

CONTENTS

Vision and Mission Statements.....	2
Company Information.....	3
Notice of Annual General Meeting.....	4-6
Directors' Report.....	7-9
Directors' Report (Urdu Translate).....	10-13
Key Operating and Financial Data.....	14
Statement of Compliance with the Code of Corporate Governance.....	15-16
Auditor's Review Report on Code of Corporate Governance.....	17
Auditor's Report to the Members.....	18
Balance Sheet.....	19
Profit and Loss Account.....	20
Statement of Comprehensive Income.....	21
Cash Flow Statement.....	22
Statement of Changes in Equity.....	23
Notes to the Financial Statements	24-44
Pattern of Share Holding.....	45
Form of Proxy	

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 Allied Bank Limited Askari 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 31st Annual General Meeting of Nadeem Textile Mills Limited will be held on Saturday, October 28, 2017 at 5:00 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 Extraordinary General Meeting of the Company held on 20th March, 2017.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2017 together with the Directors' and Auditors' Reports thereon.
3. To approve the cash dividend @ 3.50% (Rs. 0.35 per share) for the year ended June 30, 2017 as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year ending June 30, 2018.
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, 2017 by passing the following 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, 2017 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 2017-18.

Karachi:
Dated: 3rd October 2017

By order of the Board
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from October 20, 2017 to October 28, 2017 (both days inclusive). Transfers received before the closure of shares transfer books at the office of share Registrar, M/s Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber, Hasrat Mohani Road, Karachi by 19-10-2017 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 Share Registrar, M/S Hameed Majeed Associates (Pvt.) Ltd., 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

7. **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, SECP vide Circular No. 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the manner prescribed only.

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.

8. **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, 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 Warrants 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 19, 2017, 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 31st 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.	No.Name of Associated Undertaking	Nature of Transactions	Rupees
1	Nadeem Power Generation (Pvt) Ltd.	Purchase of Power	225,021,862
2	Nadeem Power Generation (Pvt) Ltd.	Loan Received	8,810,000
3	Nadeem Power Generation (Pvt) Ltd.	Loan Paid	34,168,226
4	Nadeem Power Generation (Pvt) Ltd.	Rental Income	10,000
5	Nadeem International (Pvt) Ltd.	Loan Received	156,550,000
6	Nadeem International (Pvt) Ltd.	Loan Paid	83,000,000
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 2017, 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 Company has fully complied with best practices on transfer pricing as contained in the listing regulations of Pakistan Stock Exchange Limited.

The above concerned Directors / Sole Proprietor abstained while the Board approved the above transactions in accordance with the requirement of relevant provision of the repealed Companies Ordinance, 1984.

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, 2017

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, 2017.

FINANCIAL HIGHLIGHTS

Following is the brief highlights of the financial results of the company for the year ended June 30, 2017

	2017	2016
	Rupees in million	
Sales	5,207.70	4,800.85
Gross profit	284.62	104.98
Profit / (Loss) before tax	24.49	(148.48)
Profit / (Loss) after tax	7.13	(178.22)

BREAK-UPVALUE AND EARNING PER SHARE

The break-up value of the shares as on June 30, 2017 was Rs. 30.85 as compared to Rs. 29.62 as at June 30, 2016.

The earning per share for the year ended June 30, 2017 is Rs. 0.46 as per computation below:

	2017 Rupees	2016 Rupees
Profit / (Loss) after tax	7,126,008	(178,224,297)
No. of Ordinary Shares	15,619,500	15,619,500
EPS (in Rupees)	0.46	(11.41)

DIVIDEND

The Board of Directors of the company is pleased to recommend a cash dividend of 3.5% i.e., Rs. 0.35 per share for the year ended June 30, 2017.

OVERVIEW

During the year under review the Company achieved sales of Rs. 5.207 billion as compared to Rs. 4.800 billion in the corresponding year. The gross profit as a percentage of sales stood at 5.46% as compared to 2.18% in the last year.

The country has entered an era of de-industrialization. Large scale closures of textile spinning mills has already taken place resulting in drastic increase in unemployment. Pakistan's textile exports have declined during the last four years because of the cost of doing business which is the highest in the region and the unrealistic currency rate of exchange.

Regional countries are following export-friendly policies to increase their exports. Pakistan government should take corrective measures like expeditious payment of outstanding sales tax refunds, reduce gas tariff to the regionally competitive rate of Rs. 400/MMBTU and release of refund under Drawback of Duties and Taxes without any further delay to improve the efficiency and viability of textile industry.

OPERATING PERFORMANCE

The plant remained operative throughout the year and achieved the production of 20.45 million Kgs. of spun yarn after conversion into 20/s count as compared to 20.48 million Kgs. of previous year. However, the production capacity was reduced by removal of 3,192 spindles during the year.

PRESENT AND FUTURE OUTLOOK

The coming financial year seems to be a good year for textile industry of Pakistan. A better cotton crop is anticipated this year which has been initially estimated at 14.04 million bales. In the short to medium term, we expect textile exports to pick up due to the recently announced PM's relief package for exports. However, in the long-term scenario, rising cost of doing business like high electricity and gas prices, wages and government taxes are expected to continue, which may get compensated by the likely weakening of Pak Rupee.

EXPANSION AND MODERNIZATION

The Company is continuing its BMR policy. State of the art machinery has been installed in Auto Cone department to improve the quality of yarn. The Company is also planning to import fuel efficient gas generators for its power generation plant to optimize gas cost.

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 Ordinance 1984. 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, NBFIs or Stock Exchange.
- None of the directors of the company is serving on the Board of 7 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.

BOARD MEETINGS

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

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

ELECTION OF DIRECTORS

The election of directors was held on 20-03-2017 in the Extra Ordinary General Meeting. The following were elected as directors of the company:

Name of Directors

1. Mr. Zahid Mazhar
2. Mr. Omer Bin Zahid
3. Mr. Hassan Bin Zahid
4. Mrs. Naila Zahid
5. Mrs. Anam Omer
6. Mrs. Shafia Hassan
7. Mr. Mehmood Siddiqui
8. Mr. Faiz-ul-Hassan Siddiqui
9. Mr. Nadeem Ahmed

ASSOCIATED COMPANIES

Following is the list of associated companies:

- (a) Nadeem Power Generation (Pvt.) Ltd.
- (b) Nadeem International (Pvt.) Ltd.

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, 2017.

PATTERN OF SHAREHOLDING

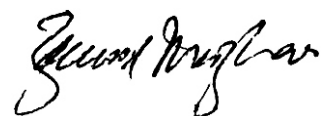
The pattern of share holding of the company as at June 30, 2017 is annexed.

The Board of Directors of the company in their meeting held on June 19, 2017 has approved to issue 23% Right Shares (23 shares per every 100 shares held) in consideration of cash at Rs. 25/- per share including premium of Rs. 15/-

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



ZAHD MAZHAR

Chief Executive

Karachi:

Dated: October 03, 2017

ندیم ٹیکسٹائل ملز لمیٹڈ ڈائریکٹرز رپورٹ

محترم حصص یافتگان،
آپ کی کمپنی کے ڈائریکٹرز سالانہ رپورٹ معہ ۳۰ جون ۲۰۱۶ء 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 ۲۰۱۶ء کو اختتام پذیر ہونے والے مالی سال کے لئے کمپنی کے مالیاتی نتائج کی مختصر جھلکیاں درج ذیل ہیں:

----- روپے ملین میں -----

30 جون 2016 کو	30 جون 2017 کو	
ختم ہونے والا مالی سال	ختم ہونے والا مالی سال	
4,800.85	5,207.70	فروخت
104.98	284.62	کل منافع
(148.48)	24.49	خالص منافع / (نقصان) قبل از ٹیکس
(178.22)	7.13	خالص منافع / (نقصان) بعد از ٹیکس

بریک اپ ویلیو اور فی حصص آمدن

۳۰ جون ۲۰۱۶ء کو حصص کی بریک اپ ویلیو ۸۵ء ۳۰ روپے تھی جبکہ اس کے مقابلے میں یہ قدر ۳۰ جون ۲۰۱۶ء کو ۶۲ء ۲۹ روپے تھی۔

۳۰ جون ۲۰۱۶ء کو اختتام پذیر ہونے والے سال کے لئے درج ذیل حساب کے مطابق فی حصص آمدنی ۳۶ء روپے ہے۔

30 جون 2016 کو	30 جون 2017 کو	
ختم ہونے والا مالی سال	ختم ہونے والا مالی سال	
روپے	روپے	
(178,224,297)	7,126,008	خالص منافع / (نقصان) بعد از ٹیکس
15,619,500	15,619,500	عام حصص کی تعداد
(11.41)	0.46	فی حصص آمدنی (روپے میں)

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز بحساب 3.5% یعنی Rs.0.35 فی شیئر کیش ڈیویڈنڈ برائے اختتام سال ۳۰ جون ۲۰۱۶ء کی تجویز پیش کرنے میں خوش محسوس کرتا ہے۔

جائزہ

زیر جائزہ سال کے دوران کمپنی کی فروخت 5.207 ارب روپے رہی جو کہ گزشتہ سال 4.800 ارب روپے تھی۔ کل منافع فروخت کا 5.46% فیصد رہی جو کہ پچھلے سال 2.18% فیصد تھی۔

ہمارا ملک ایک صنعت مخالف دور میں داخل ہو چکا ہے۔ ٹیکسٹائل اسپننگ ملز کی بڑے پیمانے پر بندش سے پہلے ہی بیروزگاری میں کافی اضافہ ہوا ہے۔ گزشتہ چار سالوں کے دوران پاکستان کی ٹیکسٹائل برآمدات میں کمی واقع ہوئی ہے جس کی وجوہات میں پیداواری لاگت کا خطے میں سب سے زیادہ ہونا اور پاکستانی روپے کی غیر حقیقت پسندانہ سطح پر ہونا شامل ہیں۔

خطے کے دیگر ممالک اپنی برآمدات میں اضافہ کرنے کے لئے دوستانہ پالیسیوں پر عمل پیرا ہیں۔ پاکستان کی حکومت کو ٹیکسٹائل کی صنعت کی کارکردگی اور استعداد بہتر بنانے کے لئے اصلاحی اقدامات اٹھانے چاہئیں جس میں سیلز ٹیکس کے بقیہ جات کی تیزی سے ادائیگی، خطے کے دوسرے ممالک کے مقابلے میں گیس کی شرح کو کم کر کے 400 فی MMBTU کی سطح تک لانا اور کسی بھی تاخیر کے بغیر ڈیوٹی ڈرا بیک اور ٹیکس کی واپسی شامل ہیں۔

پیداواری کارکردگی

پلانٹ سال بھر چلتے رہے جس کے نتیجے میں 20/1 میں تبدیلی کے بعد 20.45 ملین کلوگرام دھاگے کی پیداوار حاصل کی گئی جو کہ گزشتہ سال 20.48 ملین کلوگرام تھی۔ تاہم، سال کے دوران پیداواری صلاحیت میں 3,192 اسپنڈلز کی کمی کی گئی۔

موجودہ اور مستقبل کے نقطہ نظر

آئندہ مالی سال پاکستان ٹیکسٹائل انڈسٹری کے لئے خوش آئند ثابت ہونے کی توقع ہے۔ اس سال کپاس کی بہتر فصل متوقع ہے جس میں ابتدائی طور پر 14.04 ملین کانٹھوں کا تخمینہ لگایا گیا ہے۔ حال ہی میں وزیر اعظم کے برآمدات کے لئے اعلان کردہ امدادی پیکیج کے باعث مختصر سے وسط مدت کے دوران برآمدات میں اضافے کی توقع ہے۔ تاہم، طویل مدتی صورتحال میں بڑھتی ہوئی پیداواری لاگت جیسے کہ گیس اور بجلی کی شرح، معاوضے اور حکومتی ٹیکس اسی طرح جاری رہنے کی توقع ہے جس میں پاکستانی روپے کی متوقع کمزوری کے باعث کچھ حد تک بہتری ہو سکتی ہے۔

توسیع اور جدت

کمپنی اپنے BMR کی پالیسی جاری رکھے ہوئے ہے۔ دھاگے کے معیار کو بہتر بنانے کے لئے کمپنی نے آٹو کون ڈپارٹمنٹ میں جدید مشینری نصب کی ہیں۔ بجلی کے پلانٹ کے لئے بہتر کارکردگی والے گیس جزیٹرز درآمد کرنے کا منصوبہ بھی زیر غور ہے۔ یہ BMR پروگرام دستیاب وسائل کے مطابق مستقبل میں بھی جاری رکھا جائے گا۔

افراد و 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 اپنی 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 آمد و رفت اور کاروباری سرمائے 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۔ حساب داری 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 مؤثر 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 الادائیکسوں 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 نادرہندہ نہیں ہے۔
- کمپنی کا کوئی بھی ڈائریکٹر 7 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 فنڈڈ گریجویٹ اسکیم چلاتی ہے جس کی پرویشن سالانہ کی بنیاد پر کی جاتی ہے۔ کمپنی نے اس سلسلے میں نظر ثانی شدہ IAS-19 کو اپنایا ہے۔
- سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانسئل آفیسر، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کئے گئے کمپنی کے حصص کے تمام تر سودے منسلکہ پیٹرن آف شیئر ہولڈنگ میں درج ہیں۔

بورڈ کے اجلاس

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

ڈائریکٹرز کے نام

اجلاس میں حاضری

7	جناب زاہد مظہر
7	جناب عمر بن زاہد
7	جناب حسن بن زاہد
7	محترمہ نائلہ زاہد
7	محترمہ انعم عمر
7	محترمہ شافیہ حسن
7	جناب محمود صدیقی
3	جناب فیض الحسن صدیقی
3	جناب ندیم احمد

ڈائریکٹرز کا انتخاب

ڈائریکٹرز کا انتخاب ۲۰ مارچ ۲۰۱۷ء کو غیر معمولی اجلاس عام میں ہوا۔ درج ذیل افراد کا بحیثیت ڈائریکٹرز انتخاب ہوا:

ڈائریکٹرز کے نام

جناب زاہد مظہر
جناب عمر بن زاہد
جناب حسن بن زاہد
محترمہ نائلہ زاہد
محترمہ انعم عمر
محترمہ شافیہ حسن
جناب محمود صدیقی
جناب فیض الحسن صدیقی
جناب ندیم احمد

متعلقہ کمپنیاں

متعلقہ کمپنیوں کی فہرست درج ذیل ہے :

- (۱) ندیم پاور جزیشن (پرائیوٹ) لمیٹڈ
- (۲) ندیم انٹرپرائز (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 انٹرئل آڈٹ کے نظام کا نفاذ کیا ہے۔

آڈیٹرز

سالانہ اجلاس عام کے اختتام پر کمپنی کے آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق چارٹرڈ اکاؤنٹنٹس 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 ۲۰۱۸ء کے لئے بھی کمپنی کا آڈیٹر مقرر کیا جائے۔

حصص یافتگان کی تفصیل

حصص یافتگان کی تفصیل برائے ۲۰۱۷ء 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۔

محترمہ بورڈ آف ڈائریکٹرز

Zahid Mughal

زاہد مظہر
چیف ایگزیکٹو

کراچی :

مورخہ : ۳ اکتوبر ۲۰۱۷ء

NADEEM TEXTILE MILLS LIMITED

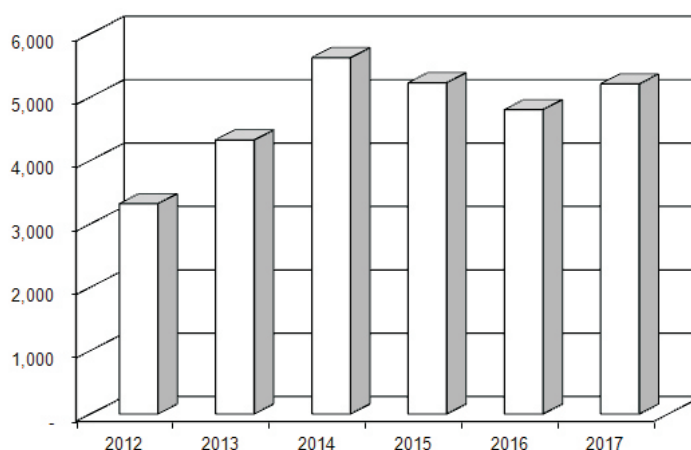
Key Operating & Financial Data For the period from July 2012 To June 2017

PERIODS	July - June 2016 - 2017	July - June 2015 - 2016	July - June 2014 - 2015	July - June 2013 - 2014	July - June 2012 - 2013	July - June 2011 - 2012
	2017	2016	2015	2014	2013	2012
Net Sales Revenue	5,207,706,779	4,800,851,059	5,224,533,979	5,620,594,591	4,322,718,024	3,316,501,821
Cost Of Goods Sold	4,923,087,905	4,695,875,674	5,021,581,671	5,282,539,289	4,007,983,172	3,060,033,353
Gross Profit	284,618,874	104,975,385	202,952,308	338,055,302	314,734,852	256,468,468
Operating Profit	147,077,113	(32,661,510)	61,092,746	193,815,115	235,929,615	197,398,838
Profit/(Loss) Before Tax	24,494,249	(148,482,489)	(66,994,605)	82,515,432	114,479,183	53,302,521
Profit/(Loss) After Tax	7,126,008	(178,224,297)	(88,010,907)	56,533,190	72,698,839	5,278,478
Paid Up Capital	156,195,000	156,195,000	120,150,000	120,150,000	120,150,000	120,150,000
Current Assets	1,699,417,236	1,419,416,621	1,281,610,172	1,238,828,343	1,152,555,818	720,433,758
Current Liabilities	1,956,025,702	1,686,792,467	1,477,332,240	1,402,102,804	1,506,146,440	869,867,050

TURNOVER

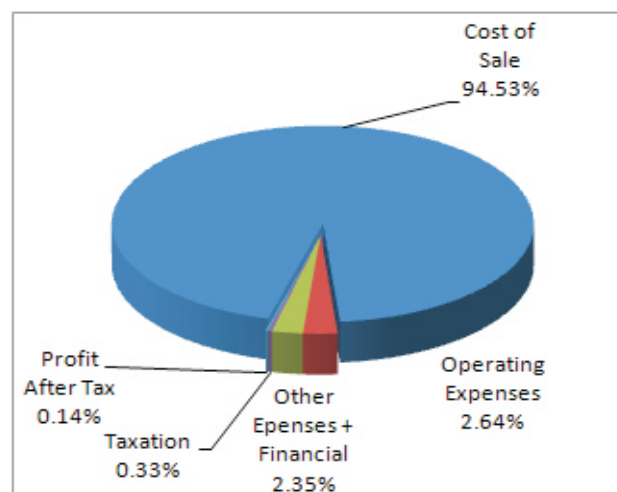
Year Sales in (M)

2017	5,208
2016	4,801
2015	5,225
2014	5,621
2013	4,323
2012	3,317



APPLICATION OF REVENUE FOR THE YEAR ENDED JUNE 30, 2017

	RUPEES	%
Cost of Sale	4,923,087,905	94.53%
Operating Expenses	137,541,761	2.64%
Other Expenses + Financial	122,582,864	2.35%
Taxation	17,368,241	0.33%
Profit / (Loss) After Tax	7,126,008	0.14%
TOTAL	5,207,706,779	100.00%



NADEEM TEXTILE MILLS LIMITED
STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE
YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of Listing Regulations of Pakistan Stock Exchange Ltd. for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCGC in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

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

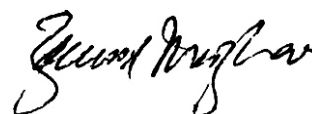
The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. There was no casual vacancy of directors during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairperson and, in her absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. 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. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, who are non-executive directors and the chairman of the committee is an independent director who is not the chairman of the board.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises three members, who are non-executive directors and the chairman of the committee is also non-executive director.
18. The Board has setup an effective internal audit function manned by competent personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles contained in the Code have been complied with.

Karachi:

Dated: October 03, 2017



ZAHID MAZHAR

Chief Executive



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Nadeem Textile Mills Limited** (the Company) for the year ended June 30, 2017 to comply with the requirements of Rule 5.19 of the Rule book of the Pakistan Stock Exchange where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **June 30, 2017**.

Karachi:
Dated: October 03, 2017



Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Nadeem Textile Mills Limited** ("the Company") as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2017, and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi:

Dated: October 03, 2017



Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

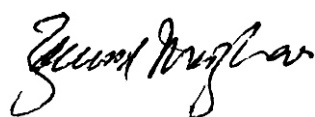
Name of Engagement partner: Muhammad Waseem

NADEEM TEXTILE MILLS LIMITED

BALANCE SHEET AS AT JUNE 30, 2017

ASSETS		June 30, 2017	June 30, 2016
Non-Current Assets	Note	RUPEES	RUPEES
Property, plant and equipment	4	1,627,350,341	1,575,028,848
Long term deposits	5	13,616,929	13,116,929
CURRENT ASSETS			
Stores, spares and loose tools	6	72,271,072	71,325,048
Stock-in-trade	7	825,607,539	682,154,873
Trade debts	8	509,681,878	525,539,426
Short term investments		-	675,167
Loans and advances	9	39,153,138	17,835,152
Deposits, prepayments and other receivables	10	99,196,556	62,743,228
Tax refunds due from government	11	123,017,213	42,896,163
Cash and bank balances	12	30,489,840	16,247,564
		1,699,417,236	1,419,416,621
		3,340,384,506	3,007,562,398
EQUITY AND LIABILITIES			
Authorized Capital			
25,000,000 (2016: 25,000,000) ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid up capital	13	156,195,000	156,195,000
Share premium		123,710,000	123,710,000
Unappropriated profit		202,021,367	182,831,184
		481,926,367	462,736,184
Advance against right shares		89,812,139	-
Surplus on revaluation of property, plant and equipment	14	337,726,446	351,182,709
Non-Current Liabilities			
Long-term financing	15	98,012,066	127,729,583
Deferred liabilities	16	79,183,728	86,065,171
Loan from associate	17	297,698,058	293,056,284
		474,893,852	506,851,038
Current Liabilities			
Loan from director	18	4,800,000	4,800,000
Trade and other payables	19	500,176,293	368,589,438
Accrued mark-up	20	24,157,491	21,627,692
Short-term borrowings	21	1,209,286,699	1,098,964,697
Current portion of long-term financing	15	96,605,219	115,360,640
Current portion of loan from associate	17	121,000,000	77,450,000
		1,956,025,702	1,686,792,467
Contingencies and commitments	22	3,340,384,506	3,007,562,398

The annexed notes from 1 to 41 form an integral part of these financial statements.



Zahid Mazhar
Chief Executive
Karachi:
Dated: October 03, 2017



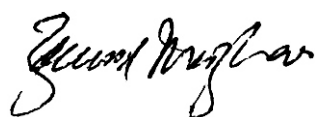
Omer Bin Zahid
Director

NADEEM TEXTILE MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
Sales - net	23	5,207,706,779	4,800,851,059
Cost of sales	24	(4,923,087,905)	(4,695,875,674)
Gross profit		284,618,874	104,975,385
Administrative expenses	25	(88,518,365)	(88,330,327)
Distribution costs	26	(49,023,396)	(49,306,568)
		(137,541,761)	(137,636,895)
		147,077,113	(32,661,510)
Other operating loss	27	(1,683,688)	(10,432,016)
Other operating expenses		(1,287,686)	-
Finance cost	28	(119,611,490)	(105,388,963)
		(122,582,864)	(115,820,979)
Profit / (loss) before taxation		24,494,249	(148,482,489)
Taxation	29	(17,368,241)	(29,741,808)
Profit / (loss) after taxation		7,126,008	(178,224,297)
Earnings / (loss) per share - basic and diluted	30	0.46	(11.41)

The annexed notes from 1 to 41 form an integral part of these financial statements.



Zahid Mazhar
Chief Executive
Karachi:
Dated: October 03, 2017

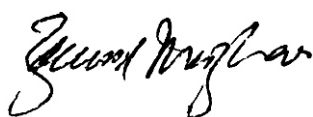


Omer Bin Zahid
Director

NADEEM TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017 RUPEES	June 30, 2016 RUPEES
Profit / (loss) after taxation	7,126,008	(178,224,297)
Other comprehensive loss:		
Actuarial losses on Defined Benefit Obligation- net of tax	(1,392,086)	(7,915,477)
Total comprehensive income / (loss) for the year	5,733,922	(186,139,774)

The annexed notes from 1 to 41 form an integral part of these financial statements.



Zahid Mazhar
Chief Executive
Karachi:
Dated: October 03, 2017

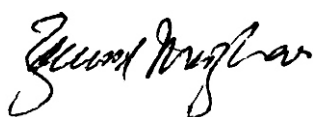


Omer Bin Zahid
Director

NADEEM TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used in) from operations	31	185,559,386	(116,564,189)
Long term deposit		(500,000)	(7,549,000)
Taxes paid		(49,588,372)	(13,983,116)
Gratuity paid	16.1.4	(19,076,074)	(21,519,767)
Finance cost paid		(117,081,691)	(107,033,487)
Net cash used in from operating activities		(686,751)	(266,649,559)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(194,349,825)	(117,139,956)
Proceeds from disposal of property, plant and equipment	4.1.3	8,083,100	793,500
Proceeds from disposal of Investment		1,342,775	-
Net cash used in investing activities		(184,923,950)	(116,346,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loan - net		(48,472,938)	(62,241,960)
Loan from director		-	4,800,000
Loan from associate-net		48,191,774	78,015,000
Advance against right shares		89,812,139	-
Net cash generated from financing activities		89,530,975	20,573,040
Net (decrease)/increase in cash and cash equivalents		(96,079,726)	(362,422,975)
Cash and cash equivalents at beginning of the year		(1,082,717,133)	(720,294,158)
Cash and cash equivalents at end of the year	32	(1,178,796,859)	(1,082,717,133)

The annexed notes from 1 to 41 form an integral part of these financial statements.



Zahid Mazhar
Chief Executive
Karachi:
Dated: October 03, 2017



Omer Bin Zahid
Director

NADEEM TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	ISSUED, SUBSCRIBED & PAID UP CAPITAL	SHARE PREMIUM	UNAPPROPRIATED PROFIT	TOTAL
	← RUPEES →			
Balance as at June 30, 2015	120,150,000	15,575,000	368,970,958	504,695,958
Issue of shares	36,045,000	108,135,000	-	144,180,000
Total comprehensive loss for the year	-	-	(186,139,774)	(186,139,774)
Balance as at June 30, 2016	156,195,000	123,710,000	182,831,184	462,736,184
Total comprehensive income for the year	-	-	5,733,922	5,733,922
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	13,456,261	13,456,261
Balance as at June 30, 2017	156,195,000	123,710,000	202,021,367	481,926,367

The annexed notes from 1 to 41 form an integral part of these financial statements.



Zahid Mazhar
Chief Executive
Karachi:
Dated: October 03, 2017



Omer Bin Zahid
Director

NADEEM TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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 (formerly Karachi Stock Exchange Limited). The registered office of the Company is situated at 801-804, Lakson square Building No.3, Sarwar Shaheed Road, Karachi. The main business of the Company is manufacture and sale of yarn.

2 BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the Companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provision of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where various assumptions and estimates are significant to the financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
i) Revaluation of certain items of property, plant and equipment	3.1
ii) Useful life and residual values of property, plant and equipment	3.1
iii) Provision for slow moving and obsolete store, spares and loose tools	3.2
iv) Provision for slow moving and obsolete stock in trade	3.3
v) Estimation for impairment of trade debts	3.4
vi) Provision for staff retirement benefits	3.6
vii) Provision for taxation	3.9

2.5 Initial application of new standards and amendments to approved accounting standards

2.5.1 Amendments to approved accounting standards effective during the year ended June 30, 2017:

There were certain new amendments to the approved accounting standards which became effective during the year ended June 30, 2017 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these financial statements.

2.5.2 Standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2017:

There are certain new standards and amendments to the approved accounting standards that will become effective for the Company's annual accounting periods beginning on or after July 1, 2017. However, these amendments will not have a significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further, the new standards are yet to be adopted by the SECP. In addition to the foregoing, the Companies Act 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

3 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:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the change explained below:

3.1 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.

Any surplus arising on revaluation is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of plant and machinery (net of deferred taxation) is transferred directly to retained earning / unappropriated profit.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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. The related balance of surplus on revaluation of such item, if any, is transferred directly to retained earnings (unappropriated profits).

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 4 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.

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.

3.2 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.

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 Financial instruments

(i) Financial Assets

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

The Company classifies financial instruments in the following categories

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. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting date.

b) Fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

c) **Held to maturity**

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held to maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any impairment losses.

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 12 months after the end of the reporting period which are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'short term loans' and other receivables' in the balance sheet.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within income / expenses in the period in which they arise.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as 'gains and losses from investment securities'.

Interest on available-for-sale investment calculated using the effective interest method is recognized in the profit and loss account as part of other income.

(ii) 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.

3.14 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.

3.15 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.

3.16 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.

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,620,000,780	1,573,239,023
Capital work in progress	4.2	7,349,561	1,789,825
		<u>1,627,350,341</u>	<u>1,575,028,848</u>

4.1 OPERATING FIXED ASSETS

	lease hold land	Factory building	Office premises	Plant and machinery	Office equipment	Computer equipment	Furniture and fixture	Vehicles	Total
	Rupees								
As at June 30, 2015									
Cost	45,259,040	171,032,473	151,848,963	1,583,268,809	10,593,277	2,089,787	5,116,052	54,707,304	2,023,915,705
Accumulated depreciation	-	(65,149,622)	(41,323,167)	(699,291,313)	(3,424,171)	(1,375,374)	(2,059,077)	(25,735,568)	(838,358,292)
	<u>45,259,040</u>	<u>105,882,851</u>	<u>110,525,796</u>	<u>883,977,496</u>	<u>7,169,106</u>	<u>714,413</u>	<u>3,056,975</u>	<u>28,971,736</u>	<u>1,185,557,413</u>
Year ended June 30, 2016									
Opening net book value	45,259,040	105,882,851	110,525,796	883,977,496	7,169,106	714,413	3,056,975	28,971,736	1,185,557,413
Additions / transfer	1,125,000	4,486,841	2,123,394	107,066,359	819,498	271,872	479,434	2,483,000	118,855,398
Revaluation surplus	65,615,960	267,333,348	54,000,000	-	-	-	-	-	386,949,308
Disposals									
Cost	-	-	-	(9,609,961)	-	-	-	(1,801,714)	(11,411,675)
Accumulated depreciation	-	-	-	7,807,533	-	-	-	1,544,487	9,352,020
	-	-	-	(1,802,428)	-	-	-	(257,227)	(2,059,655)
Depreciation for the year	-	(10,750,082)	(5,602,148)	(92,257,419)	(773,086)	(243,875)	(320,009)	(6,116,822)	(116,063,441)
Closing net book value	<u>112,000,000</u>	<u>366,952,958</u>	<u>161,047,042</u>	<u>896,984,008</u>	<u>7,215,518</u>	<u>742,410</u>	<u>3,216,400</u>	<u>25,080,687</u>	<u>1,573,239,023</u>
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)
	<u>112,000,000</u>	<u>366,952,958</u>	<u>161,047,042</u>	<u>896,984,008</u>	<u>7,215,518</u>	<u>742,410</u>	<u>3,216,400</u>	<u>25,080,687</u>	<u>1,573,239,023</u>
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)	(45,138,226)
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	<u>112,000,000</u>	<u>350,705,272</u>	<u>155,880,644</u>	<u>958,805,724</u>	<u>6,869,379</u>	<u>576,586</u>	<u>4,218,314</u>	<u>30,944,861</u>	<u>1,620,000,780</u>
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)
	<u>112,000,000</u>	<u>350,705,272</u>	<u>155,880,644</u>	<u>958,805,724</u>	<u>6,869,379</u>	<u>576,586</u>	<u>4,218,314</u>	<u>30,944,861</u>	<u>1,620,000,780</u>
Annual rates of depreciation	0%	5%	5%	10%	10%	30%	10%	20%	

4.1.1 Depreciation is allocated as under

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
Cost of sales	24	117,413,348	103,007,502
Administrative expenses	25	14,486,992	13,055,939
		131,900,340	116,063,441

4.1.2 Had there been no revaluation, the net book value of specific classes of property, plant and equipment would have been as follows:

Leasehold land	46,384,040	46,384,040
Factory building	96,738,592	99,619,610
Office premises	104,580,644	107,047,042
	247,703,276	253,050,692

4.1.3 Particulars of disposal of operating fixed assets

PARICULAR OF ASSETS	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	GAIN/(LOSS) ON DISPOSAL	PARTICULARS OF PURCHASER
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Disposal of property, plant and equipment having book value of more than Rs. 50,000

China card machine	843,572	818,553	25,019	100,000	74,981	M. Yousuf Ali
Auto cone machine - scrap	33,098,375	27,336,141	5,762,234	2,689,100	(3,073,134)	Mureed Abbas
Suzuki cultus AKH-317	450,000	249,816	200,184	250,000	49,816	Syed Khurram Ali
Suzuki cultus AEH-047	384,500	327,883	56,617	160,000	103,383	Mazhar Ali
Toyota corola AUS-772	1,513,590	1,094,091	419,499	700,000	280,501	Farhan Ghani
Prado BF-8988	6,635,000	3,645,578	2,989,422	3,100,000	110,578	Abdul Karim
Toyota corola ARW-343	1,293,104	844,477	448,627	560,000	111,373	Irfan Ahmed
Toyota corola AHW-812	975,000	774,836	200,164	505,000	304,836	Shafiq-ur-ehman

Disposal of property, plant and equipment having book value of less than Rs. 50,000

Computer equipment - scrap	107,085	89,949	17,136	9,000	(8,136)	Haji Shoukat Ali
Motor cycle KDE-4496	18,000	8,910	9,090	10,000	910	Shakeel Ahmed

TOTAL	45,318,226	35,190,234	10,127,992	8,083,100	(2,044,892)
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4.2 Capital work in progress

Advance to contractors for civil works	7,349,561	1,789,825
	7,349,561	1,789,825

5 LONG TERM ADVANCES AND DEPOSITS

Long term advances		
Advance for purchase of land	437,500	437,500
Security deposits:		
- WAPDA	10,199,060	10,199,060
- PSO	450,000	450,000
- ETO	800,000	800,000
- Others	1,730,369	1,230,369
	13,616,929	13,116,929

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
6 STORES, SPARES AND LOOSE TOOLS			
Stores		36,602,233	32,514,083
Spares		34,771,813	38,011,972
Loose tools		897,026	798,993
		<u>72,271,072</u>	<u>71,325,048</u>
7 STOCK IN TRADE			
Raw material		493,840,380	399,860,421
Work-in-process		33,949,875	31,753,397
Finished goods		294,627,593	237,405,673
Waste		3,189,691	13,135,382
	7.1	<u>825,607,539</u>	<u>682,154,873</u>
7.1 This includes stocks amounting to 625/- million (2016: Rs. 610/- million) pledged with banks as security with banks against finance facilities.(refer note 22).			
8 TRADE DEBTS			
Considered good			
Export trade debts - secured		5,909,835	4,439,599
Local trade debts - unsecured		509,479,489	525,228,272
		515,389,324	529,667,871
Less: provision for impairment		(5,707,446)	(4,128,445)
		<u>509,681,878</u>	<u>525,539,426</u>
9 LOANS AND ADVANCES			
Staff and workers	9.1	1,155,179	878,411
Advance to suppliers		37,997,959	16,956,741
		<u>39,153,138</u>	<u>17,835,152</u>
9.1 This represents interest free advances provided to employees in accordance with the Company's policy. The advances are unsecured and are recoverable in equal monthly installments.			
10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Bank guarantee and margin	10.1	32,692,890	27,192,890
Special excise duty refundable		2,484,766	2,525,384
Receivable against GID Cess		13,666,363	13,666,363
Deposit to HESCO		17,238,893	17,238,893
Other receivable		33,113,644	2,119,698
		<u>99,196,556</u>	<u>62,743,228</u>

10.1 This is margin deposited against bank guarantees issued by different banks as disclosed in note # 22.2. These are term deposit receipts earning a markup at a rate of 3.5%-4% per annum (2016: 3.5%-4%).

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
11 TAX REFUND DUE FROM GOVERNMENT			
Income tax refundable		29,718,159	11,911,143
Sales tax refundable		93,299,054	30,985,020
		<u>123,017,213</u>	<u>42,896,163</u>
12 CASH AND BANK BALANCES			
Cash in hand		636,105	4,361,028
Cash at bank - current accounts		11,375,406	8,693,394
Cash at bank - deposit accounts	12.1	18,478,329	3,193,142
		<u>30,489,840</u>	<u>16,247,564</u>

12.1 Markup rate on PLS account ranges from 2.5% to 3% p.a on daily product basis (2016: 3% to 4% p.a)

13 ISSUED SUBSCRIBED AND PAID UP CAPITAL

2017 Number of Shares	2016 Number of Shares		2017 Number of Shares	2016 Number of Shares
9,119,500	9,119,500	Ordinary shares of Rs.10/- each issued as fully paid in cash	91,195,000	91,195,000
6,500,000	6,500,000	Ordinary shares of Rs.10/- each issued as fully paid as bonus shares	65,000,000	65,000,000
<u>15,619,500</u>	<u>15,619,500</u>		<u>156,195,000</u>	<u>156,195,000</u>

14 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance as at July 01	386,949,308	-
Add: Surplus on revaluation during the year	-	386,949,308
Less: Incremental depreciation transferred to retained earning	(16,066,668)	-
	<u>370,882,640</u>	<u>386,949,308</u>
Less: Related deferred tax on revaluation	(33,156,194)	(35,766,599)
	<u>337,726,446</u>	<u>351,182,709</u>

14.1 This represents surplus over book values arising from the revaluation of land, office premises and factory building based on first ever valuation carried out of the said assets as on June 30, 2016 by independent valuer Joseph Lobo.

15 LONG TERM FINANCING

From Banking Companies- Secured	15.1	194,617,285	243,090,223
Less: current portion		(96,605,219)	(115,360,640)
		<u>98,012,066</u>	<u>127,729,583</u>

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

Lender	June 30, 2017	June 30, 2016	Purpose	Facility Amount (Rs. millions)	Security	Pricing	Repayment Terms
Soneri Bank Limited	37,500,000	62,500,000	To Purchase Kotri of Shadman Cotton Mills Limited	125	Joint pari passu charged of Rs. 167 million with Bank Alfalah Ltd. Over property located at E-11, SITE, Kotri	6 month average KIBOR + 2% p.a.	10 installments Semi annually
JS Bank	-	15,333,335	To meet capital expenditure requirements and retirement of LCs for import of machinery	43	First exclusive and specific charge of 58m over machinery imported (new) i.e Auto cone winder- Savio Polar and Draw frame Reiter with accessories.	3 month average KIBOR + 2.5%	12 installments Quarterly .
	10,342,641	24,132,828	To meet capital expenditure requirements and retirement of LCs for import of machinery	86	First exclusive and specific charge of 54m over machinery imported (new) i.e Muratac Auto cone winder Machines.	3 month average KIBOR + 2.5%	12 installments Quarterly .
	4,663,620	7,330,284	To meet capital expenditure requirements and proceeds shall be utilized for retirement of LC-Sight already established.	8	First exclusive and specific charge of 58m over machinery imported (new) i.e Muratac Auto cone winder Machines.	3 month KIBOR + 2.5%	12 Installments Payable Quarterly
	35,000,000	-	To meet capital expenditure requirements and retirement of LCs for import of machinery	42	First exclusive and specific charge of 53m over machinery imported (new) i.e Muratac Auto cone winder Machines.	1st day of every quater KIBOR (3 Month) + 2.5%	12 installments Quarterly .
Bank Al-falah	37,500,000	62,500,000	To Purchase Kotri Unit of Shadman Cotton Mills Limited	125	Joint Pari Pasu charge of Rs. 167 million with Soneri Bank Ltd. Over property located at E-11, SITE, Kotri	6 month average KIBOR + 2% p.a.	10 installments semi annually
	62,515,100	35,561,100	For import of 5 used Murata 21C Auto winders	70	Exclusive and specific charge of Rs. 70 million on Five Murata 21C Auto Winders.	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	10,795,932	Acquired for short term requirements	34.547	First pari pasu charge of 72.629 m over fixed asset of the company A-265, S.I.T.E. Nooriabad.	3 month average KIBOR + 1.5% p.a.	16 installments Quarterly.
Allied Bank	4,936,744	24,936,744	Acquired for short term requirements	49.94	Pari pasu charge of Rs. 67 million over fixed asset of the company A-265, S.I.T.E. Nooriabad.	3 month average KIBOR + 1.5% p.a.	4 installments Quarterly.
Total	194,617,285	243,090,223					

16 DEFERRED LIABILITIES

Gratuity	16.1	59,091,849	51,290,110
Deferred taxation-net	16.2	20,091,879	34,775,061
		79,183,728	86,065,171

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES		
16.1 Gratuity					
As disclosed in note 3.6, the company operates an unfunded gratuity scheme for its staff employees. The latest actuarial valuation was carried out as at June 30, 2017, using the Projected Unit Credit Actuarial Cost Method.					
16.1.1 Movement in defined benefit obligation					
Opening defined benefit obligation		51,290,110	37,760,600		
Current service cost		22,188,635	17,020,443		
Past service cost		-	5,544,224		
Interest Cost		3,027,025	3,577,595		
Benefits paid		(19,076,074)	(21,519,767)		
Remeasurements		1,662,153	8,907,015		
Closing defined benefit obligation		59,091,849	51,290,110		
16.1.2 Expense recognized in the profit and loss account					
Current service cost		22,188,635	17,020,443		
Past service cost		-	5,544,224		
Interest cost on defined benefit obligation		3,027,025	3,577,595		
		25,215,660	26,142,262		
16.1.3 Remeasurement losses / (gains) recognised in other comprehensive income					
Actuarial losses / (gains) on defined benefit obligation due to					
-Changes in demographic assumptions		-	-		
-Changes in financial assumptions		32,004	(140,598)		
-Experience adjustments		1,630,149	9,047,613		
		1,662,153	8,907,015		
16.1.4 Movement in net liability in the balance sheet					
Balance as at July 01		51,290,110	37,760,600		
Expense charged to profit and loss		25,215,660	26,142,262		
Remeasurements chargeable in other comprehensive income		1,662,153	8,907,015		
Benefits paid		(19,076,074)	(21,519,767)		
Balance as at June 30		59,091,849	51,290,110		
16.1.5 Comparison of present value of defined benefit obligation for the current year and pervious four years as follows:					
	2017	2016	2015	2014	2013
Present value of defined benefit obligation	59,091,849	51,290,110	37,760,600	41,157,373	17,377,977
Experience adjustment on obligations	1,662,153	8,907,015	-	2,214,092	-
16.1.6 Year end sensitivity analysis on Defined Benefit Obligation					
Discount Rate + 100 bps				55,929,125	48,456,145
Discount Rate - 100 bps				62,696,448	54,520,998
Salary Increase + 100 bps				62,732,567	54,553,529
Salary Increase -100 bps				55,844,312	48,379,799
The average duration of the defined benefit obligation is 6 Years.					

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
16.1.7 Principal assumptions used in valuation of gratuity			
Discount rate used for interest cost in profit and loss		7.75%	13.25%
Discount rate used for year end obligation		7.75%	7.25%
Expected rate of increase in salary level (per annum)		5.75%	5.25%
Mortality rates		SLIC 2001-2005	SLIC 2001-2005
16.2 Deferred Taxation			
Deferred tax liability in respect of:			
- Surplus on revaluation of fixed assets		33,156,194	35,766,599
- Accelerated tax depreciation		99,485,775	56,048,686
		<u>132,641,969</u>	<u>91,815,285</u>
Deferred tax asset in respect of:			
- Provisions for doubtful debt		(1,712,234)	(409,673)
- Provisions for gratuity		(9,600,850)	(3,747,052)
- Excess of minimum tax carried forward		(75,989,616)	(54,872,159)
- Carry forward of tax losses		(25,247,390)	(49,217,602)
		<u>(112,550,090)</u>	<u>(108,246,486)</u>
	16.2.1	<u>20,091,879</u>	<u>(16,431,201)</u>
16.2.1 In previous year, deferred tax asset was recognized to the extent of deferred tax liability of Rs. 91.81 million.			
17 LOAN FROM ASSOCIATE			
Nadeem Power Generation (Private) Limited		17,698,058	43,056,284
Nadeem International (Private) Limited		401,000,000	327,450,000
		<u>418,698,058</u>	<u>370,506,284</u>
Less : Current portion shown under current liabilities			
Nadeem International (Private) Limited		(121,000,000)	(77,450,000)
	17.1	<u>297,698,058</u>	<u>293,056,284</u>
17.1 This represents amount of loans received from related parties during the year 2013 and 2015 respectively which is rollover for such further period as may be mutually agreed between the parties. The loans are interest free and currently repayable within 13 months from the balance sheet date.			
18 LOAN FROM DIRECTOR			
This represents director's loans that is interest-free and repayable on-demand			
19 TRADE AND OTHER PAYABLES			
Creditors		339,803,742	249,123,528
Accrued expenses	19.1	133,343,213	94,165,142
Provision against ETO		9,927,055	9,927,055
Unclaimed dividend		1,478,601	1,478,601
Advances from customer		14,335,996	13,895,112
Worker's profit participation fund payable		1,287,686	-
		<u>500,176,293</u>	<u>368,589,438</u>
19.1 This includes Rs. 18.17 million (2016: 18.65 million) due to Associated Undertaking Nadeem Power Generation (Pvt) Limited against electric bill.			
20 ACCRUED MARK - UP			
Long-term financing		2,989,381	4,384,277
Short-term borrowings		21,168,110	17,243,415
		<u>24,157,491</u>	<u>21,627,692</u>

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
21 SHORT TERM BORROWINGS			
Secured			
Bank Al - Falah limited		251,117,727	150,091,569
Soneri Bank limited		78,759,798	107,180,691
J. S. Bank limited		224,541,845	275,877,492
Samba Bank limited		245,271,238	245,358,303
	21.1	799,690,608	778,508,055
Foreign currency loan - FE-25			
Soneri Bank Limited		345,966,091	293,160,000
JS Bank Limited		63,630,000	27,296,642
	21.2	409,596,091	320,456,642
		1,209,286,699	1,098,964,697

21.1 These represent short term working capital finance facilities secured against pledge of stocks (Cotton, Yarn, Fiber 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 from KIBOR + 1.5% to KIBOR + 2% per annum (2016: KIBOR + 1.5% to KIBOR + 2.0% per annum), KIBOR ranged from 1 month, 3 months and 6 months.

21.2 The applicable rate of mark-up on foreign currency finance ranges from 2% to 3.9% including LIBOR per annum (2016: 2% to 3.9% including LIBOR per annum). This represents Foreign Exchange loan of \$ 3,901,578.15 translated at the conversion rate existed at June 30, 2017 (2016: \$ 3,060,229).

21.3 The unavailed facility of total short term borrowings amount to Rs 426 million (2016: Rs 646 million).

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

In December 2011, the Federal Government, for the first time, imposed the levy of Gas Infrastructure Development Cess (the cess) through the promulgation of the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011) which, subsequently, was widely challenged on several legal grounds. In June 2013, the Honourable High Court of Peshawar, in the case titled M/s. Ashraf Industries vs. Federation of Pakistan, passed a judgment whereby it struck down the GIDC Act, 2011 declaring the said law as unconstitutional. Subsequent to this decision, the Gas Infrastructure Development Cess Ordinance, 2014 (GIDC Ordinance, 2014) was promulgated which expired in May 2015. In the same month, the Honourable Supreme Court of Pakistan dismissed the review petition filed by the Federation of Pakistan against the aforesaid judgment of the Honourable High Court of Peshawar, and thereby, upheld the said judgment. Following the judgment of the Apex Court, the GIDC Ordinance, 2014 received presidential assent after having been passed by both the houses of Parliament as Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015). As a result of the promulgation of GIDC Act, 2015, the cess for the period from January 2015 to May 2015 (as imposed under the repealed GIDC Act, 2011 and GIDC Ordinance, 2014) was levied again with different cess rates prescribed for various business sectors. Similar to the GIDC Act, 2011, the GIDC Act, 2015, since its promulgation, has also been challenged on legal and other grounds. In October 2016, the Honourable High Court of Sindh passed a judgment whereby it declared the GIDC Act, 2015 as unconstitutional.

Since the imposition of the cess in 2011 as aforesaid, the Company, among several other petitioners, has challenged the levy on grounds of discrimination in supply rate and GIDC as compared with that applied to other sectors, including retrospective application of GIDC Act 2015 from the year 2011 on other grounds including legal and constitutional. Under the circumstances mentioned, the Company has deferred the recognition of expense against such billings from 2011 to 2017 amounting to Rs.180.83 million based on the decision of the Apex Courts in this regard pending the ultimate outcome of the petition filed by the Government with the Supreme Court against the judgement of the High Court of Sindh discussed above.

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
22.2 Commitments			
Following commitments exists for the company as of reporting date;			
Against letters of credit		88,782,160	39,500,000
Bank guarantee to Excise & Taxation department		18,700,000	14,775,753
Bank guarantee to HESCO		10,290,000	10,290,000
Revolving Letter of credit to SSGC		33,822,955	33,822,953
FBP outstanding		493,546,942	267,907,662
Civil Contractor		2,955,382	395,578
23. SALES - NET			
Local sales		2,728,151,812	2,639,829,348
Exports - direct		2,152,251,712	1,761,894,615
Exports - indirect		272,859,710	375,115,800
		2,425,111,422	2,137,010,415
		5,153,263,234	4,776,839,763
Duty drawback		29,131,091	-
Wastage sales		79,546,707	54,498,987
Raw material sales		10,858,031	9,819,504
Income from processing of yarn		-	953,400
		119,535,829	65,271,891
Less :			
Ocean freight		(16,987,818)	(7,259,208)
Commission on export sales		(17,590,767)	(12,574,617)
Commission on local sales		(13,954,861)	(11,425,504)
Export development charges		(5,318,772)	(4,482,737)
Premium on discounting of the export bills		(11,240,066)	(5,518,529)
		(65,092,284)	(41,260,595)
		5,207,706,779	4,800,851,059
24 COST OF SALES			
Raw material consumed	24.1	3,723,768,887	3,417,898,451
Store and spares consumed		77,251,412	82,946,616
Packing material consumed		92,967,558	90,022,231
Salaries, wages and other benefits	24.2	445,392,805	408,739,086
Repair and maintenance		5,705,552	5,043,060
Insurance		10,349,717	12,005,346
Fuel and power		458,960,200	429,849,218
Other manufacturing expenses		28,581,015	21,412,478
Depreciation	4.1.1	117,413,348	103,007,502
		4,960,390,494	4,570,923,988
Work in process:			
Opening		31,753,397	36,713,693
Closing		(33,949,875)	(31,753,397)
		(2,196,478)	4,960,296
Cost of goods manufactured		4,958,194,016	4,575,884,284
Cost of raw material sold		12,170,118	9,733,178
Finished goods and waste:			
Opening:		250,541,055	360,799,267
Closing		(297,817,284)	(250,541,055)
		(47,276,229)	110,258,212
		4,923,087,905	4,695,875,674

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
24.1 Raw material consumed			
Opening		399,860,421	260,649,085
Add: Purchases		<u>3,829,918,964</u>	<u>3,566,842,965</u>
		4,229,779,385	3,827,492,050
Raw material sold		(12,170,118)	(9,733,178)
Closing stock		<u>(493,840,380)</u>	<u>(399,860,421)</u>
		<u>3,723,768,887</u>	<u>3,417,898,451</u>

24.2 This includes staff retirement benefits amounting to Rs. 20.14 million (2016: 19.66 million).

25 ADMINISTRATIVE EXPENSES

Directors' remuneration	35	6,200,000	7,200,000
Salaries and other benefits	25.1	33,302,117	33,451,156
Traveling conveyance		4,611,834	4,653,038
Legal and professional		2,789,832	3,154,749
Fees and subscription		1,726,125	1,028,629
Rent, rates and taxes		861,433	1,448,992
Electricity, gas and water		6,166,212	5,258,307
Repair and maintenance		2,007,342	1,477,210
Communication expenses		2,142,364	2,242,112
Printing and stationer		2,854,387	2,513,406
Motor vehicle expenses		6,585,583	8,119,387
Advertisement expenses		157,173	321,083
Entertainment expenses		2,426,062	2,236,311
Audit fee	25.2	1,172,200	1,180,000
Miscellaneous expenses		1,028,709	990,008
Depreciation	4.1.1	14,486,992	13,055,939
		<u>88,518,365</u>	<u>88,330,327</u>

25.1 This includes staff retirement benefits amounting to Rs. 5.07 million (2016: 6.48 million).

25.2 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	25,000
Out of pocket Expenses	10,000	10,000
	<u>1,172,200</u>	<u>1,180,000</u>

26 DISTRIBUTION COST

Freight and octroi charges	16,318,632	18,762,832
Export selling expenses	7,117,853	6,685,173
Foreign traveling expense	2,696,678	5,017,214
Trailer charges	8,499,510	8,354,470
Export insurance charges	2,407,855	1,578,247
Stamp duty on export sales	5,318,790	2,426,989
Others	26.1	6,664,078
	<u>49,023,396</u>	<u>49,306,568</u>

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

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
27 OTHER OPERATING INCOME/ (LOSS)			
Profit on saving deposit account		1,414,725	975,795
Loss on sale of property, plant and equipment	4.1.3	(2,044,892)	(1,266,155)
Bad debts recovered		39,049	81,736
Loss on exchange rate difference		(1,770,180)	(10,131,858)
Gain on disposal of Shares		667,610	-
Rental Income		10,000	-
Unrealised loss on short term investment		-	(91,534)
		<u>(1,683,688)</u>	<u>(10,432,016)</u>
28 FINANCE COST			
Mark-up on:			
Short term financing		90,905,339	74,929,323
Long term financing		18,108,493	22,003,845
		<u>109,013,832</u>	<u>96,933,168</u>
L/C discount charges		-	2,964,852
Bank charges and guarantee commission		10,597,658	5,490,943
		<u>119,611,490</u>	<u>105,388,963</u>
29 TAXATION			
Current year		35,644,506	43,130,568
Prior year		(3,863,150)	26,433
Deferred		(14,413,115)	(13,415,193)
		<u>17,368,241</u>	<u>29,741,808</u>
29.1 The income tax assessments of the Company have been finalised up to and including the tax year 2016. Tax returns are deemed to be assessed 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 the deemed assessment order for audit.			
29.2 The numerical reconciliation between the tax expense and accounting profit has not been presented for the current year and comparative year in these financial statements as the total income of the company for the current year and comparative year attracted minimum tax under Section 113 of the income tax ordinance, 2001 and its export sales fall under final tax regime.			
30 EARNINGS PER SHARE - BASIC & DILUTED			
Profit/(loss) after taxation		7,126,008	(178,224,297)
Weighted average number of ordinary shares		15,619,500	15,619,500
Earning /(loss) per share		0.46	(11.41)

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.

	Note	June 30, 2017 RUPEES	June 30, 2016 RUPEES
31 CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		24,494,249	(148,482,489)
Adjustments for non cash and other items			
Depreciation / impairment	4.1	131,900,340	116,063,441
Provision for gratuity	16.1.2	25,215,660	26,142,262
Unrealised loss on short term investments		-	91,534
Gain on disposal of investment		(667,610)	-
Loss on sale of property, plant and equipment	4.1.3	2,044,892	1,266,155
Finance cost	28	119,611,490	105,388,963
		<u>278,104,772</u>	<u>248,952,355</u>
Operating profit before working capital changes		302,599,021	100,469,866
(Increase) / decrease in current assets			
Stores, spares and loose tools		(946,024)	2,059,916
Stock in trade		(143,452,666)	(23,992,828)
Trade debts		15,857,548	(112,531,853)
Loans and advances		(21,317,986)	(9,444,477)
Deposits and other receivables		(98,767,362)	(25,058,591)
		<u>(248,626,490)</u>	<u>(168,967,833)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		131,586,855	(48,066,222)
		<u>185,559,386</u>	<u>(116,564,189)</u>
32 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at financial statements date as shown in the cash flow statement comprise of following:			
Cash and bank balances		30,489,840	16,247,564
Short term borrowings		(1,209,286,699)	(1,098,964,697)
		<u>(1,178,796,859)</u>	<u>(1,082,717,133)</u>
33 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets:			
Loans and receivables			
Long term deposits		13,616,929	13,116,929
Trade debts		509,681,878	525,539,426
Deposits and other receivables		99,196,556	62,743,228
Cash and bank balances		30,489,840	16,247,564
		<u>652,985,203</u>	<u>617,647,147</u>
Fair value through profit and loss			
Equity instruments		-	675,167
		<u>652,985,203</u>	<u>618,322,314</u>
Financial liabilities:			
At amortized cost			
Long term financing		194,617,285	305,332,183
Trade and other payables		500,176,293	416,655,660
Accrued mark-up		24,157,491	23,272,216
Short term borrowings		1,209,286,699	738,437,687
		<u>1,928,237,768</u>	<u>1,483,697,746</u>

34 FINANCIAL INSTRUMENTS

34.1 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

(i) 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.

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

	June 30, 2017	June 30, 2016
	RUPEES	RUPEES
Long term deposits	13,616,929	13,116,929
Trade debts	509,681,878	525,539,426
Deposits and other receivables	83,045,427	46,551,481
Bank balances	29,853,735	11,886,536
	<u>636,197,969</u>	<u>597,094,372</u>

Impairment losses:

The aging of trade debts at the reporting date was:

	2017		2016	
	Gross Value	Impairment	Gross Value	Impairment
	Rupees			
Not past due	251,379,451	-	307,261,707	-
Past due 1-60 days	198,991,321	-	161,988,539	-
Past due 61 days to 1 year	22,457,012	-	44,655,439	-
More than 1 year	36,651,705	5,707,446	15,762,186	4,128,445
Total	509,479,489	5,707,446	529,667,871	4,128,445

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. None of the other financial assets are either past due or impaired.

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

	June 30, 2017 RUPEES	June 30, 2016 RUPEES
Domestic	503,772,043	521,099,827
Turkey	5,909,835	-
China	-	4,439,599
	509,681,878	525,539,426

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:

A1+	28,049,544	8,440,644
A-1+	1,303,274	2,510,547
A-1	389,077	935,345
	29,741,895	11,886,536

(ii) 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 cash flow		
		Total	Upto one year	More than one year
Rupees				
Long term financing	194,617,285	(210,684,479)	(104,579,232)	(106,105,240)
Loan from associates	418,698,058	(418,698,058)	(418,698,058)	-
Trade and other payables	500,176,293	(500,176,293)	(500,176,293)	-
Short term borrowings	1,209,286,699	(1,209,286,699)	(1,209,286,699)	-
Accured Mark-up	24,157,491	(24,157,491)	(24,157,491)	-
June 30, 2017	2,346,935,826	(2,363,003,020)	(2,256,897,773)	(106,105,240)
Long term financing	243,090,223	(264,335,972)	(125,146,546)	(139,189,426)
Loan from associates	370,506,284	(370,506,284)	(370,506,284)	-
Trade and other payables	368,589,438	(368,589,438)	(368,589,438)	-
Short term borrowings	1,098,964,697	(1,098,964,697)	(1,098,964,697)	-
Accured Mark-up	21,627,692	(21,627,692)	(21,627,692)	-
June 30, 2016	2,102,778,334	(2,124,024,083)	(1,984,834,657)	(139,189,426)

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.

(iii) 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 PKR 4.04 million (2016: PKR 3.16 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:

	2017	2016	2017	2016
	Effective interest rate (%)		Carrying amount (Rs.)	
Financial assets				
Bank deposits - pls account	2.5%-3%	2.5%-3%	18,478,329	3,193,142
Financial liabilities				
Long term financing	7.85%-9.36%	7.85%-9.36%	194,617,285	243,090,223
Short term borrowings				
- KIBOR based	7.85% - 8.85%	7.85% -8.85%	799,690,608	778,508,055
- LIBOR based	1.5%- 2.0%	1.5% -2.0%	345,966,091	293,160,000

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 13.22 million (2016: 13.12 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.

34.2 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 equipments) 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 fair value of quoted equity securities amounting to Rs. NIL (2016 : 0.67 million) is categorised in level 1 in fair value hierarchy and is determined using quotation from the Pakistan Stock Exchange Limited on the reporting date. 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.

34.3 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.

35 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

	Chief Executive	Director	2017	Executives	Total
	Amount in Rupees				
Managerial remuneration	3,272,727	2,363,636		13,650,000	19,286,363
Other allowances	327,273	236,364		1,365,000	563,637
	3,600,000	2,600,000		15,015,000	19,850,000
Number of persons	1	3		17	21
	2016				
	Amount in Rupees				
Managerial remuneration	3,272,727	3,272,727		8,787,094	15,332,548
Other allowances	327,273	327,273		878,712	654,546
	3,600,000	3,600,000		9,665,806	15,987,094
	1	3		11	15

35.1 The Chief Executive and two directors are provided with cars maintained by the Company and telephone at their residence.

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

36 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of parties related to group companies (associated companies), directors, and their close family members, staff provident fund, executives and major shareholders of the Company. Remuneration and benefits to executives of the Company are in accordance with the terms of their employment while contribution to the provident fund is in accordance with the staff service rule. Transactions with related parties during the period other than those disclosed elsewhere in the financial statements were as follows:

Associates and related parties	June 30, 2017	June 30, 2016
Transaction during the year	RUPEES	RUPEES
Reprocessing income	-	1,057,986
Electricity Purchase	225,021,862	208,290,312
Loan received	165,360,000	205,100,000
Loan repaid	117,168,226	122,285,000
Issue of shares	-	144,180,000
Weigh Bridge Expenses	180,000	-
Rental Income	10,000	-
Balance outstanding		
Payable to Nadeem International (Private) Limited	401,000,00	327,450,000
Payable to Nadeem Power Generation (Private) Limited	17,698,058	43,056,284
Loan from director	4,800,000	4,800,000

37. PLANT CAPACITY AND ACTUAL PRODUCTION

Total number of spindles installed	37.1	72,192	72,192
Average numbers of spindle worked		61,642	62,649
Number of shifts worked per day		3	3
Installed capacity after conversion into 20/s count (kgs.)		21,419,702	22,410,743
Actual production after conversion into 20/s count (kgs.)		20,453,220	20,478,379

37.1 This includes 7 ring Frames consisting of 3,192 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.

38. 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 98.27% (2016: 98.65%) 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 30 June 2017 are located in Pakistan.
- 41% sales of the company relate to customer outside Pakistan (2016: 36%)

39. NUMBER OF EMPLOYEES

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

	2017	2016
	Numbers	
Total number of employees as at June 30	1,039	1,043
Average number of employees during the year	1,154	1,160

40 SUBSEQUENT EVENT

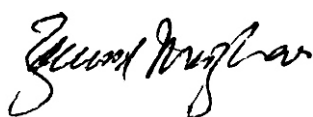
The Board of Directors of the Company in their meeting dated October 03, 2017 has proposed cash dividend at the rate of 3.5% i.e., 0.35/- per share which amounts to PKR 5.46 million (i.e. 76.72% of after tax profits) for the financial and tax year 2017.

41 GENERAL

41.1 These financial statements were authorised for issue on October 03, 2017 by the Board of Directors of the Company.

41.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant rearrangements and reclassifications in these financial statements.

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



Zahid Mazhar
Chief Executive
Karachi:
Dated: October 03, 2017



Omer Bin Zahid
Director

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2017

No. of shareholders	Shareholding	Total shares held
16	Shareholding from 1 to 100 shares	317
15	Shareholding from 101 to 500 shares	7,184
2	Shareholding from 100001 to 105000 shares	209,338
2	Shareholding from 275001 to 280000 shares	555,446
1	Shareholding from 655001 to 660000 shares	659,300
2	Shareholding from 705001 to 710000 shares	1,413,284
1	Shareholding from 1100001 to 1105000 shares	1,103,399
1	Shareholding from 1130001 to 1135000 shares	1,134,508
1	Shareholding from 1135001 to 1140000 shares	1,136,508
1	Shareholding from 3600001 to 3605000 shares	3,604,500
1	Shareholding from 5795001 to 5800000 shares	5,795,716
43	Total	15,619,500

* There is no shareholding in the slab not mentioned.

SR. NO.	CATEGORIES	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
1	Directors Chief Executive Officer their spouse and minor children	10	9,329,123	59.73%
2	Associated Companies, Undertaking and Related Parties	1	3,604,500	23.08%
3	NIT	-	-	-
4	Bank / Financial Institution	-	-	-
5	Insurance Companies	-	-	-
6	General Public / Individuals	32	2,685,877	17.19%
7	Joint Stock Companies	-	-	-
		43	15,619,500	100.00

Sr. No.	Share holder categories	Percentage	No. of Share
1	CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN DIRECTORS & THEIR SPOUSES MR. ZAHID MAZHAR MR. OMER BIN ZAHID MR. HASSAN BIN ZAHID MRS. NAILA ZAHID MRS. ANAM OMER MRS. SHAFIA HASSAN MR. MEHMOOD SIDDIQUI MR. FAIZ-UL-HASSAN SIDDIQUI MR. NADEEM AHMED	37.11 7.26 7.28 4.52 1.78 1.77 0.00 0.00 0.00	5,795,716 1,134,508 1,136,508 705,435 278,723 276,723 510 500 500
2	ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES	23.08	3,604,500
3	NIT	-	-
4	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS AND INSURANCE COMPANIES	-	-
5	INDIVIDUAL SHAREHOLDERS	17.19	2,685,877
6	JOINT STOCK COMPANIES	-	-
7	SHAREHOLDERS HOLDING 5% OR MORE MR. ZAHID MAZHAR MR. OMER BIN ZAHID MR. HASSAN BIN ZAHID MRS. RAFIA SULTANA	37.11 7.26 7.28 7.06	5,795,716 1,134,508 1,136,508 1,103,399
8	Nadeem Power Generation (Pvt.) Ltd.	23.08	3,604,500
	"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	1.77	276,223
	Mrs. Shafia Hassan	1.77	276,223

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FORM OF PROXY

I/We _____
of _____ being
a member of **NADEEM TEXTILE MILLS LIMITED**

ordinary shares as per Registered Folio No./CDC A/C No. (for members who have shares in CDS)

hereby appoint Mr./Mrs./Miss _____
(full address) _____

Mr./Mrs./Miss _____
(full address) _____

(being a member of the Company) as my/our Proxy to attend, act and vote for me/us and behalf at the 31st Annual General Meeting of the Company to be held on 28th October, 2017 and/or any adjournment thereof.

As witness my/our hands seal this _____ day of _____ 2017.

Witness 1

Witness 2

Signature _____

Signature _____

Name _____

Name _____

CNIC No. _____

CNIC No. _____

Address _____

Address _____

Important

- 1 This form of proxy, duly completed and signed, must be deposited at the office of the company's Shares Registrar, not later than 48 hours before the meeting.
- 2 This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to the instrument.
- 3 A Member entitled to attend and vote at the meeting may appoint any other Member as his/her Proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is a Member.

"Signature on
Rs.5/-
Revenue Stamp"

For CDC Account Holders/Corporate Entities:

In addition to the above following requirements have to be met:

- i. The Proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
- ii. Attested copies of CNIC or Passport or the beneficial owners and proxy shall be furnished with the proxy form.
- iii. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- iv. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form.

تشکیل نیابت داری

میں/ہم -----

ساکن ----- بحیثیت ندیم ٹیکسٹائل ملز لمیٹڈ کے رکن و حامل

عام حصص بمطابق شیئر رجسٹر فولیو نمبر ----- اور/ یا سی ڈی سی کے شراکتی آئی ڈی نمبر -----

محترم / محترمہ ----- ساکن

یا بصورت دیگر محترم / محترمہ ----- ساکن

کو اپنی جگہ بروز ہفتہ مورخہ 28 اکتوبر 2017 کو ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

گواہ:

ریونیوٹلٹ چسپاں کریں۔

(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہیے)

1 دستخط -----

نام -----

پتہ -----

سی این آئی سی یا پاسپورٹ نمبر -----

2 دستخط -----

نام -----

پتہ -----

سی این آئی سی یا پاسپورٹ نمبر -----

نوٹ:

نیابت داروں کے موثر ہونے کے لئے ضروری ہے کہ ان کی تفصیل اجلاس شروع ہونے سے 48 گھنٹے قبل کمپنی کو موصول ہو جائے۔

سی ڈی سی شیئر ہولڈرز اور ان کے نیابت داروں سے گزارش ہے کہ وہ اپنے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی کمپنی کو پیش کرنے سے قبل اس پر کسی فارم کے ساتھ منسلک کریں۔