Website : www.rsrir.com
Other Offices at Lahore - Islamabad

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

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

Karachi:
Dated: September 27, 2018

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Blcok-A, S.M.C.H.S.,
Karachi-74400, PAKISTAN
Tel. No. : (021) 4549345-9
Fax No. : (021) 4548210
E-mail : info@rsrir.com
Website : www.rsrir.com
Other Offices at Lahore - Islamabad

INDEPENDENT AUDITORS' REPORT

To the members of Nadeem Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Nadeem Textile Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 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 ('the financial statements'), 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, 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 June 30, 2018 and of the profit or loss and 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 / Institute of Cost and Management Accountants (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 Matter(s)

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 matter(s):

S. No	Key audit matter(s)	How the matter was addressed in our audit
01.	**New requirements under the Companies Act, 2017 (Refer note 3.5)** The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time in the preparation of these annexed financial statements which replaced previously applicable fourth schedule to the repealed Companies Ordinance 1984. The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company. In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.	We reviewed the requirements of the Fourth schedule to the Act and carried out the following audit procedures to ensure that the financial statements were prepare in accordance with new requirements: • As part of transition to new requirements, the management performed a gap analysis to identify additional requirements of disclosure for the current financial reporting framework. We reviewed the management's process to identify the necessary amendments required in the Company's financial statements; • We evaluated the results of management's analysis and key decisions taken in respect of the transition,; and • We assessed the adequacy and appropriateness of the additional disclosures made in the annexed financial statements based on the new requirements.
02.	**Review of recoverability of deferred tax asset (Refer note 18.2)** Under International Accounting Standard 12, Income Taxes, the Company is required to review recoverability of the deferred tax assets recognised in the statement of financial position at each reporting period. Recognition of deferred tax asset position involved managements' estimate of the future available taxable profits of the Company and there is an inherent uncertainty in such estimation in relation to the future cash flows and timing of reversals of un-used tax losses to determine whether or not the availability of future profits against which tax deductions represented by the deferred tax assets would be adjusted. As at June 30, 2018, the Company carries a net deferred tax asset of Rs 23 million in its statement of financial position. We considered this as a key audit matter owing to its significant value and estimation uncertainty of the assumptions used by management about future profitability.	Our procedures in relation to this matter included: • We evaluated the appropriateness of amounts of un-used tax losses, tax credit on investments and minimum tax against which deferred tax assets were recognised; • We assessed the reasonableness of management's projections with underlying assumptions including growth rate, future revenue and costs, comparing the assumptions to, historical results and considering other relevant information to assess whether the deferred tax asset would be adjusted against future taxable profits as per the management projections; • We tested mathematical accuracy of projections along with use of appropriate tax rate on temporary differences; • We assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures.

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's 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, on other information obtained prior to the date of this auditor's report, 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 scepticism 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;

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; and

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Rafiq Dosani.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Karachi:
Dated: September 27, 2018

NADEEM TEXTILE MILLS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	**1,663,043,411**	1,627,350,341
Long term deposits	7	**13,622,274**	13,616,929
Deferred tax	18.2	**23,128,977**	-
Current Assets			
Stores, spares and loose tools	8	**76,884,797**	72,271,072
Stock-in-trade	9	**1,231,609,339**	825,607,539
Trade debts	10	**640,857,885**	509,681,878
Loans and advances	11	**38,304,295**	39,153,138
Deposits, prepayments and other receivables	12	**207,459,849**	99,196,556
Tax refunds due from government	13	**115,488,303**	123,017,213
Cash and bank balances	14	**99,030,982**	30,489,840
		2,409,635,450	1,699,417,236
		4,109,430,112	3,340,384,506
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized Capital			
25,000,000 ordinary shares of Rs. 10/- each		**250,000,000**	250,000,000
Issued, subscribed and paid up capital	15	**192,119,850**	156,195,000
Share premium		**177,597,289**	123,710,000
Share Application Money		**-**	89,812,139
Revaluation surplus on property, plant and equipment	16	**324,611,119**	337,726,446
Unappropriated profit		**357,288,753**	202,021,367
		1,051,617,011	909,464,952
Non-Current Liabilities			
Long term financing	17	**148,283,561**	98,012,066
Deferred liabilities	18	**63,250,494**	79,183,728
Loan from associates	19	**316,770,371**	297,698,058
		528,304,426	474,893,852
Current Liabilities			
Loan from director	20	**10,000,000**	4,800,000
Trade and other payables	21	**685,957,623**	498,697,692
Accrued mark-up	22	**39,138,030**	24,157,491
Short term borrowings	23	**1,615,969,280**	1,209,286,699
Unclaimed dividend		**1,478,723**	1,478,601
Current portion of long term financing	17	**96,965,019**	96,605,219
Current portion of loan from associate	19	**80,000,000**	121,000,000
		2,529,508,675	1,956,025,702
Contingencies and commitments	24	**-**	-
		4,109,430,112	3,340,384,506

The annexed notes from 1 to 44 form an integral part of these financial statements.

DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

Karachi: Dated: September 27, 2018

As required U/S 232(1) of the companies Act, 2017, these financial statements have been signed by two directors and CFO, as the chief executive is out of country.

NADEEM TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Sales - net	25	**6,441,230,473**	5,230,013,369
Cost of sales	26	**(5,877,270,121)**	(4,923,087,905)
Gross profit		**563,960,352**	306,925,464
Administrative expenses	27	**(94,325,935)**	(88,518,365)
Distribution costs	28	**(87,063,591)**	(71,329,986)
		(181,389,526)	(159,848,351)
		382,570,826	147,077,113
Other operating income	29	**3,369,609**	2,131,384
Other operating expenses	30	**(40,438,037)**	(5,102,758)
Finance cost	31	**(177,203,311)**	(119,611,490)
		(214,271,739)	(122,582,864)
Profit before taxation		**168,299,087**	24,494,249
Taxation	32	**(18,543,391)**	(17,368,241)
Profit after taxation		**149,755,696**	7,126,008
			Restated
Earnings per share - basic and diluted	33	**8.07**	0.44

The annexed notes from 1 to 44 form an integral part of these financial statements.

DIRECTOR | **DIRECTOR** | **CHIEF FINANCIAL OFFICER**

Karachi: Dated: September 27, 2018

As required U/S 232(1) of the companies Act, 2017, these financial statements have been signed by two directors and CFO, as the chief executive is out of country.

NADEEM TEXTILE MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Profit after taxation	**149,755,696**	7,126,008
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified in profit or loss:		
Actuarial gain / (loss) on defined benefit obligation - net of tax	**(879,442)**	(1,392,086)
Total comprehensive income for the year	**148,876,254**	5,733,922

The annexed notes from 1 to 44 form an integral part of these financial statements.

DIRECTOR | **DIRECTOR** | **CHIEF FINANCIAL OFFICER**

Karachi: Dated: September 27, 2018

As required U/S 232(1) of the companies Act, 2017, these financial statements have been signed by two directors and CFO, as the chief executive is out of country.

NADEEM TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash (used in) / generated from operations	34	**53,231,192**	185,559,386
Long term deposit		**(5,345)**	(500,000)
Taxes paid		**(55,947,348)**	(49,588,372)
Gratuity paid	18.1.1	**(24,781,713)**	(19,076,074)
Finance cost paid		**(162,222,772)**	(117,081,691)
Workers profit participation fund paid		**(1,287,686)**	-
Dividend paid		**(6,724,195)**	-
Net cash used in from operating activities		**(197,737,867)**	(686,751)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(183,712,478)**	(194,349,825)
Proceeds from disposal of property, plant and equipment	6.1.3	**9,405,298**	8,083,100
Proceeds from disposal Investment		**-**	1,342,775
Net cash used in investing activities		**(174,307,180)**	(184,923,950)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained / (repaid) - net		**50,631,295**	(48,472,938)
Loan from director		**5,200,000**	-
Loan from associate-net		**(21,927,687)**	48,191,774
Right Shares Application Money		**-**	89,812,139
Net cash generated from financing activities		**33,903,608**	89,530,975
Net decrease in cash and cash equivalents		**(338,141,439)**	(96,079,726)
Cash and cash equivalents at beginning of the year		**(1,178,796,859)**	(1,082,717,133)
Cash and cash equivalents at end of the year	35	**(1,516,938,298)**	(1,178,796,859)

The annexed notes from 1 to 44 form an integral part of these financial

DIRECTOR **DIRECTOR** **CHIEF FINANCIAL OFFICER**

Karachi: Dated: September 27, 2018

As required U/S 232(1) of the companies Act, 2017, these financial statements have been signed by two directors and CFO, as the chief executive is out of country.

NADEEM TEXTILE MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid up capital	Share premium	Unappropriated profit	Revaluation surplus on property, plant and equipment	Total
			Rupees		
Balance as at July 01, 2016	156,195,000	123,710,000	182,831,184	351,182,707	813,918,891
Profit for the year	-	-	7,126,008	-	7,126,008
Other comprehensive income	-	-	(1,392,086)	-	(1,392,086)
Total comprehensive income for the year	-	-	5,733,922	-	5,733,922
Transfer to unappropriated profit on account of incremental depreciation- net off deferred tax	-	-	13,456,261	(13,456,261)	-
Balance as at June 30, 2017	156,195,000	123,710,000	202,021,367	337,726,446	819,652,813
Profit for the year	-	-	149,755,696	-	149,755,696
Other comprehensive income	-	-	(879,442)	-	(879,442)
Total comprehensive income for the year	-	-	148,876,254	-	148,876,254
Transfer to unappropriated profit on account of incremental depreciation	-	-	13,115,327	(13,115,327)	-
Transactions with owners					
Issue of Ordinary shares	35,924,850	53,887,289	-	-	89,812,139
Dividends paid	-	-	(6,724,195)	-	(6,724,195)
	35,924,850	53,887,289	(6,724,195)	-	83,087,944
Balance as at June 30, 2018	**192,119,850**	**177,597,289**	**357,288,753**	**324,611,119**	**1,051,617,011**

The annexed notes from 1 to 44 form an integral part of these financial statements.

DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

Karachi: Dated: September 27, 2018

As required U/S 232(1) of the companies Act, 2017, these financial statements have been signed by two directors and CFO, as the chief executive is out of country.

NADEEM TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 THE COMPANY AND ITS OPERATIONS

Nadeem Textile Mills Limited ("the Company") was incorporated in Pakistan as public limited company on July 15, 1984 and its shares are listed on the Pakistan Stock Exchange Limited. The main business of the Company is manufacture and sale of yarn.

The geographical location and address of the Company's business units, including mills/plant is as under:

- The registered office of the Company is situated at 801-804, Lakson square Building No.3, Sarwar Shaheed Road, Karachi

- The Company's mills is located at;
  -Unit-1: A-265, S.I.T.E., Nooriabad, district Dadu, Sindh.
  -Unit-2: E-11, S.I.T.E., Kotri, Sindh.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

3 BASIS OF PREPARATION

3.1 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 such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), 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 IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except;

- Land and buildings measured at revalued amounts less accumulated depreciation therein;
- recognition of staff retirement benefits at fair value.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional and presentation currency of the Company.

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with 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, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are involved or where judgment was exercised in application of accounting policies are as follows:

		Note
i)	Revaluation of certain items of property, plant and equipment	4.1
ii)	Useful life and residual values of property, plant and equipment	4.1
iii)	Provision for slow moving and obsolete store, spares and loose tools	4.2
iv)	Provision for slow moving and obsolete stock in trade	4.3
v)	Estimation for impairment of trade debts	4.4
vi)	Provision for staff retirement benefits	4.6
vii)	Provision for taxation	4.9

3.5 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018

The third and 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 third and 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, management assessment of sufficiency of tax provision in the financial statements , change in threshold for identification of executives, additional disclosure requirements for related parties etc.

Amendments / interpretations to existing standards and forthcoming requirements

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies 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 an impact on the Company's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) 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 application of interpretation is not likely to have an 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) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in its revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

  IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangement" - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 "Income Taxes" - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 "Borrowing Costs" - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective for annual periods beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Significant accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

4.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any, except lease hold land, factory building and office premises which are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

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 the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

Depreciation is charged to profit and loss account applying written down value method whereby the cost or revalued amount of an asset is written off over its useful life at the rates specified in note 6 the financial statements. Depreciation on additions is charged from the day in which asset is available for use and on disposals up to the day immediately preceding that of deletion.

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment at year end did not require any adjustment as its impact is considered insignificant.

Any revaluation increase arising on the revaluation of assets is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant & machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profit.

Capital work - in - progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when assets are available for use.

4.2 Stores, spares and loose tools

Stores, spares and loose tools excluding items in transit are valued at lower of average cost and net realizable value. Provision is made for slow moving and obsolete items. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date.

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

4.3 Stock in trade

Raw materials and finished goods are valued at lower of average cost and net realizable value.

Work-in-process is valued at average cost of raw-materials including a proportionate of manufacturing overheads. By products and waste products are valued at net realisable value.

Cost of finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads.

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

Provision is made in the financial statements against slow moving and obsolete stock-in-trade based on management's best estimate regarding their future usability whenever necessary and is recognised in the statement of profit or loss.

4.4 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts / receivables, if any. Provision for doubtful debts / receivables is based on the management's assessment of customers' outstanding balances and credit worthiness. Bad debts are written-off when identified.

4.5 Cash and cash equivalents

Cash and cash equivalents comprises cash and bank balances. Short term running finances that are repayable on demand and form an integral part of the Company's cash management policy are also included as a component of cash equivalents for the purpose of the statement of cash flows.

4.6 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all permanent employees. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

All remeasurement gains and losses are recognised in other comprehensive income.

4.7 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payable are classified as current if payment is due within one year or less (or in normal operating cycle of business, if longer), if not, they are classified as non current liabilities. Liabilities for trade and other amounts payable are carried at amortised cost.

4.8 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the outflow can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.9 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rate enacted by or substantively enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous year. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any or minimum tax u/s 113 of Income Tax Ordinance, 2001 after taking into account tax credits or Alternative corporate tax u/s 113C of Income Tax Ordinance, 2001. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.10 Revenue recognition

Revenue arising from the sale of goods is recognised when all of the following criteria have been satisfied:

- the Company has transferred to the customer the significant risks and rewards of ownership;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company and;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable.

4.11 Borrowing costs

Borrowings costs are recognised as an expense in the period in which they 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 the cost of that asset.

4.12 Foreign currency transactions and translation

Transactions in foreign currencies are converted into Rupees at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange ruling at the balance sheet date. All exchange differences arising on transaction are charged to profit and loss account in that period.

4.13 Financial instruments

4.13.1 Classification of Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Available for sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payment is established.

b) Fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term.

c) Held to maturity

Held -to- maturity financial assets are those with fixed or determinable payments and fixed maturity, where management has the positive intention and ability to hold till maturity. These are carried at amortized cost.

d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

4.13.2 Recognition and measurement of financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. In case of available for sale financial assets, the change in fair value is recognised in other comprehensive income and in case of financial assets classified as fair value through profit and loss, the change is recognised in profit and loss account for the year.

"The fair values of quoted investments are based on quoted prices. In case quoted prices are not available, the Company establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data. "

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for-sale financial assets, the cumulative loss that had been recognized in other comprehensive income is reclassified from equity to profit and loss account as a reclassification adjustment. Impairment losses recognized in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account.

4.13.3 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

4.14 Offsetting

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

4.15 Impairment

The carrying amount of all assets not carried at fair value, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. Impairment loss is recognised in profit and loss account whenever carrying amount of an assets exceeds its recoverable amount.

4.16 Dividends and appropriations to reserves

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

5 CHANGE IN ACCOUNTING POLICY

The Company has changed its accounting policy for the revaluation surplus on property, plant and equipment, in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance, 1984. Further, the revaluation surplus on property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements of revaluation surplus on property, plant and equipment. Consequently, this impacted the Company's accounting policy for revaluation surplus on property, plant and equipment, and now the related accounting and presentation requirements set out in International financial reporting standards are being followed by the Company. Further, the revaluation surplus on property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a capital reserve i.e. part of equity.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated. The effect of retrospective application in case of the Company has resulted in reclassification of surplus on revaluation to reserves. There is no other impact of the retrospective application on the amounts of surplus presented in prior years.

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	*6.1*	**1,613,394,656**	1,620,000,780
Capital work in progress	*6.2*	**49,648,755**	7,349,561
		1,663,043,411	1,627,350,341

6.1 Operating Fixed Assets

	Leasehold land	Factory building	Office premises	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
	Rupees								
As at June 30, 2016									
Cost / Revalued amount	112,000,000	442,852,662	207,972,357	1,680,725,207	11,412,775	2,361,659	5,595,486	55,388,590	2,518,308,736
Accumulated depreciation	-	(75,899,704)	(46,925,315)	(783,741,199)	(4,197,257)	(1,619,249)	(2,379,086)	(30,307,903)	(945,069,713)
	112,000,000	**366,952,958**	**161,047,042**	**896,984,008**	**7,215,518**	**742,410**	**3,216,400**	**25,080,687**	**1,573,239,023**
Year ended June 30, 2017									
Opening net book value	112,000,000	366,952,958	161,047,042	896,984,008	7,215,518	742,410	3,216,400	25,080,687	1,573,239,023
Additions / transfers	-	2,123,920	2,927,403	166,650,711	394,500	86,740	1,377,417	15,229,398	188,790,089
Disposals									
Cost	-	-	-	(33,941,947)	-	(107,085)	-	(11,269,194)	(45,318,226)
Accumulated depreciation	-	-	-	28,154,694	-	89,949	-	6,945,591	35,190,234
	-	-	-	(5,787,253)	-	(17,136)	-	(4,323,603)	(10,127,992)
Depreciation for the year	-	(18,371,606)	(8,093,801)	(99,041,742)	(740,639)	(235,428)	(375,503)	(5,041,621)	(131,900,340)
Closing net book value	**112,000,000**	**350,705,272**	**155,880,644**	**958,805,724**	**6,869,379**	**576,586**	**4,218,314**	**30,944,861**	**1,620,000,780**
As at June 30, 2017									
Cost / Revalued amount	112,000,000	444,976,582	210,899,760	1,813,433,971	11,807,275	2,341,314	6,972,903	59,348,794	2,661,780,599
Accumulated depreciation	-	(94,271,310)	(55,019,116)	(854,628,247)	(4,937,896)	(1,764,728)	(2,754,589)	(28,403,933)	(1,041,779,819)
	112,000,000	**350,705,272**	**155,880,644**	**958,805,724**	**6,869,379**	**576,586**	**4,218,314**	**30,944,861**	**1,620,000,780**
Year ended June 30, 2018									
Opening net book value	112,000,000	350,705,272	155,880,644	958,805,724	6,869,379	576,586	4,218,314	30,944,861	1,620,000,780
Additions / transfers	-	1,830,684	2,175,721	128,429,758	542,715	144,063	835,298	7,455,045	141,413,284
Disposals									
Cost	-	-	-	(25,813,087)	-	-	-	(4,017,800)	(29,830,887)
Accumulated depreciation	-	-	-	12,330,486	-	-	-	2,485,953	14,816,439
	-	-	-	(13,482,601)	-	-	-	(1,531,847)	(15,014,448)
Depreciation for the year	-	(17,568,301)	(7,839,552)	(99,762,744)	(718,237)	(196,243)	(452,549)	(6,467,334)	(133,004,960)
Closing net book value	**112,000,000**	**334,967,655**	**150,216,813**	**973,990,137**	**6,693,857**	**524,406**	**4,601,063**	**30,400,725**	**1,613,394,656**
As at June 30, 2018									
Cost / Revalued amount	112,000,000	446,807,266	213,075,481	1,916,050,642	12,349,990	2,485,377	7,808,201	62,786,039	2,773,362,996
Accumulated depreciation	-	(111,839,611)	(62,858,668)	(942,060,505)	(5,656,133)	(1,960,971)	(3,207,138)	(32,385,314)	(1,159,968,340)
	112,000,000	**334,967,655**	**150,216,813**	**973,990,137**	**6,693,857**	**524,406**	**4,601,063**	**30,400,725**	**1,613,394,656**
Annual rates of depreciation	**0%**	**5%**	**5%**	**10%**	**10%**	**30%**	**10%**	**20%**	

6.1.1 Leasehold lands of the Company are located at A-265 S.I.T.E, Nooriabad, Sindh and E-11, S.I.T.E., Kotri Sindh with an area of 111,320 and 156,090 square yards respectively.

6.1.2 The Company measure its land, buildings and office premises using revaluation model. The latest revaluation of land, building, plant and machinery was carried out by an independent valuer M/s. Joseph Lobo as on June 30, 2016 on the basis of present market values for similar sized land in the vicinity and replacement values of similar type of buildings adjusted for depreciation factor for the existing assets in use.

6.1.3 Forced sales value of leasehold land, buildings and office premises based on the valuation conducted in June 2016 by independent valuer was Rs 648.40 million.

Had there been no revaluation, the book value of land, buildings and plant and machinery would have been as follows:

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Leasehold land		**46,384,040**	46,384,040
Factory building		**93,699,309**	96,738,592
Office premises		**101,481,813**	104,580,644
		241,565,162	247,703,276

6.1.4 The following operating fixed assets with a net book value exceeding Rs. 500,000 were disposed off during the year.

Paricular Of Assets	Cost	Accumulated Depreciation	Book Value	Sales Proceeds	(Gain)/Loss On Disposal	Particulars Of Purchaser	Mode Of Disposal
	Rupees						
Spinning Frames FA-503	3,150,000	1,106,500	2,043,500	1,661,017	382,483	K&B Brothers	Negotation
Autocone Machine	12,600,000	4,786,119	7,813,881	3,262,707	4,551,174	K&B Brothers	Negotation
Ring Frames FA-503	3,250,000	1,313,382	1,936,618	1,794,872	141,746	Hassan & Co.	Negotation
Autocone Savio Espero	5,710,042	4,069,981	1,640,061	932,202	707,859	K&B Brothers	Negotation
Honda City	1,250,000	216,884	1,033,116	1,020,000	13,116	Sadia Naseem	Negotation
Other items having net book value of less than Rs. 500,000 each	3,870,845	3,323,573	547,272	734,500	(187,228)	Various	Various
2018	**29,830,887**	**14,816,439**	**15,014,448**	**9,405,298**	**5,609,150**		
2017	45,318,226	35,190,234	10,127,992	8,083,100	2,044,892		

6.1.5 Depreciation is allocated as under

	Note	June 30, 2018	June 30, 2017
Cost of sales	*26*	**117,331,045**	117,413,348
Administrative expenses	*27*	**15,673,915**	14,486,992
		133,004,960	131,900,340

6.2 Capital work in progress

		June 30, 2018	June 30, 2017
Advance to contractors for civil works		**4,326,178**	7,349,561
Plant and Machinery		**45,322,577**	-
		49,648,755	7,349,561

7 LONG TERM ADVANCES AND DEPOSITS

		June 30, 2018	June 30, 2017
Long term advances		**437,500**	437,500
Long term security deposits		**13,184,774**	13,179,429
		13,622,274	13,616,929

		Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
8	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**40,886,011**	36,602,233
	Spares		**35,418,634**	34,771,813
	Loose tools		**580,152**	897,026
			76,884,797	72,271,072
9	**STOCK IN TRADE**			
	Raw material		**903,768,184**	493,840,380
	Work - in - process		**43,926,468**	33,949,875
	Finished goods		**258,587,826**	294,627,593
	Waste		**25,326,861**	3,189,691
		9.1	**1,231,609,339**	825,607,539

9.1 This includes stocks amounting to Rs. 1,113/- million (2017: Rs. 625/- million) pledged with banks as security with banks against finance facilities.(refer note 23)

		Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
10	**TRADE DEBTS**			
	Considered good			
	Export trade debts - secured		**38,221,064**	5,909,835
	Local trade debts - unsecured		**606,875,274**	509,479,489
			645,096,338	515,389,324
	Less: Provision for impairment		**(4,238,453)**	(5,707,446)
			640,857,885	509,681,878
11	**LOANS AND ADVANCES**			
	Staff and workers	*11.1*	**720,389**	1,155,179
	Advance to suppliers		**37,583,906**	37,997,959
			38,304,295	39,153,138

11.1 This represents interest free advances provided to employees in accordance with the Company's policy. The advances are secured against retirement benefits and are recoverable in equal monthly installments.

		Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
12	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Bank guarantee and margin	*12.1*	**57,273,144**	32,692,890
	Special excise duty refundable		**2,484,766**	2,484,766
	Receivable against GID Cess		**13,666,363**	13,666,363
	Deposit to HESCO		**17,238,893**	17,238,893
	Other receivable		**116,796,683**	33,113,644
			207,459,849	99,196,556

12.1 This is margin deposited against bank guarantees issued by different banks as disclosed in note # 24. These are term deposit receipts earning a markup at a rate of 4.6% - 5.25% per annum (2017: 3.5% - 4%).

		Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
13	**TAX REFUND DUE FROM GOVERNMENT**			
	Income tax refundable		**24,278,286**	29,718,159
	Sales tax refundable		**91,210,017**	93,299,054
			115,488,303	123,017,213
14	**CASH AND BANK BALANCES**			
	Cash in hand		**1,981,453**	636,105
	Cash at bank - current accounts	*14.1*	**96,612,337**	11,375,406
	Cash at bank - deposit accounts	*14.2*	**437,192**	18,478,329
			99,030,982	30,489,840

14.1 The Company has issued post dated cheques to Sindh High Court against GID Cess amounting to Rs. 74,994,161/- (2017: Nil)

14.2 Mark-up rate on PLS accounts ranges from 3.75% to 4.5% per annum on daily product basis (2017: 2.5% to 3% per annum).

15 ISSUED SUBSCRIBED AND PAID UP CAPITAL

2018	2017			
— Number of shares —				
12,711,985	9,119,500	Ordinary shares of Rs.10/- each issued as fully paid in cash	**127,119,850**	91,195,000
6,500,000	6,500,000	Ordinary shares of Rs.10/- each issued as fully paid as bonus	**65,000,000**	65,000,000
19,211,985	15,619,500		**192,119,850**	156,195,000

15.1 The associated company Nadeem Power Generation (Private) Limited held 3,604,500 (2017: 3.604,500) ordinary shares at the year end.

		Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
16	**REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT**			
	Balance as at July 01		**370,882,640**	386,949,308
	Less: Incremental depreciation transferred to retained earnings		**(15,263,334)**	(16,066,668)
			355,619,306	370,882,640
	Less: Related deferred tax on revaluation		**(31,008,187)**	(33,156,194)
			324,611,119	337,726,446
17	**LONG TERM FINANCING**			
	From banking companies - secured	*17.1*	**245,248,580**	194,617,285
	Less: current portion		**(96,965,019)**	(96,605,219)
			148,283,561	98,012,066

17.1 The principal details of loan facilities availed by the Company are as follows:

Lender	June 30, 2018	June 30, 2017	Purpose	Facility Amount (Rs. millions)	Security	Pricing	Repayment Terms
Soneri Bank Limited	**12,500,000**	37,500,000	To Purchase Kotri Unit of Shadman Cotton Mills Limited	125	Joint pari pasu charge of Rs. 167 million with Bank Al-Falah over property located at E-11, SITE Kotri.	6 month average KIBOR + 2% p.a.	10 installments Semi annually
JS Bank	-	10,342,641	To meet capital expediture requirements and retirement of LCs for import of machinery	86	First exclusive and specifice charge of Rs.54m over machinery imported (new) i.e Muratac Auto cone winder Machines.	3 month average KIBOR + 2.5%	12 installments Quarterly .
	2,000,000	4,663,620	To meet capital expediture requirements and proceeds shall be utilized for retirement of LC-Sight already established.	8	First exclusive and specifice charge of Rs.58m over machinery imported (new) i.e Muratac Auto cone winder Machines.	3 month KIBOR + 2.5%	12 Installments Payable Quarterly
	21,000,000	35,000,000	To meet capital expediture requirements and retirement of LCs for import of machinery	42	First exclusive and specifice charge of Rs.53m over machinery imported (new) i.e Muratac Auto cone winder Machines.	1st day of every quarter KIBOR (3 Month) + 2.5%	12 installments Quarterly .
	40,036,500	-	To meet capital expediture requirements and retirement of LCs for import of machinery	77	First exclusive and specific hypothecation charge of Rs.44.5 m over machinery imported (new) i.e Caterpillar gas generator CG 170-20 of 1953KW / 2441KVA	2.5% by Bank and 2.5% by SBP	20 installments quarterly.
	32,200,000	-	To meet capital expediture requirements and retirement of LCs for import of machinery		First exclusive and specifice charge of Rs. 32.5 m over machinery imported (new) i.e GE Jenebacher Gas Genset JGS 420 GS-N.L 'B05' 1500 KW	2.5% by Bank and 2.5% by SBP	20 installments quarterly.
Bank Al-falah	**12,500,000**	37,500,000	To Purchase Kotri Unit of Shadman Cotton Mills Limited	125	Joint pari pasu charge of Rs. 167 million with Soneri Bank over property located at E-11, SITE Kotri.	6 month average KIBOR + 2% p.a.	10 installments semi annually
	50,012,080	62,515,100	For import of 5 used Murata 21C Auto winders	70	Exclusive and specific charge of Rs. 70 million on 5 murata 21C autowinder.	6 month KIBOR + 2% p.a.	Quarterly markup + Bi-annual principal payment in arrears after grace period of 1 year from 1st drawdown
Askari bank	-	2,159,180	Acquired for short term requirements.	34.547	First pari pasu charge of Rs.72.629m over fixed assets of the company A-265 SITE Nooriabad.	3 month average KIBOR + 1.5% p.a.	16 installments Quarterly .
Samba Bank	**75,000,000**	-	Acquired for permanent working capital facility	75	First pari pasu charge of Rs.367m over all present and future stocks and receivables with 25% margin.	1 month KIBOR + 2% p.a.	8 installments quarterly
Allied Bank	-	4,936,744	Acquired for short term requirements.	49.94	Pari pasu charge of Rs.67 million over fixed assets of the company A-265 SITE Nooriabad.	3 month average KIBOR + 1.5% p.a.	4 installments Quarterly .
Total	**245,248,580**	194,617,285					

18 DEFERRED LIABILITIES

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Gratuity	*18.1*	**63,250,494**	59,091,849
Deferred taxation - net	*18.2*	**-**	20,091,879
		63,250,494	79,183,728

18.1 Gratuity

As disclosed in note 4.6, the company operates an unfunded gratuity scheme for its staff employees. The latest actuarial valuation was carried out as at June 30, 2018, using the Projected Unit Credit Actuarial Cost Method.

18.1.1 Movement in defined benefit obligation	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Opening defined benefit obligation		**59,091,849**	51,290,110
Current service cost		**24,064,685**	22,188,635
Interest Cost		**3,619,327**	3,027,025
Benefits paid		**(24,781,713)**	(19,076,074)
Remeasurements		**1,256,346**	1,662,153
Closing defined benefit obligation		**63,250,494**	59,091,849

18.1.2 Expense recognized in the profit and loss account

Current service cost	**24,064,685**	22,188,635
Interest cost on defined benefit obligation	**3,619,327**	3,027,025
	27,684,012	25,215,660

18.1.3 Remeasurement losses / (gains) recognised in other comprehensive income

Actuarial losses / (gains) on defined benefit obligation due to		
-Changes in financial assumptions	**81,599**	32,004
-Experience adjustments	**1,174,747**	1,630,149
	1,256,346	1,662,153

18.1.4 Movement in net liability in the balance sheet

Balance as at July 01	**59,091,849**	51,290,110
Expense charged to profit and loss	**27,684,012**	25,215,660
Remeasurements chargeable in other comprehensive income	**1,256,346**	1,662,153
Benefits paid	**(24,781,713)**	(19,076,074)
Balance as at June 30	**63,250,494**	59,091,849

18.1.5 Comparison of present value of defined benefit obligation for the current year and pervious four years is as follows:

	2018	2017	2016	2015	2014
			Rupees		
Present value of defined benefit obligation	**63,250,494**	59,091,849	51,290,110	37,760,600	41,157,373
Experience adjustments on obligations	**1,256,346**	1,662,153	8,907,015	-	2,214,092

18.1.6 Year end sensitivity analysis on Defined Benefit Obligation	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Discount Rate + 100 bps		**60,003,933**	55,929,125
Discount Rate - 100 bps		**66,944,294**	62,696,448
Salary Increase + 100 bps		**66,980,849**	62,732,567
Salary Increase -100 bps		**59,917,815**	55,844,312

The average duration of the defined benefit obligation is 5 Years.

18.1.7 Principal assumptions used in valuation of gratuity

Discount rate used for interest cost in profit and loss	**7.75%**	7.75%
Discount rate used for year end obligation	**9.00%**	7.75%
Expected rate of increase in salary level (per annum)	**7.00%**	5.75%
Mortality rates	SLIC 2001-2005	SLIC 2001-2005

18.2 Deferred Taxation

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Deferred tax liability in respect of:			
- Surplus on revaluation of fixed assets		**31,008,187**	33,156,194
- Accelerated tax depreciation		**84,399,481**	99,485,775
		115,407,668	132,641,969
Deferred tax asset in respect of:			
- Provisions for doubtful debt		**(1,271,536)**	(1,712,234)
- Provisions for gratuity		**(8,901,242)**	(9,600,850)
- Excess of minimum tax carried forward	*18.2.1*	**(119,698,289)**	(75,989,616)
- Carry forward of Tax losses		**(8,665,578)**	(25,247,390)
		(138,536,645)	(112,550,090)
		(23,128,977)	20,091,879

18.2.1 This represents excess tax over and above the normal tax payable under provision of section 113 of income tax ordinance 2001. The excess amount of tax paid can be carried forward and adjusted against tax liability for five tax years immediately succeeding the tax year.

19 LOAN FROM ASSOCIATE

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Nadeem Power Generation (Private) Limited (NPGL)		**10,120,371**	17,698,058
Nadeem International (Private) Limited (NIPL)		**386,650,000**	401,000,000
		396,770,371	418,698,058
Less : Current portion shown under current liabilities			
Nadeem International (Private) Limited		**(80,000,000)**	(121,000,000)
	19.1	**316,770,371**	297,698,058

19.1 This represents loan provided by related parties NPGL and NIPL on June 29, 2013 and April 28, 2015 respectively on renewable terms which may be extended for such period as may be mutually agreed by companies after expiry of the repayment period. These loans are interest free and repayable within 13 months from July 01, 2018.

20 LOAN FROM DIRECTOR

This represents director's loans that is interest-free and repayable on-demand

21 TRADE AND OTHER PAYABLES

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Creditors		**432,892,928**	339,803,742
Accrued expenses	*21.1*	**212,468,618**	133,343,213
Provision against ETO		**10,017,753**	9,927,055
Advances from customer		**18,105,030**	14,335,996
Worker's profit participation fund payable		**9,038,619**	1,287,686
Worker's welfare fund payable		**3,434,675**	-
		685,957,623	498,697,692

21.1 This includes Rs. 21.04 million (2017: 18.17 million) due to Associated Undertaking Nadeem Power Generation (Pvt) Limited against electric bill.

22 ACCRUED MARK - UP

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Long - term financing		**1,840,262**	2,989,381
Short - term borrowings		**37,297,768**	21,168,110
		39,138,030	24,157,491

23 SHORT TERM BORROWINGS

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Secured			
Bank Al - Falah Limited		**390,712,877**	251,117,727
Soneri Bank Limited		**542,006,064**	78,759,798
J. S. Bank Limited		**513,796,730**	224,541,845
Samba Bank Limited		**169,323,235**	245,271,238
	23.1	**1,615,838,906**	799,690,608
Foreign currency loan			
Soneri Bank Limited FE-25		-	345,966,091
JS Bank Limited FE-25		-	63,630,000
	23.2	-	409,596,091
Soneri bank limited (overdraft)		**130,374**	-
		1,615,969,280	1,209,286,699

23.1 These represent short term working capital finance facilities secured against pledge of stocks (Cotton, Yarn, fibre and Spares), and export bills under collection, local trade debts of the Company and charge over current assets. The rate of mark-up for running finance ranges @ KIBOR + 2% per annum (2017: KIBOR + 1.5% to KIBOR + 2.0% per annum), KIBOR ranged from 1 month, 3 months and 6 months.

23.2 The applicable rate of mark-up on foreign currency finance has been LIBOR + 2% to LIBOR + 2.5% per annum (2017: LIBOR + 2% to LIBOR + 3.9% per annum). This represents NIL Foreign Exchange loan as at June 30, 2018 (2017: $ 3,901,578.15).

23.3 The unavailed facility of total short term borrowings amount to Rs 439 million (2017: Rs 426 million).

24 CONTINGENCIES AND COMMITMENTS

Contingencies

The Company filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GID cess as a tax was not levied in accordance with the Constitution and hence not valid.

In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved in the Parliament and became an Act.

The company has challenged GIDC Act, 2015 challenging the vires and legality of the levy and demand of GIDC including its retrospective application.

Since this issue is being faced by industry at large and in light of aforementioned developments, the management is of the view that there is no need to maintain any provision against this liability and accordingly the Company has deferred the recognition of expense against such billings amounting to Rs. 226.31 million (2017: 180.83 million) based on the advice of its legal counsel.

Commitments

Following commitments exists as of reporting date;

Against letters of credit	**68,622,408**	88,782,160
Bank guarantee to Excise and Taxation department	**26,875,753**	18,700,000
Bank guarantee to HESCO	**10,290,000**	10,290,000
Revolving Letter of credit to SSGC	**33,822,955**	33,822,955
FBP outstanding	**1,109,736,813**	493,546,942
Civil contractor	**5,157,475**	2,955,382
Post dated cheques	**74,994,161**	-

		Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
25	**SALES - NET**			
	Local sales		**2,910,406,964**	2,728,151,812
	Exports - direct		**2,780,735,359**	2,152,251,712
	Exports - indirect		**612,079,710**	272,859,710
			3,392,815,069	2,425,111,422
			6,303,222,033	5,153,263,234
	Duty drawback		**110,415,893**	29,131,091
	Wastage sales		**87,955,440**	79,546,707
	Raw material sales		**-**	10,858,031
			198,371,333	119,535,829
	Less:			
	Commission on export sales		**(19,242,791)**	(17,590,767)
	Commission on local sales		**(23,518,654)**	(13,954,861)
	Premium on discounting of the export bill		**(17,601,448)**	(11,240,066)
			(60,362,893)	(42,785,694)
			6,441,230,473	5,230,013,369
26	**COST OF SALES**			
	Raw material consumed	*26.1*	**4,455,377,239**	3,723,768,887
	Stores and spares consumed		**112,689,857**	77,251,412
	Packing material consumed		**111,326,169**	92,967,558
	Salaries, wages and other benefits	*26.2*	**487,360,179**	445,392,805
	Repair and maintenance		**9,355,237**	5,705,552
	Insurance		**17,990,010**	10,349,717
	Fuel and power		**536,392,583**	458,960,200
	Other manufacturing expenses		**25,521,798**	28,581,015
	Depreciation	*6.1.4*	**117,331,045**	117,413,348
			5,873,344,117	4,960,390,494
	Work in process:			
	Opening		**33,949,875**	31,753,397
	Closing		**(43,926,468)**	(33,949,875)
			(9,976,593)	(2,196,478)
	Cost of goods manufactured		**5,863,367,524**	4,958,194,016
	Cost of raw material sold		**-**	12,170,118
	Finished goods and waste:			
	Opening :		**297,817,284**	250,541,055
	Closing		**(283,914,687)**	(297,817,284)
			13,902,597	(47,276,229)
			5,877,270,121	4,923,087,905
26.1	**Raw material consumed**			
	Opening		**493,840,380**	399,860,421
	Add: Purchases		**4,865,305,043**	3,829,918,964
			5,359,145,423	4,229,779,385
	Raw material sold		**-**	(12,170,118)
	Closing stock		**(903,768,184)**	(493,840,380)
			4,455,377,239	3,723,768,887

26.2 This includes staff retirement benefits amounting to Rs. 23.59 million (2017: 20.14 million).

27	ADMINISTRATIVE EXPENSES	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
	Directors' remuneration	*38*	**6,000,000**	6,200,000
	Salaries and other benefits	*27.1*	**34,133,947**	33,302,117
	Traveling conveyance		**5,318,245**	4,611,834
	Legal and professional		**4,543,783**	2,789,832
	Fees and subscription		**1,597,286**	1,726,125
	Rent, rates and taxes		**1,274,322**	861,433
	Electricity, gas and water		**4,556,838**	6,166,212
	Repair and maintenance		**2,609,453**	2,007,342
	Communication expenses		**2,165,740**	2,142,364
	Printing and stationery		**2,793,155**	2,854,387
	Motor vehicle expenses		**9,126,354**	6,585,583
	Advertisement expenses		**113,019**	157,173
	Entertainment expenses		**2,328,716**	2,426,062
	Audit fee	*27.2*	**1,172,000**	1,172,200
	Miscellaneous expenses		**919,162**	1,028,709
	Depreciation	*6.1.4*	**15,673,915**	14,486,992
			94,325,935	88,518,365

27.1 This includes staff retirement benefits amounting to Rs. 4.09 million (2017: 5.07 million).

27.2	Auditors Remuneration		
	Audit fee	**880,000**	880,000
	Half yearly review	**215,000**	215,000
	Code of Corporate Governance	**50,000**	50,000
	Other certifications	**17,200**	17,200
	Out of pocket Expenses	**10,000**	10,000
		1,172,200	1,172,200

28	DISTRIBUTION COST			
	Freight and octroi charges		**22,905,408**	16,318,632
	Export selling expenses		**8,028,840**	7,117,853
	Foreign travelling expense		**3,957,500**	2,696,678
	Trailer charges		**10,753,230**	8,499,510
	Export insurance charges		**2,918,533**	2,407,855
	Stamp duty on export sales		**8,339,910**	5,318,790
	Ocean freight		**14,469,381**	16,987,818
	Export development charges		**6,801,127**	5,318,772
	Others	*28.1*	**8,889,662**	6,664,078
			87,063,591	71,329,986

28.1 This includes charges in respect of stamp duty on local sales, Letter of credit expenses, sales promotion, export and foreign bank charges and forwarding charges.

29	OTHER OPERATING INCOME		
	Profit on savings deposit accounts	**3,359,609**	1,414,725
	Bad debts recovered	-	39,049
	Gain on disposal of Shares	-	667,610
	Rental Income	**10,000**	10,000
		3,369,609	2,131,384

		Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
30	**OTHER OPERATING EXPENSES**			
	Loss on sale of property, plant and equipment	*6.1.3*	**5,609,150**	2,044,892
	Loss on exchange rate difference		**22,355,593**	1,770,180
	Workers profit participation fund		**9,038,619**	1,287,686
	Workers welfare fund		**3,434,675**	-
			40,438,037	5,102,758
31	**FINANCE COST**			
	Mark-up on:			
	Short term financing		**150,095,853**	90,905,339
	Long term financing		**12,507,556**	18,108,493
			162,603,409	109,013,832
	Interest on workers profit participation fund		**48,426**	-
	Bank charges and guarantee commission		**14,551,476**	10,597,658
			177,203,311	119,611,490
32	**TAXATION**			
	Current year		**59,555,976**	35,644,506
	Prior year		**1,831,367**	(3,863,150)
	Deferred		**(42,843,952)**	(14,413,115)
			18,543,391	17,368,241

32.1 Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2017. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

32.2 Tax charge for the year ended June 30, 2018 and 2017 represents minimum tax and final tax payable under the Income Tax Ordinance, 2001, and for this reason, relationship between tax expense and accounting profit has not been presented. Further, comparison of last three years of income tax provision with tax assessed is presented below:

Accounting period	Tax year	Provision for taxation	Tax assessed
		Rupees	
June 30, 2017	2017	35,644,506	37,475,872
June 30, 2016	2016	43,130,568	43,130,568
June 30, 2015	2015	45,332,708	45,359,141

32.3 To comply with the requirements od Section 5A of the Income Tax Ordinance 2001, the Board of Directors of the Company in their meeting has disclosed sufficient cash dividend / bonus shares for the year ended June 30, 2018. Accordingly, no provision for tax on undistributed profits has been recognised in these financial statements.

33 EARNINGS PER SHARE - BASIC AND DILUTED

33.1 *Basic earnings per share*

	June 30, 2018	June 30, 2017
Profit after taxation	**149,755,696**	7,126,008
	Number of shares	
		Restated
Weighted average number of ordinary shares outstanding	**18,548,157**	18,548,157
	Rupees	
		Restated
Earning per share	**8.07**	0.44

33.2 *Diluted earnings per share*

There is no dilutive effect on the basic earnings per share of the Company as it has not issued any instruments carrying options which could have an impact on earnings per share when exercised.

34	CASH FLOWS FROM OPERATIONS	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
	Profit before taxation		**168,299,087**	24,494,249
	Adjustments for non cash and other items:			
	Depreciation expense	*6.1.4*	**133,004,960**	131,900,340
	Provision for gratuity	*18.1.2*	**27,684,012**	25,215,660
	Gain on disposal of investments		**-**	(667,610)
	Loss on sale of property, plant and equipment	*6.1.3*	**5,609,150**	2,044,892
	Provision for workers profit participation fund		**9,038,619**	-
	Provision for workers welfare fund		**3,434,675**	-
	Finance cost	*31*	**177,203,311**	119,611,490
			355,974,727	278,104,772
	Operating profit before working capital changes		**524,273,814**	302,599,021
	(Increase) / decrease in current assets			
	Stores, spares and loose tools		**(4,613,725)**	(946,024)
	Stock in trade		**(406,001,800)**	(143,452,666)
	Trade debts		**(131,176,007)**	15,857,548
	Loans and advances		**848,843**	(21,317,986)
	Deposits and other receivables		**(106,174,256)**	(98,767,362)
			(647,116,945)	(248,626,490)
	Increase / (decrease) in current liabilities			
	Trade and other payables		**176,074,323**	131,586,855
	Net cash (used in) / generated from operations		**53,231,192**	185,559,386

35 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at financial statements date as shown in the cash flow statement comprise of following:

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Cash and bank balances		**99,030,982**	30,489,840
Short term borrowings		**(1,615,969,280)**	(1,209,286,699)
		(1,516,938,298)	(1,178,796,859)

36. FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2018	June 30, 2017
Financial assets:		
Loans and receivables		
Long term deposits	**13,622,274**	13,616,929
Trade debts	**640,857,885**	509,681,878
Deposits, prepayments and other receivables	**207,459,849**	99,196,556
Cash and bank balances	**99,030,982**	30,489,840
	960,970,990	652,985,203
Financial liabilities:		
At amortized cost		
Long term financing	**245,248,580**	194,617,285
Trade and other payables	**685,957,623**	498,697,692
Accrued mark-up	**39,138,030**	24,157,491
Short term borrowings	**1,615,969,280**	1,209,286,699
Unclaimed dividend	**1,478,723**	1,478,601
	2,587,792,236	1,928,237,768

37 FINANCIAL INSTRUMENTS

37.1 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

37.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy. For any balances receivable from such small and medium sized enterprises, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful of recovery. Cash is held only with banks with high quality credit worthiness.

(a) The maximum exposure to credit risk at the reporting date is as follows:

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Long term deposits		**13,622,274**	13,616,929
Trade debts		**640,857,885**	509,681,878
Deposits and other receivables		**191,308,720**	83,045,427
Bank balances		**97,049,529**	29,853,735
		942,838,408	636,197,969

(b) Impairment losses:

Export receivables as at year end are nor past due. The aging of local trade debts as at the reporting date is as follows:

	2018		2017	
	Gross value	**Impairment**	Gross value	Impairment
	Rupees			
Not past due	**321,841,725**	**-**	251,379,451	-
Past due 1-60 days	**231,640,745**	**-**	198,991,321	-
Past due 61 days to 1 year	**19,714,585**	**-**	22,457,012	-
More than 1 year	**33,678,219**	**4,238,453**	36,651,705	5,707,446
	606,875,274	**4,238,453**	509,479,489	5,707,446

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment except as provided above. None of the other financial assets are either past due or impaired.

(c) The maximum exposure to credit risk at the balance sheet date segregated by geographic region is as follows:

	2018		2017	
	Balance outstanding	Sales	Balance outstanding	Sales
	Rupees			
Domestic	602,636,821	3,522,486,674	503,772,043	3,001,011,522
Turkey	-	129,192,203	5,909,835	388,013,804
China	38,221,064	2,356,727,687	-	1,597,952,129
	640,857,885	6,008,406,564	509,681,878	4,986,977,455

(d) The credit quality of Company's bank balances as at the balance sheet date can be assessed with reference to external credit ratings as follows:

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
A1+		**96,773,374**	28,161,384
A-1+		**236,349**	1,303,274
A-1		**39,806**	389,077
		97,049,529	29,853,735

37.1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying value	Contractual cashflows		
		Total	Upto one year	More than one year
	Rupees			
Long term financing	245,248,580	(264,465,597)	(159,376,566)	(105,089,031)
Gratuity payable	63,250,494	(63,250,494)	-	(63,250,494)
Loan from associates	396,770,371	(396,770,371)	(80,000,000)	(316,770,371)
Loan from director	10,000,000	(10,000,000)	(10,000,000)	-
Trade and other payables	657,834,840	(657,834,840)	(657,834,840)	-
Unclaimed Dividend	1,478,723	(1,478,723)	(1,478,723)	-
Accrued mark-up	39,138,030	(39,138,030)	(39,138,030)	-
Short term borrowings	1,615,969,280	(1,615,969,280)	(1,615,969,280)	-
June 30, 2018	**3,029,690,318**	**(3,048,907,335)**	**(2,563,797,439)**	**(485,109,896)**
Long term financing	194,617,285	(210,684,479)	(104,570,232)	(106,114,247)
Gratuity payable	59,091,849	(59,091,849)	-	(59,091,849)
Loan from associates	418,698,058	(418,698,058)	(121,000,000)	(297,698,058)
Loan from director	4,800,000	(4,800,000)	(4,800,000)	-
Trade and other payables	474,434,641	(474,434,641)	(474,434,641)	-
Unclaimed Dividend	1,478,601	(1,478,601)	(1,478,601)	-
Accrued mark-up	24,157,491	(24,157,491)	(24,157,491)	-
Short term borrowings	1,209,286,699	(1,209,286,699)	(1,209,286,699)	-
June 30, 2017	**2,386,564,624**	**(2,402,631,818)**	**(1,939,727,664)**	**(462,904,154)**

Contractual cash flows include tentative interest payments to be made up to the maturity of relevant facilities. The future interest related cash flows depend on the interest rates applicable at that time and the extent of utilization of running finance facilities.

37.1.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and other price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions denominated in foreign currencies. The foreign currency risk of the Company arising due to exports is minimal as the export bills are immediately realized via sale to bank. Currently the Company's main risk exposure is on its foreign currency borrowing.

As at the balance sheet date, if Pakistani Rupee depreciated / appreciated by 1% against US$, with all other variables held constant, the Company's profit before tax would have higher / lower by Rs. 0.38 million (2017: Rs. 4.04 million) as a result of exchange loss/gain on translation of foreign currency denominated financial instruments.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2018	2017	2018	2017
	Effective interest rate (%)		Carrrying amount (Rs.)	
Financial assets				
Bank deposits - Pls accounts	3.75% - 4.5%	2.5% - 3%	437,192	18,478,329
Financial liabilities				
Long tem financing	8.15% - 8.93%	7.85% - 9.36%	245,248,580	194,617,285
Short tem financing;				
-Kibor based	8.14% - 8.43%	7.85% - 8.85%	1,615,838,906	799,690,608
-Libor based	1.5% - 2%	1.5% - 2%	-	345,966,091

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

A change of 100 basis points in interest rates at the reporting date would have increase / decrease profit / loss by 18.61 million (2017: 13.22 million). This analysis assumes that all other variables remain constant. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

37.2 Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management engage independent external experts / valuers to carry out valuation of its non-financial assets (i.e. Property, plant and equipment) and financial assets where prices are not quoted or readily available in the market.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not hold financial assets under level-1 and level-2. The fair value of land, office premises and building is categorised in level 3 fair value hierarchy.

There were no transfers between different levels of fair values mentioned above.

37.3 Capital risk management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary share holders.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not required to maintain any regulatory capital.

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2018			2017			
	Chief executive	Directors	Total	Chief executive	Directors	Executives	Total
	Rupees			Rupees			
Managerial remuneration and fee	3,272,727	2,363,636	5,636,363	3,272,727	2,363,636	13,650,000	19,286,363
Other allowances and reimbursable expenses	327,273	236,364	563,637	327,273	236,364	1,365,000	1,928,637
	3,600,000	2,600,000	6,200,000	3,600,000	2,600,000	15,015,000	21,215,000
Number of persons	1	2	3	1	3	17	21

38.1 The Chief Executive and two directors are provided with cars maintained by the Company and Electricity, Gas and Telephone consumption at their residence is also borne by the company.

38.2 The Chief Executive and directors have waived their meeting fees.

39 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated Companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Relationship percentage shareholding	Transactions during the year and year end balances	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES
Nadeem Power Generation (Private) Limited	Associated company by virtue of common directorship	*Transactions during the year*			
		Electricity purchased		260,833,330	225,021,862
		Loan received		2,300,000	8,810,000
		Loan repaid		9,877,687	34,168,226
		Rental income		*10,000*	10,000
		Balance outstanding		31,156,886	17,698,058
Nadeem International (Private) Limited	Associated company by virtue of common directorship	*Transactions during the year*			
		Loan received		32,000,000	156,550,000
		Loan repaid		46,350,000	83,000,000
		Weight bridge expenses		180,000	180,000
		Balance outstanding		386,650,000	401,000,000
Zahid Mazhar	Chief Executive Officer	*Transactions during the year*		5,200,000	-
		Balance outstanding		10,000,000	4,800,000

	Note	June 30, 2018 RUPEES	June 30, 2017 RUPEES

40 PLANT CAPACITY AND ACTUAL PRODUCTION

Total number of spindles installed	**72,732**	72,192
Average numbers of spindle worked	**66,109**	61,642
Number of shifts worked per day	**3**	3
Installed capacity after conversion into 20/s count (kgs.)	**23,211,581**	21,419,702
Actual production after conversion into 20/s count (kgs.)	**22,190,476**	20,453,220
Capacity utilisation	**95.60%**	95.49%

40.1 This includes 7 ring frames consisting of 3,732 spindles held in godown for repair and maintenance. Actual production is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply.

41 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment as the company's asset allocation decisions are based on a single, integrated business strategy, and the company's performance is evaluated on an overall basis.

The information with respect to operating segment is stated below:

- Revenue from sales of yarn represents 97.59% (2017: 98.27%) of total revenue whereas remaining represent revenue from sale of waste, raw material sale and processing income.
- All non current assets of the Company as at June 30, 2018 are located in Pakistan.
- 52% sales of the company relate to customer outside Pakistan (direct and indirect exports) (2017: 41%)

42 NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

Total employees of the Company at the year end	**1,313**	1,039
Average employees of the Company during the year	**1,236**	1,154
Employees working in the Company's factory at the year end	**1,262**	988
Average employees working in Company's factory during the year	**1,185**	1,103

43 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized the financial statements for issue in their meeting held on September 27, 2018.

44 GENERAL

44.1 Non Adjusting events after the reporting date

The Board of Directors of the Company in their meeting dated September 27, 2018 has proposed cash dividend at the rate of 32% (2017: 3.5% amounting to Rs. 5.46 million) per share which amounts to PKR 61.478 million for the financial and tax year 2018.

44.2 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Major reclassification are detailed hereunder:

Reclassification from component	Reclassification to component	Rupees
SALES - NET	**DISTRIBUTION COST**	
Ocean freight	Ocean freight	16,987,818
Export development charges	Export development charges	5,318,772
TRADE AND OTHER PAYABLE	**ON FACE OF BALANCE SHEET**	
Unclaimed Dividend	Unclaimed Dividend	1,478,601
OTHER OPERATING LOSS	**OTHER OPERATING EXPENSES**	
Loss on sale of property, plant and equipment	Loss on sale of property, plant and equipme	2,044,892
Loss on exchange rate difference	Loss on exchange rate difference	1,770,180

44.2 Figures in these financial statements have been rounded off to the nearest rupee.

DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

Karachi: Dated: September 27, 2018

As required U/S 232(1) of the companies Act, 2017, these financial statements have been signed by two directors and CFO, as the chief executive is out of country.

NADEEM TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2018

NUMBERS OF SHAREHOLDERS	SHARE HOLDING					TOTAL SHARES HELD
15	Shareholding from	1	to	100	shares	307
12	Shareholding from	101	to	500	shares	5,684
3	Shareholding from	501	to	1000	shares	2,092
2	Sharehhoding from	100001	to	105000	shares	209,338
1	Sharehhoding from	705001	to	710000	shares	707,849
1	Sharehhoding from	710001	to	715000	shares	712,934
1	Sharehhoding from	715001	to	720000	shares	715,704
1	Sharehhoding from	975001	to	980000	shares	977,086
1	Sharehhoding from	1100001	to	1105000	shares	1,103,399
2	Sharehhoding from	1570001	to	1575000	shares	3,145,546
1	Sharehhoding from	3600001	to	3605000	shares	3,604,500
1	Sharehhoding from	8025001	to	8030000	shares	8,027,546
41						**19,211,985**

* There is not shareholding in the slab not mentioned.

SR #	CATEGORIES	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1	Directors, Chief Executive Officer their Spouse and minor children	9	13,580,908	70.69%
2	Associated Companies, undertaking and related parties	1	3,604,500	18.76%
3	NIT	-	-	-
4	Bank / Financial Institution	-	-	-
5	Insurance Companies	-	-	-
6	General Public / Individuals	31	2,026,577	10.55%
7	Joint Stock Companies	-	-	-
		41	19,211,985	100%

SR #	Shareholder Category	Percentage	No.of Shares
1	CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN		
	DIRECTORS AND THEIR SPOUSES		
	MR. ZAHID MAZHAR	41.78	8,027,546
	MR. OMER BIN ZAHID	8.18	1,571,388
	MR. HASSAN BIN ZAHID	8.19	1,574,158
	MRS. NAILA ZAHID	5.09	977,086
	MRS. ANAM OMER	3.73	715,704
	MRS. SHAFIA HASSAN	3.71	712,934
	MR. MEHMOOD SIDDIQUI	0.00	706
	MR. FAIZ-UL-HASSAN SIDDIQUI	0.00	693
	MR. NADEEM AHMED	0.00	693
2	Associated companies undertakings and related parties	18.76	3,604,500
3	NIT	-	-
4	Banks, development financial institutions, non banking finance institutions and Insurance companies	-	-
5	Individual shareholders	10.55	2,026,577
6	Joint stock companies	-	-
7	Shareholders holding 5% or more		
	MR. ZAHID MAZHAR	41.78	8,027,546
	MR. OMER BIN ZAHID	8.18	1,571,388
	MR. HASSAN BIN ZAHID	8.19	1,574,158
	MST. RAFIA SULTANA	5.74	1,103,399
	Nadeem Power Generation (Pvt.) Ltd.	18.76	3,604,500
8	Trading in the shares of Company during the year by the Directors, Chief Executive officer Chief Financial Officer, Company Secretary and their spouses and minor children		
	Mrs. Anam Omer accquired / purchased shares	1.72	329,650
	Mrs. Shafia Hassan accquired / purchased shares	1.72	329,650


www.jamapunji.pk
Jama Punji
سرمایہ کاری سمجھداری کے ساتھ
Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk
Key features:
Licensed Entities Verification
Scam meter*
Jamapunji games*
Tax credit calculator*
Company Verification
Insurance & Investment Checklist
FAQs Answered
Stock trading simulator (based on live feed from KSE)
Knowledge center
Risk profiler*
Financial calculator
Subscription to Alerts (event notifications, corporate and regulatory actions)
Jamapunji application for mobile device
Online Quizzes
jamapunji.pk
@jamapunji_pk
Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan
*Mobile apps are also available for download for android and ios devices