

NISHAT MILLS LIMITED



NML-PSX/

October 06, 2020

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

SUB: **SUBMISSION OF ANNUAL AUDITED ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act, 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to submit electronically through PUCARS Annual Audited Accounts for the year ended June 30, 2020.

Further please find attached Statement of Free Float of Shares duly signed by the Chief Executive Officer and Company Secretary of the Company along with Independent Reasonable Assurance Report on Statement of Free Float of Shares dated September 18, 2020 issued by Riaz Ahmad & Company., Chartered Accountants, the external auditors of the Company.

Thanking you,

Yours truly,


KHALID MAHMOOD CHOHAN
COMPANY SECRETARY

Encl: As Above

NISHAT MILLS LIMITED

**STATEMENT OF
FREE FLOAT OF SHARES**

NISHAT MILLS LIMITED



NISHAT MILLS LIMITED

STATEMENT OF FREE FLOAT OF SHARES

	As of 30 September 2019	As of 31 December 2019	As of 31 March 2020	As of 30 June 2020
Total Outstanding Shares	351,599,848	351,599,848	351,599,848	351,599,848
Less: Government Holdings	(16,788,774)	(16,550,274)	(17,400,974)	(17,756,774)
Less: Share held by Directors / Sponsors / Senior Management Officers and their associates (Note 1)	(64,502,303)	(64,502,303)	(64,503,303)	(64,503,303)
Less: Shares in Physical Form	(92,505,653)	(92,490,265)	(92,479,254)	(92,460,310)
Less: Shares held by Associate companies / Group Companies (Cross holdings) (Note 2)	(29,310,460)	(29,230,493)	(29,302,893)	(29,230,893)
Less: Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in ordinary course	-	-	-	-
Less: Treasury Shares	-	-	-	-
Less: Any other category that are barred from selling at the review date	-	-	-	-
	(203,107,190)	(202,773,335)	(203,686,424)	(203,951,280)
Free Float	148,492,658	148,826,513	147,913,424	147,648,568

Basis of Preparation: This Statement is prepared in accordance with the requirements of Regulation No. 5.7.2(c)(ii) of Pakistan Stock Exchange Limited Regulations (PSX Regulations).

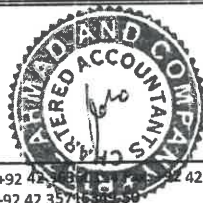
Note 1: "Sponsors" has the same meaning as defined in The Companies (Issue of Capital) Rules, 1996. "Senior Management Officers" and "Associates" have the same meaning as defined in the Securities Act, 2015.

Note 2: Shares held by Associate companies/Group Companies (Cross holdings)

Shares held by following funds of Adamjee Life Assurance Company Limited - associated company have been considered free float as there are no restrictions on sale of such shares by respective funds and are not strategic investments:

	As of 30 September 2019	As of 31 December 2019	As of 31 March 2020	As of 30 June 2020
Adamjee Life Assurance Company Limited:				
Investment Multiplier Fund (IMF)	476,800	800	-	-
Investment Secure Fund-I (ISF)	94,500	-	-	-
	571,300	800	-	-

Company Secretary



Chief Executive

Registered Office: Nishat House, 53-A, Lawrence Road, Lahore. UAN: 111 113 333 Tel: +92 42 35716351-59 Fax: +92 42 35716352-54
 Head Office: 7-Main Gulberg, Lahore. UAN: 111 332 200 Tel: +92 42 35716351-59 Fax: +92 42 35716352-54
 Mill: 5 K.M. Nishat Avenue Off 22 K.M., Ferozpur Road, Lahore. Tel: +92 42 35260041-50, +92 42 35260061-70 Fax: +92 42 35260093-94, +92 42 35260071

**INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT
OF FREE FLOAT OF SHARES**

To the Chief Executive of Nishat Mills Limited

1. Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares ("the Statement") of Nishat Mills Limited, ("the Company") as of 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020.

2. Applicable Criteria

The criteria against which the Statement is assessed is Regulation No. 5.7.2(b)(ii) of Pakistan Stock Exchange Limited Regulations ("PSX Regulations") which requires every listed company to submit directly to Pakistan Stock Exchange ("PSX") an annual Free-Float Certificate duly verified by the auditor along with the annual audited accounts as prescribed under regulation 5.6.4(a) of the PSX Regulations.

3. Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement as of 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020 in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our Responsibility and Summary of the Work Performed

Our responsibility is to carry out an independent reasonable assurance engagement and to express an opinion as to whether the Statement is prepared in accordance with the applicable criteria, based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the free float of shares and related information in the Statement. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Statement. In making those risk assessments, we considered internal control relevant to Nishat Mills Limited's preparation of the Statement. A reasonable assurance engagement also includes assessing the applicable criteria used and significant estimates made by management, as well as, evaluating the overall presentation of the Statement.

We have carried out the procedures considered necessary for the purpose of providing reasonable assurance on the Statement. Our assurance procedures performed included verification of information in the Statement with the underlying data and record comprising of Central Depository Company statements, forms submitted by the Company with Securities & Exchange Commission of Pakistan relating to its pattern of shareholding and other related information. Verification that the computation of free float of shares is in accordance with the PSX Regulations also forms part of our assurance procedures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

6. Opinion

In our opinion, the Statement as of 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020 is prepared, in all material respects, in accordance with the PSX Regulations.

Riaz Ahmad & Company

Chartered Accountants

7. Emphasis of matter

We draw attention to Note 2 of the Statement which more fully explain the reasons for treating the specified shares as free float. Our opinion is not modified in respect of this matter.

8. Restriction on Use and Distribution

This report is issued in relation to the requirements as stipulated under Regulation No. 5.7.2(b)(ii) of the PSX Regulations and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachments.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 18 SEP 2020

LAHORE



Nishat Mills Limited

2020

Annual Report



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COMPANY INFORMATION

Board of Directors

Mian Umer Mansha
Chief Executive Officer

Mian Hassan Mansha
Chairman

Syed Zahid Hussain
Mr. Farid Noor Ali Fazal
Mr. Mahmood Akhtar
Mrs. Sara Aqeel
Mrs. Mehak Adil

Audit Committee

Mrs. Mehak Adil
Chairperson / Member

Syed Zahid Hussain
Member

Mr. Mahmood Akhtar
Member

Human Resource & Remuneration (HR & R) Committee

Mrs. Sara Aqeel
Chairperson / Member

Mian Umer Mansha
Member

Mr. Mahmood Akhtar
Member

Chief Financial Officer

Mr. Muhammad Azam

Company Secretary

Mr. Khalid Mahmood Chohan

Auditors

Riaz Ahmad & Company
Chartered Accountants

Legal Advisor

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

Bankers to the Company

Albaraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Citibank N.A.
Dubai Islamic Bank Pakistan
Limited
Faysal Bank Limited
Faysal Bank Limited - Islamic
Banking
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank
of China Limited

JS Bank Limited
Meezan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
National Bank of Pakistan
Pair Investment
Company Limited
Pak Brunei Investment
Company Limited
Pakistan Kuwait Investment
Company (Private) Limited
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Summit Bank Limited
Standard Chartered Bank
(Pakistan) Limited
The Bank of Punjab
The Bank of Punjab - Taqwa
Islamic Banking
The Bank of Khyber
United Bank Limited

Mills

Spinning units, Yarn Dyeing & Power plant

Nishatabad, Faisalabad.

Spinning units & Power plant

20 K.M. Sheikhpura Faisalabad Road, Feroze Watwan.

Spinning units & Power plant

Plot No. 172-180 & 188-197, M-3 Industrial City, Sahianwala, FIEDMC, 2 K.M. Jhumra Chiniot Road, Chak Jhumra, Faisalabad.

Weaving units & Power plant

12 K.M. Faisalabad Road, Sheikhpura.

Weaving units, Dyeing & Finishing unit, Processing unit, Stitching units and Power plants

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

Terry Unit

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

Apparel Unit

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

Registered office

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

Shares Registrar

THK Associates (Private) Limited
Head Office, Karachi
1st Floor, 40-C, Block-6,
P.E.C.H.S, Karachi-75400
Tel: 021-34168270, 021-111 000 322
Fax: 021-34168271

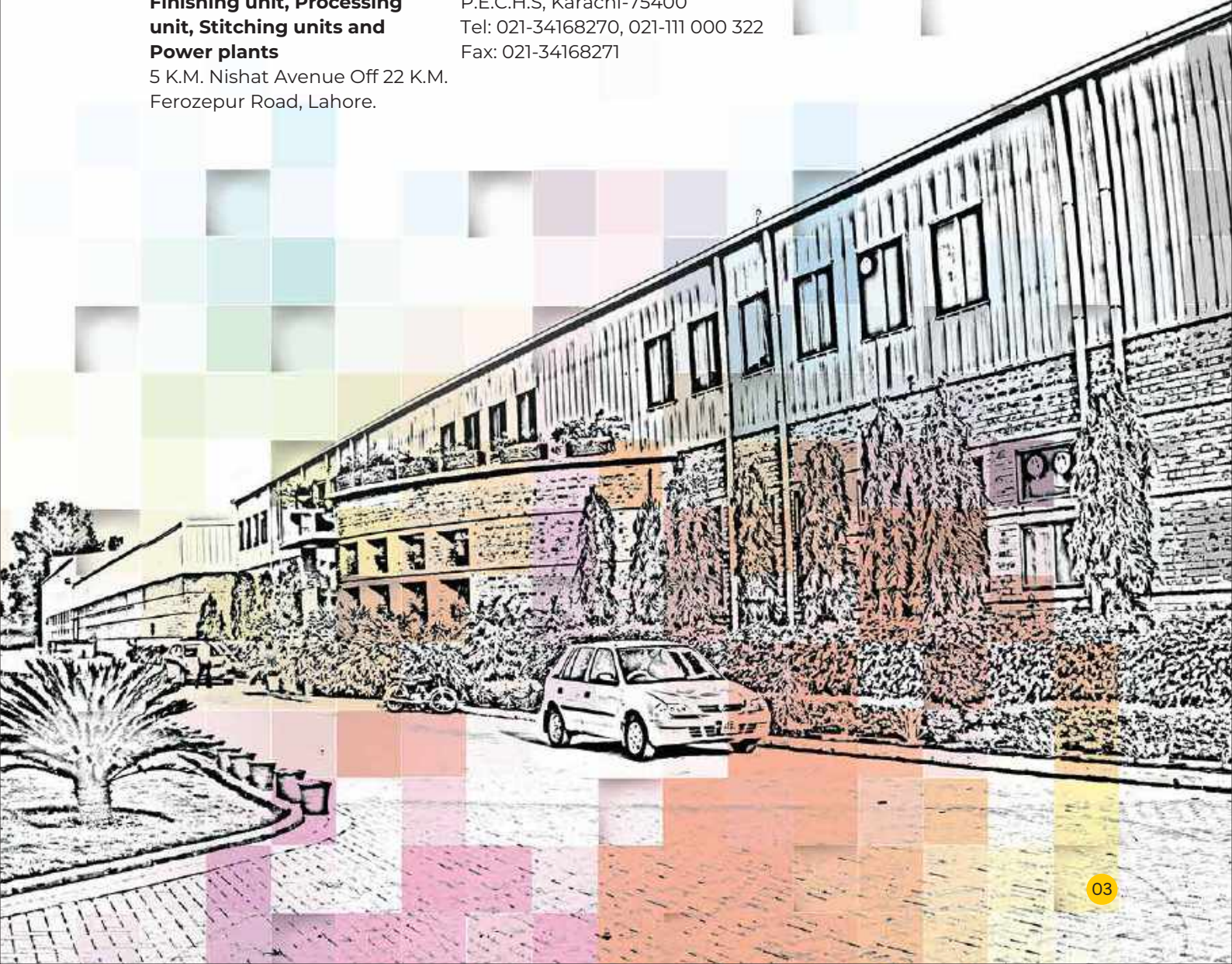
Branch Office, Lahore
Siddique Trade Centre,
Office No. PL-29, PL Floor,
72 Main Boulevard Gulberg II,
Lahore.
Tel: 042-35781682

Head Office

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

Liaison Office

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



DIRECTORS' PROFILE



Mian Umer Mansha
Chief Executive Officer



Mian Hassan Mansha
Chairman



Syed Zahid Hussain
Non-Executive Director



Mr. Farid Noor Ali Fazal
Non-Executive Director

Mian Umer Mansha holds a Bachelors degree in Business Administration from USA. He has been serving on the Board of Directors of various listed companies for more than 25 years.

He also serves on the Board of Adamjee Insurance Company Limited, MCB Bank Limited, Adamjee Life Assurance Company Limited, Nishat Dairy (Private) Limited, Nishat Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat Developers (Private) Limited, Nishat Sutas Dairy Limited, Hyundai Nishat Motor (Private) Limited, Nishat Agriculture Farming (Private) Limited and Nishat Agrotech Farms (Private) Limited.

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

Syed Zahid Hussain is a seasoned professional in Pakistan's corporate world. He possesses multi-faceted talents and has attained exemplary accomplishments. He has in-depth knowledge of a wide range of subjects and has extensively diversified experience and exposure in senior positions. He has earned B.Sc, LLB and MA in International Relations. He has a vast experience of working as Chairman / Chief Executive / Director of various state owned enterprises and listed companies. He has also served as the High Commissioner / Ambassador of Pakistan in Kenya, with accredited assignments of Ambassadorship in Tanzania, Uganda, Rwanda, Krundse, Ethiopia and Eritrea. He is a fellow member of the Institute of Management, England, International Biographical Center, the USA and the Institute of Marketing Management, Karachi.

Mr. Farid Noor Ali Fazal is a Bachelor of Commerce, Bachelor of Laws and Bachelor of Management. He has more than 47 years' experience of marketing. He worked on various positions in Middle East and USA. He is associated with cement industry in one form or the other and was the acting chairman of All Pakistan Cement Manufacturers Association in 2002. He also serves on the Board of D. G. Khan Cement Company Limited and Nishat Paper Products Company Limited.



Mr. Mahmood Akhtar
Non-Executive Director



Mrs. Sara Aqeel
Independent Director



Mrs. Mehak Adil
Independent Director

Mr. Mahmood Akhtar holds an MBA degree from Punjab University and has over 37 years of managerial experience spread across various industries. He also serves on the Board of D. G. Khan Cement Company Limited, Lalpir Power Limited, Nishat Power Limited, Security General Insurance Company Limited, Nishat Hospitality (Private) Limited, Nishat Paper Products Company Limited, Nishat (Gulberg) Hotels and Properties Limited and Nishat Commodities (Private) Limited.

Mrs. Sara Aqeel is a qualified lawyer, with a significant experience in litigation and academics. She holds a gold medal in Bachelors of Law and has worked with Ramday Law associates. Her work includes cases pertaining to the corporate sector with a special focus on the Banking Sector. In addition, she has also taught Law at Pakistan College of Law and acted as a coordinator for the external program of Law offered by the University of London. Over the years she has participated in a number of skills training programs which have focused primarily on International Law, pertaining to Trade, Human Rights and Comparative Jurisprudence.

Mrs. Mehak Adil holds an LLM from the London School of Economics and Political Science, with a specialization in Corporate and Commercial Law. Mrs. Mehak started her career as a corporate lawyer at Cornelius, Lane and Mufti in 2015, where she was engaged in various corporate and commercial cases. Mrs. Mehak is an Advocate of the High Courts in Pakistan, with expertise in domestic and international dispute resolution, including international arbitration.

VISION, MISSION & CORE VALUES

VISION STATEMENT:

To be and remain industry lead by safeguarding stakeholders' interest, serving community and playing a meaningful role in the economy of Pakistan.

MISSION STATEMENT:

To increase financial returns by pursuing sustainable business, producing the best quality products and providing excellent customer services while adopting best practices.

CORE VALUES:

Value	Slogan	Connotation
N ovelty	Be Open to Newness	Nishat is open to innovation & creativity at organization level, systems level and individual level.
I ntegrity	Be Honest	Nishat operates through lawful means and fulfils its legal, moral and ethical responsibilities.
S ustainability	Be Sensitive to Environment	Nishat ensures best use of environmental resources by adopting benchmark process and bringing continuous improvement in the same.
H umbleness	Be Empathic	Nishat encourages culture of mutual respect, support and develops congenial environment for people at workplace.
A ccountability	Be Responsible	Nishat believes in 'participative decision making' and assures that everyone should take responsibility for all decisions at all levels.
T rust	Trust the People	Nishat trusts its employees the most and believes in attaining sustainable competitive advantage through its Human Capital.



CHAIRMAN'S REVIEW REPORT

I am pleased to present you the annual report of Nishat Mills Limited (the "Company") for the year ended 30 June 2020. The Company follows the best practices relating to corporate governance and complies with all the relevant requirements of Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to composition, meetings and procedures of the Board of Directors (the "Board") and its Committees.

Elections of the Board were held at 31 March 2020 to elect the directors for the next term of three years because previous Board had completed its tenure. The new Board has seven members with diverse and multi-generational background having core competencies, knowledge, skills and experience relevant to the business of the Company. I am pleased to inform that Mrs. Sara Aqeel and Mrs. Mehak Adil joined the Board as independent directors in place of Mr. Ghazanfar Husain Mirza and Mr. Maqsood Ahmed.

The Board has developed a mechanism for annual evaluation of Board's own performance, Members of the Board and its Committees in compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations 2019. The performance evaluation mechanism ensures that all statutory and legal requirements are fulfilled with regard to procedures, meetings and oversight role of the Board. The Board carried out annual evaluation of Board's own performance, members of the Board and its Committees during the year. The performance of the Board, its Members and Committees was satisfactory.

During the financial year 2019-20, the Board successfully achieved targets and objectives set for the growth of the Company by performing the following functions:

- Approved the revised vision and mission statements.
- Performed effective and robust oversight.
- Reviewed and approved overall corporate strategy, annual business plan, key financial performance indicators and other budgetary targets.
- Ensured the quality and appropriateness of financial reporting and the transparency of disclosures in annual and quarterly financial statements.
- Carried out risk assessment, especially, of regulatory and legal requirements, market trends, cotton supply and price, energy availability and cost, foreign exchange fluctuations, interest rate and liquidity risks.
- Reviewed effectiveness of internal control system.
- Performed the due diligence of investments and evaluated returns.
- Reviewed and approved the financing / borrowing facilities.
- Ensured timely dissemination of price sensitive and inside information to relevant regulatory authorities.



Mian Hassan Mansha

Chairman

Lahore
18 September 2020

Directors' Report

Directors of Nishat Mills Limited (“the Company”) are pleased to present the annual report of the Company for the year ended 30 June 2020 along with the financial statements and auditors’ report thereon.

FINANCIAL REVIEW

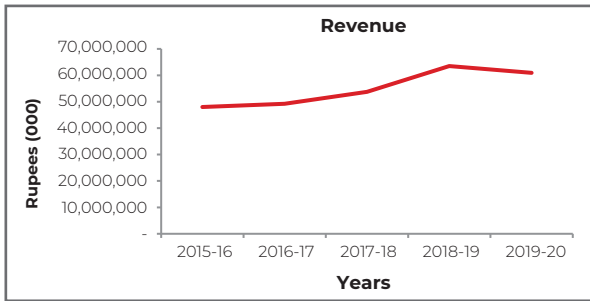
Financial Performance

Profit after tax of the Company decreased during the financial year ended 30 June 2020 as compared to the profit after tax of the corresponding last year ended 30 June 2019. The main reasons for decrease were reduction in sales due to outbreak of Covid-19 pandemic, decrease in dividend income and decrease in exchange gain on foreign currency.

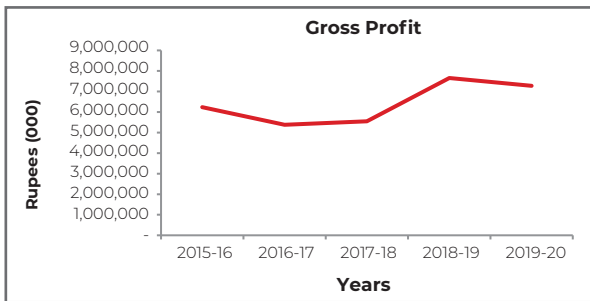
Financial highlights	2020 Rupees(000)	2019 Rupees(000)
Revenue	60,904,096	63,499,029
Gross profit	7,276,126	7,656,601
EBITDA	8,719,892	11,211,441
Depreciation	2,738,196	2,646,227
Finance cost	1,502,412	1,668,166
Dividend Income	2,044,302	3,029,845
Pre-tax profit	4,479,284	6,897,048
After tax profit	3,506,284	5,859,048

Revenue of the Company decreased by Rs. 2,594.933 million (4.09%) in the current year ended 30 June 2020 as compared to the corresponding year ended 30 June 2019. The main reason was decrease in export sales by Rs. 2,451.650 million due to unfavorable quantity variance because of lockdown, during the last quarter, in USA, Europe and China which are our main markets. Still the Company was able to cross the mark of Rs. 60.904 billion

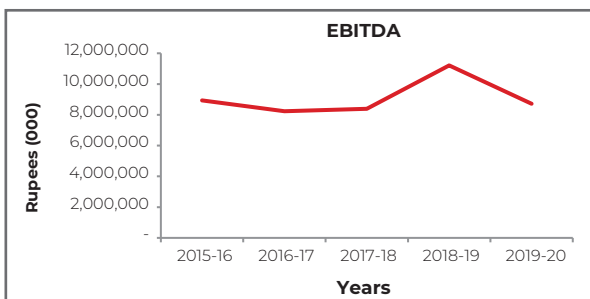
in its topline which is the second highest during the last five years.



The gross profit of the Company decreased by 4.97% from Rs. 7,656.601 million in the corresponding last year to Rs. 7,276.126 million in the current financial year. The main reason was decrease in revenue by 4.09%. A glance over the last five years indicates that the gross profit margin of the Company remained steady and decreased marginally to 11.95% in the current year from 12.06% in the last year.

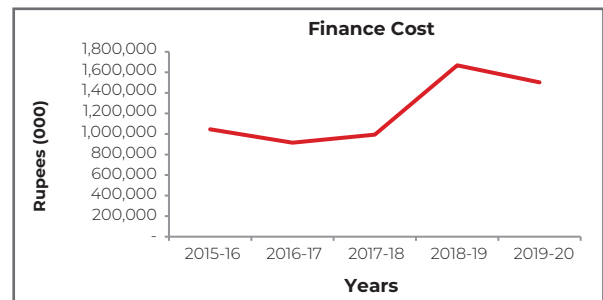
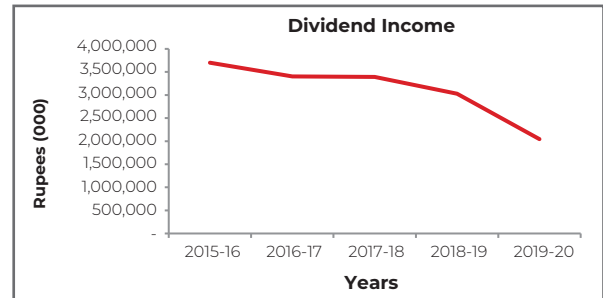


The Company earned EBITDA of Rs. 8,719.892 million during the year which reflects continuation of a steady trend over the last five years. EBITDA to sales percentage was 14.32%. The strong EBITDA is the evidence of robust cashflows of the Company which enables us to carry out regular BMR and finance working capital requirements.



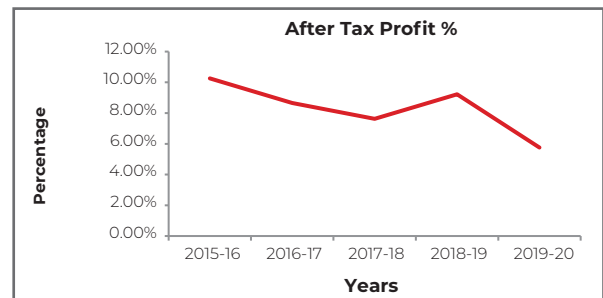
The contribution from dividend income to the profitability of the Company was significant. The Company received dividends of Rs. 2,044.302 million during the financial year ended 30 June 2020. Over the years, the Company has built a strategic portfolio

representing all major sectors of the industry which contributes substantially in other income in the form of dividend income and capital gains.



Finance cost of the Company decreased by 9.94% due to reduction in average bank borrowing rate and decrease in average short term borrowings as a result of improvements in cashflows from operations. Overall finance cost of the Company also decreased despite investment in many new projects to diversify the business lines and expand the existing production facilities.

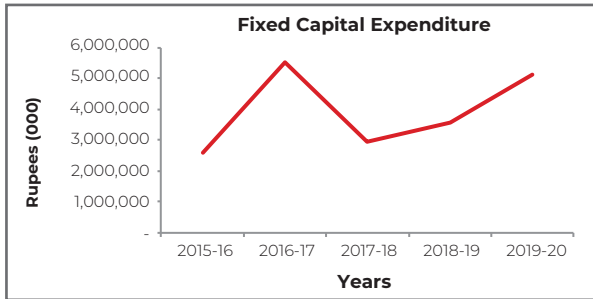
Profit after tax to sales % decreased from 9.23% in the last year to 5.76% in the current year due to decrease in other income.



Fixed Capital Expenditure

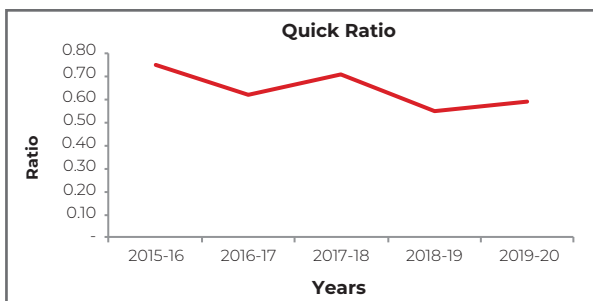
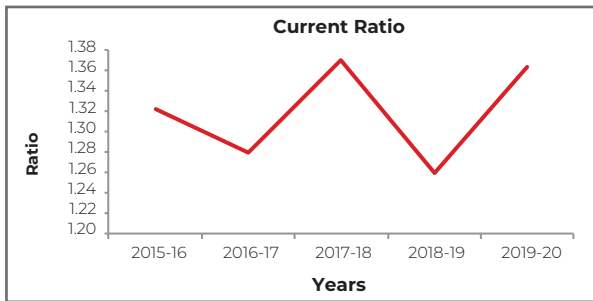
The Company invested Rs. 5.132 billion on fixed capital expenditure (CAPEX) which is an increase of 44.25% in the amount of CAPEX incurred during the corresponding last year. Major projects include expansion of open-end yarn production facility at Ferozewatwan,

establishment of a new towel manufacturing unit and commissioning of 3.075 MW solar power plant.



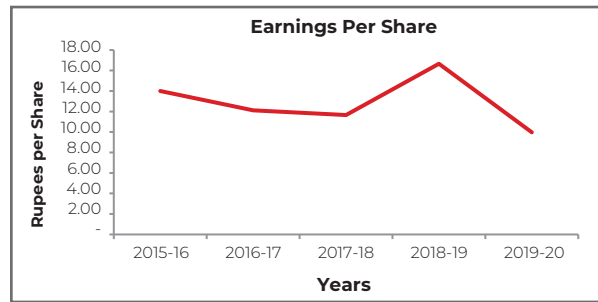
Working Capital Management

Current and quick ratios increased by 7.94% and 7.27% to 1.36 and 0.59 times respectively which is the evidence of Company's strength to pay its short-term liabilities. The improvement in working capital management was achieved despite increased working capital requirements due to lockdown after coronavirus outbreak.



Earnings per Share

The Company maintains a positive stream of Earning Per Share (EPS) as reflected by the last five-year trend. It shows effectiveness of management's strategy which is pivot in enhancing the shareholders' value.



Appropriations

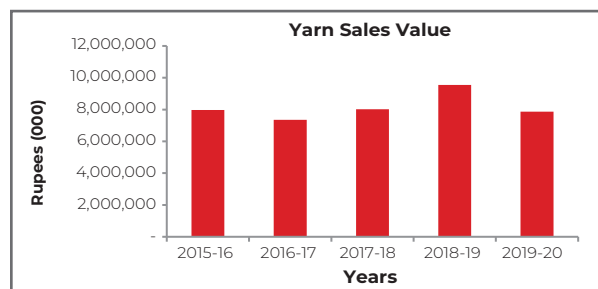
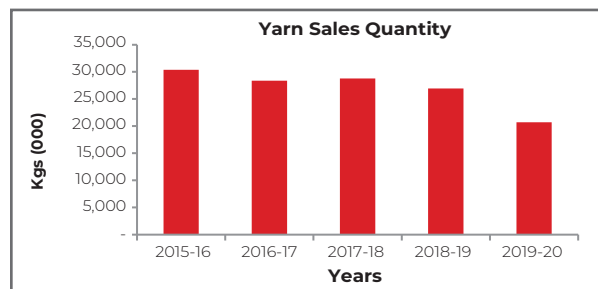
The Board of Directors of the Company has recommended 40% cash dividend (2019: 40%) and transferring of Rupees 2,101 million (2019: Rupees 4,386 million) to general reserve.

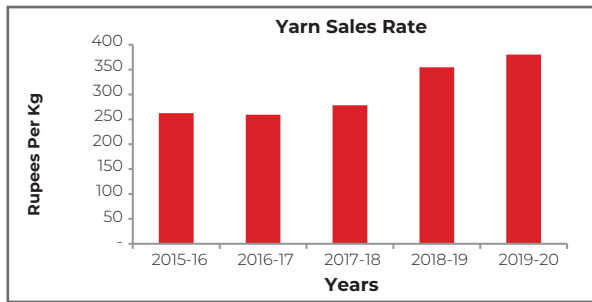
SEGMENT ANALYSIS

Following is the brief overview of the segmental performance:

Spinning

Cotton prices were low at the start of harvesting season during the FY 2019-20, but news of cotton shortage triggered the hasty buying which pushed the prices upward. The Company started to procure the cotton as soon as it became available in the market. The management also reconsidered its cotton buying strategy due to rising trend in cotton prices which were adversely affecting profitability of the Division. The Company closely watched the dynamics of local and international cotton markets and made best available price mix of cotton stocks for the year.



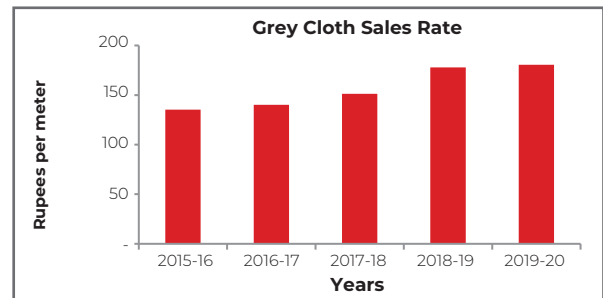


Financial performance of Spinning Division including the newly commissioned open-end yarn unit was remarkable during the first nine months of the financial year. However, outbreak of Covid-19, continued US-China trade war and delay in finalization of Pak-China Free Trade Agreement were the major factors which affected the profitability. Demand and prices of cotton yarn in international market consistently declined during the year. Local market which was very supportive during first nine months, also became silent in last quarter due to lockdown situation for Coronavirus preventive measures.



Weaving

The first nine months of the FY 2019-20 were somehow stable because there were not many fluctuations in yarn and polyester prices which are the major raw materials of the Division. Rupee was also steady around Rs. 156 per US Dollar. Such stability gives a better visibility of business and helps to plan accordingly. However, outbreak of coronavirus during the last quarter of the year created uncertainty in the world economy which severely affected the demand for textile products.



The Division successfully survived the pandemic due to its diversified product portfolio. Diversification has always been our key strategy which paid off in the times of crisis. Since the retail business was the major affectee, fashion fabric sale decreased significantly. Most of our customers requested us to slowed down / stop processing of their orders. On the contrary due to the pandemic there was a great shortage in the supply for health and medical based textile (masks / gowns etc.). Therefore the Division explored the health care business.

The future outlook of our grey cloth business does not look promising because pandemic has not fully controlled. We expect that this may negatively affect our future profitability.

Dyeing

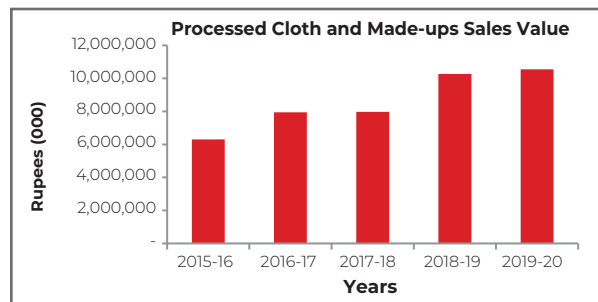
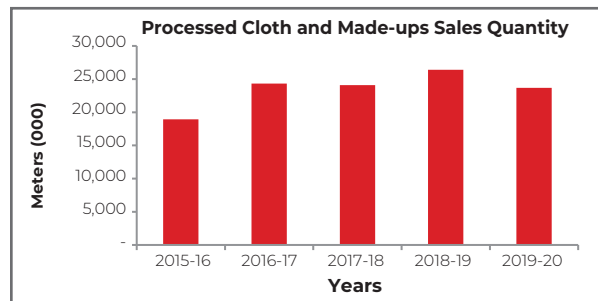
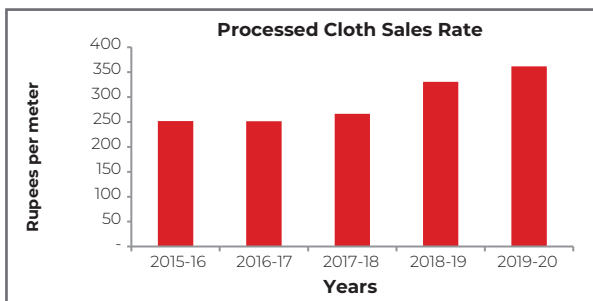
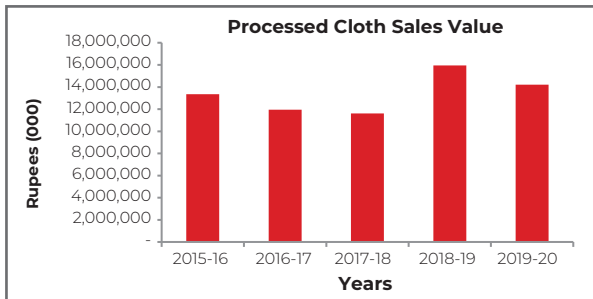
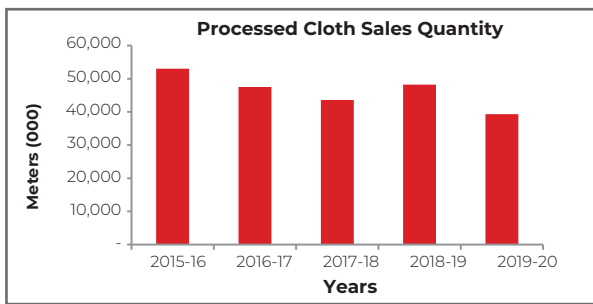
Covid-19 pandemic severely affected the financial performance of the Division during the last quarter. After the spread of Coronavirus, all our major customers immediately cancelled or asked us to hold the production of their orders. The outbreak has upset the annual financial results of the Division which performed well during the first nine months of the financial year ended 30 June 2020.

Since the governments all over the world have eased lockdowns due to slowdown in spread of the virus, the situation is expected to improve somehow. However, end of pandemic is nowhere in the sight. In current global scenario, fashion industry foresees a very slow demand for dyed cloth as there are huge

inventories piled up with retailers with reduced consumer demand. Notably there is an increase in demand for Personal Protective Equipment (PPE) related fabrics which are generally infrequent and low margin orders. The Division also produced such fabric during the last quarter of the financial year in order to keep its production facilities running. The management of the Division believes that development of the new product lines featuring quality and sustainability would be the key opportunities in this catastrophe. Therefore, we are in touch with all of our customers and keeping close eye on this unexpected and unusual situation.

continuous struggle after the outbreak of pandemic and outcome is in shape of a healthy work force. This was possible only due to the Division's preparedness to deal with this crisis and overall determination to fight and beat this disease.

The Division already had some business experience with Health Care Sector. Therefore, management immediately took steps to explore Health Care Sector, right after emergence of the disease, due to which the Company got the earliest orders of Masks and Hospital Isolation Gowns from both local and foreign customers. Production capacities were brought back online after massive retrofitting and redesigning of production processes and counselling of workers to implement the new SOPs for fighting the spread of coronavirus. We are happy to report that the Division is working at almost full capacity.



Home Textile

The Division operated at optimum capacity levels due to plenty of orders in the pipeline despite outbreak of Covid-19 pandemic in the third quarter. Still the last quarter was a struggle to survive and sustain. Sales went down and focus was shifted to managing the responsibility of thousands of employees' health, livelihood and lives. It has become a

Garments

Profitability of the Garments Division significantly increased during the current financial year as compared to the

corresponding last financial year. This improvement in profitability is attributable to accomplishment of many milestones in the financial year which includes the highest production efficiencies, remarkable quality performance, investments made in research and development, human development and automated equipment to boost production.

Outbreak of Covid-19 has severely affected the growth trajectory of the Division. Management is observing many of the social and environmental consequences of post-pandemic economic structures, expecting a major shift in worldwide consumption approach for fashion. Instead utilization of natural resources under linear economic model of take, make and dispose - world would be tending towards more of circular or regenerative approach based on renewal and reuse. Therefore, the Division would be taking multiple sustainable initiatives throughout our operations by considering current crisis as an opportunity to create sustainable future. This would definitely be an excellent response towards evolving market needs and would strengthen our position as market lead.

Power Generation

Power Division completed another milestone, in line with its plan to diversify its power mix, by commissioning a 3 MW Wartsila Solar Power Plant at Sahianwala, Faisalabad in November 2019. Further plans to acquire two more Solar Power Plants for Power Divisions located at Bhikki and Ferozwatwan are under process while acquisition of a 320 KW Solar Power Plant for Lahore is at final stage. The commissioning of plant is expected before the end of the year. A 3.2 MW Steam Turbine for power plant located at Lahore was also commissioned in December 2019. This turbine generates electricity from high pressure / temperature steam produced by 9MW coal power plant before this steam is transferred at low pressure / temperature to production halls of Dyeing and Home Textile Divisions. Completion of this project has provided additional benefit from high pressure / temperature of steam which was previously wasted as steam at low pressure / temperature is required in fabric dyeing and finishing process. This has resulted in cost saving by around 30% in Coal Power Plant, Lahore.

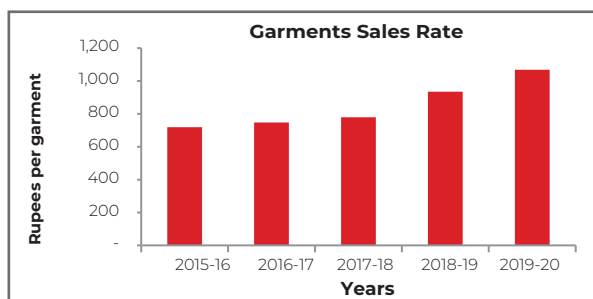
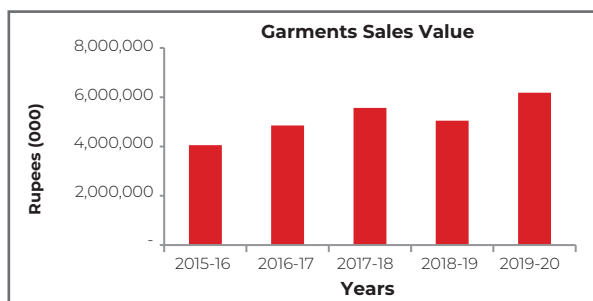
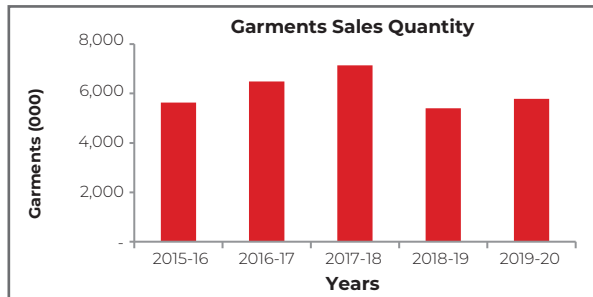
RISKS AND OPPORTUNITIES

Nishat Mills Limited takes risks and creates opportunities in the normal course of business. Taking risk is important to remain competitive and ensure sustainable success. Our risk and opportunity management encompass an effective framework to conduct business in a well-controlled environment where risk is mitigated and opportunities are availed. Each risk and opportunity are properly weighted and considered before making any choice. Decisions are formulated only if opportunities outweigh risks.

Following is the summary of risks and strategies to mitigate those risks:

STRATEGIC RISKS

We are operating in a competitive environment where innovation, quality and cost matters, especially, in post Covid-19 world. This risk is mitigated through continuous research & development and persistent introduction of new technologies under BMR. Strategic risk is considered as the most crucial of all the risks. Head of all business divisions meet at regular intervals to form an integrated approach towards tackling risks present both at the international and national level.



BUSINESS RISKS

The Company faces a number of following business risks:

Cotton Supply and Price

The supply and prices of cotton is subject to the act of nature and demand dynamics of local and international cotton markets. There is always a risk of non-availability of cotton and upward shift in the cotton prices in local and international markets. The Company mitigates this risk by the procurement of the cotton in bulk at the start of the harvesting season.

Export Demand and Price

The exports are major part of our revenue. We face the risk of pandemics, competition and decline in demand of our products in international markets. We minimize this risk by building strong relations with customers, broadening our customer base, developing innovative products without compromising on quality and providing timely deliveries to customers.

Energy Availability and Cost

The rising cost and un-availability of energy i.e. electricity and gas shortage is a major threat to manufacturing industry. This risk, if remains unmitigated, can render us misfit to compete in the international markets. The Company has mitigated the risk of rising energy cost by opting for diversified fuels such as coal, furnace oil, bio-mass, diesel along with solar energy. The measures to conserve energy have also been taken at all manufacturing facilities of the Company. Likewise, risk of non-availability of the energy has been minimized by installing power plants for generating electricity at all locations of the Company along with securing electricity connections from WAPDA.

FINANCIAL RISKS

The Board of Directors of the Company is responsible to formulate the financial risk management policies which are implemented by the Finance Department of the Company. The Company faces the following financial risks:

Currency risk

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD), Arab Emirates Dirham (AED), Euro and Japanese Yen (JPY). The Company's foreign exchange risk exposure is restricted to the bank balances and the amounts receivable / payable from / to the foreign entities.

Interest rate risk

The Company's interest rate risk arises from long term financing, short term borrowings, loans and advances to subsidiary companies and bank balances in saving accounts. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

Credit risk

The Company's credit exposure to credit risk and impairment losses relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial standing and we have a long-standing business relationship with all our customers. We do not expect nonperformance by our customers; hence, the credit risk is minimal.

Liquidity risk

It is at the minimum due to the availability of enough funds through committed credit facilities from the Banks and Financial institutions.

Capital risk

When managing capital, it is our objective to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company maintains low leveraged capital structure. We monitor the capital structure on the basis of the gearing ratio. Our strategy is to keep the gearing ratio at the maximum of 40% equity and 60% debt.

OPPORTUNITIES

As the leading textile company of the country, the Company is in a position to avail and exploit a number of opportunities. Following is the summary of some exciting opportunities.

- Regionally diversified customer base across the world provides a sustainable growth to export sales;
- Vibrant local and international subsidiary companies create demand for our products;
- Vertical integration makes it possible to exploit operational synergies;
- Abundant supply of cotton in the country;
- High population growth of the country is a source of suitable manpower and a stimulus in creating the demand for textile products.

TEXTILE INDUSTRY OVERVIEW

Financial Year 2019-20 was very challenging, right from start of the year, for the textile industry due to global stagnation of demand, increase in cost of doing business, trade suspension with India and imposition of 17% sales tax on textile products. Collective effect of all these factors was decrease in profitability and cashflow squeeze. Yet, the worst came during the third quarter in the form of worldwide outbreak of Covid-19 pandemic. It increased the troubles of already struggling textile sector and led to closure of many small and medium sized units. Moreover, thousands of employees, across all segments of textile sector, have been laid off.

Although the spread of disease has slowed down, pandemic is not yet over. It has come out to be another factor that will contribute in low demand of textile products because of decrease in household income as a result of very high unemployment rate all over the world. Therefore, future dynamics of textile sector are not going to significantly improve in the next financial year.

SUBSIDIARY COMPANIES

The Company has also annexed consolidated financial statements along with separate financial statements in accordance with the requirements of International Financial Reporting Standards and Companies Act, 2017. Following is a brief description of all subsidiary companies of Nishat Mills Limited:

1. Nishat Power Limited

The Company owns and controls 51.01% shares of this subsidiary. The subsidiary is listed on Pakistan Stock Exchange Limited. The principle business of the subsidiary is to build, operate and maintain a fuel powered station having gross capacity of 200MW in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The subsidiary commenced its commercial production on 09 June 2010.

2. Nishat Linen (Private) Limited

This is a wholly owned subsidiary of the Company. The principal objects of the Subsidiary are to operate retail outlets for sale of textile and other products and to sell the textile products by processing the textile goods in own and outside manufacturing facilities. The subsidiary started its operations in July 2011 and is presently operating 110 retail outlets including e-stores in Pakistan.

3. Nishat Hospitality (Private) Limited

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

4. Nishat Commodities (Private) Limited

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

5. Lalpir Solar Power (Private) Limited

Lalpir Solar Power (Private) Limited is a private limited Company incorporated in Pakistan on 09 November 2015. It is a wholly owned subsidiary of Nishat Power Limited which is a subsidiary of Nishat Mills Limited. The financial statements of the subsidiary have been prepared on non-going concern basis. The explanation of which has been provided in Note 1(a) of the Consolidated Financial Statements and Directors' Report on the Consolidated Financial Statements.

6. Nishat Linen Trading LLC

Nishat Linen Trading LLC is a limited liability company incorporated in Dubai, UAE. It is a

wholly owned subsidiary of the Company. The subsidiary is principally engaged in trading of textile, blankets, towels, linens, ready-made garments, garments accessories and leather products along with ancillaries thereto through retail outlets and warehouses across United Arab Emirates. The subsidiary started its commercial operations in May 2011 and is presently operating 11 retail outlets in UAE.

7. Nishat International FZE

This is also a wholly owned subsidiary of Nishat Mills Limited. It was incorporated as a Free Zone Establishment limited Liability Company in Jebel Ali Free Zone, Dubai according to the laws of United Arab Emirates (UAE). It has been registered in the FZE register on February 07, 2013. The principal activity of the Subsidiary Company is trading in textile products such as blankets, towels & linens, ready-made garments, garments accessories and leather products such as shoes, handbags and all such ancillaries thereto.

8. Nishat Global China Company Limited

Nishat Global China Company Limited is incorporated in Yuexiu District, Guangzhou, China, as Foreign Invested Commercial Enterprises "FICE", in accordance with the Law of Peoples Republic of China on Foreign-Capital enterprises and other relevant Laws and Regulations. Nishat Global China Company Limited is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The principal business of the Subsidiary is wholesale, commission agency (excluding auction), import and export of textile goods and women fashion accessories. The subsidiary started its commercial operations in January 2014.

9. Nishat USA Inc.

The subsidiary is a corporation service company incorporated in the State of New York. It is a wholly owned subsidiary of the Company and was acquired by the Company on 01 October 2008. The corporation is a liaison office of the Company's marketing department providing access, information and other services relating to US Market.

CORPORATE SOCIAL RESPONSIBILITY

The Company takes a number of initiatives regarding the discharge of its responsibility towards society. Following is the brief snapshot of Corporate Social Responsibility (CSR) activities:

Environment Protection

Environment protection is the key focus area and the Company regularly invests to safeguard and protect environment. The Company has installed Effluent Water treatment plants at all dyeing, printing and garments production facilities in order to eliminate the hazardous impact of usage of textile chemicals on water. These plants have been in operations for many years. These plants treat the water used in production process for contamination and other impurities before its final drainage. The Company also regularly carries out tree plantation drive at its offices and factories.

Energy Conservation

Availability of cheap energy is the biggest challenge for the textile industry. Higher cost of energy as compared to our competitors in China, India and Bangladesh has severally affected our competitiveness in international market. Therefore, conservation of energy is top priority and the Company has embraced techniques such as replacement of existing conventional tube lights with LED lights, by installing waste and heat recovery plants to generate steam from gas engine exhaust and implementation of code of conducts for employees to promote energy conservation.

Waste Recycling

In addition to acquiring new environment friendly technologies, the Company also invests in recycling of waste generated from its operations which not only eliminates wastes but also reduces cost. The caustic soda recovery plant has been in operation for the last 18 years at our dyeing and finishing plant. The Company has also installed water treatment plants, cotton recycling plants and oil recycling machines at different sites to recycle the water, textile waste and oil for maximum saving of natural resources.



Occupational Safety and Health

Health and safety of the workers and staff is the most important thing for the Company. After the outbreak of coronavirus pandemic in the third quarter of the year, the Company immediately formulated a crisis management team which implemented the directives issued by Punjab Government regarding preventing the spread of the disease. The team launched a campaign at all locations of the Company and its surrounding for the awareness of appropriate precautions which an individual should take to save himself / herself and colleagues.

The Company also regularly organizes medical camps for malaria, typhoid, dengue and eye sight. Further regular fumigation is carried out at premises of all manufacturing facilities by using fogging machines to prevent dengue. The Company has also established dispensaries under the supervision of qualified doctors at its production facilities which are equipped with ambulances.

Equal Opportunity Employer

Diversity and ethics are the core value of the Company. The Company provides equal opportunity for employment and career progression to all irrespective of gender, class and religious discrimination. Majority of the workforce employed in Home Textile and Garments Divisions are women.

Community Welfare Schemes

The Company regularly carries out schemes of social welfare in areas adjacent to its manufacturing facilities by engaging its staff and using its money. The Company regularly organizes medical camps for malaria, typhoid and eye sight for the people living in the surroundings of its manufacturing facilities.

Consumer Protection Measures

The Company is also deeply concerned with consumers protection on humanitarian as well as business perspective. The Company has acquired the certification of Customs-Trade Partnership Against Terrorism (C-TPAT) at all its production facilities. C-TPAT is a voluntary supply chain security program aimed at improving the security of private companies' supply chains with respect to terrorism. Further the Company has obtained OEKO Tex Standards 100, SA-8000, WRAP and SEDEX certifications.

CORPORATE GOVERNANCE

Best Corporate Practices

Directors are committed to good corporate governance and comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Rule Book of Pakistan Stock Exchange.

The statement of compliance with the CCG Regulations, 2019 is enclosed.

Composition of Board of Directors

Clause 34 (2) (i, ii and iii) of Listed Companies (Code of Corporate Governance) Regulations 2019 requires the disclosure of composition of the Board and its Committees. Such disclosures are given in serial No. 1, 2 and 12 of "Statement of Compliance" annexed to the Annual Report.

Board Committees:

Audit Committee

The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. During the year under review, four Audit Committee Meetings were held, attendance position was as under:-

Sr.#	Name of Director	No. of Meetings Attended
1	*Mrs. Mehak Adil (Chairperson/Member)	-
2	Syed Zahid Hussain (Member)	4
3	*Mr. Mahmood Akhtar (Member)	3
4	*Mr. Farid Noor Ali Fazal (Member)	3

*Mrs. Mehak Adil was appointed as member in place of Mr. Mahmood Akhtar and as a chairperson in place of Syed Zahid Hussain with effect from April 01, 2020. Mr. Mahmood Akhtar was re-appointed as member in place of Mr. Farid Noor Ali Fazal with effect from April 29, 2020.

Human Resource & Remuneration (HR&R) Committee

The Human Resource & Remuneration Committee is performing its duties in line with its terms of reference as determined by the Board of Directors. During the year under review, two Human Resource & Remuneration Committee Meeting was held, attendance position was as under:-

Sr.#	Name of Director	No. of Meetings Attended
1	Mian Umer Mansha (Member)	-
2	*Mrs. Sara Aqeel (Chairperson/Member)	-
3	Mr. Mahmood Akhtar (Member)	1
4	*Syed Zahid Hussain (Member)	1

*Mrs. Sara Aqeel appointed as member / chairperson of HR&R Committee in place of Syed Zahid Hussain with effect from April 01, 2020.

Meetings of the Board of Directors

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

Sr.#	Name of Director	No. of Meetings Attended
1	Mian Umer Mansha (Chief Executive Officer)	3
2	Mian Hassan Mansha (Chairman)	4
3	Syed Zahid Hussain	4
4	Mr. Mahmood Akhtar	4
5	*Mr. Maqsood Ahmad	3
6	*Mr. Ghazanfar Hussain Mirza	3
7	Mr. Farid Noor Ali Fazal	3
8	*Mrs. Sara Aqeel	1
9	*Mrs. Mehak Adil	-

*Mrs. Mehak Adil and Mrs. Sara Aqeel were appointed as Directors in place of Mr. Maqsood Ahmad and Mr. Ghazanfar Hussain Mirza with effect from April 01, 2020.

Directors' Statement

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

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts 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.
- Value of investments in respect of retirement benefits fund: Provident Fund: 30th June, 2020: Rs. 3,562.395 Million Un-audited, 2019: Rs. 3,379.582 Million-Audited).

Transactions with related parties

The Company has fully complied with best practices on Transfer Pricing as contained in the Listing Regulations of Pakistan Stock Exchange and Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 while executing all transactions with related party. The detail of arrangements for transactions, as approved by the Board during the year, other than transactions in the ordinary course of business is as follows:

- Further equity investment of up to Rs. 2,144 billion in MCB Bank Limited, an associated company, to earn dividend and prospective capital gains.
- Further investment of up to Rs. 1 billion as loan and advances in Nishat Hotels and Properties Limited, an associated company, in accordance with its investment policy to earn higher interest rate as compared to other investment opportunities available to company.
- Equity investment of up to Rs. 950 million in Nishat Sutas Dairy Limited, an associated company, to earn dividend and prospective capital gains.
- Further equity investment from Rs. 960 million to Rs. 1,267.680 million in Hyundai Nishat Motor (Private) Limited, an associated company, to earn dividend and prospective capital gains.
- Investment in Hyundai Nishat Motor (Private) Limited, an associated company by way of guarantee / continuing Stand by letter(s) of Credit (SBLC) from Rs. 1200 million to Rs. 1,532.544 million.

Auditors

Financial Statement of the Company for the year ended 30 June 2020 have been audited by M/s Riaz Ahmed & Company, Chartered Accountants who have given an unqualified report. Current auditors will retire on the conclusion of Annual General Meeting of the Company. Being eligible, M/s Riaz Ahmed & Company, Chartered Accountants have offered themselves for reappointment for the year ending 30 June 2021.

SUBSEQUENT EVENTS

No material changes and commitments affecting the financial position of the Company occurred between 30 June 2020 and 18 September 2020.

FUTURE PROSPECTS

Economic uncertainty inflicted by Covid-19 pandemic has greatly affected the future planning and current performance of the Company. So far, our years old strategy to diversify our product range paid off because we were able to sell to health care sector as soon as pandemic emerged.

Apart from coronavirus pandemic, other major challenge is expected rise in cotton prices due to shortage of cotton crop as a result of floods and heavy rains in cotton growing areas. Management is aware of the ensuing problems and has prepared its strategic plans accordingly.

Planned expansion of towel manufacturing unit in June 2020 has been delayed due to delay in shipments of machinery and unavailability of foreign consultants who could not reach Pakistan because of lockdown. The revised date of commissioning of the unit is expected in the first quarter of FY 2020-21.

For and on behalf of the Board of Directors.



Mian Umer Mansha
Chief Executive Officer

Lahore
18 September 2020

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

DIRECTORS' REMUNERATION

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

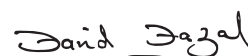
- The Company shall not pay remuneration of its non-executive directors including independent directors except for meeting fee for attending the Board and its Committees' meetings.
- The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending of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

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding as at June 30, 2020, which is required to be disclosed under the reporting framework, is annexed to this report.

ACKNOWLEDGEMENT

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



Farid Nour Ali Fazal
Director

FINANCIAL HIGHLIGHTS

Rupees in thousand

	2020	2019	2018	2017	2016	2015	
Summarized Statement of Financial Position							
Non-Current Assets							
Property, Plant and Equipment	31,292,722	28,968,219	28,180,049	27,767,699	24,715,095	24,357,269	
Long Term Investments	37,979,074	34,930,333	44,757,279	60,008,322	55,399,080	51,960,454	
Other Non-Current Assets	865,591	849,580	756,020	756,107	634,214	631,833	
Current Assets							
Stores, Spares and Loose Tools	2,256,569	3,102,988	1,714,031	2,106,878	1,269,509	1,335,763	
Stock in Trade	20,753,543	17,008,459	12,243,652	12,722,712	9,933,736	10,350,193	
Short Term Investments	-	-	2,581,520	2,535,973	2,065,217	2,189,860	
Other Current Assets	17,513,415	15,685,813	12,503,482	11,632,584	12,582,368	10,314,628	
Total Assets	110,660,914	100,545,392	102,736,033	117,530,275	106,599,219	101,140,000	
Shareholders' Equity	71,427,860	66,615,270	75,713,145	88,762,796	82,155,155	76,142,823	
Non-Current liabilities							
Long Term Financing	9,222,781	5,259,927	5,190,839	5,245,629	4,629,456	5,582,220	
Deferred Tax	302,672	215,440	571,833	783,292	261,567	247,462	
Current Liabilities							
Short Term Borrowings	19,329,768	17,982,262	12,507,590	14,697,393	10,475,657	11,524,143	
Current Portion of Long Term Liabilities	703,032	1,784,470	2,144,900	2,093,024	1,980,768	1,783,250	
Other Current Liabilities	9,674,801	8,688,023	6,607,726	5,948,141	7,096,616	5,860,102	
Total Equity and Liabilities	110,660,914	100,545,392	102,736,033	117,530,275	106,599,219	101,140,000	
Statement of Profit or Loss							
Sales	60,904,096	63,499,029	53,729,124	49,247,657	47,999,179	51,200,223	
Gross Profit	7,276,126	7,656,601	5,550,446	5,379,838	6,239,391	6,046,784	
EBITDA	8,719,892	11,211,441	8,395,775	8,233,100	8,937,616	8,260,046	
Other Income	3,032,390	5,158,380	4,102,639	4,259,666	4,079,054	3,982,009	
Profit Before Tax	4,479,284	6,897,048	4,957,127	5,020,342	5,725,038	4,389,925	
Profit After Tax	3,506,284	5,859,048	4,097,127	4,262,342	4,923,038	3,911,925	
Cash Flows							
Cash Flow from Operating Activities	1,560,005	905,102	2,153,808	(1,381,006)	4,704,482	5,298,151	
Cash Flow from Investing Activities	(4,828,502)	(3,957,796)	1,851,315	(3,890,837)	735,980	(3,042,332)	
Cash Flow from Financing Activities	2,820,113	3,524,492	(3,944,241)	3,200,620	(3,377,513)	(5,005,916)	
Changes in Cash & Cash Equivalents	(448,384)	471,798	60,882	(2,071,223)	2,062,949	(2,750,097)	
Cash and Cash Equivalent - Year End	128,241	576,625	104,827	43,945	2,115,168	52,219	
Ratios							
Profitability Ratios							
Gross Profit	%	11.95	12.06	10.33	10.92	13.00	11.81
EBITDA to sales	%	14.32	17.66	15.63	16.72	18.62	16.13
Pre tax Profit	%	7.35	10.86	9.23	10.19	11.93	8.58
After tax Profit	%	5.76	9.23	7.63	8.65	10.26	7.64
Return on Equity	%	5.08	8.23	4.98	4.99	6.22	5.41
Return on Capital Employed	%	7.82	11.16	6.75	6.53	8.01	7.79
Operating Leverage Ratio		7.38	2.42	0.03	(4.75)	(1.66)	3.21

	2020	2019	2018	2017	2016	2015
Liquidity Ratios						
Current Ratio	1.36	1.26	1.37	1.28	1.32	1.26
Quick Ratio	0.59	0.55	0.71	0.62	0.75	0.65
Cash to Current Liabilities	Times	-	0.02	-	0.11	-
Cash Flows from Operations to Sales	Times	0.03	0.01	0.04	(0.03)	0.10

Activity / Turnover Ratios							
Inventory Turnover Ratio	Times	2.84	3.82	3.86	3.87	4.12	3.91
No. of Days in Inventory	Days	128.87	95.55	94.56	94.32	88.83	93.35
Debtors Turnover Ratio	Times	13.48	14.53	17.12	21.89	18.22	17.22
No. of Days in Receivables	Days	27.15	25.12	21.32	16.67	20.09	21.20
Creditors Turnover Ratio	Times	3.49	4.39	4.46	4.30	4.65	5.84
No. of Days in Creditors	Days	104.87	83.14	81.84	84.88	78.71	62.50
Operating Cycle	Days	51.15	37.53	34.04	26.11	30.21	52.05
Total Assets Turnover Ratio	Times	0.55	0.63	0.52	0.42	0.45	0.51
Fixed Assets turnover Ratio	Times	1.95	2.19	1.91	1.77	1.94	2.10

Investment / Market Ratios							
Earnings Per Share	Rs.	9.97	16.66	11.65	12.12	14.00	11.13
Price Earning Ratio	Times	7.82	5.60	12.10	13.09	7.71	10.26
Dividend Yield Ratio	%	5.13	4.29	3.37	3.15	4.63	3.94
Dividend Payout Ratio	%	40.12	24.01	40.77	41.24	35.71	40.43
Dividend Cover Ratio	Times	2.49	4.17	2.45	2.42	2.80	2.47
Dividend Per Share	Rs.	4.00	4.00	4.75	5.00	5.00	4.50
Break-up Value	Rs.	203.15	189.46	215.34	252.45	233.66	216.56
Proposed Dividend	%	40.00	40.00	47.50	50.00	50.00	45.00

Market value per share							
Closing	Rs.	78.01	93.34	140.92	158.68	107.90	114.23
High	Rs.	119.75	153.73	171.56	185.63	86.83	137.49
Low	Rs.	53.00	91.69	130.03	110.65	122.05	97.00

Capital Structure Ratios							
Financial Leverage Ratio	%	40.96	37.57	26.21	24.83	20.80	24.81
Weighted Average Cost of Debt	%	5.54	7.44	4.75	4.68	5.82	8.43
Debt to Equity Ratio	%	12.91	7.90	6.86	5.91	5.64	7.33
Interest Cover Ratio	Times	3.98	5.13	5.99	6.49	6.47	3.52
Gearing Ratio	%	29.06	27.31	20.77	19.89	17.22	19.88

Production machines							
No. of Spindles		262,035	247,968	238,032	230,736	227,640	227,640
No. of Looms		790	790	794	795	805	789
No. of Thermosole Dyeing Machines		5	5	5	5	6	6
No. of Rotary Printing Machines		4	4	4	4	4	4
No. of Digital Printing Machines		10	9	8	7	2	2
No. of Stitching Machines		3,592	4,149	4,239	3,757	3,400	2,706

STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company : Nishat Mills Limited
Year ended : June 30, 2020

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

1. The total number of directors are Seven (7) as per the following:
 - a. Male: 5
 - b. Female: 2
2. The composition of board is as follows:

Category	Names
Independent Directors	Mrs. Sara Aqeel Mrs. Mehak Adil
Non-Executive Directors	Mian Hassan Mansha Syed Zahid Hussain Mr. Mahmood Akhtar Mr. Farid Noor Ali Fazal
Executive Director	Mian Umer Mansha (Chief Executive Officer)

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program for the following:

Names of Directors

Mr. Mahmood Akhtar
Mr. Farid Noor Ali Fazal

Following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program:

Names of Directors

Mian Umer Mansha
Syed Zahid Hussain

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

a) Audit Committee:

Names	Designation held
Mrs. Mehak Adil	Chairperson
Syed Zahid Hussain	Member
Mr. Mahmood Akhtar	Member

b) HR and Remuneration Committee:

Names	Designation held
Mrs. Sara Aqeel	Chairperson
Mian Umer Mansha	Member
Mr. Mahmood Akhtar	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee:

Four quarterly meetings were held during the financial year ended June 30, 2020.

b) HR and Remuneration Committee:

One meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2020.

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute nomination committee after next election of directors.	29
2	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and a senior officer of the Company performs the requisite functions and apprise the Board accordingly. The Board shall consider to constitute risk management committee after next election of directors.	30
3	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35
4	Representation of Minority shareholders The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest election as director representing minority shareholders.	5
5	Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)

20. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.



Mian Hassan Mansha
Chairman

Lahore
18 September 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nishat Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

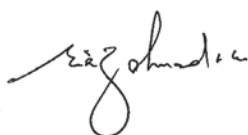
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Nishat Mills Limited (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
September 18, 2020

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the Members of Nishat Mills Limited (the "Company") will be held on October 28, 2020 (Wednesday) at 03:30 p.m. at Emporium Mall, the Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore, to transact the following business:

1. To receive, consider and adopt the Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2020 together with the Chairman Review, Directors' and Auditors' reports thereon.
2. To approve Final Cash Dividend @ 40% [i.e. Rs. 4/- (Rupees Four Only) Per Ordinary Share] as recommended by the Board of Directors.
3. To appoint statutory Auditors for the year ending June 30, 2021 and fix their remuneration.

By order of the Board



(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

Lahore
September 18, 2020

NOTES:

BOOK CLOSURE NOTICE: -

The Ordinary Shares Transfer Books of the Company will remain closed from 21-10-2020 to 28-10-2020 (both days inclusive) for entitlement of 40% Final Cash Dividend [i.e. Rs.4/- (Rupees Four Only) Per Ordinary Share] for the year ended June 30, 2020 and attending and voting at Annual General Meeting. Physical transfers / CDS Transactions IDs received in order in all respects up to 1:00 p.m. on 20-10-2020 at the office of Share Registrar, THK Associates (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: Siddique Trade Centre, Office No.PL-29, PL Floor, 72 Main Boulevard, Gulberg II, Lahore, shall be considered in time for entitlement of above said 40% Final Cash Dividend and attending of AGM.

Proxies

A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

Shareholders are requested to immediately notify the change in address, if any.

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

A. For Attending the Meeting

- a. In case of Individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his / her identity by showing his / her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Deduction of Withholding Tax on Dividend:

Pursuant to the provisions of the Finance Act, 2019 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- Filler 15%
- Non-Filler 30%

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

Deduction of Withholding Tax on Dividend in case of Joint Account Holders:

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar THK Associates (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: Siddique Trade Centre, Office No.PL-29, PL Floor, 72 Main Boulevard, Gulberg II, Lahore, latest by October 20, 2020, otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		Nishat Mills Limited
Folio No. / CDS A/C No.		
No. of Shares Held		
Principal Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholder(s)	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

Signature of Primary Shareholder_____

EXEMPTION OF WITHHOLDING TAX:

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, Share Registrar THK Associates (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: Siddique Trade Centre, Office No.PL-29, PL Floor, 72 Main Boulevard, Gulberg II, Lahore, up to October 20, 2020.

SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC if not already provided to the Company or our Share Registrar, THK Associates (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: Siddique Trade Centre, Office No.PL-29, PL Floor, 72 Main Boulevard, Gulberg II, Lahore. The Shareholders while sending CNIC must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and would be constrained under SECP's Order dated June 08, 2016 under Section 251(2) of the Companies Ordinance, 1984 to withhold the dispatch of dividend warrants to such shareholders.

ZAKAT DECLARATION (CZ-50):

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDC-Sub Account or CDC Investor Account) or to our Share Registrar, M/s. THK Associates (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: Siddique Trade Centre, Office No.PL-29, PL Floor, 72 Main Boulevard, Gulberg II, Lahore. The Shareholders while sending the Zakat Declarations, as the case may be must quote company name and their respective folio numbers.

Shareholders should also notify our Share Registrar, THK Associates (Private) Limited regarding any change in their addresses.

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

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

Company to credit your future dividend promptly, if any.

Folio No. / Investor Account Number / CDC Sub Account No.																				
Title of Account																				
IBAN Number																				
Bank Name																				
Branch																				
Branch Address																				
Mobile Number																				
Name of Network (if ported)																				
Email Address																				

Signature of Shareholder_____

Transmission of Annual Financial Statements through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I) / 2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.nishatmillsLtd.com and send the said form duly signed by the shareholder along with copy of his / her CNIC to the Company's Share Registrar M/s THK Associates (Private) Limited. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent in compact disk to the registered address of the shareholders.

Circulation of Annual Reports through Digital Storage:

Pursuant to the SECP's notification SRO 470 (I) / 2016 dated 31st May, 2016 the Members of Nishat Mills Limited in EOGM held on 31st March 2017 had accorded their consent for transmission of annual reports including audited annual financial statements and other information contained therein of the Company through CD / DVD / USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

Unclaimed Dividend / Shares:

Shareholders who could not collect their dividend / physical shares are advised to contact our Share Registrar to collect / enquire about their unclaimed dividend or shares, if any.

Video Conference Facility:

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at their address at least 7 days prior to the date of the meeting on the Standard Form available on the website of the Company.

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

Name of Investee Company	MCB Bank Limited	Hyundai Nishat Motor (Private) Limited		Nishat Hotels and Properties Limited		Nishat Sutas Dairy Limited
Total Investment Approved:	Equity investment up to Rupees 2.144 billion for the period of three (3) years was approved by members in EOGM held on March 31, 2020.	Equity investment up to Rupees 960 million was approved by members in EOGM held on March 28, 2018 which was subsequently enhanced up to Rs. 1,267.680 million for the period of four (4) years by members in AGM held on October 28, 2019.	Guarantee / continuing Stand by Letter(s) of Credit (SBLC) for an amount of up to Rupees 1,200 million was approved by members in EOGM held on March 28, 2018 which was subsequently enhanced up to Rupees 1,532.544 million for a tenure of 7.5 years by members in AGM held on October 28, 2019.	Equity investment up to Rupees 200 million was approved for the period of three (3) years by members in EOGM held on April 17, 2019.	Investment of Rs. 1 billion by way of working capital loan was approved for the period of one year by members in AGM held on October 28, 2019.	Equity investment upto Rupees 950 million was approved for the period of three (3) years by members in AGM held on October 28, 2019.
Amount of Investment Made to date:	Nil	Investment of Rupees 1,017.886 million has been made against this approval to date.	Bank guarantees of up to Rs. 1,451 million have been issued against this approval to date.	Investment of Rupees 29.61 million has been made against this approval to date.	Nil	Investment of Rupees 166.300 million has been made against this approval to date.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	No investment has been made in investee company after the approval. Investment will be made depending on market conditions at appropriate time.	Partial investment has been made in investee company. Further investment will be made depending on the financial need of investee company.	Eight bank guarantees from different banks have been extended after the approval. Further guarantees will be arranged on requirement of investee company.	Partial investment has been made in investee company. Further investment will be made depending on the financial need of investee company.	No loan has been extended after the approval because fund request has not yet been made by the investee company.	Partial investment has been made in investee company. Further investment will be made depending on the financial need of investee company.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval and as per latest available audited financial statements for the year ended December 31, 2019 the basic earnings per share was Rs. 20.23 and breakup value per share was Rs. 142.54. As per latest available half yearly financial statements for the half year ended June 30, 2020 the basic earnings per share is Rs. 11.15 and breakup value per share is Rs. 156.01.	As per latest available audited financial statements for the year ended December 31, 2018 the basic loss per share was Rs. 1.44 and breakup value per share was Rs. 9.03. As per latest available audited financial statements for the year ended December 31, 2019 the basic loss per share is Rs. 1.13 and breakup value per share is Rs. 8.97. As per latest available half yearly financial statements for the half year ended June 30, 2020 the basic loss per share is Rs. 1.721 and breakup value per share is Rs. 7.35.	As per latest available audited financial statements for the year ended December 31, 2018 the basic loss per share was Rs. 1.44 and breakup value per share was Rs. 9.03. As per latest available audited financial statements for the year ended December 31, 2019 the basic loss per share is Rs. 1.13 and breakup value per share is Rs. 8.97. As per latest available half yearly financial statements for the half year ended June 30, 2020 the basic loss per share is Rs. 1.721 and breakup value per share is Rs. 7.35.	At the time of approval, as per latest available audited financial statements for the year ended June 30, 2018, the basic loss per share was Re.0.30 and breakup value per share was Rs. 12.65. As per latest available annual financial statements for the year ended June 30, 2020 the basic loss per share is Rs. 1.36 and breakup value per share is Rs. 18.43.	At the time of approval, as per latest available audited financial statements for the year ended June 30, 2019 the basic profit per share was Rs. 1.42 and breakup value per share was Rs. 18.09. As per latest available annual financial statements for the year ended June 30, 2020 the basic loss per share is Rs. 1.36 and breakup value per share is Rs. 18.43.	At the time of approval, the investee company had not commenced its operations, therefore EPS and breakup value of share was not available. As per latest available audited financial statements for the year ended December 31, 2019 the basic loss per share is Rs. 2.29 and breakup value per share is Rs. 7.71. As per latest available half yearly financial statements for the half year ended 30 June 2020, the basic loss per share is Re. 1.33 and breakup value per share is Rs. 6.38.





Financial Statements of
Nishat Mills Limited
for the year ended June 30, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Nishat Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Nishat Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p>Inventory existence and valuation</p> <p>Inventory as at 30 June 2020 amounted to Rupees 23,010.112 million, break up of which is as follows:</p> <ul style="list-style-type: none"> - Stores, spare parts and loose tools Rupees 2,256.569 million - Stock-in-trade Rupees 20,753.543 million <p>Inventory is measured at the lower of cost</p>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management;

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>and net realizable value.</p> <p>We identified existence and valuation of inventory as a key audit matter due to its size, representing 20.79% of the total assets of the Company as at 30 June 2020, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories note 2.16 to the financial statements. - Stores, spares parts and loose tools note 18 and Stock-in-trade note 19 to the financial statements. 	<ul style="list-style-type: none"> • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets; • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice; • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any; • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory; • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs; and • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
2.	<p>Investments in equity securities</p> <p><i>Quoted investments:</i></p> <p>The Company's portfolio of quoted investments, except for investment in quoted subsidiary company, makes up 26.77% of total assets. Due to materiality of quoted investments in the context of the financial statements as a whole and the requirements of applicable accounting and reporting standards relating to classification, measurement and disclosures of investments in related parties, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We documented and assessed the processes and controls in place to record investment transactions and to value the portfolio; • We agreed the valuation of all of quoted investments from prices quoted on Pakistan Stock Exchange Limited and redemption price in case of open-end mutual fund except for investment in subsidiary company measured at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'; • We agreed the holding of all quoted investments from the Account Balance Report of Central Depository Company of Pakistan Limited, Statement of Account, in case of open-end mutual fund and physical share certificates in hand; and • We verified the accuracy of management's judgement used in classification of quoted investments in related parties.

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p><i>Un-quoted investments:</i></p> <p>Investments in unquoted equity securities except for investments in unquoted subsidiary companies are accounted for as financial assets at fair value through other comprehensive income and are subject to fair valuation at each reporting date. Investments in unquoted subsidiary companies are stated at cost less impairment loss, if any. The investments as at 30 June 2020 are valued by an independent professional valuer. With reference to the valuation, management estimated the fair value of the investments at Rupees 3,809.318 million at year end.</p> <p>Investee companies are operating in Insurance, Packaging, Dairy, Hotel and Shopping Mall, Automobile and Energy sectors and therefore, fair values are highly dependent on their expansion plans and significant management judgements. Accordingly, the valuation of the investments was considered as one of the key audit matters.</p> <p>The fair values were determined based on the present value technique. The valuations involved significant judgements and estimates from management, including future business growth driven by future expansion plans, future products selling prices and operating costs of the investee, discount rate, etc.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Investments note 2.9 to the financial statements. - Long term investments note 15 to the financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We evaluated the independent professional valuer's competence, capabilities and objectivity; • We assessed the valuation methodology used by the independent professional valuer to estimate the fair value of the investments; • We checked, on a sample basis, the accuracy and reasonableness of the input data provided by management to the independent professional valuer, to supporting evidence, such as approved budgets and considering the reasonableness of these budgets by comparing the budgets to the historical results and market data; • We assessed the reasonableness of cash flows projection, challenging and performing audit procedures on management's assumptions such as the future business growth driven by future expansion plan, future products selling prices and operating costs, discount rate by comparing the assumptions to historical results and published market and industry data and comparing the current year's results with the prior year forecast and other relevant information. Our internal valuation expert has been engaged to assist the review on valuation methodology and discount rate. In addition, we had discussed with the management of the investee companies to understand the business and assessed if there was any inconsistency in the assumptions used in the cash flows projection; • We agreed holding of all un-quoted investments from physical share certificates in hand; • We performed sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in these key assumptions; and • We verified the accuracy of management calculation used for the impairment testing, in case of subsidiary companies carried at cost less impairment loss, if any.
3.	<p>Capital expenditures</p> <p>The Company is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature;

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, property, plant, equipment and deprecation note 2.6 to the financial statements. - Property, plant and equipment note 13 to the financial statements. 	<ul style="list-style-type: none"> • We evaluated the appropriateness of capitalization policies and depreciation rates; • We performed tests of details on costs capitalized; and • We verified the accuracy of management's calculation used for the impairment testing.
4.	<p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 60,904.096 million for the year ended 30 June 2020.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers note 2.23 to the financial statements. - Revenue note 26 to the financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; and • We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; and • We also considered the appropriateness of disclosures in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

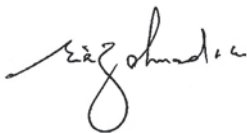
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

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

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: 18 September 2020

Statement of Financial Position

As at June 30, 2020

	Note	2020 (Rupees in thousand)	2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2019: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital	3	3,515,999	3,515,999
Reserves	4	67,911,861	63,099,271
Total equity		71,427,860	66,615,270
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	9,222,781	5,259,927
Deferred income tax liability	6	302,672	215,440
		9,525,453	5,475,367
CURRENT LIABILITIES			
Trade and other payables	7	9,357,977	8,359,680
Accrued mark-up	8	226,228	235,337
Short term borrowings	9	19,329,768	17,982,262
Current portion of non-current liabilities	10	703,032	1,784,470
Unclaimed dividend	11	90,596	93,006
		29,707,601	28,454,755
TOTAL LIABILITIES		39,233,054	33,930,122
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		110,660,914	100,545,392

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



CHIEF EXECUTIVE OFFICER

	Note	2020 (Rupees in thousand)	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	31,292,722	28,968,219
Investment properties	14	455,544	459,974
Long term investments	15	37,979,074	34,930,333
Long term loans	16	305,264	275,246
Long term deposits	17	104,783	114,360
		70,137,387	64,748,132
CURRENT ASSETS			
Stores, spare parts and loose tools	18	2,256,569	3,102,988
Stock-in-trade	19	20,753,543	17,008,459
Trade debts	20	4,326,780	4,711,061
Loans and advances	21	9,427,202	8,040,700
Short term deposits and prepayments	22	67,629	74,969
Other receivables	23	3,526,888	2,253,678
Accrued interest	24	36,675	28,780
Cash and bank balances	25	128,241	576,625
		40,523,527	35,797,260
TOTAL ASSETS		110,660,914	100,545,392


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Profit or Loss

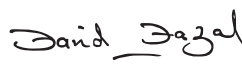
For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
REVENUE	26	60,904,096	63,499,029
COST OF SALES	27	(53,627,970)	(55,842,428)
GROSS PROFIT		7,276,126	7,656,601
DISTRIBUTION COST	28	(2,875,340)	(2,769,744)
ADMINISTRATIVE EXPENSES	29	(1,238,301)	(1,118,891)
OTHER EXPENSES	30	(213,179)	(361,132)
		(4,326,820)	(4,249,767)
		2,949,306	3,406,834
OTHER INCOME	31	3,032,390	5,158,380
PROFIT FROM OPERATIONS		5,981,696	8,565,214
FINANCE COST	32	(1,502,412)	(1,668,166)
PROFIT BEFORE TAXATION		4,479,284	6,897,048
TAXATION	33	(973,000)	(1,038,000)
PROFIT AFTER TAXATION		3,506,284	5,859,048
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	34	9.97	16.66

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income

For the year ended June 30, 2020

	2020	2019
	(Rupees in thousand)	
PROFIT AFTER TAXATION	3,506,284	5,859,048
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified to profit or loss:		
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	2,799,937	(13,572,681)
Deferred income tax relating to this item	(87,232)	356,393
	2,712,705	(13,216,288)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year - net of tax	2,712,705	(13,216,288)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	6,218,989	(7,357,240)

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Changes In Equity

For the year ended June 30, 2020

	(Rupees in thousand)								
	Share Capital	Capital Reserves		Reserves			Total Equity		
		Premium on Issue of Right Shares	Fair value reserve FVTOCI investments	Sub Total	General Reserve	Unappropriated Profit		Sub Total	Total
Balance as at 01 July 2018	3,515,999	5,499,530	24,242,741	29,742,271	38,352,028	4,032,311	42,384,339	72,126,610	75,642,609
Transaction with owners - Final dividend for the year ended 30 June 2018 @ Rupees 4.75 per share	-	-	-	-	-	(1,670,099)	(1,670,099)	(1,670,099)	(1,670,099)
Transferred to general reserve	-	-	-	-	2,427,000	(2,427,000)	-	-	-
Profit for the year	-	-	-	-	-	5,859,048	5,859,048	5,859,048	5,859,048
Other comprehensive loss for the year	-	-	(13,216,288)	(13,216,288)	-	-	-	(13,216,288)	(13,216,288)
Total comprehensive loss for the year	-	-	(13,216,288)	(13,216,288)	-	5,859,048	5,859,048	(7,357,240)	(7,357,240)
Balance as at 30 June 2019	3,515,999	5,499,530	11,026,453	16,525,983	40,779,028	5,794,260	46,573,288	63,099,271	66,615,270
Transaction with owners - Final dividend for the year ended 30 June 2019 @ Rupees 4.00 per share	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
Transferred to general reserve	-	-	-	-	4,386,000	(4,386,000)	-	-	-
Profit for the year	-	-	-	-	-	3,506,284	3,506,284	3,506,284	3,506,284
Other comprehensive income for the year	-	-	2,712,705	2,712,705	-	-	-	2,712,705	2,712,705
Total comprehensive income for the year	-	-	2,712,705	2,712,705	-	3,506,284	3,506,284	6,218,989	6,218,989
Balance as at 30 June 2020	3,515,999	5,499,530	13,739,158	19,238,688	45,165,028	3,508,145	48,673,173	67,911,861	71,427,860

Balance as at 01 July 2018

Transaction with owners - Final dividend for the year ended 30 June 2018 @ Rupees 4.75 per share
Transferred to general reserve
Profit for the year
Other comprehensive loss for the year
Total comprehensive loss for the year

Balance as at 30 June 2019

Transaction with owners - Final dividend for the year ended 30 June 2019 @ Rupees 4.00 per share
Transferred to general reserve
Profit for the year
Other comprehensive income for the year
Total comprehensive income for the year

Balance as at 30 June 2020

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

Um Nishat

CHIEF EXECUTIVE OFFICER

David Bajal

DIRECTOR

[Signature]

CHIEF FINANCIAL OFFICER

Statement of Cash Flows

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	4,014,282	3,400,455
Finance cost paid		(1,511,521)	(1,542,207)
Income tax paid		(1,009,748)	(853,336)
Exchange gain on forward exchange contracts received		107,279	13,720
Net increase in long term loans		(49,864)	(68,813)
Net decrease / (increase) in long term deposits		9,577	(44,717)
Net cash generated from operating activities		1,560,005	905,102
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(5,132,005)	(3,557,636)
Proceeds from sale of property, plant and equipment		91,403	149,082
Investments made		(808,410)	(604,609)
Loans and advances to subsidiary companies		(39,353,653)	(33,979,020)
Repayment of loans from subsidiary companies		37,941,748	30,660,227
Interest received		388,113	344,315
Dividends received		2,044,302	3,029,845
Net cash used in investing activities		(4,828,502)	(3,957,796)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		4,245,115	1,870,498
Repayment of long term financing		(1,363,699)	(2,161,839)
Short term borrowings - net		1,347,506	5,474,672
Dividend paid		(1,408,809)	(1,658,839)
Net cash from financing activities		2,820,113	3,524,492
Net (decrease) / increase in cash and cash equivalents		(448,384)	471,798
Cash and cash equivalents at the beginning of the year		576,625	104,827
Cash and cash equivalents at the end of the year		128,241	576,625

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Notes to the Financial Statements

For the year ended June 30, 2020

1 THE COMPANY AND ITS OPERATIONS

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

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

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

1.3 These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately. Details of the Company's investments in subsidiaries and associates are stated in note 15 to these financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

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

Financial instruments – fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at the reporting date.

Useful lives, patterns of economic benefits and impairment

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

Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

Income tax

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

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Impairment of investments in subsidiaries

In making an estimate of recoverable amount of the Company's investments in subsidiaries, the management considers future cash flows.

Notes to the Financial Statements

For the year ended June 30, 2020

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

d) Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- IFRS 9 (Amendments) 'Financial Instruments'
- IAS 28 (Amendments) 'Investments in Associates and Joint Ventures'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The above mentioned accounting standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

e) Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2020 or later periods:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

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

the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The International Accounting Standards Board (IASB) has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning

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of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The above amendments and improvements do not have a material impact on the financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

The Company operates an approved funded provident fund scheme covering all its permanent employees and permanent employees of a Group Company. Equal monthly contributions are made both by the Company, other Group Company and employees at the rate of 9.5 percent of the basic salary to the fund. The Company's contributions to the fund are charged to statement of profit or loss.

2.3 Taxation

Current

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

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to

items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.5 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 Property, plant, equipment and depreciation

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

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

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in note 13. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.7 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties except land, are stated at cost less accumulated depreciation and any recognized impairment loss. Land is stated at cost less any recognized impairment loss. Depreciation on buildings is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost of buildings over their estimated useful lives at a rate of 10% per annum.

Notes to the Financial Statements

For the year ended June 30, 2020

2.8 IFRS 16 "Leases"

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of IFRS 16 has no financial impact on the financial statements of the Company.

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.9 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or

Notes to the Financial Statements

For the year ended June 30, 2020

loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

2.10 Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.11 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.12 De-recognition of financial assets and financial liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.13 Offsetting of financial instruments

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

2.14 Investment in subsidiaries

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

2.15 Investment in associates - (with significant influence)

The Company is required to prepare separate financial statements, hence, in accordance with the requirements of IAS 27 'Separate Financial Statements', the investments in associates are accounted for in accordance with IFRS 9 'Financial Instruments' and are classified as fair value through other comprehensive income (FVTOCI).

2.16 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- (i) For raw materials: Annual average basis.
- (ii) For work-in-process and finished goods: Average manufacturing cost including a portion of production overheads.

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

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

2.17 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Notes to the Financial Statements

For the year ended June 30, 2020

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.18 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.19 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.20 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in statement of profit or loss.

2.21 Share capital

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

2.22 Trade and other payables

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

2.23 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Sale of electricity

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

Dividend

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

vii) Refund liabilities

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical

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data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.24 Provisions

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

2.25 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.26 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.27 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.28 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.29 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

2.30 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.31 Ijarah contracts

Under the Ijarah contracts the Company obtains usufruct of an asset for an agreed period for an agreed consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the profit and loss on straight line basis over the Ijarah term.

2.32 Segment reporting

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

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

The Company has following reportable business segments: Spinning at Faisalabad (I and II) and Feroze Wattwan (I and II) (Producing different quality of yarn including dyed yarn and sewing thread using natural and artificial fibres), Weaving at Bhikki and Lahore (Producing different quality of greige fabric using yarn), Dyeing (Producing dyed fabric using different qualities of greige fabric), Home Textile (Manufacturing of home textile articles using processed fabric produced from greige fabric), Terry (Manufacturing of terry and bath products), Garments (Manufacturing of garments using processed fabric) and Power Generation (Generation and distribution of power using gas, oil, steam, coal and biomass).

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

2.33 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.34 Dividend and other appropriations

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

Notes to the Financial Statements

For the year ended June 30, 2020

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020 (Number of Shares)	2019		Note	2020 (Rupees in thousand)	2019
270,446,606	270,446,606	Ordinary shares of Rupees 10 each fully paid-up in cash		2,704,466	2,704,466
2,804,079	2,804,079	Ordinary shares of Rupees 10 each issued to shareholders of Nishat Apparel Limited under the Scheme of Amalgamation		28,041	28,041
23,577,990	23,577,990	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	3.1	235,780	235,780
54,771,173	54,771,173	Ordinary shares of Rupees 10 each issued as fully paid bonus shares		547,712	547,712
351,599,848	351,599,848			3,515,999	3,515,999

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

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

	2020	2019
	(Number of Shares)	
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	2,050	2,050
MCB Bank Limited	227	227
Adamjee Life Assurance Company Limited	400	80,000
	30,292,178	30,371,778

	Note	2020 (Rupees in thousand)	2019
4 RESERVES			
Composition of reserves is as follows:			
Capital reserves			
Premium on issue of right shares	4.1	5,499,530	5,499,530
Fair value reserve FVTOCI investments - net of deferred income tax	4.2	13,739,158	11,026,453
		19,238,688	16,525,983
Revenue reserves			
General reserve		45,165,028	40,779,028
Unappropriated profit		3,508,145	5,794,260
		48,673,173	46,573,288
		67,911,861	63,099,271

- 4.1** This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.
- 4.2** This represents the unrealized gain on re-measurement of investments at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve - net of deferred tax is as under:

	Note	2020 (Rupees in thousand)	2019
Balance as on 01 July		11,241,893	24,814,574
Less: Fair value adjustment during the year		2,799,937	(13,572,681)
		14,041,830	11,241,893
Less: Deferred income tax liability on unquoted equity investments		(302,672)	(215,440)
Balance as on 30 June		13,739,158	11,026,453
5 LONG TERM FINANCING - SECURED			
Long term loans	5.1	9,210,417	6,000,625
Long term musharika	5.2	715,396	1,043,772
		9,925,813	7,044,397
Less: Current portion shown under current liabilities	10	(703,032)	(1,784,470)
		9,222,781	5,259,927

Notes to the Financial Statements

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Lender	2020	2019	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
5.1 Long term loans							
Allied Bank Limited	16,060	64,242	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly installments commenced on 24 August 2014 and ending on 24 May 2021 (Note 5.4).	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Pak Brunei Investment Company Limited	202,474	248,258	SBP rate for LTFF + 0.25%	Three hundred and twenty unequal installments commenced on 30 August 2018 and ending on 28 December 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million over all the present and future plant and machinery of the Company with 25% margin excluding those assets (part of the plant and machinery) on which the Company has created exclusive charges in favour of existing creditors.
Faysal Bank Limited	139,016	158,875	SBP rate for LTFF + 0.30%	Twenty unequal installments commenced on 22 November 2018 and ending on 22 May 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Company (excluding those on which charge has already been created).
Pakistan Kuwait Investment Company (Private) Limited	42,174	62,347	SBP rate for LTFF + 1.00%	One hundred and sixty unequal installments commenced on 11 June 2016 and ending on 26 January 2023 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
	16,440	21,535	SBP rate for LTFF + 0.75%	Two hundred and fifty eight unequal installments commenced on 15 September 2016 and ending on 29 September 2023 (Note 5.4).	-	Quarterly	Ranking hypothecation charge of Rupees 267 million on plant and machinery of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing charge holders / creditors).
	58,614	83,882					
The Bank of Punjab	169,255	240,098	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced on 30 January 2017 and ending on 07 April 2023 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 667 million on present and future fixed assets (plant and machinery) of the Company.

Lender	2020	2019	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
National Bank of Pakistan	44,466	60,780	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ending on 03 June 2023 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 534 million on all present and future plant and machinery (excluding plant and machinery which is under exclusive charges of Company's creditors).
Allied Bank Limited	609,478	771,359	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 27 March 2018 and ending on 05 June 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,333 million (inclusive of 25% margin on all present and future plant and machinery of the Company).
Bank Alfalah Limited	596,935	751,071	SBP rate for LTFF + 0.35%	Four hundred and sixty unequal installments commenced on 02 February 2018 and ending on 25 May 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).
Bank Alfalah Limited	182,592	224,729	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commenced on 31 August 2018 and ending on 31 May 2024 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 400 million with 25% margin on present and future plant and machinery of the Company.
Allied Bank Limited	772,933	934,678	SBP rate for LTFF + 0.25%	Four hundred and eighty four unequal installments commenced on 28 December 2018 and ending on 13 July 2025 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Habib Bank Limited	461,591	619,963	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commenced on 17 September 2017 and ending on 25 November 2023 (Note 5.4).	-	Quarterly	Note 5.3

Notes to the Financial Statements

For the year ended June 30, 2020

Lender	2020	2019	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Faysal Bank Limited	267,338	296,361	SBP rate for LTFF + 0.30%	Eighty unequal installments commenced on 18 January 2020 and ending on 05 November 2025 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).
Allied Bank Limited	908,011	778,483	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 26 January 2020 and ending on 17 September 2026 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,267 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Habib Bank Limited	937,145	767,846	SBP rate for LTFF + 0.25%	Twenty four unequal installments commenced on 27 February 2020 and ending on 27 November 2025 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 4,084 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Allied Bank Limited	222,715	-	SBP rate for LTFF + 0.35%	Sixty unequal installments commencing on 24 January 2022 and ending on 28 October 2026.	-	Quarterly	Ranking charge of Rupees 1,267 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing charge holders / creditors).
	546,274	-	SBP rate for LTFF + 0.50%	Four hundred and forty one unequal installments commencing on 12 February 2022 and ending on 18 February 2027.	-	Quarterly	
	100,000	-	SBP rate for financing power plants using renewable energy + 0.50%	Twenty equal quarterly installments commencing on 14 May 2021 and ending on 14 February 2026.	-	Quarterly	
	868,989	-					
Bank Alfalah Limited	218,714	-	SBP rate for LTFF + 0.50%	One hundred unequal installments commencing on 23 December 2021 and ending on 21 October 2026.	-	Quarterly	Ranking charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charge in favour of its existing charge holders / creditors) of the Company with 25% margin.

Lender	2020	2019	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Pakistan Kuwait Investment Company (Private) Limited	998,210	-	SBP rate for LTFF + 0.65%	Seventy two unequal installments commencing on 13 April 2022 and ending on 18 May 2028.	-	Quarterly	Ranking charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charge in favour of its existing charge holders / creditors) of the Company with 25% margin.
Habib Metropolitan Bank Limited	866,900	-	SBP rate for LTFF + 0.65%	Sixty unequal installments commencing on 24 September 2022 and ending on 30 June 2027.	-	Quarterly	Ranking charge of Rupees 1,334 million over plant and machinery after incorporating 25% margin (excluding plant and machinery in respect of which the Company has already created exclusive charge in favour of its existing charge holders).
Allied Bank Limited (Note 5.5)	891,696	-	3 Month offer KIBOR + 0.20%	Twenty four unequal installments commencing on 01 January 2021 and ending on 16 November 2022 .	-	Quarterly	Ranking charge of Rupees 1,334 million over all the present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charge in favour of its existing creditors).
	9,210,417	6,000,625					

5.2 Long term musharika

Habib Bank Limited	27,896	168,772	3 Month offer KIBOR + 0.35%	Fifty six unequal installments commenced on 19 May 2016 and ending on 01 June 2021. (Note 5.4)	Quarterly	Quarterly	Note 5.3
Standard Chartered Bank (Pakistan) Limited	687,500	875,000	3 Month offer KIBOR	Forty eight unequal installments commenced on 14 February 2019 and ending on 06 December 2023. (Note 5.4)	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
	715,396	1,043,772					
	9,925,813	7,044,397					

5.3 Long term loan and long term musharika from Habib Bank Limited are secured against first pari passu hypothecation charge of Rupees 4,000 million on present and future fixed assets of the Company excluding specific and exclusive charges.

5.4 Repayment period includes deferment of repayment of principal loan amount by one year in accordance with the State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.

5.5 During the year, this long term finance did not carry rate of interest of State Bank of Pakistan refinance scheme for payment of wages and salaries. Hence, does not contain any element of government grant

Notes to the Financial Statements

For the year ended June 30, 2020

6 DEFERRED INCOME TAX LIABILITY

This represents deferred income tax liability on unrealized gain on remeasurement of unquoted equity investments at fair value through other comprehensive income. Provision for deferred income tax on other temporary differences was not considered necessary as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001.

	Note	2020 (Rupees in thousand)	2019
7 TRADE AND OTHER PAYABLES			
Creditors	7.1	6,689,294	6,238,841
Accrued liabilities		1,415,195	1,184,933
Advances from customers	7.1	956,879	519,955
Securities from contractors - Interest free and repayable on completion of contracts	7.2	13,561	11,538
Retention money payable		32,156	84,135
Payable to Employees' Provident Fund Trust		39,988	-
Income tax deducted at source		782	1,013
Fair value of forward exchange contracts		6,206	7,583
Workers' profit participation fund	7.3	203,916	311,682
		9,357,977	8,359,680

7.1 These include amounts due to following related parties:

Creditors

Nishat Linen (Private) Limited - subsidiary company	103,068	2,185
Nishat USA Inc. - subsidiary company	3,665	-
Nishat Hospitality (Private) Limited - subsidiary company	132	34
Hyundai Nishat Motor (Private) Limited - associated company	37	-
Nishat International FZE - subsidiary company	-	21,090
D.G. Khan Cement Company Limited - associated company	8,376	1,779
Security General Insurance Company Limited - associated company	25,008	23,013
Adamjee Insurance Company Limited - associated company	15,382	24,967
Nishat Hotels and Properties Limited - associated company	289	-
Sanifa Agri Services Limited - associated company	403	-
Pakistan Aviators and Aviation (Private) Limited - related party	-	2,612
Nishat (Chunian) Limited - related party	173,798	49,156
	330,158	124,836

Advances from customers

Nishat Hotels and Properties Limited - associated company	820	2
Hyundai Nishat Motor (Private) Limited - associated company	-	787
	820	789

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

	Note	2020 (Rupees in thousand)	2019
7.3 Workers' profit participation fund			
Opening balance		311,682	184,164
Less: Adjustment on adoption of IFRS 15		-	(3,435)
		311,682	180,729
Add: Provision for the year	30	204,045	331,747
Add: Interest for the year	32	3,826	628
		519,553	513,104
Less: Payments during the year		(315,637)	(201,422)
Balance as on 30 June		203,916	311,682

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

8 ACCRUED MARK-UP

Long term financing		49,687	42,187
Short term borrowings	8.1	176,541	193,150
		226,228	235,337

8.1 This includes mark-up of Rupees 2.803 million (2019: Rupees 2.779 million) payable to MCB Bank Limited - associated company.

9 SHORT TERM BORROWINGS

From banking companies - secured

State Bank of Pakistan (SBP) refinance	9.1 and 9.3	14,184,868	13,764,706
Other short term finances	9.1 and 9.4	2,743,549	3,540,000
Temporary bank overdrafts	9.1, 9.2 and 9.5	2,401,351	677,556
		19,329,768	17,982,262

9.1 These finances are obtained from banking companies under mark up arrangements and are secured against joint pari passu hypothecation charge on all present and future current assets, other instruments and ranking hypothecation charge on plant and machinery of the Company. These form part of total credit facility of Rupees 42,975 million (2019: Rupees 39,705 million).

9.2 These finances include Rupees 76.206 million (2019: Rupees 120.307 million) from MCB Bank Limited - associated company, which has been utilized for working capital requirements.

9.3 The rates of mark-up range from 2.15% to 3.00% (2019: 2.15% to 3.00%) per annum during the year on the balance outstanding.

9.4 The rates of mark-up range from 1.87% to 14.01% (2019: 6.20% to 12.93%) per annum during the year on the balance outstanding.

9.5 The rates of mark-up range from 8.75% to 15.56% (2019: 7.12% to 13.79%) per annum during the year on the balance outstanding.

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
10 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing	5	703,032	1,784,470

11 UNCLAIMED DIVIDEND

As at the reporting date, the Company is in the process of complying with the provisions of Section 244 of the Companies Act, 2017.

12 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 2,941.607 million (2019: Rupees 2,255.144 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Directorate of Cotton Cess Management against cotton cess, Collector of Customs against regulatory duty, Model Customs Collectorate Lahore against imported coal, State Bank of Pakistan against mark-up subsidy, Inspector General Frontier Corps KP (South) and The President of Islamic Republic of Pakistan through the Controller of Military Accounts (Defence Purchase) against fulfillment of sales orders, High Court of Sindh, Karachi against the matter of importation of LED lights and to the bank of Hyundai Nishat Motor (Private) Limited (associated company) to secure financial assistance to the associated company. Further, the Company has issued cross corporate guarantees of Rupees 266.667 million (2019: Rupees Nil) and Rupees 16.2 million (2019: Rupees Nil) on behalf of Nishat Linen (Private) Limited - wholly-owned subsidiary company and Nishat Hospitality (Private) Limited - wholly-owned subsidiary company to secure the obligations of subsidiary companies towards their lenders.
- ii) Post dated cheques of Rupees 8,223.314 million (2019: Rupees 6,695.544 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 297.715 million (2019: Rupees 970.420 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 2,146.440 million (2019: Rupees 874.187 million).
- iii) Outstanding foreign currency forward contracts of Rupees 389.348 million (2019: Rupees 463.868 million).

	Note	2020 (Rupees in thousand)	2019
13 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	28,834,861	28,450,899
Capital work-in-progress	13.2	2,457,861	517,320
		31,292,722	28,968,219

13.1 Operating fixed assets

	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Factory equipment	Furniture, fixtures and office equipment	Computer equipment	Vehicles	Total
(Rupees in thousand)									
At 30 June 2018									
Cost	1,128,564	10,392,159	33,093,818	997,719	410,079	409,586	222,098	626,919	47,280,942
Accumulated depreciation	-	(4,341,807)	(15,371,223)	(584,051)	(224,231)	(236,447)	(178,210)	(318,940)	(21,254,909)
Net book value	1,128,564	6,050,352	17,722,595	413,668	185,848	173,139	43,888	307,979	26,026,033
Year ended 30 June 2019									
Opening net book value	1,128,564	6,050,352	17,722,595	413,668	185,848	173,139	43,888	307,979	26,026,033
Additions	681,669	1,149,589	3,188,288	26,873	16,458	26,937	13,669	90,849	5,194,332
Disposals:									
Cost	-	(45,500)	(398,869)	(15,660)	(668)	(383)	(704)	(60,294)	(522,078)
Accumulated depreciation	-	42,906	313,389	13,053	524	328	435	37,795	408,430
	-	(2,594)	(85,480)	(2,607)	(144)	(55)	(269)	(22,499)	(113,648)
Asset written off:									
Cost	-	-	(55,074)	-	-	-	-	-	(55,074)
Accumulated depreciation	-	-	40,561	-	-	-	-	-	40,561
	-	-	(14,513)	-	-	-	-	-	(14,513)
Depreciation charge	-	(625,228)	(1,858,697)	(41,924)	(19,819)	(19,091)	(15,453)	(61,093)	(2,641,305)
Closing net book value	1,810,233	6,572,119	18,952,193	396,010	182,343	180,930	41,835	315,236	28,450,899
At 30 June 2019									
Cost	1,810,233	11,496,248	35,828,163	1,008,932	425,869	436,140	235,063	657,474	51,898,122
Accumulated depreciation	-	(4,924,129)	(16,875,970)	(612,922)	(243,526)	(255,210)	(193,228)	(342,238)	(23,447,223)
Net book value	1,810,233	6,572,119	18,952,193	396,010	182,343	180,930	41,835	315,236	28,450,899
Year ended 30 June 2020									
Opening net book value	1,810,233	6,572,119	18,952,193	396,010	182,343	180,930	41,835	315,236	28,450,899
Additions	26,823	393,818	2,582,793	10,379	5,686	18,699	24,577	146,230	3,209,005
Disposals:									
Cost	-	(4,300)	(143,885)	(1,575)	-	(230)	(2,395)	(82,596)	(234,981)
Accumulated depreciation	-	3,302	100,439	1,001	-	83	1,687	54,733	161,245
	-	(998)	(43,446)	(574)	-	(147)	(708)	(27,863)	(73,736)
Depreciation charge	-	(660,111)	(1,927,042)	(40,130)	(18,538)	(19,574)	(15,942)	(69,970)	(2,751,307)
Closing net book value	1,837,056	6,304,828	19,564,498	365,685	169,491	179,908	49,762	363,633	28,834,861
At 30 June 2020									
Cost	1,837,056	11,885,766	36,267,071	1,017,736	431,555	454,609	257,245	721,108	54,872,146
Accumulated depreciation	-	(5,580,938)	(18,702,573)	(652,051)	(262,064)	(274,701)	(207,483)	(357,475)	(26,037,285)
Net book value	1,837,056	6,304,828	19,564,498	365,685	169,491	179,908	49,762	363,633	28,834,861
Annual rate of depreciation (%)	-	10	10	10	10	10	30	20	

Notes to the Financial Statements

For the year ended June 30, 2020

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

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
..... (Rupees in thousand)								
Buildings on freehold land								
Passenger Lifts	2	4,300	3,302	998	557	(441)	Negotiation	Mr. Habib-ur-Rehman, Faisalabad.
		4,300	3,302	998	557	(441)		
Plant and machinery								
Stenter Machine	1	57,262	46,974	10,288	11,000	712	Negotiation	Samira Fabrics (Private) Limited, Faisalabad.
Sewing Machines	33	2,272	1,365	907	1,000	93	Negotiation	Taiga Apparel (Private) Limited, Lahore.
Sewing Machines	29	3,702	2,021	1,681	1,552	(129)	Negotiation	Lahore Apparel (Private) Limited, Lahore.
Sewing Machines	82	20,182	10,379	9,803	7,477	(2,326)	Negotiation	Azgard Nline Limited, Lahore.
Tonello Washing Machine	3	18,912	11,597	7,315	5,850	(1,465)	Negotiation	Azgard Nline Limited, Lahore.
Sewing Machines	2	2,562	1,811	751	775	24	Negotiation	Cotton Web Limited, Lahore.
Sewing Machines	25	1,804	999	805	750	(55)	Negotiation	Lahore Apparel (Private) Limited, Lahore.
Rotary Air Dryer Model E/300	1	10,167	6,543	3,624	3,350	(274)	Negotiation	Cotton Web Limited, Lahore.
Air Handling Unit Rhoss	1	13,918	10,173	3,745	5,983	2,238	Negotiation	International Trade (Private) Limited, Lahore.
Rotary Air Dryer Model E/300	1	11,465	7,256	4,209	5,025	816	Negotiation	Cotton Web Limited, Lahore.
		142,246	99,118	43,128	42,762	(366)		
Electric Installations								
Transformer	1	1,575	1,001	574	700	126	Negotiation	Hyundai Nishat Motor (Private) Limited, Lahore.
		1,575	1,001	574	700	126		

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
..... (Rupees in thousand)								
Vehicles								
Honda City LE-15-1079	1	1,276	766	510	694	184	Company's Policy	Mr. Khurram Farook, Company's ex-employee, Lahore.
Toyota Corolla LED-15-2945	1	2,219	1,262	957	1,286	329	Company's Policy	Mr. Shahzad Ahmad Malik, Company's employee, Lahore.
Toyota Corolla LE-15-1078	1	1,693	1,026	667	904	237	Company's Policy	Mr. Irfan Butt, Company's employee, Lahore.
Toyota Hiace Van LE-13-1404	1	3,984	2,958	1,026	2,071	1,045	Negotiation	Mr. Farhan Makhdoom Khan, Toba Tek Singh.
Toyota Corolla LEA-15-4354	1	1,683	1,024	659	898	239	Company's Policy	Mr. Munir Ahmad, Company's employee, Karachi.
Honda City LEH-14-4578	1	1,691	1,039	652	894	242	Company's Policy	Mr. Muhammad Arif Khan Tareen, Company's employee, Quetta.
Honda Civic LED-15-4150	1	2,198	1,244	954	1,297	343	Company's Policy	Mr. Saeed Nawaz Khan, Company's employee, Lahore.
Toyota Corolla LEB-15-3846	1	1,683	1,024	659	897	238	Company's Policy	Mr. Rana Muhammad Imran, Company's employee, Faisalabad.
Toyota Corolla LEC-15-6196	1	1,694	1,007	687	927	240	Company's Policy	Mr. Zahid Javid, Company's employee, Lahore.
Toyota Corolla LEA-15-6706	1	1,852	1,126	726	987	261	Company's Policy	Mr. Faisal Hafeez, Company's employee, Lahore.
Honda City LEC-15-1378	1	1,278	764	514	701	187	Company's Policy	Mr. Muhammad Jehanzeb, Company's employee, Lahore.
Toyota Corolla LE-15-1056	1	1,693	1,055	638	904	266	Company's Policy	Mr. Tariq Iqbal Khan, Company's employee, Lahore.
Honda City LEB-15-4265	1	1,691	1,000	691	860	169	Company's Policy	Mr. Abdul Rehman, Company's ex-employee, Lahore.
Toyota Hiace LEB-11-1232	1	3,592	2,895	687	2,011	1,324	Negotiation	Mr. Farhan Makhdoom Khan, Toba Tek Singh.
Toyota Corolla LEC-15-6445	1	1,685	1,016	669	976	307	Company's Policy	Mr. Amjad Abbas Majid, Company's employee, Muzaffargarh.
Toyota Hiace LET-18-1581	1	3,328	2,615	713	1,711	998	Negotiation	Mr. Farhan Makhdoom Khan, Toba Tek Singh.
Honda City LEF-13-9941	1	1,710	1,208	502	690	188	Company's Policy	Mr. Siraj-ud-Dean Mann, Company's ex-employee, Faisalabad.
Toyota Corolla LEF-15-5461	1	2,021	1,204	817	1,109	292	Company's Policy	Mr. Khalid Mehmood Chohan, Company's employee, Lahore.
Honda Civic LEE-15-2183	1	1,857	1,112	745	1,005	260	Company's Policy	Mr. Khalid Mehmood, Company's employee, Lahore.
Honda City LED-15-6571	1	1,280	770	510	694	184	Company's Policy	Mr. Rizwan Aslam, Company's employee, Lahore.
Toyota Corolla LED-15-2944	1	1,886	1,144	742	1,004	262	Company's Policy	Mr. Syed Amir Hussain, Company's employee, Faisalabad.
Suzuki Swift LEF-15-6390	1	1,255	742	513	703	190	Company's Policy	Mr. Ghulam Mustafa, Company's employee, Lahore.
		43,239	28,001	15,238	23,223	7,985		
		43,621	29,823	13,798	24,161	10,363		
		234,981	161,245	73,736	91,403	17,667		

Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
13.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of sales	27	2,642,450	2,548,984
Distribution cost	28	8,322	8,448
Administrative expenses	29	82,994	83,873
Capital work-in-progress		17,541	-
		2,751,307	2,641,305

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

Manufacturing units and office	Address	Area of land Acres
Manufacturing units		
Spinning units, Yarn dyeing unit and Power plant	Nishatabad, Faisalabad.	87.32
Spinning units and Power plant	Plot No. 172-180 & 188-197, M-3 Industrial City, Sahianwala, FIEDMC, 2 K.M., Jhumra Chiniot Road, Chak Jhumra, Faisalabad.	98.95
Spinning units and Power plant	20 K.M., Sheikhpura Road, Feroze Wattwan.	66.94
Weaving units and Power plant	12 K.M., Faisalabad Road, Sheikhpura.	85.53
Weaving units, Dyeing and finishing units, Processing unit, Stitching units and Power plants	5 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	114.06
Terry unit	7 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	12.54
Apparel unit	2 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	16.32
Office	7-Main Gulberg, Lahore.	1.12
		482.78

	2020 (Rupees in thousand)	2019
13.2 Capital work in progress		
Buildings on freehold land	295,961	86,916
Plant and machinery	2,026,844	369,312
Electric installations	-	1,163
Unallocated expenses	97,296	21,881
Letters of credit against machinery	8	1,159
Advances against purchase of land	29,447	23,658
Advances against furniture, fixtures and office equipment	2,046	1,948
Advances against purchase of vehicles	6,259	11,283
	2,457,861	517,320

14 INVESTMENT PROPERTIES

Note	Land	Buildings	Total
	(Rupees in thousand)		
At 30 June 2018			
Cost	415,672	175,034	590,706
Accumulated depreciation	-	(125,810)	(125,810)
Net book value	415,672	49,224	464,896
Year ended 30 June 2019			
Opening net book value	415,672	49,224	464,896
Depreciation charge	30	(4,922)	(4,922)
Closing net book value	415,672	44,302	459,974
At 30 June 2019			
Cost	415,672	175,034	590,706
Accumulated depreciation	-	(130,732)	(130,732)
Net book value	415,672	44,302	459,974
Year ended 30 June 2020			
Opening net book value	415,672	44,302	459,974
Depreciation charge	30	(4,430)	(4,430)
Closing net book value	415,672	39,872	455,544
At 30 June 2020			
Cost	415,672	175,034	590,706
Accumulated depreciation	-	(135,162)	(135,162)
Net book value	415,672	39,872	455,544

14.1 Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 4.430 million (2019: Rupees 4.922 million) charged during the year is allocated to other expenses. No expenses directly related to investment properties were incurred during the year. The market value of land and buildings is estimated at Rupees 4,622.255 million (2019: Rupees 4,143.237 million). Forced sale value of investment properties as on the reporting date is Rupees 3,925.883 million (2019: Rupees 3,521.751 million). The valuation has been carried out by an independent valuer.

14.2 Land and buildings having book value of Rupees 305.123 million (2019: Rupees 305.123 million) and Rupees 31.296 million (2019: Rupees 34.773 million) respectively have been given on operating lease to Nishat Hospitality (Private) Limited - subsidiary company.

14.3 Land having book value of Rupees 99.693 million (2019: Rupees 99.693 million) has been given on operating lease to Nishat Linen (Private) Limited - subsidiary company.

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

Description	Address	Area of land Kanal
Factory land	21 K.M., Ferozepur Road, Lahore.	33.65
Commercial building	Mian Mehmood Kasuri Road, Gulberg III, Lahore	6.04
Factory land and building	Nishatabad, Faisalabad	38.16

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
15 LONG TERM INVESTMENTS			
Debt instruments	15.1	-	559,606
Equity instruments	15.2	37,979,074	34,370,727
		37,979,074	34,930,333
15.1 Debt instruments			
Sales tax refund bonds - at amortized cost			
Nil (2019: 5,555) bonds of Rupees 100,000 each		-	555,500
Add: Accrued interest		-	4,106
		-	559,606
15.2 Equity instruments			
Subsidiary companies			
Nishat Power Limited - quoted 180,632,955 (2019: 180,632,955) fully paid ordinary shares of Rupees 10 each. Equity held 51.01% (2019: 51.01%)	15.2.1	1,806,329	1,806,329
Nishat USA Inc. - unquoted 200 (2019: 200) fully paid shares with no par value per share. Equity held 100% (2019: 100%)	39	3,547	3,547
Nishat Linen (Private) Limited - unquoted 1,067,913 (2019: 1,067,913) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2019: 100%)	15.2.2	261,603	261,603
Nishat Linen Trading LLC - unquoted 4,900 (2019: 4,900) fully paid shares of UAE Dirhams 1,000 each.	15.2.3 & 39	259,403	259,403
Nishat Hospitality (Private) Limited - unquoted 169,999,901 (2019: 119,999,901) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2019: 100%) Advance for purchase of shares		1,699,999 -	1,199,999 95,000
		1,699,999	1,294,999
Nishat International FZE - unquoted 18 (2019: 18) fully paid shares of UAE Dirhams 1,000,000 each. Equity held 100% (2019: 100%) Advance for purchase of shares	39	492,042 9,070	492,042 9,070
		501,112	501,112
Nishat Commodities (Private) Limited - unquoted 1,000 (2019: 1,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2019: 100%)	15.2.4	10	10

	Note	2020 (Rupees in thousand)	2019
Equity instruments			
Fair value through other comprehensive income			
Associated companies (with significant influence)			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2019: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2019: 31.40%)		3,418,145	3,418,145
Nishat Paper Products Company Limited - unquoted 11,634,199 (2019: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2019: 25%)	15.2.5	106,802	106,802
Lalpir Power Limited - quoted 109,393,555 (2019: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2019: 28.80%)	15.2.6	1,640,306	1,640,306
Pakgen Power Limited - quoted 102,524,728 (2019: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2019: 27.55%)	15.2.6	1,272,194	1,272,194
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2019: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2019: 12.24%)	15.2.7	496,200	496,200
Nishat Energy Limited - unquoted 250,000 (2019: 250,000) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2019: 25%)	15.2.8	-	-
Nishat Hotels and Properties Limited - unquoted 74,022,917 (2019: 74,022,917) fully paid ordinary shares of Rupees 10 each. Equity held 7.40% (2019: 7.40%)	15.2.9	740,229	740,229
Hyundai Nishat Motor (Private) Limited - unquoted 89,700,000 (2019: 66,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2019: 12%)	15.2.10&15.2.11	897,000	660,000
Nishat Sutas Dairy Limited - unquoted 16,630,000 (2019: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 34.46% (2019: Nil)	15.2.13	166,300	-
Associated companies (others)			
Fair value through other comprehensive income			
MCB Bank Limited - quoted 88,015,291 (2019: 88,015,291) fully paid ordinary shares of Rupees 10 each. Equity held 7.43% (2019: 7.43%)		10,208,262	10,208,262
Adamjee Insurance Company Limited - quoted 102,809 (2019: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2019: 0.03%)		2,116	2,116
Security General Insurance Company Limited - unquoted 10,226,244 (2019: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2019: 15.02%)	15.2.12	11,188	11,188

Notes to the Financial Statements

For the year ended June 30, 2020

	2020	2019
	(Rupees in thousand)	
Equity instruments		
Fair value through other comprehensive income		
Related party		
Nishat (Chunian) Limited - quoted 32,689,338 (2019: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2019: 13.61 %)	378,955	378,955
Others		
Alhamra Islamic Stock Fund - quoted 1,121,410 (2019: 1,108,714) units.	3,135	3,025
Pakistan Petroleum Limited - quoted 599,998 (2019: 499,999) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2019: 0.02%)	64,409	64,409
	23,937,244	23,128,834
Add: Fair value adjustment	14,041,830	11,241,893
	37,979,074	34,370,727

- 15.2.1** The Company has pledged its 180,585,155 (2019: 180,585,155) shares to lenders of Nishat Power Limited for the purpose of securing finance.
- 15.2.2** Investment in Nishat Linen (Private) Limited includes 2 shares held in the name of nominee directors of the Company.
- 15.2.3** The Company is also the beneficial owner of remaining 5,100 (2019: 5,100) shares of UAE Dirham 1,000 each of Nishat Linen Trading LLC held under Nominee Agreement dated 30 December 2010, whereby the Company has right over all dividends, interests, benefits and other distributions on liquidation. The Company through the powers given to it under Article 11 of the Memorandum of Association of the investee company, exercises full control on the management of Nishat Linen Trading LLC.
- 15.2.4** Investment in Nishat Commodities (Private) Limited includes 2 shares held in the name of nominee directors of the Company.
- 15.2.5** Fair value per ordinary share of Nishat Paper Products Company Limited is determined at Rupees 47.23 by an independent valuer using present value technique.
- 15.2.6** Investments in Lalpir Power Limited and Pakgen Power Limited include 550 and 500 shares respectively, held in the name of nominee director of the Company.
- 15.2.7** Fair value per ordinary share of Nishat Dairy (Private) Limited is determined at Rupees 6.26 by an independent valuer using present value technique.
- 15.2.8** Investment in Nishat Energy Limited has been fully provided during the year ended 30 June 2017.
- 15.2.9** Fair value per ordinary share of Nishat Hotels and Properties Limited is determined at Rupees 13.95 by an independent valuer using present value technique.

15.2.10 Investment in Hyundai Nishat Motor (Private) Limited includes 4 shares held in the name of nominee directors of the Company.

15.2.11 Fair value per ordinary share of Hyundai Nishat Motor (Private) Limited is determined at Rupees 12.20 by an independent valuer using present value technique.

15.2.12 Fair value per ordinary share of Security General Insurance Company Limited is determined at Rupees 57.79 by an independent valuer using present value technique.

15.2.13 Nishat Sutas Dairy Limited has not yet started its operations, hence, cost of investment is considered as an appropriate estimate of fair value.

	Note	2020 (Rupees in thousand)	2019
16 LONG TERM LOANS			
Considered good:			
Executives - secured	16.1 & 16.2	226,090	175,504
Other employees - secured	16.2	199,934	200,656
		426,024	376,160
Less: Current portion shown under current assets	21		
Executives		59,288	43,742
Other employees		61,472	57,172
		120,760	100,914
		305,264	275,246

16.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 226.809 million (2019: Rupees 175.504 million).

16.2 These represent loans given to executives and other employees as per the Company's policy for house construction and general purposes. These are secured against balance to the credit of employees in the provident fund trust and are recoverable in equal monthly installments.

16.3 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

17 LONG TERM DEPOSITS

Security deposits		104,783	114,360
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Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
18 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	18.1	1,549,127	2,560,063
Spare parts		707,508	541,774
Loose tools		4,152	5,375
		2,260,787	3,107,212
Less: Provision for slow moving, obsolete and damaged store items	18.2	(4,218)	(4,224)
		2,256,569	3,102,988

18.1 These include stores in transit of Rupees 215.818 million (2019: Rupees 1,106.026 million).

18.2 Provision for slow moving, obsolete and damaged store items

Balance as on 01 July		4,224	4,290
Less: Provision reversed during the year	31	(6)	(66)
Balance as on 30 June		4,218	4,224

19 STOCK IN TRADE

Raw materials		12,821,768	11,135,516
Work-in-process	19.2	2,032,268	2,015,512
Finished goods	19.3	5,899,507	3,857,431
		20,753,543	17,008,459

19.1 Stock in trade of Rupees 564.159 million (2019: Rupees 376.615 million) is being carried at net realizable value.

19.2 This includes stock of Rupees 11.612 million (2019: Rupees 10.912 million) sent to outside parties for processing.

19.3 Finished goods include stock in transit of Rupees 1,296.236 million (2019: Rupees 934.523 million).

19.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 20.298 million (2019: Rupees 5.427 million).

	Note	2020 (Rupees in thousand)	2019
20 TRADE DEBTS			
Considered good:			
Secured (against letters of credit)		1,004,826	1,321,438
Unsecured:			
- Related parties	20.1 & 20.2	554,266	378,871
- Others	20.3	2,783,184	3,025,971
		4,342,276	4,726,280
Less: Allowance for expected credit losses	20.4	(15,496)	(15,219)
		4,326,780	4,711,061
20.1 This represents amounts due from following related parties:			
Nishat Linen (Private) Limited - subsidiary company		453,458	264,432
Nishat Hospitality (Private) Limited - subsidiary company		41,677	-
Hyundai Nishat Motor (Private) Limited - associated company		2,110	-
MCB Bank Limited - associated company		37	-
Nishat International FZE - subsidiary company		56,984	114,439
		554,266	378,871
20.2 The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:			
Nishat Linen (Private) Limited - subsidiary company		1,038,652	1,067,590
Nishat Hospitality (Private) Limited - subsidiary company		41,677	-
Hyundai Nishat Motor (Private) Limited - associated company		7,071	-
MCB Bank Limited - associated company		37	-
Nishat International FZE - subsidiary company		61,533	134,365
20.3 As at 30 June 2020, trade debts due from other than related parties of Rupees 170.803 million (2019: Rupees 115.695 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:			
Upto 1 month		92,989	101,921
1 to 6 months		77,814	11,848
More than 6 months		-	1,926
		170,803	115,695

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
20.4 Allowance for expected credit losses			
Opening balance		15,219	-
Add: Recognized as on 01 July 2018		-	5,269
Add: Recognized during the year	30	277	9,950
Closing balance		15,496	15,219
21 LOANS AND ADVANCES			
Considered good:			
Employees - interest free:			
- Executives		646	30
- Other employees		1,687	3,814
		2,333	3,844
Current portion of long term loans	16	120,760	100,914
Advances to suppliers		102,234	141,994
Letters of credit		2,329	1,223
Advance income tax - net of provision for taxation		559,080	522,332
Other advances	21.1	8,640,466	7,270,393
		9,427,202	8,040,700
Considered doubtful:			
Others		108	108
Less: Provision for doubtful debts		108	108
		-	-
		9,427,202	8,040,700
21.1 These include amounts due from following related parties. These are neither past due nor impaired:			
Nishat Linen (Private) Limited - subsidiary company		8,553,442	7,141,537
Nishat Hospitality (Private) Limited - subsidiary company		-	-
Nishat USA Inc. - subsidiary company		-	2,432
Nishat Commodities (Private) Limited - subsidiary company		100	91
		8,553,542	7,144,060

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

	2020	2019
	(Rupees in thousand)	
Nishat Linen (Private) Limited - subsidiary company	10,480,819	8,995,900
Nishat Hospitality (Private) Limited - subsidiary company	-	130,000
Nishat USA Inc. - subsidiary company	-	5,724
Nishat Commodities (Private) Limited - subsidiary company	100	91

22 SHORT TERM DEPOSITS AND PREPAYMENTS

Deposits	486	1,116
Prepayments	67,143	73,853
	67,629	74,969

23 OTHER RECEIVABLES

Considered good:

Export rebate and claims	167,730	282,866
Duty draw back	576,897	708,511
Sales tax refundable	2,745,670	1,223,877
Fair value of forward exchange contracts	345	958
Miscellaneous receivables	36,246	37,466
	3,526,888	2,253,678

24 ACCRUED INTEREST

On short term loans and advances to:

Nishat Linen (Private) Limited - subsidiary company	36,659	27,855
Nishat Hospitality (Private) Limited - subsidiary company	-	103
Profit receivable on bank deposits	16	822
	36,675	28,780

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

Nishat Linen (Private) Limited - subsidiary company	51,544	47,126
Nishat Hospitality (Private) Limited - subsidiary company	56	698

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
25 CASH AND BANK BALANCES			
With banks:			
On current accounts	25.1 & 25.2		
Including US\$ 37,817 (2019: US\$ 77,158)		20,870	55,893
Term deposit receipts	25.3	90,596	500,000
On PLS saving accounts	25.4		
Including US\$ 117 (2019: US\$ 117)		20	19
		111,486	555,912
Cash in hand		16,755	20,713
		128,241	576,625

25.1 Cash at banks includes balance of Rupees 3.649 million (2019: Rupees 2.871 million) with MCB Bank Limited - associated company.

25.2 Cash at banks includes balance of Rupees 0.074 million (2019: Rupees 1.331 million) with MCB Islamic Bank Limited - related party.

25.3 These represent term deposits with banking companies having maturity period upto one month and carry profit at the rate of 6.40% (2019: 12%) per annum.

25.4 Rate of profit on bank deposits ranges from 8% to 14% (2019: 4.50% to 8.25%) per annum.

26 REVENUE			
Export sales		45,346,137	47,797,787
Local sales	26.1	9,792,119	9,554,144
Processing income		5,159,573	5,552,601
Export rebate		199,090	188,326
Duty draw back		407,177	406,171
		60,904,096	63,499,029
26.1 Local sales			
Sales	26.1.1	12,336,152	9,662,704
Less: Sales tax		(2,544,033)	(108,560)
		9,792,119	9,554,144

26.1.1 These include sales of Rupees 2,977.374 million (2019: Rupees 2,557.696 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales include waste sales of Rupees 1,329.396 million (2019: Rupees 1,739.547 million).

	Note	2020 (Rupees in thousand)	2019
27 COST OF SALES			
Raw materials consumed	27.1	31,278,042	32,831,279
Processing charges		368,437	241,777
Salaries, wages and other benefits	27.2	6,363,510	5,683,600
Stores, spare parts and loose tools consumed		6,797,584	6,167,441
Packing materials consumed		1,320,633	1,407,808
Repair and maintenance		367,026	357,846
Fuel and power		5,990,329	6,309,817
Insurance		50,123	49,362
Other factory overheads		508,668	553,513
Depreciation	13.1.2	2,642,450	2,548,984
		55,686,802	56,151,427
Work-in-process			
Opening stock		2,015,512	2,022,712
Closing stock		(2,032,268)	(2,015,512)
		(16,756)	7,200
Cost of goods manufactured		55,670,046	56,158,627
Finished goods			
Opening stock		3,857,431	3,541,232
Closing stock		(5,899,507)	(3,857,431)
		(2,042,076)	(316,199)
		53,627,970	55,842,428
27.1 Raw materials consumed			
Opening stock		11,135,516	6,991,589
Add: Purchased during the year		32,964,294	36,975,206
		44,099,810	43,966,795
Less: Closing stock		(12,821,768)	(11,135,516)
		31,278,042	32,831,279

27.2 Salaries, wages and other benefits include provident fund contribution of Rupees 185.766 million (2019: Rupees 166.691 million) by the Company.

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
28 DISTRIBUTION COST			
Salaries and other benefits	28.1	500,062	447,236
Outward freight and handling		1,218,212	1,159,821
Commission to selling agents		666,384	631,707
Royalty	28.2	11,591	4,788
Fuel cost		177,148	192,019
Travelling and conveyance		126,211	168,955
Rent, rates and taxes		17,085	15,948
Postage and telephone		95,856	87,682
Insurance		18,932	20,132
Vehicles' running		17,695	15,616
Entertainment		7,223	7,841
Advertisement		-	7
Printing and stationery		2,794	3,203
Repair and maintenance		7,603	5,911
Fee and subscription		222	430
Depreciation	13.1.2	8,322	8,448
		2,875,340	2,769,744

28.1 Salaries and other benefits include provident fund contribution of Rupees 25.794 million (2019: Rupees 23.248 million) by the Company.

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

Name of the company	Registered address	Relationship with the Company or directors	2020	2019
		Related / Other	(Rupees in thousand)	
American and Efird LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	6,299	4,620

	Note	2020 (Rupees in thousand)	2019
29 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	29.1	883,755	795,422
Vehicles' running		42,813	41,361
Travelling and conveyance		30,456	37,818
Rent, rates and taxes		2,787	1,473
Insurance		8,916	7,814
Entertainment		24,082	21,751
Legal and professional		23,114	18,945
Auditor's remuneration	29.2	5,807	5,478
Advertisement		1,488	633
Postage and telephone		6,900	6,698
Electricity and gas		10,525	9,342
Printing and stationery		20,540	17,801
Repair and maintenance		38,514	21,920
Fee and subscription		7,253	5,294
Depreciation	13.1.2	82,994	83,873
Miscellaneous		48,357	43,268
		1,238,301	1,118,891

29.1 Salaries and other benefits include provident fund contribution of Rupees 36.635 million (2019: Rupees 32.932 million) by the Company.

29.2 Auditor's remuneration

Audit fee	4,594	4,293
Half yearly review	961	945
Other certifications	75	75
Reimbursable expenses	177	165
	5,807	5,478

30 OTHER EXPENSES

Workers' profit participation fund	7.3	204,045	331,747
Operating fixed asset written off	13.1	-	14,513
Allowance for expected credit losses	20.4	277	9,950
Impact of de-recognition of financial instrument carried at amortized cost		4,106	-
Depreciation on investment properties	14	4,430	4,922
Donations	30.1	321	-
		213,179	361,132

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

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
31 OTHER INCOME			
Income from financial assets			
Dividend income	31.1	2,044,302	3,029,845
Profit on deposits with banks		97,132	961
Net exchange gain		122,843	1,437,722
Interest income on loans and advances to subsidiary companies		396,814	362,482
Interest income on sales tax refund bonds		-	4,106
Others		9,602	8,512
		2,670,693	4,843,628
Income from non-financial assets			
Gain on sale of property, plant and equipment		17,667	35,434
Scrap sales		198,198	147,570
Rental income		145,826	131,682
Reversal of provision for slow moving, obsolete and damaged store items	18.2	6	66
		361,697	314,752
		3,032,390	5,158,380
31.1 Dividend income			
From related party / associated companies / subsidiary companies			
Nishat (Chunian) Limited - related party		81,723	179,791
Nishat International FZE - subsidiary company		7,580	-
D.G. Khan Cement Company Limited - associated company		137,574	584,691
MCB Bank Limited - associated company		1,584,275	1,408,245
Adamjee Insurance Company Limited - associated company		257	257
Security General Insurance Company Limited - associated company		51,131	51,131
Pakgen Power Limited - associated company		-	153,786
Lalpir Power Limited - associated company		-	109,393
Nishat Power Limited - subsidiary company		180,633	541,899
		2,043,173	3,029,193
Others			
Pakistan Petroleum Limited		1,000	652
Alhamra Islamic Stock Fund		129	-
		2,044,302	3,029,845

	Note	2020 (Rupees in thousand)	2019
32 FINANCE COST			
Mark-up on:			
Long term financing		294,601	300,842
Short term borrowings		928,695	1,089,132
Interest on workers' profit participation fund	7.3	3,826	628
Bank charges and commission		275,290	277,564
		1,502,412	1,668,166
33 TAXATION			
Current	33.1	973,000	1,038,000

33.1 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Further, provision against income from other sources is made under the relevant provisions of the Income Tax Ordinance, 2001.

33.2 Provision for deferred income tax is not required as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future except for deferred tax liability as explained in note 6.

33.3 Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.

34 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2020	2019
Profit attributable to ordinary shareholders	(Rupees in thousand)	3,506,284	5,859,048
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	9.97	16.66

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
35 CASH GENERATED FROM OPERATIONS			
Profit before taxation		4,479,284	6,897,048
Adjustments for non-cash charges and other items:			
Depreciation		2,738,196	2,646,227
Operating fixed asset written off		-	14,513
Gain on sale of property, plant and equipment		(17,667)	(35,434)
Dividend income		(2,044,302)	(3,029,845)
Allowance for expected credit losses		277	9,950
Net exchange gain		(122,843)	(1,437,722)
Interest income on loans and advances to subsidiary companies		(396,814)	(362,482)
Interest income on sales tax refund bonds		-	(4,106)
Impact of de-recognition of financial instrument carried at amortized cost		4,106	-
Finance cost		1,502,412	1,668,166
Reversal of provision for slow moving, obsolete and damaged store items		(6)	(66)
Working capital changes	35.1	(2,128,361)	(2,965,794)
		4,014,282	3,400,455
35.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		846,425	(1,388,891)
- Stock in trade		(3,745,084)	(4,452,926)
- Trade debts		398,804	362,490
- Loans and advances		81,997	(43,435)
- Short term deposits and prepayments		7,340	15,647
- Other receivables		(717,517)	601,850
		(3,128,035)	(4,905,265)
Increase in trade and other payables		999,674	1,939,471
		(2,128,361)	(2,965,794)

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

	2020			
	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	(Rupees in thousand)			
Balance as at 01 July 2019	7,044,397	17,982,262	93,006	25,119,665
Long term financing obtained	4,245,115	-	-	4,245,115
Repayment of long term financing	(1,363,699)	-	-	(1,363,699)
Short term borrowings - net	-	1,347,506	-	1,347,506
Dividend declared	-	-	1,406,399	1,406,399
Dividend paid	-	-	(1,408,809)	(1,408,809)
Balance as at 30 June 2020	9,925,813	19,329,768	90,596	29,346,177

	2019			
	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	(Rupees in thousand)			
Balance as at 01 July 2018	7,335,738	12,507,590	81,746	19,925,074
Long term financing obtained	1,870,498	-	-	1,870,498
Repayment of long term financing	(2,161,839)	-	-	(2,161,839)
Short term borrowings - net	-	5,474,672	-	5,474,672
Dividend declared	-	-	1,670,099	1,670,099
Dividend paid	-	-	(1,658,839)	(1,658,839)
Balance as at 30 June 2019	7,044,397	17,982,262	93,006	25,119,665

36 EVENTS AFTER THE REPORTING PERIOD

- 36.1** The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2020 of Rupees 4 per share (2019: Rupees 4 per share) at their meeting held on 18 September, 2020. The Board of Directors also proposed to transfer Rupees 2,101 million (2019: Rupees 4,386 million) from un-appropriated profit to general reserve. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these financial statements.

Notes to the Financial Statements

For the year ended June 30, 2020

37 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, Director and Executives of the Company is as follows:

	Chief Executive Officer		Director		Executives	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)					
Managerial remuneration	32,503	27,169	11,163	12,064	554,058	460,235
Allowances						
Cost of living allowance	-	-	1	1	781	668
House rent	13,001	10,868	216	288	148,293	125,965
Conveyance	-	-	-	-	880	1,020
Medical	3,250	2,717	912	1,068	47,939	40,438
Utilities	-	-	3,385	3,963	61,649	50,786
Special allowance	-	-	2	2	529	432
Contribution to provident fund trust	-	-	871	1,020	47,016	39,896
Leave encashment	-	-	-	-	12,867	17,838
	48,754	40,754	16,550	18,406	874,012	737,278
Number of persons	1	1	Note 37.4	1	222	182

37.1 Chief Executive Officer, one director and certain executives of the Company are provided with Company maintained vehicles and certain executives are also provided with free housing facility alongwith utilities.

37.2 Aggregate amount charged in the financial statements for meeting fee to five directors (2019: five directors) was Rupees 1.080 million (2019: Rupees 1.040 million).

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

37.4 This represents remuneration including all benefits paid to a director for the period from July 2019 to March 2020. As on the reporting date, there are no paid directors of the Company.

38 TRANSACTIONS WITH RELATED PARTIES

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

	2020	2019
	(Rupees in thousand)	
Subsidiary companies		
Investment made	405,000	95,000
Dividend income	188,213	541,899
Purchase of goods and services	472,165	427,564
Sale of goods and services	7,303,323	7,102,544
Interest income	396,814	362,482
Rental income	61,810	56,047
Short term loans given	39,353,653	33,979,020
Repayment of short term loans by subsidiary companies	37,941,748	30,660,227
Associated companies		
Investment made	403,300	509,609
Purchase of goods and services	76,595	59,077
Sale of goods and services	12,181	36,098
Rental income	1,228	1,256
Purchase of operating fixed assets	-	47,747
Sale of operating fixed assets	819	1,453
Dividend income	1,773,237	2,307,503
Dividend paid	121,487	143,886
Insurance premium paid	144,897	131,369
Insurance claims received	50,440	54,465
Finance cost	14,811	11,472
Other related parties		
Dividend income	81,723	179,791
Purchase of goods and services	2,699,390	2,473,998
Sale of goods and services	176,937	28,616
Company's contribution to provident fund trust	249,304	222,876

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

Notes to the Financial Statements

For the year ended June 30, 2020

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

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of shareholding
		2020	2019	
Nishat USA Inc.	Wholly owned subsidiary company	Yes	Yes	100
Nishat Agriculture Farming (Private) Limited	Common directorship	Yes	No	None
Nishat Dairy (Private) Limited	Common directorship and shareholding	No	Yes	12.24
Nishat Sutas Dairy Limited	Common directorship and shareholding	Yes	No	34.46
Nishat Hotels and Properties Limited	Common directorship and shareholding	Yes	Yes	7.40
Nishat (Gulberg) Hotels and Properties Limited	Common directorship	No	No	None
Nishat (Raiwind) Hotels and Properties Limited	Common directorship	No	No	None
Nishat (Aziz Avenue) Hotels and Properties Limited	Common directorship	No	No	None
Security General Insurance Company Limited	Common directorship and shareholding	Yes	Yes	15.02
Nishat Commodities (Private) Limited	Wholly owned subsidiary company and common directorship	Yes	Yes	100
Nishat Hospitality (Private) Limited	Wholly owned subsidiary company	Yes	Yes	100
Nishat Power Limited	Common directorship and subsidiary company	Yes	Yes	51.01
Nishat Energy Limited	Shareholding	No	No	25
Pakgen Power Limited	Common directorship and shareholding	No	Yes	27.55
Lalpir Power Limited	Common directorship and shareholding	No	Yes	28.80
Nishat Paper Products Company Limited	Common directorship and shareholding	No	No	25
Nishat Linen (Private) Limited	Wholly owned subsidiary company	Yes	Yes	100
Nishat Linen Trading LLC	Wholly owned subsidiary company	No	No	100
Nishat International FZE	Wholly owned subsidiary company	Yes	Yes	100
Nishat Global China Company Limited	Wholly owned subsidiary of Nishat International FZE (subsidiary company)	No	No	100
Pakistan Aviators and Aviation (Private) Limited	Common directorship	No	Yes	None
Nishat Developers (Private) Limited	Common directorship	No	Yes	None
Nishat Real Estates Development Company (Private) Limited	Common directorship	No	No	None
Hyundai Nishat Motor (Private) Limited	Common directorship and shareholding	Yes	Yes	12
D.G. Khan Cement Company Limited	Common directorship and shareholding	Yes	Yes	31.40
Adamjee Life Assurance Company Limited	Common directorship	Yes	Yes	None
Adamjee Insurance Company Limited	Common directorship and shareholding	Yes	Yes	0.03
MCB Bank Limited	Common directorship and shareholding	Yes	Yes	7.43
MCB Islamic Bank Limited	Wholly owned subsidiary of associated company	Yes	Yes	None
Nishat (Chunian) Limited	Shareholding	Yes	Yes	13.61
Lalpir Solar Power (Private) Limited	Wholly owned subsidiary of Nishat Power Limited (subsidiary company)	No	No	51.01
Nishat Agrotech Farms (Private) Limited	Common directorship	No	No	None
Nishat Chunian Power Limited (NCPL)	Executive of the Company is appointed as Director on the Board of NCPL	No	No	None
Sanifa Agri Services Limited	Associate of wholly owned subsidiary company	Yes	No	None
Nishat Mills Employees Provident Fund Trust	Post-employment benefit plan	Yes	Yes	None

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

Name of the Company	Country of incorporation	Basis of association	Percentage of shareholding
Nishat USA Inc.	USA	Wholly owned subsidiary company	100
Nishat Linen Trading LLC	UAE	Wholly owned subsidiary company	100
Nishat International FZE	UAE	Wholly owned subsidiary company	100
Nishat Global China Company Limited	China	Wholly owned subsidiary of Nishat International FZE	100

Notes to the Financial Statements

For the year ended June 30, 2020

As on 30 June 2020, disclosures relating to investments and advance made in foreign companies are as follows:

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

39.1 As on 30 June 2019, disclosures relating to investments and advance made in foreign companies are as follows:

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

40 PROVIDENT FUND

As at the reporting date, the Nishat Mills Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan which allows transition period of three years for bringing the Employees Provident Fund Trust in conformity with the requirements of the regulations.

41 NUMBER OF EMPLOYEES

Number of employees as on 30 June	18,278	2019	17,711
Average number of employees during the year	18,558	2020	18,012

42.2 Geographical information

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

	2020	2019
	(Rupees in thousand)	
Europe	25,633,571	19,939,444
Asia, Africa and Australia	10,928,749	24,189,995
United States of America and Canada	9,390,084	4,262,846
Pakistan	14,951,692	15,106,744
	60,904,096	63,499,029

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

42.4 Revenue from major customers

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

		2020	2019
		(Figures in thousand)	
43 PLANT CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Kgs.)	86,111	82,283
Actual production converted to 20s count based on 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Kgs.)	65,466	72,810
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Sq.Mtr.)	289,273	313,718
Actual production converted to 50 picks based on 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Sq.Mtr.)	275,483	300,155
Dyeing and Finishing			
Production capacity for 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Mtr.)	52,856	56,400
Actual production on 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Mtr.)	42,912	49,394
Power Plant			
Generation capacity	(MWH)	932	788
Actual generation	(MWH)	361	389

Processing, Stitching and Apparel

The plant capacity of these divisions are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

Notes to the Financial Statements

For the year ended June 30, 2020

43.1 Reason for low production

In the note of plant capacity and actual production, plant capacity of each segment has been adjusted to incorporate the impact of temporary suspension of operations due to lock down announced by the Government of the Punjab. The Company resumed its operations after implementing necessary standard operating procedures.

Under utilization of available capacity for spinning, weaving, dyeing and finishing is mainly due to normal maintenance. Actual power generation in comparison to installed is low due to periodical, scheduled and unscheduled maintenance and low demand.

44 FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

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

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

a) Market risk

i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Arab Emirates Dirham (AED), Euro, Japanese Yen (JPY) and Swiss Franc (CHF). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2020	2019
Cash at banks - USD	37,934	77,275
Trade debts - USD	14,824,462	19,472,222
Trade debts - Euro	994,934	1,711,145
Trade debts - AED	1,244,456	2,571,661
Trade and other payables - USD	(1,935,624)	(1,572,549)
Trade and other payables - Euro	(155,010)	(63,404)
Trade and other payables - AED	-	(473,931)
Trade and other payables - JPY	(131,220)	(335,195)
Trade and other payables - CHF	(11,835)	-
Net exposure - USD	12,926,772	17,976,948
Net exposure - Euro	839,924	1,647,741
Net exposure - AED	1,244,456	2,097,730
Net exposure - JPY	(131,220)	(335,195)
Net exposure - CHF	(11,835)	-

The following significant exchange rates were applied during the year:

	2020	2019
Rupees per US Dollar		
Average rate	158.82	137.29
Reporting date rate	168.25	164.00
Rupees per Euro		
Average rate	175.53	156.63
Reporting date rate	189.11	186.37
Rupees per AED		
Average rate	43.20	37.36
Reporting date rate	45.79	44.50
Rupees per JPY		
Average rate	1.47	1.24
Reporting date rate	1.57	1.53
Rupees per CHF		
Average rate	163.18	-
Reporting date rate	177.43	-
Sensitivity analysis		

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED, JPY and CHF with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 112.317 million (2019: Rupees 157.447 million) higher / lower mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) **Other price risk**

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

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's equity (fair value reserve FVTOCI investments). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on statement of other comprehensive income (fair value reserve)	
	2020	2019
	(Rupees in thousand)	
PSX 100 (5% increase)	1,481,883	1,361,939
PSX 100 (5% decrease)	(1,481,883)	(1,361,939)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as FVTOCI.

Notes to the Financial Statements

For the year ended June 30, 2020

iii) Interest rate risk

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

The Company's interest rate risk arises from long term financing, short term borrowings, bank balances in saving accounts and loans and advances to subsidiary companies. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2020 (Rupees in thousand)	2019
Fixed rate instruments		
Financial liabilities		
Long term financing	8,302,661	5,936,383
Short term borrowings	14,373,417	13,764,706
Financial assets		
Sales tax refund bonds	-	559,606
Term deposit receipts	90,596	500,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	20	19
Loans and advances to subsidiary companies	8,553,442	7,141,537
Financial liabilities		
Long term financing	1,623,152	1,108,014
Short term borrowings	4,956,351	4,217,556

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 18.565 million (2019: Rupees 17.079 million) higher / lower, mainly as a result of lower / higher interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

b) Credit risk

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

	2020 (Rupees in thousand)	2019
Long term investments	33,447,071	30,803,330
Loans and advances	9,068,823	7,650,397
Deposits	105,269	115,476
Trade debts	4,326,780	4,711,061
Other receivables	36,591	38,424
Accrued interest	36,675	28,780
Bank balances	111,486	555,912
	47,132,695	43,903,380

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

	Rating			2020	2019
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	123	6,981
Allied Bank Limited	A1+	AAA	PACRA	376	80
Askari Bank Limited	A1+	AA+	PACRA	441	5,592
Bank Alfalah Limited	A1+	AA+	PACRA	90,637	40
Faysal Bank Limited	A1+	AA	PACRA	108	16
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,268	7,191
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,360	2,828
JS Bank Limited	A1+	AA-	PACRA	66	30
MCB Bank Limited	A1+	AAA	PACRA	3,649	2,871
Samba Bank Limited	A-1	AA	JCR-VIS	140	323
Silkbank Limited	A-2	A -	JCR-VIS	73	500,009
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,902	10,191
United Bank Limited	A-1+	AAA	JCR-VIS	1,783	245
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	268	269
Bank Islami Pakistan Limited	A1	A+	PACRA	390	984
Meezan Bank Limited	A-1+	AA+	JCR-VIS	2,929	5,125
Dubai Islamic Bank Pakistan Limited	AA	A-1+	JCR-VIS	352	421
The Bank of Punjab	A1+	AA	PACRA	176	299
Soneri Bank Limited	A1+	AA-	PACRA	394	9,093
Summit Bank Limited	BBB-	A-3	JCR-VIS	257	264
Industrial and Commercial Bank of China	P-1	A1	Moody's	6	108
MCB Islamic Bank Limited	A1	A	PACRA	74	1,330
Bank Al-Habib Limited	A1+	AA+	PACRA	629	1,012
Citi Bank N.A	P-1	Aa3	Moody's	79	601
Bank of Khyber	A1	A	PACRA	6	9
				111,486	555,912
Long term investments					
Adamjee Insurance Company Limited		AA+	PACRA	3,404	3,603
Security General Insurance Company Limited		AA	JCR-VIS	590,975	676,364
Alhamra Islamic Stock Fund		AA- (f)	PACRA	9,723	9,546
Nishat (Chunian) Limited	A-2	A+	JCR-VIS	1,060,769	1,144,781
MCB Bank Limited	A1+	AAA	PACRA	14,264,638	15,354,267
Pakistan Petroleum Limited		Unknown	-	52,068	72,215
D.G. Khan Cement Company Limited	A1+	AA-	PACRA	11,739,206	7,778,445
Pakgen Power Limited	A1	AA	PACRA	1,231,322	1,453,801
Lalpir Power Limited	A1	AA	PACRA	1,276,623	1,422,116
Nishat Paper Products Company Limited		Unknown	-	549,483	168,231
Nishat Energy Limited		Unknown	-	-	-
Nishat Hotels and Properties Limited	A2	A-	PACRA	1,032,620	1,018,555
Hyundai Nishat Motor (Private) Limited		Unknown	-	1,094,340	660,000
Nishat Dairy (Private) Limited		Unknown	-	375,600	481,800
Nishat Sutas Dairy Limited		Unknown	-	166,300	-
FBR Refund Settlement Company Limited					
- Sales tax refund bonds		Unknown	-	-	559,606
				33,447,071	30,803,330
				33,558,557	31,359,242

Notes to the Financial Statements

For the year ended June 30, 2020

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 20.

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

c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2020, the Company had Rupees 25,956.148 million (2019: Rupees 21,722.738 million) available borrowing limits from financial institutions and Rupees 128.241 million (2019: Rupees 576.625 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2020

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
(Rupees in thousand)						
Non-derivative financial liabilities:						
Long term financing	9,925,813	10,698,231	158,930	806,388	2,755,819	6,977,094
Trade and other payables	8,150,206	8,150,206	8,150,206	-	-	-
Unclaimed dividend	90,596	90,596	90,596	-	-	-
Short term borrowings	19,329,768	19,885,294	19,771,393	113,901	-	-
Accrued mark-up	226,228	226,228	226,228	-	-	-
Derivative financial liabilities	6,206	6,206	6,206	-	-	-
	37,728,817	39,056,761	28,403,559	920,289	2,755,819	6,977,094

Contractual maturities of financial liabilities as at 30 June 2019

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
(Rupees in thousand)						
Non-derivative financial liabilities:						
Long term financing	7,044,397	7,715,948	973,185	1,073,070	1,907,965	3,761,728
Trade and other payables	7,519,447	7,519,447	7,519,447	-	-	-
Unclaimed dividend	93,006	93,006	93,006	-	-	-
Short term borrowings	17,982,262	18,431,856	18,391,470	40,386	-	-
Accrued mark-up	235,337	235,337	235,337	-	-	-
Derivative financial liabilities	7,583	7,583	7,583	-	-	-
	32,882,032	34,003,177	27,220,028	1,113,456	1,907,965	3,761,728

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 5 and note 9 to these financial statements.

44.2 Financial instruments by categories

FVTPL	Amortised cost	FVTOCI	Total
-------	----------------	--------	-------

----- (Rupees in thousand) -----

As at 30 June 2020				
Assets as per statement of financial position				
Long term investments	-	-	33,447,071	33,447,071
Loans and advances	-	9,068,823	-	9,068,823
Deposits	-	105,269	-	105,269
Trade debts	-	4,326,780	-	4,326,780
Other receivables	345	36,246	-	36,591
Accrued interest	-	36,675	-	36,675
Cash and bank balances	-	128,241	-	128,241
	345	13,702,034	33,447,071	47,149,450

Financial liabilities at amortized cost	FVTPL	Total
---	-------	-------

----- (Rupees in thousand) -----

Liabilities as per statement of financial position			
Long term financing	9,925,813	-	9,925,813
Accrued mark-up	226,228	-	226,228
Short term borrowings	19,329,768	-	19,329,768
Trade and other payables	8,150,206	6,206	8,156,412
Unclaimed dividend	90,596	-	90,596
	37,722,611	6,206	37,728,817

FVTPL	Amortised cost	FVTOCI	Total
-------	----------------	--------	-------

----- (Rupees in thousand) -----

As at 30 June 2019				
Assets as per statement of financial position				
Long term investments	-	559,606	30,243,724	30,803,330
Loans and advances	-	7,650,397	-	7,650,397
Deposits	-	115,476	-	115,476
Trade debts	-	4,711,061	-	4,711,061
Other receivables	958	37,466	-	38,424
Accrued interest	-	28,780	-	28,780
Cash and bank balances	-	576,625	-	576,625
	958	13,679,411	30,243,724	43,924,093

Notes to the Financial Statements

For the year ended June 30, 2020

Financial liabilities at amortized cost	FVTPL	Total
--	-------	-------

..... (Rupees in thousand)

Liabilities as per statement of financial position

Long term financing	7,044,397	-	7,044,397
Accrued mark-up	235,337	-	235,337
Short term borrowings	17,982,262	-	17,982,262
Trade and other payables	7,519,447	7,583	7,527,030
Unclaimed dividend	93,006	-	93,006
	32,874,449	7,583	32,882,032

44.3 Offsetting financial assets and financial liabilities

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

44.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in note 5 and note 9 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy, remained unchanged from last year. In accordance with the terms of agreement with the lenders of long term finances in connection with deferment of principal amount for twelve months, there is restriction on distribution of dividends by the Company during the relief period.

		2020	2019
Borrowings	Rupees in thousand	29,255,581	25,026,659
Total equity	Rupees in thousand	71,427,860	66,615,270
Total capital employed	Rupees in thousand	100,683,441	91,641,929
Gearing ratio	Percentage	29.06	27.31

The increase in the gearing ratio resulted primarily from increase in borrowings of the Company.

45 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

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

Recurring fair value measurements At 30 June 2020	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
Financial assets				
Fair value through other comprehensive income	29,637,753	-	3,809,318	33,447,071
Derivative financial assets	-	345	-	345
Total financial assets	29,637,753	345	3,809,318	33,447,416
Financial liabilities				
Derivative financial liabilities	-	6,206	-	6,206
Total financial liabilities	-	6,206	-	6,206

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
Financial assets				
Fair value through other comprehensive income	27,238,774	-	3,004,950	30,243,724
Derivative financial assets	-	958	-	958
Total financial assets	27,238,774	958	3,004,950	30,244,682
Financial liabilities				
Derivative financial liabilities	-	7,583	-	7,583
Total financial liabilities	-	7,583	-	7,583

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

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

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

Notes to the Financial Statements

For the year ended June 30, 2020

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

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

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

ii) Valuation techniques used to determine fair values

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

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

The following table presents the changes in level 3 items for the year ended 30 June 2020 and 30 June 2019:

	Unlisted equity securities
	(Rupees in thousand)
Balance as on 01 July 2018	4,888,528
Add: Investment made during the year	29,609
Less: Deficit recognized in other comprehensive income	(1,913,187)
Balance as on 30 June 2019	3,004,950
Add: Investment made during the year	403,300
Add: Surplus recognized in other comprehensive income	401,068
Balance as on 30 June 2020	3,809,318

iv) Valuation inputs and relationships to fair value

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

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30 June 2020	30 June 2019		30 June 2020	
(Rupees in thousand)					
Fair value through other comprehensive income					
Nishat Paper Products Company Limited	549,483	168,231	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +165.089 million / - 120.647 million.
			Risk adjusted discount rate	14.25%	
Nishat Dairy (Private) Limited	375,600	481,800	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 55.800 million / - 40.800 million.
			Risk adjusted discount rate	14.43%	
Security General Insurance Company Limited	590,975	676,364	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +108.296 million / - 77.208 million.
			Risk adjusted discount rate	13.37%	
Nishat Hotels and Properties Limited	1,032,620	1,018,555	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 592.924 million / - 327.922 million.
			Risk adjusted discount rate	8.74%	
Hyundai Nishat Motor (Private) Limited	1,094,340	660,000	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 340.860 million / - 250.263 million.
			Risk adjusted discount rate	14.87%	

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

Valuation processes

Independent valuers perform the valuations of non-property items required for financial reporting purposes, including level 3 fair values. The independent valuers report directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the Chief Financial Officer and the valuation team at least once every year, in

Notes to the Financial Statements

For the year ended June 30, 2020

line with the Company's annual reporting period.

The main level 3 inputs used by the Company are derived and evaluated as follows:

Discount rates for financial instruments are determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analyzed at the end of yearly reporting period during the valuation discussion between the Chief Financial Officer and the independent valuers. As part of this discussion the independent valuers present a report that explains the reason for the fair value movements.

46 FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

i) Fair value hierarchy

Judgements and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 30 June 2020	Level 1	Level 2	Level 3	Total
 (Rupees in thousand)			
Investment properties	-	4,622,255	-	4,622,255
Total non-financial assets	-	4,622,255	-	4,622,255

At 30 June 2019	Level 1	Level 2	Level 3	Total
 (Rupees in thousand)			
Investment properties	-	4,143,237	-	4,143,237
Total non-financial assets	-	4,143,237	-	4,143,237

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

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

ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's investment properties at the end of every financial year. As at 30 June 2020, the fair values of the investment properties have been determined by Al-Hadi Financial & Legal Consultants (an approved valuer).

Changes in fair values are analyzed at the end of each year during the valuation discussion between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

47 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2020 (Rupees in thousand)	2019
Loan / advances obtained as per Islamic mode:			
Loans	5 and 9	4,754,667	7,823,043
Advances	7	956,879	519,955
Shariah compliant bank deposits / bank balances			
Bank balances	25	4,336	17,939
Profit earned from shariah compliant bank deposits / bank balances			
Profit on deposits with banks	31	-	-
Revenue earned from shariah compliant business		60,904,096	63,499,029
Gain / (loss) or dividend earned from shariah compliant investments			
Dividend income	31.1	401,059	585,343
Unrealized gain / (loss) on remeasurement of investment at FVTOCI		3,488,630	(7,993,645)
Exchange gain earned		33,752	26,440
Mark-up paid on Islamic mode of financing		566,422	498,758
Profits earned or interest paid on any conventional loan / advance			
Profit earned on loans to subsidiary companies		396,814	362,482
Interest paid on loans		659,533	750,289
Profit earned on deposits with banks		97,132	961
Interest income on sales tax refund bonds		-	4,106

Relationship with shariah compliant banks

Name	Relationship
Habib Bank Limited	Bank balance and long term financing
Standard Chartered Bank (Pakistan) Limited	Bank balance, short term borrowings and long term financing
Al-Baraka Bank (Pakistan) Limited	Bank balance
Bank Islami Pakistan Limited	Bank balance and short term borrowings
Meezan Bank Limited	Bank balance and short term borrowings
Dubai Islamic Bank Pakistan Limited	Bank balance
MCB Islamic Bank Limited	Bank balance
Faysal Bank Limited (Barkat Islami)	Short term borrowings
The Bank of Punjab (Taqwa Islamic Banking)	Short term borrowings

Notes to the Financial Statements

For the year ended June 30, 2020

48 IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of the Punjab and the Government of Sindh announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations and took all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowdown in economic activity. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in sales. Subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, demand for the Company's goods is fast reverting back to normal levels. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9 'Financial Instruments';
- the impairment of tangible assets under IAS 36 'Impairment of Assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- provisions and contingent liabilities under IAS 37 Provisions, Contingent Liabilities and Contingent Assets'; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 18 September 2020 by the Board of Directors of the Company.

50 CORRESPONDING FIGURES

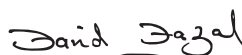
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

51 GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

A close-up photograph of a person's hands working at a desk. The left hand holds a red pen, poised to write on a white notepad. The right hand is positioned over a calculator, with fingers resting on the keys. In the background, a white cup of coffee sits on a saucer. The scene is brightly lit, creating a professional and focused atmosphere.

Consolidated Financial Statements of
Nishat Mills Limited
and its Subsidiaries
for the year ended June 30, 2020

DIRECTORS' REPORT

The Directors are pleased to present their report together with the consolidated financial statement of Nishat Mills Limited ("the Holding Company") and its Subsidiary Companies (together referred to as Group) for the year ended 30 June 2020. The consolidated results comprise of financial statements of Nishat Mills Limited, Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat USA Inc., Nishat Linen Trading LLC, Nishat International FZE, Nishat Global China Company Limited, Nishat Commodities (Private) Limited and Lalpir Solar Power (Private) Limited.

The Holding Company has annexed its consolidated financial statements along with its separate financial statements, in accordance with the requirements of International Financial Reporting Standards and Companies Act, 2017. The Directors' Report, giving a commentary on the performance of Nishat Mills Limited for the year ended 30 June 2020 has been presented separately. It also includes a brief description of all the subsidiary companies of the Holding Company.

Clarification to Qualifications in Audit Report

In their Report to the Members, Auditors have stated that consolidated financial statements include un-audited figures pertaining to Nishat USA Incorporated, a wholly owned subsidiary of Nishat Mills Limited. This Subsidiary Company is incorporated under the Business Corporation Law of the State of New York. The governing law does not require audit of financial statements of the Subsidiary Company. Hence, we have used un-audited financial statements of the Subsidiary Company to prepare Consolidated Financial Statements.

We would like to draw your attention to emphasis of matter paragraph (a) of the independent auditors' report to the members (i) which refers to an amount of Rs 816 million (2019: Rs 816 million) relating to capacity purchase price, included in trade debts of Nishat Power Limited (NPL), not acknowledged by National Transmission and Despatch Company Limited ('NTDCL'). Further details are mentioned in note 23.6 of the annexed financial statements. Based on the favourable Expert determination and International Arbitration Award, management of NPL strongly feels that under the terms of the PPA and Implementation Agreement, the above amount is likely to be recovered by NPL. Consequently, no provision for the above-mentioned amount has been made in these financial statements. (ii) which refers to delayed payment charges on outstanding delayed payment invoices, not acknowledged by NTDCL. Further details are mentioned in note 14(b) of the annexed financial statements. On prudence basis, the company has not recognized the income and corresponding receivable in these financial statements due to its uncertainty on account of pendency of enforcement proceedings of the final award.

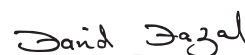
We would also like to draw your attention to emphasis of matter paragraph (b) of the independent auditors' report to the members which refers to Note 1(a) to the consolidated financial statements and states the liquidation of two subsidiaries, Nishat UK (Private) Limited and Concept Garments and Textile Trading FZE. The Board of Directors of the Holding Company approved the winding up of Nishat UK (Private) Limited and Concept Garments and Textile Trading FZE on 26 February 2019 and 26 April 2019 respectively. Accordingly, Nishat UK (Private) Limited and Concept Garments and Textile Trading FZE were liquidated on 23 July 2019 and 26 December 2019 respectively.

We would also like to draw your attention to emphasis of matter paragraph (c) of the independent auditors' report to the members which refers to Note 1(a) to the consolidated financial statements and states that the Lalpir Solar Power (Private) Limited (LSPPL) is no longer a going concern, therefore, the financial statements of LSPPL have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. LSPPL had fulfilled initial conditions required for the supply of electricity, but it could not get Power Acquisition Request and Consent from Central Power Purchasing Agency. Therefore, project came to a standstill and the management of LSPPL has intended to initiate process of winding up of LSPPL for which legal consultants have been approached. Therefore, financial accounts of LSPPL for year 2020 have been prepared on non-going concern basis.

For and on behalf of the Board of Directors



Mian Umer Mansha
Chief Executive Officer



Farid Noor Ali Fazal
Director

18 September 2020
Lahore

INDEPENDENT AUDITOR'S REPORT

To the members of Nishat Mills Limited

Qualified Opinion

We have audited the annexed consolidated financial statements of Nishat Mills Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

The financial statements of Nishat USA, Inc. (Subsidiary Company) for the year ended 30 June 2020 were unaudited. Hence, total assets of Rupees 17,183,659 as at 30 June 2020 and total turnover and net profit of Rupees 48,272,966 and Rupees 848,180 respectively for the year ended 30 June 2020 pertaining to the aforesaid Company have been incorporated in these consolidated financial statements by the management using un-audited financial statements.

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

Emphasis of Matters

We draw attention to the following matters:

- a. Note 14(b) and Note 23.6 to the consolidated financial statements, which describe the matters relating to litigations with National Transmission and Despatch Company Limited (NTDC) on account of recoverability of delayed payment charges and capacity revenue respectively.
- b. Note 1(a) to the consolidated financial statements, which refers to the liquidation of two subsidiaries, Concept Garments and Textile Trading FZE and Nishat UK (Private) Limited during the year.
- c. Note 1(a) to the consolidated financial statements, which states that the Lalpir Solar Power (Private) Limited – Subsidiary Company is no longer a going concern, therefore, the financial statements of Lalpir Solar Power (Private) Limited have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
<p>1.</p>	<p>Accounting for equity accounted associates</p> <p>Investments in equity-accounted associates amounted to Rupees 34,134 million (22% of total assets) as at 30 June 2020.</p> <p>There is a risk that associates are not accounted for and disclosed properly.</p> <p>As such, we have identified the impairment assessment, equity accounting and disclosure for the investments in equity accounted associates as representing key audit matters due to the significance of the balance to the consolidated financial statements as a whole.</p> <p>The Group's management conducts its impairment test to assess the recoverability of the equity accounted associates and considers whether there are indicators of impairment with respect to these investments. Impairment assessments of these investments require significant judgement and there is the risk that valuation of the investments may be incorrect and any potential impairment charge miscalculated.</p> <p>For further information on investments in equity-accounted associates, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Consolidation – Associates note 2.2(b) to the consolidated financial statements. - Critical accounting estimates and judgements note 2.1(c) - Long term investments note 18 to the consolidated financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We perused the supporting documentation and ensured that they are properly accounted for in accordance with IAS 28; • We ensured proper equity accounting was carried out during the year by looking at the post-acquisition change in the Group's share of net assets of the associates. In particular, we have: <ul style="list-style-type: none"> - Tested additions of investments made during the year; and - Checked the accuracy for computation of share of dividend income and profit or loss and other comprehensive income of the associates. • We assessed the adequacy of the disclosures presented within the consolidated financial statements to ensure they are in accordance with IFRS 12; • We sent group audit instructions to the respective component auditors to gain comfort on the audit procedures performed by the component auditors over the financial statements of associates; • We evaluated the reasonableness of management's assumptions and estimates used in determining the recoverable values of material investments. We assessed the assumptions and estimates based on our knowledge of the Group and the industries.
<p>2.</p>	<p>Assessment of control and significant influence on investments</p> <p>There is a risk that management has made an error in judgement or may have not fully considered all rules, facts and circumstances in assessing whether the Group has control or significant influence on its investments which may have significant consequences on the consolidated financial statements.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We tested the design and implementation of key controls around the application of the accounting standards and evaluated the significant judgements that management exercised in determining whether the Group controls or have significant influence over the

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Consolidation note 2.2 to the consolidated financial statements. - Note 1 and Note 18 to the consolidated financial statements. 	<p>investee companies;</p> <ul style="list-style-type: none"> • We reviewed documents to support any key judgments management has made in determining whether they control or have significant influence over an investee e.g. power over relevant activities; • We have tested the consolidation process to assess whether the conclusions reached have been appropriately applied in the preparation of the consolidated financial statements and adequate disclosures have been made in the consolidated financial statements.
3.	<p>Inventory existence and valuation</p> <p>Inventory of the textile business of the Group as at 30 June 2020 represented a material position in the consolidated statement of financial position.</p> <p>Inventory is measured at the lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventory as a key audit matter due to its size, representing 19.24% of total assets of the Group as at 30 June 2020, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories note 2.16 to the consolidated financial statements. - Stores, spares and loose tools note 21 and Stock-in-trade note 22 to the consolidated financial statements. 	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management; • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets; • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice; • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any; • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory; • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs; • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

Sr. No.	Key audit matters	How the matters were addressed in our audit
<p>4.</p>	<p>Capital expenditures</p> <p>The textile business of the Group is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Property, plant, equipment and deprecation note 2.7 to the consolidated financial statements. - Property, plant and equipment note 15 to the consolidated financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature; • We evaluated the appropriateness of capitalization policies and depreciation rates; • We performed tests of details on costs capitalized; • We verified the accuracy of management's calculation used for the impairment testing.
<p>5.</p>	<p>Revenue recognition</p> <p>We identified recognition of revenue of textile business of the Group as a key audit matter because revenue is one of the key performance indicators and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers note 2.23 to the consolidated financial statements. - Revenue note 30 to the consolidated financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;

Sr. No.	Key audit matters	How the matters were addressed in our audit
		<ul style="list-style-type: none"> • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; • We also considered the appropriateness of disclosures in the consolidated financial statements.
6.	<p>Application of IFRS 16 'Leases'</p> <p>The Group has adopted IFRS 16 'Leases' with effect from 01 July 2019. IFRS 16 introduces a single on consolidated statement of financial position lease accounting model for leases entered into by lessees. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. On adoption of IFRS 16, the Group has changed its accounting policy for operating leases which are now recognized on the consolidated statement of financial position. The Group has accordingly recognized right-of-use assets and lease liabilities as at 01 July 2019. The comparative figures for the 2019 reporting period have not been restated, as permitted under the specific transitional provisions of the standard.</p> <p>The adoption of IFRS 16 involves estimation and judgement. Because of the significance of the impact of these judgements / estimates, we considered this a key audit matter.</p> <p>For further information on leases, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Leases note 2.10 to the consolidated financial statements. - Lease liabilities and Right-of-use assets note 6 and note 17 to the consolidated financial statements respectively. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the management's process for identification of agreements which contain leasing arrangements; • Evaluating the selection of accounting policies and methodology followed by the management for determination and measurement of right-of-use assets, corresponding lease liabilities and other related impacts; • On a sample basis, testing the underlying data used by the management from the lease contracts for determination of the right-of-use assets and corresponding lease liabilities. Further, performed re-computations on a test basis to assess the accuracy of computations performed by the management; and • Assessing whether the presentation and disclosures relating to the adoption of IFRS 16 in the consolidated financial statements are in compliance with the applicable financial reporting framework.

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

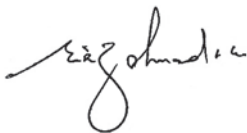
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: 18 September 2020

Consolidated Statement of Financial Position

As at June 30, 2020

	Note	2020 (Rupees in thousand)	2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2019: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital	3	3,515,999	3,515,999
Reserves	4	92,836,718	89,745,467
Equity attributable to equity holders of the Holding Company		96,352,717	93,261,466
Non-controlling interest		11,606,574	9,361,028
Total equity		107,959,291	102,622,494
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	9,372,451	5,915,226
Lease liabilities	6	1,765,873	-
Long term security deposits	7	271,133	217,030
Retirement benefit obligation		19,466	17,857
Deferred liability - accumulating compensated absences		1,540	2,321
Deferred income tax liability	8	1,973,011	2,399,735
		13,403,474	8,552,169
CURRENT LIABILITIES			
Trade and other payables	9	11,184,265	9,449,179
Accrued mark-up	10	395,513	469,245
Short term borrowings	11	24,080,517	24,402,574
Current portion of non-current liabilities	12	1,263,901	4,170,795
Unclaimed dividend	13	111,267	114,673
		37,035,463	38,606,466
TOTAL LIABILITIES		50,438,937	47,158,635
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		158,398,228	149,781,129

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



CHIEF EXECUTIVE OFFICER

	Note	2020 (Rupees in thousand)	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	43,724,143	41,697,384
Intangible assets	16	1,259	3,739
Right-of-use assets	17	2,030,736	-
Long term investments	18	50,115,435	51,348,430
Long term loans	19	361,635	323,476
Long term deposits	20	225,882	213,901
		96,459,090	93,586,930
CURRENT ASSETS			
Stores, spare parts and loose tools	21	2,979,540	3,908,091
Stock-in-trade	22	28,367,135	24,368,886
Trade debts	23	23,604,593	21,795,191
Loans and advances	24	1,372,497	1,433,533
Short term deposits and prepayments	25	184,401	321,890
Other receivables	26	4,652,267	3,143,324
Accrued interest	27	2,301	2,862
Short term investment	28	17,677	-
Cash and bank balances	29	758,727	1,220,422
		61,939,138	56,194,199
TOTAL ASSETS		158,398,228	149,781,129



DIRECTOR



CHIEF FINANCIAL OFFICER

Consolidated Statement of Profit or Loss

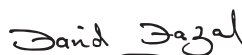
For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
REVENUE	30	88,709,830	96,005,322
COST OF SALES	31	(70,822,039)	(79,108,980)
GROSS PROFIT		17,887,791	16,896,342
DISTRIBUTION COST	32	(6,093,102)	(5,741,161)
ADMINISTRATIVE EXPENSES	33	(2,223,204)	(1,833,976)
OTHER EXPENSES	34	(218,300)	(394,678)
		(8,534,606)	(7,969,815)
		9,353,185	8,926,527
OTHER INCOME	35	2,351,438	3,422,072
PROFIT FROM OPERATIONS		11,704,623	12,348,599
FINANCE COST	36	(2,957,854)	(2,665,183)
		8,746,769	9,683,416
SHARE OF PROFIT FROM ASSOCIATES	18.3	864,092	1,300,879
PROFIT BEFORE TAXATION		9,610,861	10,984,295
TAXATION	37	(839,106)	(1,331,201)
PROFIT AFTER TAXATION		8,771,755	9,653,094
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		6,352,753	7,806,357
NON-CONTROLLING INTEREST		2,419,002	1,846,737
		8,771,755	9,653,094
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	38	18.07	22.20

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2020

	2020	2019
	(Rupees in thousand)	
PROFIT AFTER TAXATION	8,771,755	9,653,094
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified to profit or loss:		
Remeasurement of retirement benefits - net of tax	2,140	(29,115)
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(1,279,310)	(2,732,538)
Share of other comprehensive loss of associates	(535,646)	(1,837,479)
Deferred income tax relating to deficit on investments at fair value through other comprehensive income	18,572	53,870
	(1,794,244)	(4,545,262)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	5,491	158,994
Other comprehensive loss for the year - net of tax	(1,788,753)	(4,386,268)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,983,002	5,266,826
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	4,564,000	3,420,089
NON-CONTROLLING INTEREST	2,419,002	1,846,737
	6,983,002	5,266,826

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Consolidated Statement of Changes in Equity

For the year ended June 30, 2020

Attributable to Equity Holders of the Holding Company														(Rupees in thousand)	
Share Capital	Premium on issue of right shares	Fair value reserve FVTOCI investments	Exchange Translation Reserve	Capital Reserves			Revenue Reserves				Shareholders' Equity	Non-Controlling Interest	Total Equity		
				Statutory Reserve	Capital Redemption Reserve Fund	Maintenance Reserve	Sub Total	General Reserve	Unappropriated Profit	Sub Total				Total Reserves	
3,515,999	5,499,530	14,243,195	60,174	835	111,002	-	19,914,736	60,755,882	7,324,859	68,080,741	87,995,477	91,511,476	8,094,658	99,546,134	
-	-	-	-	-	-	-	-	-	(1,670,099)	(1,670,099)	(1,670,099)	(1,670,099)	-	(1,670,099)	
-	-	-	-	-	-	-	-	5,617,000	(5,617,000)	-	-	-	-	-	
-	-	-	-	-	-	1,608,668	1,608,668	(1,608,668)	-	(1,608,668)	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	(520,367)	(520,367)	
-	-	-	-	-	-	-	-	-	7,806,357	7,806,357	7,806,357	7,806,357	1,846,737	9,653,094	
-	-	(4,516,147)	158,994	-	-	-	(4,357,153)	-	(29,115)	(4,386,268)	(4,386,268)	(4,386,268)	-	(4,386,268)	
-	-	(4,516,147)	158,994	-	-	-	(4,357,153)	-	7,777,242	7,777,242	3,420,089	3,420,089	1,846,737	5,266,826	
3,515,999	5,499,530	9,727,048	219,168	835	111,002	1,608,668	17,166,251	64,764,214	7,815,002	72,579,216	89,745,467	93,261,466	9,361,028	102,622,494	
-	-	-	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)	-	(1,406,399)	
-	-	-	-	-	-	-	-	6,399,000	(6,399,000)	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	(173,456)	(173,456)	
-	-	-	-	-	-	-	-	-	6,352,753	6,352,753	6,352,753	6,352,753	2,419,002	8,771,755	
-	-	(1,796,384)	5,491	-	-	-	(1,790,893)	-	2,140	2,140	(1,788,753)	(1,788,753)	-	(1,788,753)	
-	-	(1,796,384)	5,491	-	-	-	(1,790,893)	-	6,354,893	6,354,893	4,564,000	4,564,000	2,419,002	6,983,002	
-	-	-	-	-	-	-	-	-	(66,350)	(66,350)	(66,350)	(66,350)	-	(66,350)	
3,515,999	5,499,530	7,930,664	224,659	835	111,002	1,608,668	15,375,358	71,163,214	6,298,146	77,461,360	92,836,718	96,352,717	11,606,574	107,959,291	

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

Um Nishat

CHIEF EXECUTIVE OFFICER

David Bajal

DIRECTOR



CHIEF FINANCIAL OFFICER

Consolidated Statement of Cash Flows

For the year ended June 30, 2020

Note	2020	2019	
	(Rupees in thousand)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	10,125,221	3,357,974
Finance cost paid		(3,031,586)	(2,487,802)
Income tax paid		(1,296,718)	(1,221,371)
Long term security deposits received		54,103	23,520
Exchange gain on forward exchange contracts received		107,279	13,720
Net increase in retirement benefit obligation		151	5,101
Net increase in long term loans		(62,807)	(94,925)
Net increase in long term deposits		(11,981)	(50,514)
Net cash generated from / (used in) operating activities		5,883,662	(454,297)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		97,272	250,765
Capital expenditure on property, plant and equipment		(5,791,497)	(4,325,970)
Dividends received		1,856,089	2,487,945
Investments made		(430,587)	(535,009)
Interest received		112,982	7,840
Net cash used in investing activities		(4,155,741)	(2,114,429)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		4,454,967	1,871,034
Repayment of long term financing		(4,404,834)	(4,214,625)
Repayment of lease liabilities		(347,769)	-
Exchange differences on translation of net investments in foreign subsidiaries		15,704	158,994
Short term borrowings - net		(322,057)	7,316,093
Dividend paid		(1,585,627)	(2,174,036)
Net cash (used in) / from financing activities		(2,189,616)	2,957,460
Net (decrease) / increase in cash and cash equivalents		(461,695)	388,734
Cash and cash equivalents at the beginning of the year		1,220,422	831,688
Cash and cash equivalents at the end of the year		758,727	1,220,422

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

1 THE GROUP AND ITS OPERATIONS

a) The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

- Nishat Power Limited
- Nishat Linen (Private) Limited
- Nishat Hospitality (Private) Limited
- Nishat USA, Inc.
- Nishat Linen Trading LLC
- Nishat International FZE
- Nishat Global China Company Limited
- Nishat Commodities (Private) Limited
- Lalpir Solar Power (Private) Limited

NISHAT MILLS LIMITED

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

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

NISHAT POWER LIMITED

Nishat Power Limited is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its

registered office is situated at 53-A, Lawrence Road, Lahore. Ownership interest held by non-controlling interests in Nishat Power Limited is 48.99% (2019: 48.99%).

NISHAT LINEN (PRIVATE) LIMITED

Nishat Linen (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) on 15 March 2011. The registered office of Nishat Linen (Private) Limited is situated at 7- Main, Gulberg Lahore. The principal objects of the Company are to operate retail outlets for sale of textile and other products and to sell the textile products by processing the textile goods in own and outside manufacturing facility. Geographical location and addresses of all business units are as follows:

Sr. No.	Business Units	Address
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Manufacturing unit and office

1	Stitching Unit and office	21 K.M., Ferozepur Road, Lahore.
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Stores

1	Nishat Emporium Mall	Shop # G-26, Nishat Emporium Mall, Abdul Haque Road, Johar Town, Lahore.
2	Swarovski-Emporium Mall	Shop # KG-05, Ground Floor, Nishat Emporium Mall, Abdul Haque Road, Johar Town, Lahore.
3	Gulberg Galleria	Shop # 13, Ground Floor U/G1 & L/G2, Gulberg Galleria, 18-Main Boulevard, Gulberg III, Lahore.
4	Packages Mall	Packages Mall, Walton Road, Lahore.
5	Tariq Road	Plot No. 172-5, P.E.C.H.S, Block 2, Tariq Road, Karachi.
6	Wapda Town	Main Boulevard, Johar Town, (Opposite Shaikat Khanum Hospital), Lahore.
7	Fashion Avenue	Fashion Avenue, Shop No. 5-7, College Block, Main Boulevard, Allama Iqbal Town, Lahore.
8	Fair Price Shop - Karachi	Plot No. CA-1-2, Ali Centre, Alfalah Cooperative Housing Society Limited, Shah Faisal Colony, Karachi.
9	Canal West Bank	Shop No. 1-3, Ground Floor Sraw Plaza, Near Muhafiz Town, Phase 1, Canal West Bank Road, Lahore.
10	Phase IV DHA	176 DD, Commercial Area, Phase 4, DHA, Lahore.
11	Doctors Hospital	86 G/1, Johar Town (Opposite Doctors Hospital), Lahore.
12	Link Road Model Town	Opposite Raja Sahib, Link Road Model Town, Lahore.
13	Mall Road	Factory Outlet, 46, Mall Road, Regal Chowk, Lahore.
14	Shadman	118-Shadman, Lahore.
15	Mughalpur	Ground Floor Building 9-A, Shalimar Link Road, Mughalpur, Lahore.
16	Gulshan Ravi	Factory Outlet, Shop No. 12-C, Main Boulevard Gulshan Ravi, Lahore.
17	Thokar Niaz Baig	Factory Outlet, Ground Floor, 55th Avenue, Thokar Niaz Baig, Raiwind Road, Lahore.
18	E-Store	21 K.M., Ferozepur Road, Lahore.
19	Clifton	G.F2, Jamalistan Shopping Center, DC-1, Block 8, Clifton, Karachi.
20	Dolmen Clifton	D-3, 1st Floor, Dolmen City, Block 4, Scheme 5, Clifton, Karachi.
21	Dolmen Tariq Road	SF-21, 2nd Floor, Dolmen Mall, Block 3, P.E.C.H.S., Tariq Road, Karachi.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

Sr. No.	Business Units	Address
22	Dolmen Mall Hyderi	3rd Floor, Outlet No. T-5, Dolmen Mall Hyderi, Block C, North Nazimabad, Karachi.
23	Ocean Mall	Shop 250-254, 2nd Floor, Ocean Mall, Plot No. G-3, Khyaban-e-Iqbal, Block 9, Clifton, Karachi.
24	KDA Outlet Store	NL Outlet Store, 565-A, Block 3, KDA Scheme 24, Gulshan-e-Iqbal, Karachi.
25	Mariam Heights	Shop No. 2, Mariam Heights, Plot No. 1, Main Shaheed-e-Millat Road (Opposite Naheed and Chase Super Market), Karachi.
26	Lucky One Mall	Lucky One Mall, Shop No. F-31, 1st Floor, Block 21, F.B. Area, Main Rashid Minhas Road, Karachi.
27	Atrium Mall	1st Floor, Atrium Mall, Staff Lines, Fatima Jinnah Road, Cantt. Karachi.
28	Millennium Mall	Millennium Mall, Main Rashid Minhas Road, Adjacent Drive-In Cinema, Gulshan-e-Iqbal, Karachi.
29	ANB Center	ANB Center, Plot No. 13-V, (Behind PSO Petrol Pump) Jinnah Super Market, F-7 Markaz, Islamabad.
30	F-10	Block No. 7, Malik Arcade, F-10 Markaz, Islamabad.
31	Centaurus Mall	Shop No. 120, 1st Floor, Centaurus Shopping Mall, Jinnah Avenue Plot No. 1, Blue Area, F-8/G-8, Islamabad.
32	Bahria Town Phase 7	Plaza 155, (Near Shaheen Chowk), Spring North, Phase 7, Bahria Town, Islamabad.
33	PWD	Ground Floor, Plaza No. 10, Main Road, Block A, PWD, Islamabad.
34	World Trade Center	World Trade Center, G.T. Road, Defence Housing Authority, Phase II, Islamabad.
35	Awami Trade Center	Awami Trade Center, Ground Floor, 31-33, G-9 Markaz, Islamabad.
36	Adamjee Road	Plot No. 5, Saddar, Adamjee Road, Rawalpindi.
37	Satellite Town	Shop No. 3, Abbas Arcade, 5th Road, Satellite Town, Commercial Market, Rawalpindi.
38	Crystal Mall	Crystal Mall, Main Bosan Road, Multan.
39	Gulshan Market	Factory Outlet, Shop No. 3, Block-S, 100 Feet Road, Gulshan Market, New Multan Colony, Multan.
40	S.P Chowk	Plot No. 1-A, S.P Chowk, Nusrat Road, Multan Cantt., Multan.
41	Masooma	Shop No. 2-3, Masooma Shopping Center, Legacy Tower, Koh-e-Noor City, Jaranwala Road, Faisalabad.
42	D-Ground	1298/B, Chen One Road, Peoples Colony No. 1, Faisalabad.
43	Gulberg Road	Shop No. P-424, Jinnah Colony, Gulberg Road, Faisalabad.
44	The Boulevard Mall	Shop No. 1, Ground Floor, The Boulevard Mall, Near Suzuki Burj Motors, East Canal Road, Faisalabad.
45	Taj Shopping Center	Ground Floor Taj Shopping Center, (Near National Bank) Govt. Girls College Road, Satellite Town, Gujranwala.
46	Fazal Centre	Hall No. 5, Fazal Centre, G.T. Road, Rahwali Cantt., Gujranwala.
47	Town Branch	JB Tower, Ground Floor, University Road, Peshawar.
48	Cantt Branch	Deans Trade Center, Islamia Road Cantt., Peshawar.
49	Abdullah Mall	Abdullah Mall, Ground Floor, Kutchery Road, Gujrat.
50	Sialkot	97-A, Liberty Market, Aziz Shaheed Road, (Near Silver Spoon Restaurant) Cantt., Sialkot.

Sr. No.	Business Units	Address
51	Bahawalpur	Shop No. 2, Haqqi Centre, (Opposite Commissioner House) Adjacent to DIG House, Bahawalpur.
52	Sargodha	Shop No. 39, Raas Tower, Qasim Park, Opposite MCB Bank, Main University Road, Sargodha.
53	Abbottabad	Mansehra Road, Opposite Faisal Bank, Abbottabad.
54	Mardan	Afaq Centre, (Opposite Premier Sugar Mills) Nowshera Road, Mardan.
55	Sahiwal	Azaan Heights, Jahaz Chowk, Sahiwal.
56	Swat	Shop No. F-1 & F-2, Swat Trade Center, (Opposite Swat Serena Hotel) Allah Chowk, Saidu Sharif, Swat.
57	Mandi Bahauddin	Shop No. G9, Ground Floor, Hakim Mall, Jail Road, Mandi Bahauddin.
58	Jhelum	Shop No. 1-14, Ground Floor, Adnan Plaza, Jhelum.
59	Boulevard Mall	First Floor A-14, Boulevard Mall, Auto Bhan Road, S.I.T.E., Hyderabad.
60	Burewala	Opposite Imran Petroleum, Near Stadium Road, Multan Road, Burewala.
61	Quetta	Shop No. 1, Ground Floor, Millennium Mall, Gulistan Road, Quetta.
62	Muzaffarabad	Shop No. 1, Ground Floor, Al-Rahim Plaza, Neelum Valley Road (Lower Plate), Muzaffarabad.
63	Sheikhupura	Lower Ground, Khanjee Center, Civil Quarter Road, Sheikhupura.
64	D.G. Khan	Shop No. 48-49, Block No. 6, Sadar Bazar, Dera Ghazi Khan.
65	Rahim Yar Khan	5-Model Town, Near Town Hall, Opposite U Microfinance Bank, Rahim Yar Khan.
66	Lalamusa	Factory Outlet, Lower Ground Floor, City Mall, G.T. Road, Lalamusa.
67	Fair Price Shop Sukheki	Nishat Dairy, Sukheki.
68	Wah Cantt	Shop No. 7-8 Lower Ground & Shop No. 7-8 Ground Floor, City Centre Phase 2, New City, Wah Cantt.
69	Kasur	Chandani Chowk, Plaza No. 216, Near Bank Alfalah, Railway Road, Kasur.
70	Fair Price Shop - Lahore	21 K.M., Ferozepur Road, Lahore.
71	Fair Price Shop – Bhikhi	Nishat Mills Limited, Weaving Unit Bhikhi, Sheikhupura.
72	Fair Price Shop –Faisalabad	Nishat Mills Limited, Nishatabad, Faisalabad.
73	Centaurus – Inplot	Shop No. 315, 3rd Floor, The Centaurus Mall, F-8, Islamabad.
74	WTC – Inplot	Shop No. 25, Hyperstar Floor Plot No. 1 Main G.T. Road DHA Phase 2, Islamabad.
75	DMC – Inplot	D-3, 1st Floor, Dolmen City, Block 4, Scheme 5, Clifton, Karachi.
76	Emporium – Inplot	Ground Floor, G-43, Emporium Mall, Lahore.
77	Swarovski Centaurus	Plot No. 1, Tower A, 16th Floor, The Centaurus Mall, Islamabad.
78	Packages – Inplot	Shop No. 1065, 1st Floor, Packages Mall, Lahore.
79	Crystal Mall – Inplot	Crystal Mall, Chungi No. 9, Bosan Road, Multan.
80	Sargodha – Inplot	Plot No. 39, Raas Tower, Qasim Park University Road, Sargodha.
81	Nishat Linen Tower	5-A-3, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore.
82	Factory Outlet - Lahore	Karim Block, Allama Iqbal Town, Lahore.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

Sr. No.	Business Units	Address
83	The Mall – Karachi	Shop No. 105, Ground Floor, Shanti Nagar, Main Rashid Minhas Road, Opposite Aladin Amusement Park, Karachi.
84	Bahria Town - Rawalpindi	Building 117, Civic Center, Phase 4, Bahria Town, Rawalpindi.
85	Taj Shopping Center – Gujranwala	Ground Floor, Taj Shopping Center, (Near National Bank) Govt. Girls College Road, Satellite Town, Gujranwala.
86	Al Barkat Center – Gujranwala	Shop No. 1839-A, Al Barkat Center, Near Marinade Restaurant, G.T. Road, Gujranwala.
87	Dera Ismail Khan	Opposite Liaqat Park, East Circular Road, Dera Ismail Khan.
88	Jhang	1 K.M., Faisalabad Road, Jhang Sadar.
89	Layyah	Shop No. 2, College Road, Layyah.
90	Mirpur	Shop No. 64, Sector F-1, Kotli Road, Mirpur Azad Kashmir.
91	Okara	Tehsil Road, A-Block, Okara.
92	Hafizabad	Vanike Road, Hafizabad.
93	Attock	Kamra Road, near Fuel Mart CNG Station, Attock.
94	Phalia	Shop No. 01, French Galleria, Gujrat Road, Phalia.
95	Boulevard Mall – Ingot	Shop No. 8, The Boulevard Mall, East Canal Road, Near Suzuki Burj Motors Showroom, Saeed Colony, Faisalabad.
96	Lucky Mall – Ingot	Lucky One Mall, F-13, 1st Floor, Lucky One Mall, Rashid Minhas Road, Karachi.
97	Swarovski – DMC	Swarovski Shop No. 11A, Ground Floor, World Trade Center, Islamabad.
98	Nishat Linen Tower – Ingot	5-A-3, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore.
99	Nishat Linen Tower – Swarovski	5-A-3, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore.
100	Swarovski-WTC	Shop No. 11A, Ground Floor, World Trade Center, Islamabad.
101	Faisalabad Swarovski	Shop No. G-10, Ground Floor, The Boulevard Shopping Mall, East Canal Road, Faisalabad.
102	North Nazimabad Karachi	Plot No. D-10/A, Block H, Main Khayaban-e-Sher Shah Suri, North Nazimabad, Karachi.
103	Hyderabad	Shop No. 23-A, Unit 3, Main Auto Bhan Road, Hyderabad.
104	Mianwali	Shop No.3, Fahad Plaza, College Road, Mianwali.
105	Vehari	Shop No.1, Ground and First Floor, Mall of Vehari, Hasilpur Road, Vehari.
106	Daska	Shop No.1, College Road, Daska.
107	Chandni Chowk	Plot No. 221/B, 4th Road, Adjacent to KFC, Chandni Chowk, Satellite Town, Rawalpindi.
108	Gojra	Opposite Paradise City, Jhang Road, Gojra.
109	Sahiwal	Shop No.1, Girls College Road, Sahiwal.
110	Haripur	Akhtar Nawaz Plaza, Main Haripur Road, Haripur.

NISHAT HOSPITALITY (PRIVATE) LIMITED

Nishat Hospitality (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) on 01 July 2011. The registered office of Nishat Hospitality (Private) Limited is situated at 1-B Aziz Avenue, Canal Bank, Gulberg-V, Lahore. The principal business place of the Company is situated at 9-A, Mian Mehmood Ali Kasuri Road, Gulberg-III, Lahore. The principal activity of the Company is to carry on the business of hotels, cafes, restaurants and lodging or apartment houses, bakers and confectioners in Pakistan and outside Pakistan.

NISHAT USA, INC.

Nishat USA, Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York.

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

NISHAT LINEN TRADING LLC

Nishat Linen Trading LLC is a limited liability company formed in pursuance to statutory provisions of the United Arab Emirates (UAE) Federal Law No. (8) of 1984 as amended and registered with the Department of Economic Development, Government of Dubai. Nishat Linen Trading LLC is a subsidiary of Nishat Mills Limited as Nishat Mills Limited, through the powers given to it under Article 11 of the Memorandum of Association, exercise full control on the management of Nishat Linen Trading LLC. Date of incorporation of the Company was 29 December 2010. The registered office of Nishat Linen Trading LLC is situated at P.O. Box 28189 Dubai, UAE. The principal business of Nishat Linen Trading LLC is to operate retail outlets in UAE for sale of textile and related products. The registered address of Nishat Linen Trading LLC in U.A.E. is located at Shop No. SC 128, Dubai Festival City, P.O. Box 28189 Dubai, United Arab Emirates and the branches are located at:

Sr. No.	Business Units
1	Dubai Outlet Mall, Al Ain street, Dubai, United Arab Emirates.
2	Shop No. 3, Al Souq Al Kabeer AB, Dubai, United Arab Emirates.
3	Unit No. M-101C, Oasis Center Mall, Dubai, United Arab Emirates.
4	Unit No. 1543, Arabian Centre, Dubai, United Arab Emirates.
5	FC 34, Al Ghurair Mall, Dubai, United Arab Emirates.
6	Shop No. F232-F233, 2nd Floor, Mega Mall, Sharjah, United Arab Emirates.
7	Al Wahda Sports Cultural Club Building, East 19, 0, Abu Dhabi, United Arab Emirates.
8	Shop No. F-39A, Al Ain Mall, Abu Dhabi, United Arab Emirates.
9	Baniyas Sports Club, Wahda C5D, 0, Baniyas East 2-6, Abu Dhabi, United Arab Emirates.
10	Shop No. U-029, 1st Floor, City Centre, Al Nahda Street, Sharjah, United Arab Emirates.
11	International Capital Trading LLC Building, West 9, 0, Abu Dhabi Island, United Arab Emirates.

NISHAT INTERNATIONAL FZE

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

NISHAT GLOBAL CHINA COMPANY LIMITED

Nishat Global China Company Limited is a Company incorporated in People's Republic of China on 25 November 2013. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The primary function of Nishat Global China Company Limited is to competitively source products for the retail outlets operated by Group companies in Pakistan and the UAE. The registered office of Nishat Global China Company Limited is situated at N801, No. 371-375 East Huanshi Road, Yuexiu District, Guangzhou City, China.

NISHAT COMMODITIES (PRIVATE) LIMITED

Nishat Commodities (Private) Limited is a private limited Company incorporated in Pakistan on 16 July 2015 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). It is a wholly owned subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal object of the Company is to carry on the business of trading of commodities including fuels, coals, building material in any form or shape manufactured, semi-manufactured, raw materials and their import and sale in Pakistan. Geographical location and

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

addresses of all business units are as follows:

Sr. No.	Business units	Address
1	Head office	5 K.M., Nishat Avenue, Off 22 K.M., Ferozpur Road, Lahore.
2	Warehouse	Plot 36/2, 1-C/1-1 and 1-C/2-1, Phase II, Mauripur Hawksbay Industrial Area, Karachi.
3	Sub-office	1st Floor, Chamber Hasrat Mohani Road, Karachi.
4	Registered office	Nishat House, 53 – A, Lawrence Road, Lahore.

LALPIR SOLAR POWER (PRIVATE) LIMITED

Lalpir Solar Power (Private) Limited is a private limited Company incorporated in Pakistan on 19 November 2015 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). It is a wholly owned subsidiary of Nishat Power Limited which is a subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal activity of the Company is to build, own, operate and maintain or invest in a solar PV power project having gross capacity upto 20 MWp. The Company achieved various milestones like approval of feasibility study, No Objection Certificate (NOC) from Environmental Protection Agency (EPA), approval of Grid Interconnection Study (GIS) from Multan Electric Power Company Limited (MEPCO) and from National Transmission and Despatch Company Limited (NTDCL). Further, consent for purchasing power from the project have also been provided by MEPCO. Generation Licence No. SPGL/26/2018 has been granted by National Electric Power Regulatory Authority (NEPRA) to the Company for its 11.120 MW Solar PV Power Project located at Mauza Verar, Sipra Mehmood Kot, District Muzaffargarh, in the province of Punjab, pursuant to Section 14(B) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 / Amendment Act, 2018. The upfront solar tariff announced by NEPRA expired on 30 June 2016.

The management of the Company continuously tried its best to get Power Acquisition Request and Consent to Procure Power from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) so that development of the project can be moved forward. However, CPPA-G informed the Company that Ministry of Energy has conveyed the Cabinet Committee on Energy (CCOE) decision to CPPA-G and further sent a list of 145 projects as approved by the Cabinet for necessary action. The CPPA-G stated that power project of the Company is not included in the list of 145 projects, therefore, CPPA-G is of the view that request of the Company cannot be entertained. Furthermore, during the year Alternate Energy Development Board (AEDB) informed that Solar PV Power Project of the Company is placed under category III of the decision of the Cabinet Committee on Energy (CCoE). All category-III projects are allowed by the CCoE to proceed ahead subject to becoming successful in the competitive bidding process to be undertaken by AEDB, based on the quantum ascertained for each technology by Indicative Generation Capacity Expansion Plan (IGCEP) by NTDCL.

The management of the Company understand that to-date, no such competitive bidding process has been undertaken even the IGCEP has not been finalized to-date. The response of CPPA-G and AEDB have made the Solar PV Power Project of the Company more complicated. Hence, voluntary winding up of the Company under the Companies Act, 2017 is being considered.

In view of the aforesaid reasons, the Company is not considered a going concern

LIQUIDATION OF NISHAT UK (PRIVATE) LIMITED AND CONCEPT GARMENTS AND TEXTILE TRADING FZE

During the previous year, the management of Nishat International FZE, pursuant to resolution of board of directors of Nishat Mills Limited dated 26 February 2019 and 26 April 2019 respectively, decided to liquidate Nishat UK (Private) Limited and Concept Garments and Textile Trading FZE. During the current year, Nishat UK (Private) Limited and Concept Garments and Textile Trading FZE were liquidated on 23 July 2019 and 26 December 2019 respectively.

b) Significant restrictions

Cash and bank balances held in foreign countries are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from these countries, other than through normal dividends. The carrying amount of these assets included within the consolidated financial statements to which

these restrictions apply is Rupees 410.121 million (2019: Rupees 507.654 million).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

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

Financial instruments – fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at the reporting date.

Useful lives, patterns of economic benefits and impairment

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

Inventories

Inventory write-down is made based on the current market conditions, historical experience and

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

Income tax

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

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the consolidated statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Impairment of investments in equity method accounted for associates

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

d) Standard, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- IFRS 9 (Amendments) 'Financial Instruments'
- IAS 28 (Amendments) 'Investments in Associates and Joint Ventures'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The Group had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 16. These are disclosed in note 2.10 to these consolidated financial statements. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the

current or future periods.

e) Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Group

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Group

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2020 or later periods:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

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

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The International Accounting Standards Board (IASB) has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past consolidated financial statements.

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the

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Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the consolidated financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The above amendments and improvements do not have a material impact on the consolidated financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation

a) Subsidiaries

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

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

Intragroup balances and transactions have been eliminated.

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

b) Associates

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

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

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity

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accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in equity method accounted for associates are tested for impairment in accordance with the provision of IAS 36 'Impairment of Assets'.

c) Translation of the financial statements of foreign subsidiaries

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

2.3 Employee benefit

The Group operates approved funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the employer and employees to the fund. The employer's contributions to the fund are charged to consolidated statement of profit or loss.

2.4 Taxation

Current

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

The profits and gains of Nishat Power Limited - Subsidiary Company derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein. Under Clause 11(v) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Subsidiary Company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the consolidated statement of profit or loss on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Provision for income tax on the income of foreign subsidiaries - Nishat USA, Inc. and Nishat Global China Company Limited is computed in accordance with the tax legislation in force in the country where the income is taxable.

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except to the extent

that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Nishat Power Limited - Subsidiary Company has not made provision for deferred tax as the Subsidiary Company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

2.5 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill is not amortised but is reviewed for impairment at least annually.

2.6 Foreign currencies

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

2.7 Property, plant, equipment and depreciation

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred. Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

Depreciation

Depreciation on property, plant and equipment is charged to consolidated statement of profit or loss applying the reducing balance method, except in case of Nishat Power Limited and Nishat Linen Trading LLC (Subsidiary Companies), where this accounting estimate is based on straight line method, so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 15.1. The depreciation is charged on additions from the date when the asset is available for use and on deletions upto the date when the asset is de-recognized. The residual values and useful lives are

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For the year ended June 30, 2020

reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of profit or loss in the year the asset is de-recognized.

2.8 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties except land, are stated at cost less accumulated depreciation and any recognized impairment loss. Land is stated at cost less any recognized impairment loss (if any). Depreciation is charged to consolidated statement of profit or loss applying the reducing balance method so as to write off the cost of buildings over its estimated useful lives at a rate of 10% per annum.

2.9 Intangible assets

Amortization on additions to intangible assets is charged from the date when the asset is acquired or capitalized upto the date when the asset is de-recognized.

2.10 IFRS 16 "Leases"

The Group has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the consolidated statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the consolidated statement of profit or loss. For classification within the consolidated statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

	Rupees in thousand
Right-of-use assets increased by	2,023,428
Short term prepayments decreased by	91,756
Lease liability increased by	1,931,672

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to consolidated statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

Nishat Power Limited - Subsidiary Company has a Power Purchase Agreement (PPA) with its sole customer, National Transmission and Despatch Company Limited (NTDC) for twenty-five years which commenced from 09 June 2010. SECP through SRO 986(I)/2019 dated 02 September 2019, has granted exemption from the requirements of IFRS 16 to all companies to the extent of their power purchase agreements executed before 01 January 2019. Therefore, IFRS 16 will not have any impact on the consolidated financial statements to the extent of power purchase agreement of Nishat Power Limited - Subsidiary Company.

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease. Nishat Power Limited - Subsidiary Company's power plant's control due to purchase of total output by NTDC appears to fall under the scope of finance lease under IFRS 16. Consequently, if Nishat Power Limited - Subsidiary Company was to follow IFRS 16 with respect to its power purchase agreement, the effect on these consolidated financial statements would be as follows:

	2020	2019
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(9,132,804)	(9,635,568)
De-recognition of trade debts	(6,065,065)	(5,510,129)
Recognition of lease debtor	9,738,063	11,556,096
Decrease in un-appropriated profit at the beginning of the year	(3,589,601)	(2,146,101)
Decrease in profit for the year	(1,870,405)	(1,443,500)
Decrease in un-appropriated profit at the end of the year	(5,460,006)	(3,589,601)

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

2.11 Investments and other financial assets

a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the

effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the consolidated statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

2.12 Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.13 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts other than those due from the Government of Pakistan and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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2.14 De-recognition of financial assets and financial liabilities

a) Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

b) Financial liabilities

The Group derecognizes a financial liability (or a part of financial liability) from its consolidated statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.15 Offsetting of financial instruments

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

2.16 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- i) For raw materials: Annual average basis.
- ii) For work-in-process and finished goods: Average manufacturing cost including a portion of production overheads.

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

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

2.17 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been

grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

However, in respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated 02 September 2019 has notified that the requirements contained in IFRS 9 with respect to application of expected credit losses method shall not be applicable till 30 June 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period.

2.18 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.19 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.20 Borrowing cost

Interest, mark-up and other charges on finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such finances. All other interest, mark-up and other charges are recognized in consolidated statement of profit or loss.

2.21 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, if any.

2.22 Trade and other payables

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

2.23 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over

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the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Sale of electricity

Revenue from the sale of electricity to NTDC, the sole customer of Nishat Power Limited – Subsidiary Group, is recorded on the following basis:

Capacity revenue is recognized based on the capacity made available to NTDC; and Energy revenue is recognized based on the Net Electrical Output (NEO) delivered to NTDC.

Capacity and Energy revenue is recognized based on the rates determined under the mechanism laid down in the Power Purchase Agreement.

Dividend

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

Hotel business

Revenue from hotel ownership comprises amounts earned in respect of rental of rooms, food and beverage sales, and other ancillary services and goods supplied by the Group. For each of the revenue streams, the Group recognizes revenue over time or at a point in time specifically after the performance obligation of transfer of goods or services to the customer has been fulfilled. Revenue is recognized over the period when rooms are occupied or services are performed. Revenue from sale of food and beverages and goods is recognized at the point of sale when the food and beverages and goods are delivered to customers. Payment is due immediately when the hotel guests occupies the room and receives the services and goods.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Group performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) Contract liabilities

Contract liability is the obligation of the Group to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract.

vii) Refund liabilities

Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.24 Provisions

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

2.25 Earnings per share

Earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year.

2.26 Contingent assets

Contingent assets are disclosed when the Group has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized until their realization becomes certain.

2.27 Contingent liabilities

Contingent liability is disclosed when the Group has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

the outflow can be reliably estimated, a provision is recognized in the consolidated financial statements.

2.28 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each consolidated statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the consolidated statement of profit or loss.

2.29 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the consolidated statement of financial position at estimated fair value with corresponding effect to consolidated statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.30 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.31 Ijarah contracts

Under the Ijarah contracts the Group obtains usufruct of an asset for an agreed period for an agreed consideration. The Group accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Group as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the profit and loss on straight line basis over the Ijarah term.

2.32 Segment reporting

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

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

The Group has following reportable business segments: Spinning at Faisalabad (I and II), Feroze Wattwan (I and II) (Producing different quality of yarn including dyed yarn and sewing thread using natural and artificial fibres), Weaving at Bhikki and Lahore (Producing different quality of greige fabric using yarn), Dyeing (Producing dyed fabric using different qualities of greige fabric), Home Textile (Manufacturing of

home textile articles using processed fabric produced from greige fabric), Terry (Manufacturing of terry and bath products), Garment (Manufacturing of garments using processed fabric), Power Generation (Generation, transmission and distribution of power using gas, oil, steam, coal and biomass) and Hotel (Business of hotel and allied services).

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

2.33 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.34 Dividend and other appropriations

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

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020 (Number of Shares)	2019	Note	2020 (Rupees in thousand)	2019
256,772,316	256,772,316	Ordinary shares of Rupees 10 each fully paid up in cash	2,567,723	2,567,723
2,804,079	2,804,079	Ordinary shares of Rupees 10 each issued to shareholders of Nishat Apparel Limited under the Scheme of Amalgamation	28,041	28,041
37,252,280	37,252,280	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	372,523	372,523
54,771,173	54,771,173	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	547,712	547,712
351,599,848	351,599,848		3,515,999	3,515,999

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

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

	2020	2019
	(Number of Shares)	
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	2,050	2,050
MCB Bank Limited	227	227
Adamjee Life Assurance Company Limited	400	80,000
	30,292,178	30,371,778

	Note	2020	2019
		(Rupees in thousand)	
4 RESERVES			
Composition of reserves is as follows:			
Capital			
Premium on issue of right shares	4.1	5,499,530	5,499,530
Fair value reserve FVTOCI investments - net of deferred income tax	4.2	7,930,664	9,727,048
Exchange translation reserve	2.2(c)	224,659	219,168
Statutory reserve	4.3	835	835
Maintenance reserve		1,608,668	1,608,668
Capital redemption reserve fund	4.4	111,002	111,002
		15,375,358	17,166,251
Revenue			
General		71,163,214	64,764,214
Unappropriated profit		6,298,146	7,815,002
		77,461,360	72,579,216
		92,836,718	89,745,467

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

4.2 This represents the unrealized gain on re-measurement of investments at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve net of deferred tax is as under:

Balance as on 01 July	9,871,724	14,441,741
Fair value adjustment during the year	(1,279,310)	(2,732,538)
Share of fair value reserve of associates	(535,646)	(1,837,479)
	8,056,768	9,871,724
Less: Deferred tax liability on unquoted equity investment	(126,104)	(144,676)
Balance as on 30 June	7,930,664	9,727,048

- 4.3** As required by UAE Federal Law No. (2) of 2015 and the Articles of Association of Nishat Linen Trading LLC - Subsidiary Company, 10% of the profit for the year has to be transferred to a legal reserve until it is equivalent to 50% of paid-up capital of the Subsidiary Company. This reserve is not available for distribution.
- 4.4** An equity accounted associate created the fund for redemption of preference shares. The preference shares were redeemed during the year ended 30 June 2007.

	Note	2020 (Rupees in thousand)	2019
5 LONG TERM FINANCING			
From banking companies - secured			
Long term loans	5.1	9,210,417	9,040,795
Long term musharika	5.2	923,197	1,043,772
Motor vehicles' loans	5.5	2,540	1,454
		10,136,154	10,086,021
Less: Current portion shown under current liabilities	12	(763,703)	(4,170,795)
		9,372,451	5,915,226

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

Lender	2020	2019	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
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(Rupees in thousand)

5.1 Long term loans

Nishat Mills Limited - Holding Company

Allied Bank Limited	16,060	64,242	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly installments commenced on 24 August 2014 and ending on 24 May 2021 (Note 5.4).	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Pak Brunei Investment Company Limited	202,474	248,258	SBP rate for LTFF + 0.25%	Three hundred and twenty unequal installments commenced on 30 August 2018 and ending on 28 December 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million over all the present and future plant and machinery of the Company with 25% margin excluding those assets (part of the plant and machinery) on which the Company has created exclusive charges in favour of existing creditors.
Faysal Bank Limited	139,016	158,875	SBP rate for LTFF + 0.30%	Twenty unequal installments commenced on 22 November 2018 and ending on 22 May 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Company (excluding those on which charge has already been created).
Pakistan Kuwait Investment Company (Private) Limited	42,174	62,347	SBP rate for LTFF + 1.00%	One hundred and sixty unequal installments commenced on 11 June 2016 and ending on 26 January 2023 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
	16,440	21,535	SBP rate for LTFF + 0.75%	Two hundred and fifty eight unequal installments commenced on 15 September 2016 and ending on 29 September 2023 (Note 5.4).	-	Quarterly	Ranking hypothecation charge of Rupees 267 million on plant and machinery of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing charge holders / creditors).
	58,614	83,882					
The Bank of Punjab	169,255	240,098	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced on 30 January 2017 and ending on 07 April 2023 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 667 million on present and future fixed assets (plant and machinery) of the Company.

Lender	2020	2019	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
National Bank of Pakistan	44,466	60,780	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ending on 03 June 2023 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 534 million on all present and future plant and machinery (excluding plant and machinery which is under exclusive charges of Company's creditors).
Allied Bank Limited	609,478	771,359	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 27 March 2018 and ending on 05 June 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,333 million (inclusive of 25% margin on all present and future plant and machinery of the Company).
Bank Alfalah Limited	596,935	751,071	SBP rate for LTFF + 0.35%	Four hundred and sixty unequal installments commenced on 02 February 2018 and ending on 25 May 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).
Bank Alfalah Limited	182,592	224,729	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commenced on 31 August 2018 and ending on 31 May 2024 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 400 million with 25% margin on present and future plant and machinery of the Company.
Allied Bank Limited	772,933	934,678	SBP rate for LTFF + 0.25%	Four hundred and eighty four unequal installments commenced on 28 December 2018 and ending on 13 July 2025 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Habib Bank Limited	461,591	619,963	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commenced on 17 September 2017 and ending on 25 November 2023 (Note 5.4).	-	Quarterly	Note 5.3
Faysal Bank Limited	267,338	296,361	SBP rate for LTFF + 0.30%	Eighty unequal installments commenced on 18 January 2020 and ending on 05 November 2025 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).

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For the year ended June 30, 2020

Lender	2020	2019	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Allied Bank Limited	908,011	778,483	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 26 January 2020 and ending on 17 September 2026 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,267 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Habib Bank Limited	937,145	767,846	SBP rate for LTFF + 0.25%	Twenty four unequal installments commenced on 27 February 2020 and ending on 27 November 2025 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 4,084 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Allied Bank Limited	222,715	-	SBP rate for LTFF + 0.35%	Sixty unequal installments commencing on 24 January 2022 and ending on 28 October 2026.	-	Quarterly	Ranking charge of Rupees 1,267 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing charge holders / creditors).
	546,274	-	SBP rate for LTFF + 0.50%	Four hundred and forty one unequal installments commencing on 12 February 2022 and ending on 18 February 2027.	-	Quarterly	
	100,000	-	SBP rate for financing power plants using renewable energy + 0.50%	Twenty equal quarterly installments commencing on 14 May 2021 and ending on 14 February 2026.	-	Quarterly	
	868,989	-					
Bank Alfalah Limited	218,714	-	SBP rate for LTFF + 0.50%	One hundred unequal installments commencing on 23 December 2021 and ending on 21 October 2026.	-	Quarterly	Ranking charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charge in favour of its existing charge holders / creditors) of the Company with 25% margin.

Lender	2020	2019	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Pakistan Kuwait Investment Company (Private) Limited	998,210	-	SBP rate for LTFF + 0.65%	Seventy two unequal installments commencing on 13 April 2022 and ending on 18 May 2028.	-	Quarterly	Ranking charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charge in favour of its existing charge holders / creditors) of the Company with 25% margin.
Habib Metropolitan Bank Limited	866,900	-	SBP rate for LTFF + 0.65%	Sixty unequal installments commencing on 24 September 2022 and ending on 30 June 2027.	-	Quarterly	Ranking charge of Rupees 1,334 million over plant and machinery after incorporating 25% margin (excluding plant and machinery in respect of which the Company has already created exclusive charge in favour of its existing charge holders).
Allied Bank Limited	891,696	-	3 Month offer KIBOR + 0.20%	Twenty four unequal installments commencing on 01 January 2021 and ending on 16 November 2022.	-	Quarterly	Ranking charge of Rupees 1,334 million over all the present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charge in favour of its existing creditors).
	9,210,417	6,000,625					

Nishat Power Limited - Subsidiary Company

Consortium of banks (Note 5.1.1)	-	3,040,170	3 Month offer KIBOR + 3.00%	(Note 5.1.1)	Quarterly	Quarterly	Registered first joint pari passu charge on immovable property, mortgage of project receivables, hypothecation of all present and future assets and all properties of Nishat Power Limited - Subsidiary Company (excluding the mortgaged immovable property and mortgaged energy revenue receivables), lien over project bank accounts and pledge of shares held by the Holding Company in Nishat Power Limited.
	-	3,040,170					
	9,210,417	9,040,795					

5.1.1 This represented long term financing obtained by Nishat Power Limited - Subsidiary Company from a consortium of banks led by Habib Bank Limited (agent bank) and includes National Bank of Pakistan, Allied Bank Limited, United Bank Limited and Faysal Bank Limited. The portion of long term financing from Faysal Bank Limited was on murabaha basis. The mark-up rate charged during the year on the outstanding balance ranged from 14.22% to 16.85% (2019: 9.92% to 13.99%) per annum. This loan has been repaid during the year.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

Lender	2020	2019	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
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(Rupees in thousand)

5.2 Long term musharika

Nishat Mills Limited - Holding Company

Habib Bank Limited	27,896	168,772	3 Month offer KIBOR + 0.35%	Fifty six unequal installments commenced on 19 May 2016 and ending on 01 June 2021. (Note 5.4)	Quarterly	Quarterly	Note 5.3
Standard Chartered Bank (Pakistan) Limited	687,500	875,000	3 Month offer KIBOR	Forty eight unequal installments commenced on 14 February 2019 and ending on 06 December 2023. (Note 5.4)	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
	715,396	1,043,772					

Nishat Linen (Private) Limited - Subsidiary Company

Faysal Bank Limited	119,878	-	3 Month offer KIBOR + 0.50%	Eight equal quarterly installments commencing on 30 March 2021 and ending on 30 December 2022.	Quarterly	Quarterly	Cross corporate guarantee of Rupees 267 million of Nishat Mills Limited - Holding company.
	119,878	-					

Nishat Hospitality (Private) Limited - Subsidiary Company

Faysal Bank Limited	14,100	-	SBP rate for Salaries & Wages + 0.50%	Eight equal installments commencing on 31 March 2021.	-	Quarterly	Cross corporate guarantee of Rupees 16 million of Nishat Mills Limited - Holding Company with 25% margin.
	14,100	-					

Nishat Power Limited - Subsidiary Company

Faysal Bank Limited	73,823	-	SBP rate for Salaries & Wages + 0.50%	Eight equal installments commencing on 31 March 2021.	-	Quarterly	The financing is secured against pari passu charge over all the present and future fuel stock / inventory and energy revenue receivables of Nishat Power Limited - Subsidiary Company.
	73,823	-					
	923,197	1,043,772					

- 5.3** Long term loans and long term musharika from Habib Bank Limited are secured against first pari passu hypothecation charge of Rupees 4,000 million on present and future fixed assets of the Holding Company excluding specific and exclusive charges.
- 5.4** Repayment period includes deferment of repayment of principal loan amount by one year in accordance with the State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.
- 5.5** This represents loan obtained by Nishat International FZE - Subsidiary Company from a bank for purchase of a vehicle at an interest rate of 7.43% to 8.80% per annum repayable in 48 monthly installments.

	Note	2020 (Rupees in thousand)	2019
6 LEASE LIABILITIES			
Total lease liabilities		2,266,071	-
Less: Current portion shown under current liabilities	12	(500,198)	-
		1,765,873	-
6.1 Reconciliation of lease liabilities			
Opening balance		-	-
Add: Adjustment on adoption of IFRS 16 on 01 July 2019		1,931,672	-
Add: Additions during the year		682,168	-
Add: Interest accrued on lease liabilities		264,457	-
Less: Payments during the period		(613,152)	-
Add: Currency retranslation		926	-
Closing balance		2,266,071	-
Less: Current portion shown under non-current liabilities	12	(500,198)	-
Non-current portion		1,765,873	-
6.2 Maturity analysis of lease liabilities is as follows:			
Upto 6 months		437,029	-
6-12 months		388,709	-
1-2 year		777,283	-
More than 2 years		1,376,248	-
		2,979,269	-
Less: Future finance cost		(713,198)	-
Present value of finance lease liabilities		2,266,071	-

7 LONG TERM SECURITY DEPOSITS

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
8 DEFERRED INCOME TAX			
The liability for deferred taxation originated due to temporary difference relating to:			
Taxable temporary differences on:			
Unquoted equity investment		126,104	144,676
Investments in associates		2,566,707	2,543,239
Accelerated tax depreciation	8.2	703,788	141,506
		3,396,599	2,829,421
Deductible temporary difference on:			
Turnover tax carried forward	8.3	(588,552)	(286,401)
Lease liabilities		(625,366)	-
Deferred liabilities - accumulating compensated absences	8.4	(447)	(673)
Unabsorbed tax losses and tax credits	8.4	(198,136)	(142,612)
Others	8.4	(11,087)	-
		(1,423,588)	(429,686)
		1,973,011	2,399,735

8.1 Provision for deferred tax on temporary differences other than relating to surplus on revaluation of unquoted equity investment of the Holding Company was not considered necessary as it is chargeable to tax under section 169 of the Income Tax Ordinance, 2001. Temporary differences of Nishat Power Limited - Subsidiary Company are not expected to reverse in the foreseeable future due to the fact that the profits and gains derived from electric power generation are exempt from tax. Nishat Hospitality (Private) Limited - Subsidiary Company has not recognised deferred tax assets of Rupees 34.325 million (2019: Rupees 34.203 million) in respect of minimum tax paid and available for carry forward under section 113 and 153 of the Income Tax Ordinance, 2001, as sufficient tax profit would not be available to set these off in the foreseeable future. Minimum tax paid u/s 113 and 153 aggregating to Rupees 2.655 million, Rupees 6.567 million, Rupees 7.913 million, Rupees 9.189 million, Rupees 7.879 million and Rupees 2.778 million would not be available for carry forward against future tax liabilities subsequent to tax years 2021, 2022, 2023, 2024 and 2025 respectively.

8.2 This relates to Nishat Hospitality (Private) Limited, Nishat Linen (Private) Limited and Nishat Commodities (Private) Limited - Subsidiary Companies.

8.3 This relates to Nishat Linen (Private) Limited - Subsidiary Company.

8.4 These relate to Nishat Hospitality (Private) Limited - Subsidiary Company.

	Note	2020 (Rupees in thousand)	2019
9 TRADE AND OTHER PAYABLES			
Creditors	9.1	7,654,227	6,928,577
Accrued liabilities		1,665,606	1,324,989
Advances from customers	9.1	1,021,564	562,547
Securities from contractors - interest free and repayable on completion of contracts	9.2	13,561	11,538
Retention money payable		36,500	88,357
Income tax deducted at source		782	1,013
Payable to employees provident fund trust		45,277	4,899
Fair value of forward exchange contracts		6,206	7,583
Workers' profit participation fund	9.3	639,524	517,276
Workers' welfare fund		101,018	2,400
		11,184,265	9,449,179
9.1 This includes amounts due to following related parties:			
Creditors			
D.G. Khan Cement Company Limited - associated company		8,543	2,130
Security General Insurance Company Limited - associated company		31,332	26,544
Adamjee Insurance Company Limited - associated company		25,726	31,258
Sanifa Agri Services Limited - associated company		2,379	-
Hyundai Nishat Motor (Private) Limited - associated company		37	-
Pakistan Aviators and Aviation (Private) Limited - associated company		-	2,612
Nishat (Chunian) Limited - related party		194,584	49,156
Nishat Hotels and Properties Limited - associated company		31,477	12,982
		294,078	124,682
Advances from customers			
Hyundai Nishat Motor (Private) Limited - associated company		-	787
Nishat Hotels and Properties Limited - associated company		820	2
		820	789

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

Notes to the Consolidated Financial Statements

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	Note	2020 (Rupees in thousand)	2019
9.3 Workers' profit participation fund			
Balance as on 01 July		517,276	370,571
Less: Adjustment on adoption of IFRS 15		-	(3,435)
		517,276	367,136
Add: Provision for the year		451,176	536,964
Interest for the year	36	4,124	1,005
		972,576	905,105
Less: Payments during the year		(333,052)	(387,829)
		639,524	517,276

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

10 ACCRUED MARK-UP

Long term financing		49,911	148,181
Short term borrowings	10.1	345,602	321,064
		395,513	469,245

10.1 This includes markup of Rupees 2.803 million (2019: Rupees 2.779 million) payable to MCB Bank Limited - associated company.

11 SHORT TERM BORROWINGS

From banking companies - secured

Nishat Mills Limited - Holding Company

State Bank of Pakistan (SBP) refinance	11.1 & 11.3	14,184,868	13,764,706
Other short term finances	11.1 & 11.4	2,743,549	3,540,000
Temporary bank overdrafts	11.1, 11.2 & 11.5	2,401,351	677,556
		19,329,768	17,982,262

Nishat Power Limited - Subsidiary Company

Short term running finances	11.6	4,750,749	5,220,315
Short term finances	11.7	-	1,199,997
		4,750,749	6,420,312
		24,080,517	24,402,574

- 11.1** These finances are obtained from banking companies under mark up arrangements and are secured against joint pari passu hypothecation charge on all present and future current assets, other instruments and ranking hypothecation charge on plant and machinery of the Holding Company. These form part of total credit facility of Rupees 42,975 million (2019: Rupees 39,705 million).
- 11.2** These finances include Rupees 76.206 million (2019: Rupees 120.307 million) obtained from MCB Bank Limited - associated company, which has been utilized for working capital requirements.
- 11.3** The rates of mark up range from 2.15% to 3.00% (2019: 2.15% to 3.00%) per annum on the balance outstanding.
- 11.4** The rates of mark up range from 1.87% to 14.01% (2019: 6.20% to 12.93%) per annum during the year on the balance outstanding.
- 11.5** The rates of mark-up range from 8.75% to 15.56% (2019: 7.12% to 13.79%) per annum on the balance outstanding.
- 11.6** The total running finance and running musharka main facilities obtained from various commercial banks under mark-up arrangements aggregate Rupees 10,251.520 million (2019: Rupees 7,201.520 million). Such facilities have been obtained at mark-up rates ranging from three months KIBOR plus 0.25% to 2% per annum, payable quarterly, on the balance outstanding. The aggregate facilities are secured against charge on present and future fuel stock / inventory and present and future energy purchase price receivables of Nishat Power Limited - Subsidiary Company. The mark-up rate charged during the year on the outstanding balance ranged from 8.86% to 15.85% (2019: 7.18% to 12.99%) per annum. Various sub facilities comprising money market loans and letter of guarantee have also been utilized under the aforementioned main facilities.
- 11.7** The total murabaha and term finance main facilities obtained from various commercial banks under mark-up arrangements aggregate Rupees 550 million (2019: Rupees 2,650 million). Such facilities have been obtained at mark-up rates ranging from one week to six months KIBOR plus 0.05% to 1.25%, payable at the maturity of the respective murabaha transaction / term finance facility. The aggregate facilities are secured against first pari passu charge on current assets comprising of fuel stocks / inventory of Nishat Power Limited - Subsidiary Company. The mark-up rate charged during the year on the outstanding balance ranged from 11.00% to 13.81% (2019: 6.41% to 13.75%) per annum. Various sub facilities comprising running musharka and running finance have also been utilized under the aforementioned main facilities.
- 11.8** The main facilities for opening letters of credit and guarantees aggregate Rupees 500 million (2019: Rupees 500 million). The amount utilized at 30 June 2020, for letters of credit was Rupees Nil (2019: Rupees 19.740 million) and for letters of guarantee was Rupees 113.000 million (2019: Rupees 112.500 million). The aggregate facilities for opening letters of credit and guarantee are secured by charge on present and future current assets including fuel stocks / inventory of the Nishat Power Limited - Subsidiary Company and by lien over import documents.

	Note	2020 (Rupees in thousand)	2019
12 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing	5	763,703	4,170,795
Current portion of lease liabilities	6	500,198	-
		1,263,901	4,170,795

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

13 UNCLAIMED DIVIDEND

13.1 Nishat Mills Limited - Holding Company

As at the reporting date, the Holding Company is in the process of complying with the provisions of Section 244 of the Companies Act, 2017.

13.2 Nishat Power Limited - Subsidiary Company

The disclosure required under Section 244 of the Companies Act, 2017 are as follows:

	2020	2019
	(Rupees in thousand)	
Amount transferred into unpaid dividend account	2,794	635
Dividend claims received and settled	302	344
Profits generated from unpaid dividend account	2,366	1,496
Profits utilised	-	-
The reconciliation of carrying amount is as follows:		
Opening balance	21,666	15,001
Dividend declared	354,089	1,062,266
Interest on dividend	2,366	1,496
Less: Dividend paid	(357,450)	(1,057,097)
Closing balance	20,671	21,666

14 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 2,941.607 million (2019: Rupees 2,255.144 million) are given by the banks of Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Directorate of Cotton Cess Management against cotton cess, Collector of Customs against regulatory duty, Model Customs Collectorate Lahore against imported coal, State Bank of Pakistan against mark up subsidy, Inspector General Frontier Corps KP (South) and the President of Islamic Republic of Pakistan through the controller of military accounts (Defence Purchase) against fulfillment of sales orders, High Court of Sindh, Karachi against the matter of importation of LED Lights and to the bank of Hyundai Nishat Motor (Private) Limited (associated company) to secure financial assistance to the associated company. Further, the Holding Company has issued cross corporate guarantees of Rupees 266.667 million (2019: Rupees Nil) and Rupees 16.2 million (2019: Rupees Nil) on behalf of Nishat Linen (Private) Limited - wholly owned subsidiary company and Nishat Hospitality (Private) Limited - wholly owned subsidiary company to secure the obligations of subsidiary companies towards their lenders.
- ii) Post dated cheques of Rupees 8,223.314 million (2019: Rupees 6,695.544 million) are issued by Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iii) Holding Company's share in contingencies of associates accounted for under equity method is Rupees 5,203 million (2019: Rupees 5,624 million).

- iv) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against Nishat Power Limited - Subsidiary Company through order dated 11 December 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was primarily made on the grounds that since revenue derived by the Subsidiary Company on account of 'capacity revenue' was not chargeable to sales tax, input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy revenue' admissible to the Subsidiary Company. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in Subsidiary Company's favour, however, certain other issues agitated by the Subsidiary Company were not adjudicated. Both the Subsidiary Company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which have not been adjudicated.

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

Similarly, for financial year 2014, Subsidiary Company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rupees 596.091 million). Subsidiary Company challenged the jurisdiction in respect of audit proceedings before LHC and while LHC directed the management to join the subject proceedings, department was debarred from passing the adjudication order. During the year, LHC has dismissed the petition in favour of the department, by allowing the department to complete the audit proceedings that are pending completion.

Since, the issue has already been decided in Subsidiary Company's favour on merits by LHC and based on advice of the Subsidiary Company's legal counsel, no provision on these accounts have been made in these consolidated financial statements.

- v) During the year 2019, the Commissioner Inland Revenue has raised a demand of Rupees 179.046 million against Nishat Power Limited - Subsidiary Company through his order dated April 16, 2019, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the tax periods of July 2014 to June 2017 and sales tax default on account of suppression of sales related to tax period June 2016. The Subsidiary Company filed application for grant of stay before the ATIR against recovery of the aforesaid demand that was duly granted. Further, the Subsidiary Company has filed appeals before CIR(A) and ATIR against the order which is pending adjudication. Management has strong grounds to believe that the case will be decided in Subsidiary Company's favour. Therefore, no provision has been made on this account in these consolidated financial statements.
- vi) During the year 2019, National Electric Power Regulatory Authority (NEPRA) issued a show cause notice dated February 13, 2019, to Nishat Power Limited - Subsidiary Company along with other Independent Power Producers to provide rationale of abnormal profits earned since commercial operation date (COD) that eventually led to initiation of proceedings against the Subsidiary Company by NEPRA on March 18, 2019. The Subsidiary Company has challenged the authority of NEPRA to take suo moto action before the Islamabad High Court (IHC) wherein IHC has provided interim relief by suspending the suo moto proceedings. The case is currently pending adjudication before IHC. Management of the Subsidiary Company is confident that based on the facts and law, there will be no adverse implications for the Subsidiary Company.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

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

 - a)** Letter of guarantee of Rupees 11.50 million (2019: Rupees 11.00 million) in favour of Director Excise and Taxation, Karachi, under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
 - b)** Letters of guarantee of Rupees 100 million (2019: Rupees 100 million) in favour of fuel suppliers.
 - c)** Letter of guarantee of Rupees 1.5 million (2019: Rupees 1.5 million) in favour of Punjab Revenue Authority, Lahore.
 - viii)** Guarantees of Rupees 100.350 million (2019: Rupees 89.350 million) are given by the banks of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Collectors of Customs against import consignments.
 - ix)** Through orders, the deemed assessments for tax years 2016, 2015, 2014, 2013 and 2012 were amended by Additional Commissioner Inland Revenue (ACIR) and Commissioner Inland Revenue (CIR) under section 122(5A) of the Income Tax Ordinance, 2001. Nishat Linen (Private) Limited - Subsidiary Company's appeals before Commissioner Inland Revenue [CIR(A)] were successful except for the legal issue of treating the Subsidiary Company as a manufacturer with relation to toll-manufactured goods. Appeals on this point have been filed before the Appellate Tribunal Inland Revenue which are pending adjudication. The Subsidiary Company is confident of favorable outcome of its appeals based on advice of the tax advisor and has carry forward minimum tax paid in tax years 2016, 2015 and 2014.
 - x)** Through notice dated 25 January 2018, issued by the Deputy Commissioner Inland Revenue (DCIR) under sections 161/205 of the Ordinance, Nishat Linen (Private) Limited - Subsidiary Company had been called upon to demonstrate its compliance with various withholding provisions of the Income Tax Ordinance, 2001. The subject proceedings have been finalized through order dated 03 August 2018, whereby, aggregate default amounting to Rupees 2.551 million has been adjudged against the Subsidiary Company. The Subsidiary Company's appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] was successful except for the legal issue amounting to Rupees 1.419 million. Appeal on this point has been filed before the Appellate Tribunal Inland Revenue which is pending adjudication. The Subsidiary Company is confident of favorable outcome of its appeal based on advice of the tax advisor.
 - xi)** Bank guarantee of Rupees 1.9 million (2019: Rupees 1.9 million) is given by the bank of Nishat Commodities (Private) Limited - Subsidiary Company in favour of Director, Excise and Taxation to cover the disputed amount of infrastructure cess.
- b) Contingent asset:**
- i)** On 07 August 2017, Nishat Power Limited - Subsidiary Company instituted arbitration proceedings against NTDC/Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing an amount of Rupees 1,084.748 million relating to delayed payment charges on outstanding delayed payment invoices. The Subsidiary Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivables from NTDC as per terms of the PPA. However, NTDC has denied this liability and objected on the maintainability of the Arbitration Proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivables.

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

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

In April 2019, a final hearing was held and final decision was given in July 2020, in favour of the Subsidiary Company. According to the final award, Arbitrator has accepted Subsidiary Company's request and directed NTDC to pay (i) interest at the Delayed Payment Rate (DPR) on Delayed Payment (DP) invoices, which is estimated at Rupees 1,422 million upto 30 June 2020 and may vary as per legal advice (ii) DP invoices submitted pursuant to Section 9.6 of the PPA in consistent with the first-in-first-out principle (iii) pay legal costs in the sum of Rupees 12,771,207 (iv) hearing expenses in the sum of GBP 17,393 and (v) Arbitration cost in the sum of GBP 44,136.

The Subsidiary Company is in the process of filing the final award in LHC for enforcement purposes. On prudence basis, the Subsidiary Company has not recognized the income and corresponding receivable for the above mentioned amounts in these consolidated financial statements due to its uncertainty on account of pendency of enforcement proceedings of the final award. Such amounts as per final award would be recognized when it attains finality and its collectability is certain.

c) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 322.818 million (2019: Rupees 1,005.666 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 2,381.289 million (2019: Rupees 1,040.985 million).
- iii) Outstanding foreign currency forward contracts of the Group are Rupees 389.348 million (2019: Rupees 463.868 million).
- iv) The amount of future payments under operating lease and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company is as follows:

	Note	2020 (Rupees in thousand)	2019
Not later than one year		3,894	3,894
15 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	41,076,157	40,835,226
Capital work in progress	15.2	2,542,740	687,957
Major spare parts and standby equipment	15.3	105,246	174,201
		43,724,143	41,697,384

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15.1 OPERATING FIXED ASSETS - owned

	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Factory equipment	Furniture, fixtures and office equipment	Computer equipment	Vehicles	Kitchen equipment and crockery items	Total
(Rupees in thousands)										
At 30 June 2018										
Cost	2,011,126	12,272,592	50,198,274	1,260,071	420,282	814,086	351,132	804,838	34,354	68,166,755
Currency retranslation	-	31,942	-	1,218	-	2,378	1,421	1,421	-	36,959
Accumulated depreciation	2,011,126	12,304,534	50,198,274	1,260,071	420,282	816,464	352,350	806,259	34,354	68,203,714
Currency retranslation	-	(5,129,747)	(22,115,024)	(677,726)	(227,031)	(373,196)	(260,938)	(400,017)	(23,446)	(29,207,125)
Accumulated impairment	-	(18,439)	-	-	-	(845)	(963)	(792)	-	(21,039)
Net book value	2,011,126	7,156,348	27,920,649	582,345	193,251	442,423	90,449	405,450	10,908	38,812,949
Year ended 30 June 2019										
Opening net book value	2,011,126	7,156,348	27,920,649	582,345	193,251	442,423	90,449	405,450	10,908	38,812,949
Additions	681,669	1,395,389	3,364,189	48,267	16,645	140,689	31,198	208,058	-	5,886,104
Assets written off:										
Cost	-	-	(55,074)	-	-	(696)	(513)	-	-	(56,283)
Accumulated depreciation	-	-	(14,513)	-	-	(351)	(46)	-	-	(14,910)
Disposals:										
Cost	-	(45,500)	(871,460)	(15,660)	(668)	(3,118)	(2,532)	(67,338)	(1,850)	(1,008,126)
Accumulated depreciation	-	42,906	676,919	13,053	524	2,576	2,070	42,351	1,264	781,663
Depreciation charge	-	(2,594)	(194,541)	(2,607)	(144)	(542)	(462)	(24,987)	(586)	(226,463)
Currency retranslation	-	(745,524)	(2,644,091)	(60,051)	(20,573)	(92,341)	(32,851)	(98,024)	(2,505)	(3,655,960)
Closing net book value	2,692,795	7,831,967	28,431,693	567,954	189,179	533,335	88,701	491,785	7,817	40,835,226
At 30 June 2019										
Cost	2,692,795	13,654,423	52,635,929	1,292,678	436,259	953,339	380,503	946,979	32,504	73,025,409
Currency retranslation	-	80,914	-	3,164	-	6,025	3,601	3,601	-	93,704
Accumulated depreciation	2,692,795	13,735,337	52,635,929	1,292,678	436,259	959,364	383,667	950,580	32,504	73,119,113
Currency retranslation	-	(5,850,804)	(24,041,635)	(724,724)	(247,080)	(423,461)	(292,215)	(456,482)	(24,687)	(32,061,088)
Accumulated impairment	-	(52,566)	-	(2,751)	-	(2,569)	(2,751)	(2,313)	-	(60,196)
Net book value	2,692,795	7,831,967	28,431,693	567,954	189,179	533,335	88,701	491,785	7,817	40,835,226
Year ended 30 June 2020										
Opening net book value	2,692,795	7,831,967	28,431,693	567,954	189,179	533,335	88,701	491,785	7,817	40,835,226
Additions	26,823	722,042	2,725,766	133,747	10,344	160,117	59,401	177,140	1,134	4,016,514
Disposals:										
Cost	-	(4,300)	(274,588)	(1,575)	-	(230)	(3,950)	(91,838)	-	(376,481)
Accumulated depreciation	-	3,302	230,456	1,001	-	83	3,242	61,399	-	299,483
Depreciation charge	-	(998)	(44,132)	(574)	-	(147)	(708)	(30,439)	-	(76,998)
Currency retranslation	-	(816,270)	(2,574,598)	(65,338)	(19,430)	(65,221)	(35,886)	(121,879)	(1,886)	(3,700,508)
Closing net book value	2,719,618	7,738,295	28,538,729	635,789	180,093	628,383	111,424	516,761	7,065	41,076,157
At 30 June 2020										
Cost	2,719,618	14,453,079	55,087,107	1,424,850	446,603	1,119,251	439,118	1,035,882	33,638	76,759,146
Currency retranslation	-	9,116	-	277	-	657	277	501	-	10,551
Accumulated depreciation	2,719,618	14,462,195	55,087,107	1,424,850	446,603	1,119,908	439,395	1,036,383	33,638	76,769,697
Currency retranslation	-	(6,716,338)	(26,385,777)	(789,061)	(266,510)	(491,167)	(327,610)	(519,275)	(26,573)	(35,522,311)
Accumulated impairment	-	(7,562)	-	(358)	-	(361)	-	(347)	-	(8,628)
Net book value	2,719,618	7,738,295	28,538,729	635,789	180,093	628,383	111,424	516,761	7,065	41,076,157
Annual rate of depreciation (%)	-	4-10	4-32.9	10	10	10	30-33	20	20-33	

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

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

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
----- (Rupees in thousand) -----								
Buildings on free hold land								
Passenger Lifts	2	4,300	3,302	998	557	(441)	Negotiation	Mr. Habib-ur-Rehman, Faisalabad.
		4,300	3,302	998	557	(441)		
Plant and Machinery								
Stenter Machine	1	57,262	46,974	10,288	11,000	712	Negotiation	Samira Fabrics (Private) Limited, Faisalabad.
Sewing Machines	33	2,272	1,365	907	1,000	93	Negotiation	Taiga Apparel (Private) Limited, Lahore.
Sewing Machines	29	3,702	2,021	1,681	1,551	(130)	Negotiation	Lahore Apparel (Private) Limited, Lahore.
Sewing Machines	82	20,182	10,379	9,803	7,477	(2,326)	Negotiation	Azgard Nine Limited, Lahore.
Tonello Washing Machine	3	18,912	11,597	7,315	5,850	(1,465)	Negotiation	Azgard Nine Limited, Lahore.
Sewing Machines	2	2,562	1,811	751	775	24	Negotiation	Cotton Web Limited, Lahore.
Sewing Machines	25	1,804	999	805	750	(55)	Negotiation	Lahore Apparel (Private) Limited, Lahore.
Rotary Air Dryer Model E/300	1	10,167	6,543	3,624	3,350	(274)	Negotiation	Cotton Web Limited, Lahore.
Air Handling Unit Rhoss	1	13,918	10,173	3,745	5,983	2,238	Negotiation	International Trade (Private) Limited, Lahore.
Rotary Air Dryer Model E/300	1	11,465	7,256	4,209	5,025	816	Negotiation	Cotton Web Limited, Lahore.
Embroidery Machine	1	757	71	686	757	71	Negotiation	Ibrahim Knitwear, Lahore.
		143,003	99,189	43,814	43,518	(296)		
Electric Installations								
Transformer	1	1,575	1,001	574	700	126	Negotiation	Hyundai Nishat Motor (Private) Limited, Lahore - (associated company).
		1,575	1,001	574	700	126		

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Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
----- (Rupees in thousand) -----								
Vehicles								
Honda City LE-15-1079	1	1,276	766	510	694	184	Company's Policy	Mr. Khurram Farook, Company's ex-employee, Lahore.
Toyota Corolla LED-15-2945	1	2,219	1,262	957	1,286	329	Company's Policy	Mr. Shahzad Ahmad Malik, Company's employee, Lahore.
Toyota Corolla LE-15-1078	1	1,693	1,026	667	904	237	Company's Policy	Mr. Irfan Butt, Company's employee, Lahore.
Toyota Hiace Van LE-13-1404	1	3,984	2,958	1,026	2,071	1,044	Negotiation	Mr. Farhan Makhdoom Khan, Toba Tek Singh.
Toyota Corolla LEA-15-4354	1	1,683	1,024	659	898	239	Company's Policy	Mr. Munir Ahmad, Company's employee, Karachi.
Honda City LEH-14-4578	1	1,691	1,039	652	894	242	Company's Policy	Mr. Muhammad Arif Khan Tareen, Company's employee, Quetta.
Honda Civic LED-15-4150	1	2,198	1,244	954	1,297	343	Company's Policy	Mr. Saeed Nawaz Khan, Company's employee, Lahore.
Toyota Corolla LEB-15-3846	1	1,683	1,024	659	897	238	Company's Policy	Mr. Rana Muhammad Imran, Company's employee, Faisalabad.
Toyota Corolla LEC-15-6196	1	1,694	1,007	687	927	240	Company's Policy	Mr. Zahid Javaid, Company's employee, Lahore.
Toyota Corolla LEA-15-6706	1	1,852	1,126	726	987	261	Company's Policy	Mr. Faisal Hafeez, Company's employee, Lahore.
Honda City LEC-15-1378	1	1,278	764	514	701	187	Company's Policy	Mr. Muhammad Jahanzeb, Company's employee, Lahore.
Toyota Corolla LE-15-1056	1	1,693	1,055	638	904	266	Company's Policy	Mr. Tariq Iqbal Khan, Company's employee, Lahore.
Honda City LEB-15-4265	1	1,691	1,000	691	860	169	Company's Policy	Mr. Abdul Rehman, Company's ex-employee, Lahore.
Toyota Hiace LEB-11-1232	1	3,582	2,895	687	2,011	1,324	Negotiation	Mr. Farhan Makhdoom Khan, Toba Tek Singh.
Toyota Corolla LEC-15-6445	1	1,685	1,016	669	976	307	Company's Policy	Mr. Arjad Abbas Majid, Company's employee, Muzaffargarh.
Toyota Hiace LET-18-1581	1	3,328	2,615	713	1,711	998	Negotiation	Mr. Farhan Makhdoom Khan, Toba Tek Singh.
Honda City LEB-13-9941	1	1,710	1,208	502	690	188	Company's Policy	Mr. Siraj-ud-Dean Mann, Company's ex-employee, Faisalabad.
Toyota Corolla LEB-15-5461	1	2,021	1,204	817	1,109	292	Company's Policy	Mr. Khalid Mehmood Chohan, Company's employee, Lahore.
Honda Civic LEE-15-2183	1	1,857	1,112	745	1,005	260	Company's Policy	Mr. Khalid Mehmood, Company's employee, Lahore.
Honda City LED-15-6571	1	1,280	770	510	694	184	Company's Policy	Mr. Rizwan Aslam, Company's employee, Lahore.
Toyota Corolla LED-15-2944	1	1,886	1,144	742	1,004	262	Company's Policy	Mr. Syed Amir Hussain, Company's employee, Faisalabad.
Suzuki Swift LEB-15-6390	1	1,255	742	513	703	190	Company's Policy	Mr. Ghulam Mustafa, Company's employee, Lahore.
Suzuki Cultus LEA 18A 4919	1	1,555	414	1,141	1,141	-	Company's Policy	Mr. Bilal Naeem, Company's employee, Lahore.
		44,794	28,415	16,379	24,364	7,984		
		182,809	167,576	15,233	28,133	12,900		
		376,481	299,483	76,998	97,272	20,273		

Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000

	Note	2020 (Rupees in thousand)	2019
15.1.3 Depreciation and amortization charge for the year has been allocated as follows:			
Cost of sales	31	3,455,552	3,463,266
Distribution cost	32	50,239	39,310
Administrative expenses	33	179,656	160,122
Capital work-in-progress		17,541	-
		3,702,988	3,662,698

15.1.4 Particulars of immovable fixed assets are as follows:

Description	Address	Area of land Acres
Spinning units, Yarn dyeing unit and Power plant	Nishatabad, Faisalabad.	92.09
Spinning units and Power plant	Plot No. 172-180 & 188-197, M-3 Industrial City, Sahianwala, FIEDMC, 2 K.M., Jhumra Chiniot Road, Chak Jhumra, Faisalabad.	98.95
Spinning units and Power plant	20 K.M., Sheikhpura Road, Feroze Wattwan.	66.94
Weaving units and Power plant	12 K.M., Faisalabad Road, Sheikhpura.	85.53
Weaving units, Dyeing and finishing units, Processing unit, Stitching units and Power plants	5 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	114.06
Terry unit	7 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	12.54
Apparel unit	2 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	16.32
Office	7-Main Gulberg, Lahore.	1.12
Freehold land	Plot No. 14, Block-B, DHA Phase VIII, Lahore.	0.05
NL Tower (Retail Outlet)	5/A-3 Gulberg, Lahore.	0.25
Power Plant- Nishat Power Limited	Jamber Kalan, Tehsil Pattoki, District Kasur.	34.07
Factory land	21 K.M., Ferozepur Road, Lahore.	4.21
Commercial building	Mian Mehmood Kasuri Road, Gulberg III, Lahore.	0.76
		526.89

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For the year ended June 30, 2020

	2020	2019
	(Rupees in thousand)	
15.2 Capital work-in-progress		
Buildings on freehold land	320,429	199,825
Plant and machinery	2,030,943	376,033
Electric installations	-	38,103
Unallocated expenses	102,070	27,069
Letters of credit against machinery	8	1,159
Advance against purchase of land	50,758	23,658
Advances against furniture and office equipment	2,046	8,776
Advances against vehicles	41,259	13,334
	2,547,513	687,957
Less: Impairment loss	(4,773)	-
	2,542,740	687,957
15.3 Major spare parts and standby equipment		
Opening balance	174,201	192,827
Add: Additions during the year	37,502	165,796
	211,703	358,623
Less: Transferred during the year	(106,457)	(184,422)
Closing balance	105,246	174,201

16 INTANGIBLE ASSETS

	FRANCHISE FEE	COMPUTER SOFTWARE	Total
	(Rupees in thousand)		
At 30 June 2018			
Cost	9,834	25,178	35,012
Accumulated amortization	(8,131)	(16,404)	(24,535)
Net book value	1,703	8,774	10,477
Year ended 30 June 2019			
Opening net book value	1,703	8,774	10,477
Amortization charged	(1,703)	(5,035)	(6,738)
Closing net book value	-	3,739	3,739
At 30 June 2019			
Cost	9,834	25,178	35,012
Accumulated amortization	(9,834)	(21,439)	(31,273)
Net book value	-	3,739	3,739
Year ended 30 June 2020			
Opening net book value	-	3,739	3,739
Amortization charged	-	(2,480)	(2,480)
Closing net book value	-	1,259	1,259
At 30 June 2020			
Cost	9,834	25,178	35,012
Accumulated amortization	(9,834)	(23,919)	(33,753)
Net book value	-	1,259	1,259
Annual amortization rate (%)	20	20	

17 RIGHT-OF-USE ASSETS

	Land	Buildings	Total
	(Rupees in thousand)		
Net carrying amount			
01 July 2019	30,911	1,992,517	2,023,428
30 June 2020	19,673	2,011,063	2,030,736
Currency retranslation - loss	395	9,820	10,215
Depreciation expense for the year ended 30 June 2020	10,843	653,802	664,645
Additions during the year ended 30 June 2020	-	682,168	682,168

Lease of land

The Nishat International FZE - Subsidiary Company obtained land on lease for warehouse purpose. Lease period is 5 years.

Lease of buildings

The Group obtained buildings on lease for godowns and shops. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to fourteen years.

	Note	2020 (Rupees in thousand)	2019
17.1 Depreciation charge for the year has been allocated as follows:			
Distribution cost	32	504,552	-
Administrative expenses	33	160,093	-
		664,645	-
18 LONG TERM INVESTMENTS			
Debt instruments	18.1	-	559,606
Equity instruments	18.2	50,115,435	50,788,824
		50,115,435	51,348,430
18.1 Debt instruments			
At amortized cost			
Sales tax refund bonds - at amortized cost			
Nil (2019: 5,555) bonds of Rupees 100,000 each		-	555,500
Add: Accrued interest		-	4,106
		-	559,606

Notes to the Consolidated Financial Statements

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	Note	2020 (Rupees in thousand)	2019
18.2 Equity instruments			
Associates (with significant influence)			
- under equity method			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2019: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2019: 31.40%)		21,537,608	22,883,313
Lalpir Power Limited - quoted 109,393,555 (2019: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2019: 28.80%)	18.2.1	4,798,766	3,986,932
Pakgen Power Limited - quoted 102,524,728 (2019: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2019: 27.55%)	18.2.1	5,870,717	4,809,748
Nishat Paper Products Company Limited - unquoted 11,634,199 (2019: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2019: 25%)		381,216	351,115
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2019: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2019: 12.24%)		315,510	330,126
Hyundai Nishat Motor (Private) Limited - unquoted 89,700,000 (2019: 66,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2019: 12%)	18.2.2	609,670	563,878
Sanifa Agri Services Limited - unquoted 6,591,600 (2019: 5,641,600) fully paid ordinary shares of Rupees 10 each. Equity held 33.33% (2019: 33.33%)	18.2.3	-	21,560
Nishat Hotels and Properties Limited - unquoted 74,022,917 (2019: 74,022,917) fully paid ordinary shares of Rupees 10 each. Equity held 7.40% (2019: 7.40%)		454,075	581,379
Nishat Sutas Dairy Limited - unquoted 16,630,000 (2019: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 34.46% (2019: Nil)		166,300	-
		34,133,862	33,528,051

	Note	2020 (Rupees in thousand)	2019
Associated companies (Others)			
Fair value through other comprehensive income			
Adamjee Insurance Company Limited - quoted 102,809 (2019: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2019: 0.03%)		2,116	2,116
MCB Bank Limited - quoted 88,015,291 (2019: 88,015,291) fully paid ordinary shares of Rupees 10 each. Equity held 7.43% (2019: 7.43%)		12,851,084	12,851,084
Security General Insurance Company Limited - unquoted 10,226,244 (2019: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2019: 15.02%)	18.2.4	11,188	11,188
		12,864,388	12,864,388
Related party			
Fair value through other comprehensive income			
Nishat (Chunian) Limited - quoted 32,689,338 (2019: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2019: 13.61%)		378,955	378,955
Others			
Fair value through other comprehensive income			
Alhamra Islamic Stock Fund - quoted 1,121,410 (2019: 1,108,714) units		3,135	3,025
Pakistan Petroleum Limited - quoted 599,998 (2019: 499,999) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2019: 0.02%)		64,409	64,409
		67,544	67,434
Add: Fair value adjustment		2,670,686	3,949,996
		15,981,573	17,260,773
		50,115,435	50,788,824

18.2.1 Investments in Lalpir Power Limited and Pakgen Power Limited include 550 and 500 shares respectively, held in the name of nominee director of the Holding Company.

18.2.2 Investments in Hyundai Nishat Motor (Private) Limited include 4 shares held in the name of nominee directors of the Holding Company.

18.2.3 This includes 1,600 (2019: 1,600) shares held in the name of chief financial officer of the Holding Company and ex-chief financial officer of the Holding Company. The shares held in the name of ex-chief financial officer of the Holding Company are being transferred.

18.2.4 Fair value per ordinary share of Security General Insurance Company Limited is determined at Rupees 57.79 by an independent valuer using present value technique.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

18.3 Reconciliation of investments in associates under equity method:

	D.G. Khan Cement Company Limited		Nishat Paper Products Company Limited		Nishat Dairy (Private) Limited		Lajpur Power Limited		Pakgen Power Limited		Nishat Energy Limited		Nishat Hotels and Properties Limited		Hyundai Nishat Motor (Private) Limited		Sanife Agri Services Limited		Nishat Sutas Dairy Limited		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Cost	3,418,145	3,418,145	116,342	116,342	600,000	600,000	1,640,306	1,640,306	1,272,194	1,272,194	5,000	5,000	740,229	740,229	897,000	897,000	65,916	65,916	166,300	166,300	8,921,432	8,921,432
Share of post acquisition increase:																						
As at 01 July	19,685,188	21,410,426	234,773	218,194	(277,382)	(277,382)	2,346,626	2,110,278	3,537,554	3,537,554	(3,314)	(3,314)	(158,850)	(158,850)	(65,307)	(65,307)	(34,856)	(34,856)	(34,856)	(34,856)	864,092	1,330,679
Share of profit/loss after income tax	(677,223)	506,465	(32,659)	14,805	(4,678)	(4,678)	(2,854)	1,038,913	600,988	600,988	(6,494)	(6,494)	(127,204)	(127,204)	(191,208)	(191,208)	(31,000)	(31,000)	(31,000)	(31,000)	(53,577)	(1,366,593)
Share of other comprehensive income / (loss)	(500,311)	(1,857,477)	(2,959)	(4,578)	-	-	(2,894)	225	2,066	2,066	-	-	(193,765)	(193,765)	-	-	-	-	-	-	(137,574)	(84,269)
Dividend received from associates	(1,157,574)	(954,690)	30,101	16,579	(14,616)	(14,616)	811,834	236,248	1,000,967	1,000,967	(3,314)	(3,314)	(127,204)	(127,204)	(191,208)	(191,208)	(31,000)	(31,000)	(31,000)	(31,000)	(137,574)	(84,269)
As at 30 June	18,119,483	19,465,168	264,474	234,773	(294,490)	(294,490)	3,158,460	2,346,626	4,936,923	4,936,923	(3,314)	(3,314)	(296,154)	(296,154)	(697,330)	(697,330)	(65,916)	(65,916)	(65,916)	(65,916)	25,214,116	23,071,105
Impairment loss	21,537,638	22,883,313	381,216	381,115	315,510	315,510	3,986,632	3,986,632	5,870,717	5,870,717	(1,896)	(1,896)	454,075	454,075	636,670	636,670	21,150	21,150	21,150	21,150	34,133,892	33,626,151

18.3.1 Summarized statement of financial position

Current assets	34,095,100	33,623,260
Non-current assets	85,456,634	92,316,195
Current liabilities	(2,778,431)	(2,778,431)
Non-current liabilities	(25,583,120)	(20,746,582)
Net assets	66,944,157	70,929,823

18.3.2 Reconciliation of carrying amounts

As at 01 July	70,929,823	77,194,421
Share of post acquisition increase:		
As at 30 June	66,944,157	70,929,823

18.4 Adheres to insurance Company Limited and MCB Bank Limited are associated companies due to common directorship.

	2020	2019
Revenue	30,033,124	40,516,625
Profit/(Loss) for the period	(2,158,651)	(6,007,759)
Other comprehensive income / (loss)	(1,687,478)	(5,910,025)
Total comprehensive income / (loss)	(3,846,129)	(11,917,784)
Dividend received from associates	137,574	584,680

18.5 Interest in associates

Name of associated company	Country of incorporation	Note	% of ownership interest		Measurement method	Quoted fair value		Carrying amount	
			2020	2019		2020	2019	2020	2019
D.G. Khan Cement Company Limited	Pakistan	18.5.1	31.40%	31.40%	Equity method	11,739,207	7,778,445	21,537,638	22,883,313
Nishat Paper Products Company Limited	Pakistan	18.5.2	25.00%	25.00%	Equity method	-	-	381,216	351,115
Nishat Dairy (Private) Limited	Pakistan	18.5.3	12.24%	12.24%	Equity method	-	-	315,510	330,126
Lajpur Power Limited	Pakistan	18.5.4	28.80%	28.80%	Equity method	1,276,623	1,422,116	4,795,766	3,966,932
Pakgen Power Limited	Pakistan	18.5.5	27.55%	27.55%	Equity method	1,231,322	1,433,301	5,870,717	4,809,748
Nishat Energy Limited	Pakistan	18.5.6	37.75%	37.75%	Equity method	-	-	454,075	454,075
Nishat Hotels and Properties Limited	Pakistan	18.5.7	17.40%	17.40%	Equity method	-	-	636,670	636,670
Hyundai Nishat Motor (Private) Limited	Pakistan	18.5.8	33.33%	33.33%	Equity method	-	-	21,150	21,150
Nishat Sutas Dairy Limited	Pakistan	18.5.10	34.46%	-	Equity method	-	-	166,300	-

18.5.1 D.G. Khan Cement Company Limited is engaged in production and sale of clinker, ordinary portland and sulphate resistant cement.

18.5.2 Nishat Paper Products Company Limited is engaged in the manufacture and sale of paper products and packaging material.

18.5.3 Nishat Dairy (Private) Limited is engaged in the business of production of raw milk.

18.5.4 The principal activities of Lajpur Power Limited are to own, operate and maintain an oil fired power station having gross capacity of 382 MW in Mehrwood Kcl, Muzaffargarh, Punjab, Pakistan.

18.5.5 The principal activities of Pakgen Power Limited are to own, operate and maintain an oil fired power station having gross capacity of 365 MW in Mehrwood Kcl, Muzaffargarh, Punjab, Pakistan.

18.5.6 The principal activities of Nishat Energy Limited is to build, own, operate and maintain coal power station having gross capacity of 660 MW with net estimated generation capacity of 600 MW at Mouza Anwar Pur, Rahim Yar Khan, Punjab, Pakistan.

18.5.7 The principal activity of Nishat Hotels and Properties Limited is to establish and manage shopping mall and hotel operations in Pakistan.

18.5.8 The principal activity of Hyundai Nishat Motor (Private) Limited is to produce and market high quality cotton seeds in Pakistan.

18.5.9 The principal activity of Sanife Agri Services Limited is to produce and market high quality cotton seeds in Pakistan.

18.5.10 No quoted price available.

18.5.11 No quoted price available.

18.5.12 No quoted price available.

18.5.13 No quoted price available.

18.5.14 No quoted price available.

18.5.15 No quoted price available.

18.5.16 No quoted price available.

18.5.17 No quoted price available.

18.5.18 No quoted price available.

18.5.19 No quoted price available.

18.5.20 No quoted price available.

18.5.21 No quoted price available.

18.5.22 No quoted price available.

18.5.23 No quoted price available.

18.5.24 No quoted price available.

18.5.25 No quoted price available.

18.5.26 No quoted price available.

18.5.27 No quoted price available.

18.5.28 No quoted price available.

18.5.29 No quoted price available.

18.5.30 No quoted price available.

18.5.31 No quoted price available.

18.5.32 No quoted price available.

18.5.33 No quoted price available.

18.5.34 No quoted price available.

18.5.35 No quoted price available.

18.5.36 No quoted price available.

18.5.37 No quoted price available.

18.5.38 No quoted price available.

18.5.39 No quoted price available.

18.5.40 No quoted price available.

18.5.41 No quoted price available.

18.5.42 No quoted price available.

18.5.43 No quoted price available.

18.5.44 No quoted price available.

18.5.45 No quoted price available.

	Note	2020 (Rupees in thousand)	2019
19 LONG TERM LOANS			
Considered good:			
Executives - secured	19.1 & 19.2	253,434	198,262
Other employees - secured	19.2	247,045	239,410
		500,479	437,672
Less: Current portion shown under current assets	24		
Executives		63,365	47,361
Other employees		75,479	66,835
		138,844	114,196
		361,635	323,476

19.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 254.502 million (2019: Rupees 199.208 million).

19.2 These represent house construction and motor vehicle loans given to executives and employees of Nishat Mills Limited - Holding Company, Nishat Linen (Private) Limited - Subsidiary Company and Nishat Power Limited - Subsidiary Company and are secured against balance to the credit of employee in the provident fund trusts of the respective companies and against registration of cars in the joint name of the respective company and the employee. These are recoverable in equal monthly installments.

19.3 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

20 LONG TERM DEPOSITS			
Security deposits		225,882	213,901
21 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	21.1	1,599,830	2,591,764
Spare parts		1,369,757	1,300,982
Loose tools		14,171	19,569
		2,983,758	3,912,315
Less: Provision for slow moving, obsolete and damaged store items	21.2	(4,218)	(4,224)
		2,979,540	3,908,091

21.1 This includes stores in transit of Rupees 215.881 million (2019: Rupees 1,108.668 million).

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21.2 Provision for slow moving, obsolete and damaged store items

	Note	2020 (Rupees in thousand)	2019
Balance as on 01 July		4,224	4,290
Less: Provision reversed during the year	35	(6)	(66)
Balance as on 30 June		4,218	4,224

22 STOCK IN TRADE

Raw materials		16,750,509	15,261,580
Work in process	22.2	2,244,439	2,218,560
Finished goods	22.3 & 22.5	9,393,252	6,909,811
Less: Provision for slow moving and obsolete stocks		(21,065)	(21,065)
		9,372,187	6,888,746
		28,367,135	24,368,886

22.1 Stock in trade of Rupees 654.768 million (2019: Rupees 436.764 million) is being carried at net realizable value.

22.2 This includes stock of Rupees 11.612 million (2019: Rupees 10.912 million) sent to outside parties for processing.

22.3 Finished goods include stock in transit of Rupees 1,384.397 million (2019: Rupees 1,074.319 million).

22.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 22.364 million (2019: Rupees 85.954 million).

22.5 Finished goods include stock of Rupees 558.751 million (2019: Rupees 630.911 million) which is in the possession of stockists of Nishat Linen (Private) Limited - Subsidiary Company.

23 TRADE DEBTS

Considered good:

Secured		19,237,356	16,964,955
Unsecured:			
- Related parties	23.1 & 23.4	48,124	18,726
- Other	23.3	4,349,703	4,839,963
		23,635,183	21,823,644
Less: Allowance for expected credit losses	23.7	(30,590)	(28,453)
		23,604,593	21,795,191

	2020	2019
	(Rupees in thousand)	
23.1 This represents amount due from following related parties:		
Adamjee Insurance Company Limited - associated company	594	-
Nishat Dairy (Private) Limited - associated company	-	497
Hyundai Nishat Motor (Private) Limited - associated company	2,110	1,270
Adamjee Life Assurance Company Limited - associated company	1	-
D.G. Khan Cement Company Limited - associated company	-	63
Nishat Hotels and Properties Limited - associated company	4,729	1,525
MCB Bank Limited - associated company	104	27
MCB Islamic Bank Limited - related party	-	37
Nishat (Chunian) Limited - related party	40,586	15,307
	48,124	18,726
23.2 The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:		
Lalpir Power Limited - associated company	-	17
Pakgen Power Limited - associated company	-	33
Adamjee Insurance Company Limited - associated company	595	134
Nishat Dairy (Private) Limited - associated company	-	497
Hyundai Nishat Motor (Private) Limited - associated company	7,071	1,557
Adamjee Life Assurance Company Limited - associated company	130	247
D.G. Khan Cement Company Limited - associated company	-	240
Sanifa Agri Services Limited - associated company	-	132
Nishat Hotels and Properties Limited - associated company	6,491	4,289
MCB Bank Limited - associated company	1,559	519
MCB Islamic Bank Limited - related party	679	246
Nishat (Chunian) Limited - related party	40,586	15,443
23.3 As at 30 June 2020, trade debts due from other than related parties of Rupees 1,696.067 million (2019: Rupees 1,837.087 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:		
Upto 1 month	1,426,041	1,252,533
1 to 6 months	244,476	562,348
More than 6 months	25,550	22,206
	1,696,067	1,837,087

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- 23.4** As at 30 June 2020, trade debts due from related parties amounting to Rupees 45.976 million (2019: Rupees 3.419 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	2020	2019
	(Rupees in thousand)	
Upto 1 month	45,588	-
1 to 6 months	388	3,419
More than 6 months	-	-
	45,976	3,419

- 23.5** Trade receivables of Nishat Power Limited - Subsidiary Company from NTDC are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranges from 10.64% to 18.42% (2019: 10.57% to 17.47%) per annum. Trade debts include unbilled receivables of Rupees 2,740.517 million (2019: Rupees 652.678 million).

- 23.6** Trade debts of Nishat Power Limited - Subsidiary Company - Include an amount of Rupees 816.033 million relating to capacity revenue not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that Subsidiary Company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the Subsidiary Company had taken up this issue at appropriate forums.

On 28 June 2013, the Subsidiary Company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the Subsidiary Company before the Supreme Court of Pakistan on the abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the Subsidiary Company applied for withdrawal of the aforesaid petition in 2013 and on 25 January 2018, the Supreme Court disposed off the petitions filed before it. During the financial year 2014, the Subsidiary Company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

During the financial year 2016, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the Subsidiary Company by NTDC. Pursuant to the Expert's determination, the Subsidiary Company demanded the payment of the aforesaid amount of Rupees 816.033 million from NTDC that has not yet been paid by NTDC. The Subsidiary Company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed.

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

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

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

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

The District Judge, Lahore through his order dated 8 July 2017 set-aside the aforementioned orders of the Civil Judge, Lahore dated 18 April 2017 and accepted Subsidiary Company's appeals but dismissed the Subsidiary Company's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, (i) the Subsidiary Company filed writ petitions before the LHC, which announced a favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of LHC; and (ii) GOP/PPIB filed revision petitions in the LHC, which are currently pending adjudication.

On 29 October 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the company: i) Rupees 816.033 million pursuant to Expert's determination; ii) Rupees 189.385 million being Pre award interest; iii) Rupees 9.203 million for breach of arbitration agreement; iv) Rupees 1.684 million and USD 612,310 for the Subsidiary Company's cost of proceedings; v) GBP 30,157 for company's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rupees 347.417 million up to 30 June 2020.

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

On 4 May 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC had sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on 04 October 2018.

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

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

	Note	2020 (Rupees in thousand)	2019
23.7 Allowance for expected credit losses			
Opening balance		28,453	-
Add: Recognized as on 01 July 2018		-	16,987
Add: Recognized during the year - net	34	2,137	11,466
		30,590	28,453
24 LOANS AND ADVANCES			
Considered good:			
Employees - interest free:			
- Executives		646	55
- Other employees		13,188	11,274
		13,834	11,329
Current portion of long term loans	19	138,844	114,196
Advances to suppliers		251,714	315,079
Letters of credit		2,575	1,395
Advance income tax - net of provision for taxation		652,738	603,278
Other advances		312,792	388,256
		1,372,497	1,433,533
Considered doubtful:			
Others		108	108
Less: Provision for doubtful debts		108	108
		-	-
		1,372,497	1,433,533

	Note	2020 (Rupees in thousand)	2019
25 SHORT TERM DEPOSITS AND PREPAYMENTS			
Deposits		61,543	63,419
Prepayments		122,858	258,471
		184,401	321,890
26 OTHER RECEIVABLES			
Considered good:			
Export rebate and claims		167,730	282,866
Duty drawback		576,897	708,511
Sales tax refundable		3,306,544	1,676,005
Fair value of forward exchange contracts		345	958
Workers' profit participation fund receivable	26.1	450,280	401,225
Workers' welfare fund receivable		98,852	-
Miscellaneous receivables		51,619	73,759
		4,652,267	3,143,324

26.1 Under section 9.3(a) of the Power Purchase Agreement (PPA) between Nishat Power Limited - Subsidiary Company and NTDC, payments to Workers' Profit Participation Fund are recoverable from NTDC as a pass through item.

27 ACCRUED INTEREST

27.1 This includes an amount due from MCB Bank Limited - associated company amounting to Rupees 0.094 million (2019: Rupees 0.674 million) and from Sanifa Agri Services Limited - associated company amounting to Rupees 1.432 million (2019: Rupees Nil).

27.2 The maximum aggregate amount due from MCB Bank Limited - associated company at the end of any month during the year was Rupees 0.094 million (2019: Rupees 1.654 million) and from Sanifa Agri Services Limited - associated company amounting to Rupees 1.432 million (2019: Rupees Nil).

28 SHORT TERM INVESTMENT

This represents investment of Nishat Power Limited - subsidiary company in 3 month Government Treasury Bills which bear mark-up at 7.80% (2019: Nil) per annum.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
29 CASH AND BANK BALANCES			
With banks:			
On current accounts Including US\$ 82,398 (2019: US\$ 101,607.35) and UAE Dirhams 8,604,600 (2019: UAE Dirhams 10,932,535)	29.1 & 29.2	557,158	608,113
Term deposit receipts	29.3	149,396	553,719
On PLS saving accounts Including US\$ 117 (2019: US\$ 117)	29.1 & 29.4	17,459	12,055
		724,013	1,173,887
Cash in hand			
Including UAE Dirhams 188,154 (2019: UAE Dirhams 385,306)		34,714	46,535
		758,727	1,220,422

29.1 Cash at banks includes balance of Rupees 31.700 million (2019: Rupees 45.759 million) with MCB Bank Limited - associated company.

29.2 Cash at banks includes balance of Rupees 0.077 million (2019: Rupees 1.544 million) with MCB Islamic Bank Limited - related party.

29.3 These represent term deposits with banking companies having maturity period of upto one month and carry profit at the rates ranging from 6.40% to 6.50% (2019: 10.40% to 12.50%) per annum.

29.4 Rate of profit on Pak Rupees bank deposits ranges from 6.29% to 14.00% (2019: 3.11% to 10.50%) per annum.

	Note	2020 (Rupees in thousand)	2019
30 REVENUE			
Export sales		45,725,446	48,183,734
Local sales	30.1	42,039,527	46,828,846
Processing income		338,590	398,245
Export rebate		199,090	188,326
Duty drawback		407,177	406,171
		88,709,830	96,005,322
30.1 Local sales			
Sales	30.1.1	50,174,951	50,965,660
Less: Sales tax		(5,774,939)	(2,395,972)
Less: Discount		(2,360,485)	(1,740,842)
		42,039,527	46,828,846

30.1.1 This includes sale of Rupees 2,977.374 million (2019: Rupees 2,557.696 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales includes waste sale of Rupees 1,818.936 million (2019: Rupees 2,414.876 million).

	Note	2020 (Rupees in thousand)	2019
31 COST OF SALES			
Raw materials consumed		45,987,292	53,336,672
Processing charges		742,535	624,779
Salaries, wages and other benefits	31.1	7,218,329	6,566,564
Stores, spare parts and loose tools consumed		6,971,855	6,525,952
Packing materials consumed		1,439,156	1,545,191
Repair and maintenance		413,155	433,529
Fuel and power		6,034,186	6,357,661
Insurance		326,699	267,189
Royalty	31.2	7,800	8,593
Other factory overheads		734,800	782,797
Depreciation and amortization	15.1.3	3,455,552	3,463,266
		73,331,359	79,912,193
Work-in-process			
Opening stock		2,218,560	2,517,792
Closing stock		(2,244,439)	(2,218,560)
		(25,879)	299,232
Cost of goods manufactured		73,305,480	80,211,425
Finished goods			
Opening stock		6,909,811	5,807,366
Closing stock		(9,393,252)	(6,909,811)
		(2,483,441)	(1,102,445)
		70,822,039	79,108,980

31.1 Salaries, wages and other benefits include provident fund contributions of Rupees 221.109 million (2019: Rupees 197.290 million) and Rupees 0.362 million (2019: Rupees 0.241 million) in respect of provision for compensated absences.

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
32 DISTRIBUTION COST			
Salaries and other benefits	32.1	925,254	839,735
Outward freight and handling		1,679,658	1,591,469
Sales promotion		653,834	709,615
Commission to selling agents		666,384	631,897
Royalty	32.2	71,843	55,495
Fuel cost		178,411	192,559
Travelling and conveyance		138,172	183,364
Rent, rates and taxes		61,521	677,198
Postage and telephone		133,679	127,601
Insurance		27,666	27,509
Vehicles' running		20,029	18,277
Entertainment		14,594	19,619
Advertisement		502,981	263,977
Electricity and gas		120,065	119,545
Printing and stationery		5,459	5,862
Repair and maintenance		332,515	233,645
Fee and subscription		6,246	4,484
Depreciation on right-of-use assets	17.1	504,552	-
Depreciation	15.1.3	50,239	39,310
		6,093,102	5,741,161

32.1 Salaries and other benefits include provident fund contributions of Rupees 43.931 million (2019: Rupees 38.681 million).

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

Name of the company	Registered address	Relationship with the Group or directors	2020	2019
		Related / Other	(Rupees in thousand)	
American and Efir LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	52,312	51,374

	Note	2020 (Rupees in thousand)	2019
33 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	33.1	1,315,633	1,191,625
Vehicles' running		53,359	51,417
Travelling and conveyance		158,229	148,013
Rent, rates and taxes		34,229	39,823
Insurance		20,094	18,448
Entertainment		27,786	25,129
Legal and professional		60,479	32,296
Auditors' remuneration	33.2	15,556	16,176
Advertisement		1,805	812
Postage and telephone		25,396	22,192
Electricity and gas		20,630	12,260
Printing and stationery		23,077	20,161
Repair and maintenance		45,994	32,652
Fee and subscription		18,176	8,884
Depreciation on right-of-use assets	17.1	160,093	-
Depreciation	15.1.3	179,656	160,122
Miscellaneous		63,012	53,966
		2,223,204	1,833,976
33.1 Salaries and other benefits include provident fund contributions of Rupees 50.105 million (2019: Rupees 44.562 million), Rupees 0.316 million (2019: Rupee 0.145 million) in respect of provision for compensated absences and Rupees 3.374 million (2019: Rupees 1.982 million) in respect of retirement benefit - gratuity.			
33.2 Auditors' remuneration			
Riaz Ahmad and Company			
Audit fee		5,631	5,330
Half yearly review		961	945
Other certifications		155	155
Reimbursable expenses		177	165
		6,924	6,595
A.F. Ferguson and Company			
Statutory audit fee		2,490	2,440
Half yearly review		875	875
Tax services		495	2,075
Other certification services		380	369
Reimbursable expenses		332	281
		4,572	6,040
Crowe Mak			
Audit fee		3,964	-
Reimbursable expenses		96	-
		4,060	-
Griffin Nagda and Company			
Audit fee		-	3,190
Reimbursable expenses		-	351
		-	3,541
		15,556	16,176

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
34 OTHER EXPENSES			
Workers' profit participation fund		204,045	348,486
Bad debts written off		2,918	3,945
Impairment loss on capital work-in-progress		4,773	-
Impact of de-recognition of financial instrument carried at amortized cost		4,106	-
Operating fixed asset written off		-	14,910
Provision for slow moving and obsolete stocks		-	15,371
Allowance under expected credit losses	23.7	2,137	11,466
Donations	34.1	321	500
		218,300	394,678

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

35 OTHER INCOME

Income from financial assets			
Dividend income	35.1	1,718,515	1,640,076
Profit on deposits with banks		106,923	8,172
Net exchange gain		123,339	1,437,606
Interest income on loan to associated company		3,132	-
Interest income on sales tax refund bonds		-	4,106
Gain on liquidation of subsidiary		66,350	-
		2,018,259	3,089,960
Income from non-financial assets			
Gain on sale of property, plant and equipment		20,273	24,302
Scrap sales		210,073	155,882
Rental income		86,896	81,262
Reversal of provision for slow moving, obsolete and damaged store items	21.2	6	66
Liabilities written back		2,488	2,065
Others		13,443	68,535
		333,179	332,112
		2,351,438	3,422,072

	Note	2020 (Rupees in thousand)	2019
35.1 Dividend income			
From related party / associated companies			
MCB Bank Limited		1,584,275	1,408,245
Nishat (Chunian) Limited		81,723	179,791
Adamjee Insurance Company Limited		257	257
Security General Insurance Company Limited		51,131	51,131
		1,717,386	1,639,424
Others			
Pakistan Petroleum Limited		1,000	652
Alhamra Islamic Stock Fund		129	-
		1,129	652
		1,718,515	1,640,076
36 FINANCE COST			
Mark-up on:			
Long term financing		552,175	759,506
Short term borrowings		1,811,486	1,571,693
Mark-up on lease liabilities		264,457	-
Interest on workers' profit participation fund	9.3	4,124	1,005
Bank charges and commission		325,612	332,979
		2,957,854	2,665,183
37 TAXATION			
Current - for the year		1,286,087	1,361,966
Deferred		(408,152)	(30,763)
Prior year adjustment		(38,829)	(2)
		839,106	1,331,201

38 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2020	2019
Profit attributable to ordinary shareholders of Holding Company	(Rupees in thousand)	6,352,753	7,806,357
Weighted average number of ordinary shares of Holding Company	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	18.07	22.20

Notes to the Consolidated Financial Statements

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	Note	2020 (Rupees in thousand)	2019
39 CASH GENERATED FROM OPERATIONS			
Profit before taxation		9,610,861	10,984,295
Adjustments for non-cash charges and other items:			
Depreciation and amortization		3,685,447	3,662,698
Depreciation on right-of-use assets		664,645	-
Operating fixed assets written off		-	14,910
Impairment loss on capital work-in-progress		4,773	-
Impact of de-recognition of financial instrument carried at amortized cost		4,106	-
Gain on liquidation of subsidiary		(66,350)	-
Trade debts written off		2,918	3,945
Provision for slow moving, obsolete and damaged store items		-	15,371
Reversal of provision for slow moving, obsolete and damaged store items		(6)	(66)
Allowance for expected credit losses		2,137	11,466
Net exchange gain		(123,339)	(1,437,606)
Gain on sale of property, plant and equipment		(20,273)	(24,302)
Dividend income		(1,718,515)	(1,640,076)
Profit on deposits with banks		(110,055)	(8,172)
Share of profit from associates		(864,092)	(1,300,879)
Provision for accumulated compensated absences		677	386
Interest income on sales tax refund bonds		-	(4,106)
Liabilities written back		(2,488)	(2,065)
Finance cost		2,957,854	2,665,183
Working capital changes	39.1	(3,903,079)	(9,583,008)
		10,125,221	3,357,974
39.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		928,557	(1,229,917)
- Stock in trade		(3,998,249)	(5,969,826)
- Trade debts		(1,799,160)	(4,542,812)
- Loans and advances		135,144	(382,420)
- Short term deposits and prepayments		45,734	(37,281)
- Other receivables		(954,056)	930,097
		(5,642,030)	(11,232,159)
Increase in trade and other payables		1,738,951	1,649,151
		(3,903,079)	(9,583,008)

39.2 Reconciliation of movement of liabilities to cash flows arising from financing activities.

	2020					
	Liabilities from financing activities					
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Exchange translation reserve	Total
	(Rupees in thousand)					
Balance as at 01 July 2019	10,086,021	-	24,402,574	114,673	219,168	34,822,436
Lease liabilities recognized	-	2,613,840	-	-	-	2,613,840
Repayment of lease liabilities	-	(347,769)	-	-	-	(347,769)
Financing obtained	4,454,967	-	-	-	-	4,454,967
Repayment of financing	(4,404,834)	-	-	-	-	(4,404,834)
Dividend declared	-	-	-	1,582,221	-	1,582,221
Dividend paid	-	-	-	(1,585,627)	-	(1,585,627)
Short term borrowings - net	-	-	(322,057)	-	-	(322,057)
Exchange differences on translation of net investments in subsidiary companies	-	-	-	-	5,491	5,491
Balance as at 30 June 2020	10,136,154	2,266,071	24,080,517	111,267	224,659	36,818,668

	2019					
	Liabilities from financing activities					
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Exchange translation reserve	Total
	(Rupees in thousand)					
Balance as at 01 July 2018	12,429,612	-	17,086,481	96,747	60,174	29,673,014
Financing obtained	1,871,034	-	-	-	-	1,871,034
Repayment of financing	(4,214,625)	-	-	-	-	(4,214,625)
Dividend declared	-	-	-	2,190,466	-	2,190,466
Dividend paid	-	-	-	(2,172,540)	-	(2,172,540)
Short term borrowings - net	-	-	7,316,093	-	-	7,316,093
Exchange differences on translation of net investments in subsidiary companies	-	-	-	-	158,994	158,994
Balance as at 30 June 2019	10,086,021	-	24,402,574	114,673	219,168	34,822,436

40 EVENTS AFTER THE REPORTING PERIOD

- 40.1** The Board of Directors of the Nishat Mills Limited - Holding Company has proposed a cash dividend for the year ended 30 June 2020 of Rupees 4.00 per share (2019: Rupees 4.00 per share) at their meeting held on 18 September, 2020. The Board of Directors also proposed to transfer Rupees 4,890 million (2019: Rupees 6,399 million) from un-appropriated profit to general reserve. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

41 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for remuneration including all benefits to Chief Executive Officer, Director and Executives of the Holding Company is as follows:

	Chief Executive Officer		Director		Executives	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)					
Managerial remuneration	32,503	27,169	11,163	12,064	554,058	460,235
Allowances						
Cost of living allowance	-	-	1	1	781	668
House rent	13,001	10,868	216	288	148,293	125,965
Conveyance	-	-	-	-	880	1,020
Medical	3,250	2,717	912	1,068	47,939	40,438
Utilities	-	-	3,385	3,963	61,649	50,786
Special allowance	-	-	2	2	529	432
Contribution to provident fund trust	-	-	871	1,020	47,016	39,896
Leave encashment	-	-	-	-	12,867	17,838
	48,754	40,754	16,550	18,406	874,012	737,278
Number of persons	1	1	Note 41.4	1	222	182

41.1 Chief Executive Officer, one director and certain executives of the Holding Company are provided with Company maintained vehicles and certain executives are also provided with free housing facility along with utilities.

41.2 Aggregate amount charged in these consolidated financial statements for meeting fee to five directors (2019: five directors) of the Holding Company was Rupees 1.080 million (2019: Rupees 1.040 million).

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

41.4 This represents remuneration including all benefits paid to a director for the period from July 2019 to March 2020. As on the reporting date, there are no paid directors of the Holding Company.

42 TRANSACTIONS WITH RELATED PARTIES

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

	2020	2019
	(Rupees in thousand)	
Associated companies		
Investment made	412,800	509,609
Short term loans made	45,000	-
Purchase of goods and services	297,713	197,913
Sharing of expenses	11,082	4,864
Sale of goods and services	77,136	40,852
Rental income	1,228	1,256
Purchase of operating fixed assets	-	49,630
Sale of operating fixed assets	819	4,530
Rent paid	78,920	73,936
Dividend paid	121,487	143,886
Insurance premium paid	437,800	373,895
Interest income	9,401	2,573
Insurance claims received	56,136	153,051
Finance cost	36,250	33,219
Other related parties		
Dividend Income	81,723	179,791
Purchase of goods and services	2,961,120	2,526,262
Sale of goods and services	368,302	63,339
Finance cost	637	880
Group's contribution to provident fund trust	316,254	280,537

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- 42.1** Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in note 41.
- 42.2** Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place:

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of shareholding
		2020	2019	
Nishat Agriculture Farming (Private) Limited	Common directorship	Yes	No	None
Nishat Dairy (Private) Limited	Common directorship and shareholding	Yes	Yes	12.24
Nishat Sutas Dairy Limited	Common directorship and shareholding	Yes	No	34.46
Nishat Hotels and Properties Limited	Common directorship and shareholding	Yes	Yes	7.40
Nishat (Gulberg) Hotels and Properties Limited	Common directorship	No	No	None
Nishat (Raiwind) Hotels and Properties Limited	Common directorship	No	No	None
Nishat (Aziz Avenue) Hotels and Properties Limited	Common directorship	Yes	Yes	None
Security General Insurance Company Limited	Common directorship and shareholding	Yes	Yes	15.02
Nishat Energy Limited	Shareholding	No	No	37.75
Pakgen Power Limited	Common directorship and shareholding	Yes	Yes	27.55
Lalpir Power Limited	Common directorship and shareholding	Yes	Yes	28.80
Nishat Paper Products Company Limited	Common directorship and shareholding	No	No	25.00
Pakistan Aviators and Aviation (Private) Limited	Common directorship	Yes	Yes	None
Nishat Developers (Private) Limited	Common directorship	Yes	Yes	None
Nishat Real Estates Development Company (Private) Limited	Common directorship	No	No	None
Hyundai Nishat Motor (Private) Limited	Common directorship and shareholding	Yes	Yes	12.00
D.G. Khan Cement Company Limited	Common directorship and shareholding	Yes	Yes	31.40
Adamjee Life Assurance Company Limited	Common directorship	Yes	Yes	None
Adamjee Insurance Company Limited	Common directorship and shareholding	Yes	Yes	0.03
MCB Bank Limited	Common directorship and shareholding	Yes	Yes	7.43
MCB Islamic Bank Limited	Wholly owned subsidiary of associated company	Yes	Yes	None
Nishat (Chunian) Limited	Shareholding	Yes	Yes	13.61
Nishat Aggrotech Farms (Private) Limited	Common directorship	No	No	None
Nishat Chunian Power Limited	Executive of the Group is appointed as Director on the Board of NCPL	No	No	None
Sanifa Agri Services Limited	Associated company	Yes	Yes	None
Employees Provident Fund Trusts	Post-employment benefit plans	Yes	Yes	None

43 PROVIDENT FUNDS

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

As at the reporting date, the Nishat Mills Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan which allows transition period of three years for bringing the Employees Provident Fund Trust in conformity with the requirements of the regulations.

43.2 Nishat Power Limited - Subsidiary Company

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

43.3 Nishat Hospitality (Private) Limited - Subsidiary Company

As per S.R.O. 856(I)/2019 dated 25 July 2019, a transition period of three years from the date of said S.R.O has been granted to bring all the investments of the provident fund in conformity with the provisions of the above regulations.

	2020	2019
44 NUMBER OF EMPLOYEES		
Number of employees as on 30 June	21,577	20,910
Average number of employees during the year	21,876	21,180

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		2020	2019
		(Figures in thousand)	
45 PLANT CAPACITY AND ACTUAL PRODUCTION			
a) Holding Company - Nishat Mills Limited			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Kgs.)	86,111	82,283
Actual production converted to 20s count based on 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Kgs.)	65,466	72,810
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Sq.Mtr.)	289,273	313,718
Actual production converted to 50 picks based on 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Sq.Mtr.)	275,483	300,155
Dyeing and Finishing			
Production capacity for 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Mtr.)	52,856	56,400
Actual production on 3 shifts per day for 1,029 shifts (2019: 1,095 shifts)	(Mtr.)	42,912	49,394
Power Plant			
Generation capacity	(MWH)	932	788
Actual generation	(MWH)	361	389
Processing, Stitching and Apparel			
The plant capacity of these divisions are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.			
b) Subsidiary Company - Nishat Power Limited			
Installed capacity [Based on 8,784 hours (2019: 8,760 hours)]	(MWH)	1,715	1,711
Actual energy delivered	(MWH)	277	675
c) Subsidiary Company - Nishat Hospitality (Private) Limited		Total rooms available	
Nishat Suites		21,789	21,179

45.1 REASON FOR LOW PRODUCTION

a) In the note of plant capacity and actual production, plant capacity of each segment of the Holding Company has been adjusted to incorporate the impact of temporary suspension of operations due to lock down announced by the Government of the Punjab. The Holding Company resumed its operations after implementing necessary standard operating procedures.

Under utilization of available capacity by the Holding Company for spinning, weaving, dyeing and finishing is mainly due to normal maintenance. Actual power generation in comparison to installed is low due to periodical, scheduled and unscheduled maintenance and low demand.

b) Output produced by the plant of Nishat Power Limited - Subsidiary Company is dependent on the load demanded by NTDCL and plant availability.

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47 INTERESTS IN OTHER ENTITIES

47.1 Non-controlling interest (NCI)

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

	2020	2019
	(Rupees in thousand)	
Summarised statement of financial position		
Current assets	19,928,993	19,079,786
Current liabilities	5,571,430	9,323,019
Net current assets	14,357,563	9,756,767
Non-current assets	9,395,029	10,006,590
Non-current liabilities	55,367	654,638
Net non-current assets	9,339,662	9,351,952
Net assets	23,697,225	19,108,719
Accumulated non-controlling interest	11,609,271	9,361,361
Summarised statement of comprehensive income		
Revenue	11,738,487	15,581,918
Profit for the year	4,942,595	3,769,549
Other comprehensive income	-	-
Total comprehensive income	4,942,595	3,769,549
Profit allocated to non-controlling interest	2,419,002	1,846,737
Dividend paid to non-controlling interest	173,456	520,367
Summarised cash flows		
Cash flows from operating activities	5,073,890	1,330,677
Cash flows used in investing activities	(96,472)	(182,375)
Cash flows used in financing activities	(3,323,797)	(3,109,252)
Net increase / (decrease) in cash and cash equivalents	1,653,621	(1,960,950)

48 FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

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

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

a) Market risk

i) Currency risk

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

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro, United Arab Emirates Dirham (AED), Japanese Yen (JPY) and Swiss Franc (CHF). Currently, the Group's foreign exchange risk exposure is restricted to bank balances, long term loan, security deposit and the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2020	2019
Cash at banks - USD	37,934	101,724
Cash in hand and at banks - AED	-	11,317,841
Trade debts - USD	14,824,462	19,457,390
Trade debts - Euro	994,934	1,711,145
Trade debts - AED	1,244,456	73,969
Trade and other payables - USD	(1,535,624)	(1,791,612)
Trade and other payables - Euro	(155,010)	(63,404)
Trade and other payables - AED	(1,384)	(1,959,855)
Trade and other payables - JPY	(131,220)	(335,195)
Trade and other payables - CHF	(11,835)	-
Net exposure - USD	13,326,772	17,767,502
Net exposure - Euro	839,924	1,647,741
Net exposure - AED	1,243,072	9,431,955
Net exposure - JPY	(131,220)	(335,195)
Net exposure - CHF	(11,835)	-

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	2020	2019
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	158.82	137.29
Reporting date rate	168.25	164.00
Rupees per Euro		
Average rate	175.53	156.63
Reporting date rate	189.11	186.37
Rupees per AED		
Average rate	43.20	37.36
Reporting date rate	45.79	44.50
Rupees per JPY		
Average rate	1.47	1.24
Reporting date rate	1.57	1.53
Rupees per CHF		
Average rate	163.18	-
Reporting date rate	177.43	-

Sensitivity Analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED and JPY with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 122.784 million (2019: Rupees 182.008 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) Other price risk

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

Sensitivity Analysis

The table below summarises the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on Group's other comprehensive income (fair value reserve) for the year. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

Index	Impact on statement of other comprehensive income (fair value reserve)	
	2020	2019
	(Rupees in thousand)	
PSX 100 (5% increase)	769,530	829,220
PSX 100 (5% decrease)	(769,530)	(829,220)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as fair value through other comprehensive income.

iii) Interest rate risk

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

The Group's interest rate risk mainly arises from long term financing, short term borrowings, trade debts and bank balances in saving accounts. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

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

	2020	2019
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Sales tax refund bonds	-	559,606
Term deposit receipts	-	500,000
Short term investment	17,677	-
Financial liabilities		
Long term financing	8,393,124	5,937,837
Short term borrowings	14,184,868	13,764,706
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	17,459	12,055
Trade debts - overdue	11,020,051	9,020,734
Term deposit receipts	149,396	53,719
Financial liabilities		
Long term financing	1,743,030	4,148,184
Short term borrowings	9,895,649	10,637,868
Fair value sensitivity analysis for fixed rate instruments		
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.		
Cash flow sensitivity analysis for variable rate instruments		
If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 4.518 million (2019: Rupees 56.995 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming the amount of financial instruments outstanding at reporting date were outstanding for the whole year.		
b) Credit risk		
Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:		
Investments	15,981,573	17,820,379
Loans and advances	827,105	837,257
Deposits	287,425	277,320
Trade debts	23,604,593	21,795,191
Other receivables	51,964	74,717
Accrued interest	2,301	2,862
Bank balances	724,013	1,173,887
	41,478,974	41,981,613

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

	Rating			2020	2019
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	8,766	12,741
Allied Bank Limited	A1+	AA+	PACRA	391	106
Askari Bank Limited	A1+	AA+	PACRA	454	5,606
Bank Alfalah Limited	A1+	AA+	PACRA	135,577	16,606
Faysal Bank Limited	A1+	AA	PACRA	35,214	1,020
Habib Bank Limited	A-1+	AAA	JCR-VIS	2,374	8,834
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,360	2,828
JS Bank Limited	A1+	AA-	PACRA	66	53,749
MCB Bank Limited	A1+	AAA	PACRA	154,619	422,280
Samba Bank Limited	A-1	AA	JCR-VIS	298,056	323
Silkbank Limited	A-2	A -	JCR-VIS	73	500,009
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	37,610	10,191
United Bank Limited	A-1+	AAA	JCR-VIS	10,463	10,623
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	269	272
Citibank N.A.	P-1	Aa3	Moody's	133	654
Bank Islami Pakistan Limited	A1	A+	PACRA	391	985
Meezan Bank Limited	A-1+	AA+	JCR-VIS	5,320	5,126
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	354	422
The Bank of Punjab	A1+	AA	PACRA	189	311
Soneri Bank Limited	A1+	AA-	PACRA	394	9,093
Summit Bank Limited	BBB-	A-3	JCR-VIS	257	264
Industrial and Commercial Bank of China	P-1	A1	Moody's	6	108
MCB Islamic Bank Limited	A1	A	PACRA	239	1,560
HAB Bank	Unknown	-	-	7,501	4,009
Bank of China	P-1	A1	Moody's	16,548	9,493
Habib Bank AG Zurich, UAE	NP	Caa1	Moody's	6,752	72,720
ICBC Standard Bank	P-3	Baa3	Moody's	-	19,328
Bank Al-Habib Limited	A1+	AA+	PACRA	629	1,012
Standard Chartered Bank	P-1	A-1	Moody's	-	3,600
Burj Bank Limited	A-1	A+	JCR-VIS	2	-
Bank of Khyber	A1	A	PACRA	6	14
				724,013	1,173,887
Investments					
Adamjee Insurance Company Limited	AA+		PACRA	3,404	3,603
Security General Insurance Company Limited	AA		JCR-VIS	590,974	676,361
Alhamra Islamic Stock Fund	AA- (f)		PACRA	9,723	9,546
Nishat (Chunian) Limited	A-2	A+	JCR-VIS	1,060,767	1,144,781
MCB Bank Limited	A1+	AAA	PACRA	14,264,638	15,354,267
Pakistan Petroleum Limited	Unknown		-	52,067	72,215
FBR Refund Settlement Company Limited - Sales tax refund bonds	Unknown		-	-	559,606
				15,981,573	17,820,379
				16,705,586	18,994,266

The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 23.

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

c) Liquidity risk

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

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2020, the Group had Rupees 31,914.037 million (2019: Rupees 25,153.946 million) available borrowing / financing limits from financial institutions and Rupees 758.727 million (2019: Rupees 1,220.422 million) cash and bank balances. Management believes the liquidity risk to be low.

Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2020

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
(Rupees in thousand)						
Non-derivative financial liabilities:						
Long term financing	10,136,154	10,897,863	189,136	835,386	2,868,216	7,005,125
Lease liabilities	2,266,071	2,979,269	437,029	388,709	777,283	1,376,248
Long term security deposits	271,133	271,133	-	-	-	271,133
Trade and other payables	9,369,894	9,369,894	9,369,894	-	-	-
Unclaimed dividend	111,267	111,267	111,267	-	-	-
Short term borrowings	24,080,517	30,859,756	30,828,658	31,098	-	-
Accrued mark-up	395,513	469,245	469,245	-	-	-
Derivative financial liabilities	6,206	6,206	6,206	-	-	-
	46,636,755	54,964,633	41,411,435	1,255,193	3,645,499	8,652,506

Contractual maturities of financial liabilities as at 30 June 2019

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
(Rupees in thousand)						
Non-derivative financial liabilities:						
Long term financing	10,086,021	10,759,291	2,122,672	2,311,495	2,563,396	3,761,728
Long term security deposits	217,030	217,030	-	-	-	217,030
Trade and other payables	8,353,461	8,353,461	8,353,461	-	-	-
Unclaimed dividend	114,673	114,673	114,673	-	-	-
Short term borrowings	24,402,574	31,272,480	31,232,094	40,386	-	-
Accrued mark-up	469,245	469,245	469,245	-	-	-
Derivative financial liabilities	7,583	7,583	7,583	-	-	-
	43,650,587	51,193,763	42,299,728	2,351,881	2,563,396	3,978,758

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / markup have been disclosed in note 5 and note 11 to these consolidated financial statements.

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48.2 Financial instruments by categories

FVTPL	Amortized cost	FVTOCI	Total
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(Rupees in thousand)

As at 30 June 2020				
Assets as per consolidated statement of financial position				
Investments	-	-	15,981,573	15,981,573
Loans and advances	-	827,105	-	827,105
Deposits	-	287,425	-	287,425
Trade debts	-	23,604,593	-	23,604,593
Other receivables	345	51,619	-	51,964
Accrued interest	-	2,301	-	2,301
Cash and bank balances	-	758,727	-	758,727
	345	25,531,770	15,981,573	41,513,688

FVTPL	Financial liabilities at amortized cost	Total
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(Rupees in thousand)

Liabilities as per consolidated statement of financial position			
Long term financing	-	10,136,154	10,136,154
Lease liabilities	-	2,266,071	2,266,071
Long term security deposits	-	271,133	271,133
Trade and other payables	6,206	9,363,688	9,369,894
Short term borrowings	-	24,080,517	24,080,517
Unclaimed dividend	-	111,267	111,267
Accrued mark-up	-	395,513	395,513
	6,206	46,624,343	46,630,549

FVTPL	Amortised cost	FVTOCI	Total
-------	----------------	--------	-------

(Rupees in thousand)

As at 30 June 2019				
Assets as per consolidated statement of financial position				
Investments	-	559,606	17,260,773	17,820,379
Loans and advances	-	837,257	-	837,257
Deposits	-	277,320	-	277,320
Trade debts	-	21,795,191	-	21,795,191
Other receivables	958	73,759	-	74,717
Accrued interest	-	2,862	-	2,862
Cash and bank balances	-	1,220,422	-	1,220,422
	958	24,766,417	17,260,773	42,028,148

FVTPL	Financial liabilities at amortized cost	Total
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..... (Rupees in thousand)

Liabilities as per consolidated statement of financial position

Long term financing	-	10,086,021	10,086,021
Long term security deposits	-	217,030	217,030
Trade and other payables	7,583	8,345,878	8,353,461
Short term borrowings	-	24,402,574	24,402,574
Unclaimed dividend	-	114,673	114,673
Accrued mark-up	-	469,245	469,245
	7,583	43,643,004	43,650,587

49 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, short term borrowings obtained by the Group as referred to in note 5 and note 11 respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'. In accordance with the terms of agreement with the lenders of long term finances in connection with deferment of principal amount for twelve months, there is restriction on distribution of dividends by the Group during the relief period.

		2020	2019
Borrowings	Rupees in thousand	34,216,671	34,488,595
Total equity	Rupees in thousand	107,959,291	102,622,494
Total capital employed	Rupees in thousand	142,175,962	137,111,089
Gearing ratio	Percentage	24.07	25.15

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50 FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

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

Recurring fair value measurements At 30 June 2020	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
Financial assets				
Fair value through other comprehensive income	15,390,599	-	590,974	15,981,573
Derivative financial assets	-	345	-	345
Total financial assets	15,390,599	345	590,974	15,981,918
Financial liabilities				
Derivative financial liabilities	-	6,206	-	6,206
Total financial liabilities	-	6,206	-	6,206

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
Financial assets				
Fair value through other comprehensive income	16,584,409	-	676,364	17,260,773
Derivative financial assets	-	958	-	958
Total financial assets	16,584,409	958	676,364	17,261,731
Financial liabilities				
Derivative financial liabilities	-	7,583	-	7,583
Total financial liabilities	-	7,583	-	7,583

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

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

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

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

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

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

ii) Valuation techniques used to determine fair values

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

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

The following table presents the changes in level 3 items for the year ended 30 June 2020 and 30 June 2019:

Unlisted equity security	
(Rupees in thousand)	
Balance as on 01 July 2018	924,043
Less: Deficit recognized in other comprehensive income	(247,679)
Balance as on 30 June 2019	676,364
Less : Deficit recognized in other comprehensive income	(85,390)
Balance as on 30 June 2020	590,974

iv) Valuation inputs and relationships to fair value

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

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30 June 2020	30 June 2019		30 June 2020	
(Rupees in thousand)					

Investment:

Security General Insurance Company Limited	590,974	676,364	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +108.296 million / - 77.208 million.
			Risk adjusted discount rate	13.37%	

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

Valuation processes

Independent valuer performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. The independent valuer report directly to the Chief Financial Officer of the Holding Company. Discussions of valuation processes and results are held between the Chief Financial Officer of the Holding Company and the valuation team at least once every six month, in line with the Group's half yearly reporting periods.

The main level 3 inputs used by the Group are derived and evaluated as follows:

Discount rates for financial instruments are determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the half yearly valuation discussion between the Chief Financial Officer of the Holding Company and the independent valuer. As part of this discussion the independent valuer presents a report that explains the reason for the fair value movements.

51 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 18 September 2020 by the Board of Directors.

52 CORRESPONDING FIGURES

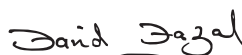
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

53 GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2020

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
4,500	1	100	166,219	0.05
4,104	101	500	1,075,745	0.31
1,314	501	1,000	1,037,756	0.30
1,526	1,001	5,000	3,888,385	1.11
340	5,001	10,000	2,621,970	0.75
130	10,001	15,000	1,684,214	0.48
93	15,001	20,000	1,685,672	0.48
68	20,001	25,000	1,614,396	0.46
40	25,001	30,000	1,122,020	0.32
32	30,001	35,000	1,060,274	0.30
30	35,001	40,000	1,145,589	0.33
16	40,001	45,000	691,628	0.20
26	45,001	50,000	1,271,644	0.36
17	50,001	55,000	905,257	0.26
5	55,001	60,000	285,500	0.08
13	60,001	65,000	821,159	0.23
11	65,001	70,000	757,700	0.22
14	70,001	75,000	1,015,329	0.29
2	75,001	80,000	160,000	0.05
8	80,001	85,000	665,257	0.19
5	85,001	90,000	445,300	0.13
3	90,001	95,000	274,521	0.08
13	95,001	100,000	1,292,700	0.37
1	100,001	105,000	102,900	0.03
7	105,001	110,000	748,425	0.21
2	110,001	115,000	225,800	0.06
4	115,001	120,000	470,877	0.13
2	120,001	125,000	244,600	0.07
5	125,001	130,000	641,387	0.18
4	130,001	135,000	526,632	0.15
4	135,001	140,000	554,081	0.16
2	140,001	145,000	281,500	0.08
7	145,001	150,000	1,045,400	0.30
3	150,001	155,000	453,200	0.13
1	155,001	160,000	160,000	0.05
3	160,001	165,000	488,207	0.14
4	165,001	170,000	666,455	0.19
4	175,001	180,000	716,700	0.20
2	180,001	185,000	369,300	0.11
4	185,001	190,000	750,086	0.21
2	190,001	195,000	384,700	0.11
4	195,001	200,000	796,300	0.23
2	200,001	205,000	402,062	0.11
2	205,001	210,000	415,000	0.12
4	210,001	215,000	847,871	0.24
4	215,001	220,000	869,775	0.25
1	220,001	225,000	225,000	0.06
2	230,001	235,000	468,538	0.13

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2020

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
1	235,001	240,000	237,500	0.07
2	240,001	245,000	482,400	0.14
1	245,001	250,000	247,800	0.07
2	250,001	255,000	504,800	0.14
1	260,001	265,000	263,100	0.07
3	270,001	275,000	815,760	0.23
1	275,001	280,000	279,500	0.08
2	290,001	295,000	585,100	0.17
2	295,001	300,000	596,400	0.17
1	305,001	310,000	307,092	0.09
4	310,001	315,000	1,254,347	0.36
2	325,001	330,000	654,550	0.19
2	330,001	335,000	665,300	0.19
2	345,001	350,000	694,100	0.20
1	355,001	360,000	360,000	0.10
2	365,001	370,000	734,616	0.21
2	370,001	375,000	741,493	0.21
1	380,001	385,000	382,000	0.11
1	385,001	390,000	387,500	0.11
1	395,001	400,000	398,000	0.11
1	405,001	410,000	409,100	0.12
1	420,001	425,000	425,000	0.12
1	430,001	435,000	434,495	0.12
1	435,001	440,000	440,000	0.13
2	445,001	450,000	892,300	0.25
1	455,001	460,000	456,700	0.13
1	475,001	480,000	479,100	0.14
1	500,001	505,000	500,200	0.14
1	515,001	520,000	516,000	0.15
1	520,001	525,000	521,000	0.15
1	530,001	535,000	535,000	0.15
1	540,001	545,000	541,100	0.15
1	585,001	590,000	588,974	0.17
1	590,001	595,000	593,280	0.17
3	595,001	600,000	1,800,000	0.51
1	645,001	650,000	650,000	0.18
1	670,001	675,000	671,126	0.19
1	790,001	795,000	791,300	0.23
1	800,001	805,000	805,000	0.23
1	830,001	835,000	834,400	0.24
1	845,001	850,000	847,500	0.24
1	860,001	865,000	865,000	0.25
1	865,001	870,000	869,500	0.25
1	875,001	880,000	879,400	0.25
1	885,001	890,000	890,000	0.25
1	890,001	895,000	891,300	0.25
1	975,001	980,000	976,731	0.28
1	980,001	985,000	981,900	0.28

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
1	1,035,001	1,040,000	1,037,500	0.30
1	1,040,001	1,045,000	1,043,200	0.30
1	1,060,001	1,065,000	1,061,285	0.30
1	1,080,001	1,085,000	1,082,100	0.31
1	1,100,001	1,105,000	1,102,300	0.31
1	1,110,001	1,115,000	1,113,000	0.32
2	1,120,001	1,125,000	2,246,700	0.64
1	1,155,001	1,160,000	1,158,900	0.33
1	1,160,001	1,165,000	1,165,000	0.33
1	1,165,001	1,170,000	1,170,000	0.33
1	1,270,001	1,275,000	1,273,094	0.36
1	1,375,001	1,380,000	1,380,000	0.39
1	1,455,001	1,460,000	1,457,500	0.41
1	1,475,001	1,480,000	1,475,800	0.42
1	1,495,001	1,500,000	1,500,000	0.43
1	1,555,001	1,560,000	1,558,389	0.44
1	1,650,001	1,655,000	1,650,500	0.47
1	1,720,001	1,725,000	1,725,000	0.49
1	1,845,001	1,850,000	1,848,500	0.53
1	1,880,001	1,885,000	1,883,600	0.54
1	2,015,001	2,020,000	2,018,800	0.57
1	2,355,001	2,360,000	2,358,822	0.67
1	2,405,001	2,410,000	2,407,841	0.68
1	2,810,001	2,815,000	2,814,900	0.80
1	2,835,001	2,840,000	2,839,871	0.81
1	3,020,001	3,025,000	3,021,431	0.86
1	3,445,001	3,450,000	3,450,000	0.98
1	3,625,001	3,630,000	3,625,600	1.03
1	3,705,001	3,710,000	3,705,200	1.05
1	3,825,001	3,830,000	3,829,899	1.09
1	3,995,001	4,000,000	4,000,000	1.14
1	4,270,001	4,275,000	4,271,454	1.21
1	4,420,001	4,425,000	4,423,400	1.26
1	4,780,001	4,785,000	4,785,000	1.36
1	6,450,001	6,455,000	6,450,913	1.83
1	6,880,001	6,885,000	6,880,200	1.96
1	14,495,001	14,500,000	14,496,760	4.12
1	15,075,001	15,080,000	15,075,149	4.29
1	18,695,001	18,700,000	18,698,357	5.32
1	19,850,001	19,855,000	19,850,800	5.65
1	21,190,001	21,195,000	21,191,146	6.03
1	23,100,001	23,105,000	23,101,426	6.57
1	25,670,001	25,675,000	25,673,659	7.30
1	26,245,001	26,250,000	26,248,841	7.47
1	29,225,001	29,230,000	29,228,216	8.31
12,501			351,599,848	100.00

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2020

Sr. No.	Categories of Shareholders	Shares Held	Percentage
1	DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN	88,667,588	25.22
2	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	30,292,178	8.62
3	NIT AND ICP	3,566	0.00
4	Banks Development Financial Institutions, Non banking Financial Institutions	19,276,438	5.48
5	Insurance Companies	28,684,224	8.16
6	Modarabas And Mutual Funds	34,346,902	9.77
7	Shareholders Holding 5% or above	177,614,710	50.52
8	General Public		
	Local	95,834,770	27.26
	Foreign	4,340,322	1.23
9	Others		
	Foreign Companies	25,725,027	7.32
	Investment Companies	543,622	0.15
	Joint Stock Companies	14,710,234	4.18
	Provident / Pension Funds and Miscellaneous	9,174,977	2.61

Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2020

Sr. Categories of Shareholders No.	Shares Held	Percentage
I) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
1. D. G. KHAN CEMENT COMPANY LIMITED	30,289,501	8.6148
2. ADAMJEE INSURANCE COMPANY LIMITED	2,050	0.0006
3. MCB BANK LIMITED	227	0.0001
4. ADAMJEE LIFE ASSURANCE COMPANY LIMITED	400	0.0001
II) MUTUAL FUNDS:		
PRUDENTIAL STOCKS FUND LIMITED	110	0.0000
SAFEWAY MUTUAL FUND LIMITED	13	0.0000
PRUDENTIAL STOCKS FUND LTD (03360)	23,500	0.0067
CDC - TRUSTEE PICIC INVESTMENT FUND	293,500	0.0835
CDC - TRUSTEE PICIC GROWTH FUND	382,000	0.1086
CDC - TRUSTEE ATLAS STOCK MARKET FUND	650,000	0.1849
CDC - TRUSTEE MEEZAN BALANCED FUND	270,600	0.0770
CDC - TRUSTEE FAYSAL STOCK FUND	23,000	0.0065
CDC - TRUSTEE ALFALAH GHP VALUE FUND	140,500	0.0400
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	313,200	0.0891
CDC - TRUSTEE AKD INDEX TRACKER FUND	38,447	0.0109
CDC - TRUSTEE AKD OPPORTUNITY FUND	50,000	0.0142
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	150,100	0.0427
CDC - TRUSTEE MEEZAN ISLAMIC FUND	3,625,600	1.0312
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	48,800	0.0139
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	976,731	0.2778
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	425,000	0.1209
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	2,358,822	0.6709
CDC - TRUSTEE NBP STOCK FUND	3,705,200	1.0538
CDC - TRUSTEE NBP BALANCED FUND	185,200	0.0527
CDC - TRUSTEE MCB DCF INCOME FUND	62,500	0.0178
CDC - TRUSTEE MEEZAN TAHAFUZZ PENSION FUND - EQUITY SUB FUND	347,700	0.0989
CDC - TRUSTEE APF-EQUITY SUB FUND	55,800	0.0159
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	588,974	0.1675
CDC - TRUSTEE HBL - STOCK FUND	445,200	0.1266
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFAT FUND	1,475,800	0.4197
CDC - TRUSTEE APIF - EQUITY SUB FUND	41,000	0.0117
MC FSL - TRUSTEE JS GROWTH FUND	791,300	0.2251
CDC - TRUSTEE HBL MULTI - ASSET FUND	19,700	0.0056
CDC - TRUSTEE ALFALAH GHP STOCK FUND	252,300	0.0718
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	168,300	0.0479
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,407,841	0.6848
CDC - TRUSTEE ABL STOCK FUND	805,000	0.2290
CDC - TRUSTEE FIRST HABIB STOCK FUND	30,000	0.0085
CDC - TRUSTEE LAKSON EQUITY FUND	1,043,200	0.2967
CDC - TRUSTEE NBP SARMAYA IZAFAT FUND	180,000	0.0512
CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	212,500	0.0604
CDC - TRUSTEE HBL ISLAMIC STOCK FUND	188,100	0.0535

Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2020

Sr. Categories of Shareholders No.	Shares Held	Percentage
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	35,200	0.0100
CDC - TRUSTEE HBL PF EQUITY SUB FUND	39,000	0.0111
CDC - TRUSTEE KSE MEEZAN INDEX FUND	387,500	0.1102
CDC - TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	26,500	0.0075
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	234,600	0.0667
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	409,100	0.1164
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	891,300	0.2535
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	73,200	0.0208
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	42,000	0.0119
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	332,300	0.0945
CDC - TRUSTEE AWT ISLAMIC STOCK FUND	137,000	0.0390
CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	500,200	0.1423
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	196,300	0.0558
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	3,829,899	1.0893
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	57,500	0.0164
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	20,500	0.0058
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	35,000	0.0100
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	33,500	0.0095
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	2,018,800	0.5742
CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	47,400	0.0135
CDC - TRUSTEE AWT STOCK FUND	68,100	0.0194
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	398,000	0.1132
CDC - TRUSTEE NITIPF EQUITY SUB-FUND	25,000	0.0071
CDC - TRUSTEE NITPF EQUITY SUB-FUND	14,500	0.0041
CDC - TRUSTEE NBP SAVINGS FUND - MT	300	0.0001
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	164,157	0.0467
CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	296,400	0.0843
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	36,700	0.0104
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	11,600	0.0033
CDC - TRUSTEE AGPF EQUITY SUB-FUND	8,300	0.0024
CDC - TRUSTEE FAYSAL MTS FUND - MT	146,000	0.0415
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	141,000	0.0401
CDC - TRUSTEE LAKSON TACTICAL FUND	127,087	0.0361
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	60,299	0.0171
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	114,500	0.0326
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	91,226	0.0259
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	56,200	0.0160
MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	60,000	0.0171
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	9,690	0.0028
MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	9,100	0.0026
CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	28,500	0.0081
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	1,500	0.0004
CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	291,600	0.0829
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	27,000	0.0077

Sr. Categories of Shareholders No.		Shares Held	Percentage
III) DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN			
1. MIAN UMER MANSHA	DIRECTOR / CHIEF EXECUTIVE OFFICER	44,292,572	12.60
2. MIAN HASSAN MANSHA	DIRECTOR / CHAIRMAN	44,372,016	12.62
3. MR. MAHMOOD AKHTAR	DIRECTOR	500	0.00
4. MR. FARID NOOR ALI FAZAL	DIRECTOR	500	0.00
5. MRS. SARA AQEEL	DIRECTOR	1,500	0.00
6. MRS. MEHAK ADIL	DIRECTOR	500	0.00
IV) EXECUTIVES		NIL	-
V) PUBLIC SECTOR, COMPANIES AND CORPORATIONS			
JOINT STOCK COMPANIES		14,710,234	4.18
VI) SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY			
1. MRS NAZ MANSHA	SHAREHOLDER	29,088,712	8.27
2. MIAN RAZA MANSHA	SHAREHOLDER	29,571,909	8.41
3. MIAN UMER MANSHA	DIRECTOR / CHIEF EXECUTIVE OFFICER	44,292,572	12.60
4. MIAN HASSAN MANSHA	DIRECTOR / CHAIRMAN	44,372,016	12.62
5. D. G. KHAN CEMENT COMPANY LIMITED	ASSOCIATED COMPANY	30,289,501	8.61
VII) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS			
1. INVESTMENT COMPANIES		543,622	0.15
2. INSURANCE COMPANIES		28,684,224	8.16
3. FINANCIAL INSTITUTIONS		19,276,438	5.48
4. MODARABAS COMPANIES		37,806	0.01
5. PENSION / PROVIDENT FUNDS		9,174,977	2.61
INFORMATION UNDER LISTING REGULATION NO. 5.19.11 (XII) OF PAKISTAN STOCK EXCHANGE LIMITED RULE BOOK AS ON JUNE 30, 2020			
<p>There is no trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their spouses and minor children and other employees of the Company for whom the Board of Directors have set the threshold.</p>			

ڈائریکٹرز کی مجموعی مالی حسابات پر رپورٹ

ڈائریکٹرز 30 جون 2020 کو اختتام شدہ سال کے لئے کیے گئے نفاذ ملازمینڈ ("ہولڈنگ کمپنی") اور اس کی ماتحت کمپنیوں (مشترکہ گروپ کے طور پر) کے مشترکہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے پر خوش ہیں۔ نفاذ ملازمینڈ، نفاذ پاور لمینڈ، نفاذ لینن (پرائیویٹ) لمینڈ، نفاذ پابلیٹی (پرائیویٹ) لمینڈ، نفاذ پوائس اسے انکار پورٹیفڈ، نفاذ لینن ٹریڈنگ ایل ایل سی، نفاذ انٹرنیشنل ایف زیڈ ای، نفاذ گلوبل چائنہ کمپنی لمینڈ، نفاذ کموڈٹیز (پرائیویٹ) لمینڈ اور لالپھر ٹیکسٹائل تو انائی (پرائیویٹ) لمینڈ کے مالی گوشواروں پر مشتمل ہیں۔

ہولڈنگ کمپنی نے بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز اینڈ پریکٹس ایکٹ 2017 کے تقاضوں کے مطابق اپنے الگ مالی گوشواروں کے ساتھ ساتھ مشترکہ مالی گوشواروں کو بھی منسک کیا ہے۔ ڈائریکٹرز رپورٹ میں نفاذ ملازمینڈ کی کارکردگی پر 30 جون 2020 کو ختم ہونے والے سال کے لئے الگ سے تبصرہ کیا گیا ہے۔ اس میں ہولڈنگ کمپنی کی سب ماتحت کمپنیوں کی بھی ایک مختصر تفصیل شامل ہے۔

آڈٹ رپورٹ میں کوالیفیکیشنز سے متعلق وضاحت

آڈیٹرز نے نمبروں کو اپنی رپورٹ میں بتایا ہے کہ مستحکم مالی گوشواروں میں نفاذ ملازمینڈ کی مکمل ملکیتی کمپنی نفاذ پوائس اسے انکار پورٹیفڈ سے متعلق غیر آڈٹ شدہ اعداد و شمار شامل ہیں۔ یہ ذیلی ادارہ ریاست نیویارک کے برانس کارپوریشن قانون کے تحت قائم ہے۔ ریاست کے گورنرک لاء میں ماتحت کمپنی کے مالی حسابات کے آڈٹ کی ضرورت نہیں ہے۔ لہذا، ہم نے سبسڈیری کمپنی کے غیر آڈٹ شدہ مالی گوشواروں کا استعمال مستحکم مالی حسابات تیار کرنے کے لئے کیا ہے۔

ہم آپ کی توجہ مالی گوشواروں سے متعلق آزاد آڈیٹرز کی رپورٹ کے معاملہ بیوگراف (a) پر دلانا چاہتے ہیں (i) جو 816 ملین روپے (816:2019 ملین روپے) کی گنجائش خرید کی قیمت سے متعلق ہے جو کہ نفاذ پاور لمینڈ (این پی ایل) کے تجارتی قرضوں میں شامل ہے تاہم اس کو نیشنل ٹرانسمیشن اینڈ ڈسٹریبیوٹن کمپنی لمینڈ (این ٹی ڈی سی ایل) نے قبول نہیں کیا۔ مزید تفصیلات کا ذکر منسلک مالیاتی بیانات کے نوٹ 23.6 میں کیا گیا ہے۔ تاہم ماہرین کے جائزے اور بین الاقوامی عائشی ایوارڈ کے باعث این پی ایل کی انتظامیہ کے خیال میں بی پی اے اور اس پر عمل درآمد کے معاہدے کی شرائط کے تحت مذکورہ بالا رقم این پی ایل کو مل جانے کا امکان ہے۔ اس کے نتیجے میں، مالی گوشواروں میں مذکورہ رقم کی پروویژن کا اندراج نہیں کیا گیا ہے۔ (ii) این ٹی ڈی سی ایل سے غیر تسلیم شدہ ادائیگی کے معاوضے پر تاخیر سے متعلق ہے۔ مزید تفصیلات منسلک مالیاتی بیانات کے نوٹ 14 (بی) میں درج ہیں۔ حتمی ایوارڈ کے نفاذ کی کارروائی کے معاملے کی غیر یقینی صورتحال کی وجہ سے کمپنی نے بھداری کی بنیاد پر ان مالی گوشواروں میں اس آمدن کی وصولی کا ذکر نہیں کیا ہے۔

ہم آپ کی توجہ مالی گوشواروں سے متعلق آزاد آڈیٹرز رپورٹ کے بیوگراف (b) کے نوٹ (a) پر بھی دلانا چاہتے ہیں جس میں 2 ذیلی اداروں نفاذ یو کے (پرائیویٹ) لمینڈ اور Concept گارمنٹس اینڈ ٹیکسٹائل ٹریڈنگ ایف زیڈ ای کی تحلیل کا ذکر ہے۔ ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز نے نفاذ یو کے (پرائیویٹ) لمینڈ اور Concept گارمنٹس اینڈ ٹیکسٹائل ٹریڈنگ ایف زیڈ ای کے معاملات ختم کرنے کے لئے بالترتیب 26 فروری 2019 اور 26 اپریل 2019 کو منظوری دی تھی۔ لہذا نفاذ یو کے (پرائیویٹ) لمینڈ اور Concept گارمنٹس اینڈ ٹیکسٹائل ٹریڈنگ ایف زیڈ ای کو بالترتیب 23 جولائی 2019 اور 26 دسمبر 2019 کو تحلیل کر دیا گیا تھا۔

ہم آپ کی توجہ مالی گوشواروں سے متعلق آزاد آڈیٹرز رپورٹ کے بیوگراف (c) کے نوٹ (a) کی طرف بھی دلانا چاہتے ہیں جس میں بتایا گیا ہے کہ لالپھر سولر پاور (پرائیویٹ) لمینڈ (ایل ایس پی پی ایل) اب going concern نہیں رہی لہذا اس کے مالی گوشوارے تخمینہ شدہ قابل وصول اثاثوں اور دیگر ضروریات کی قدر کے تعین کے مطابق تیار کئے گئے ہیں۔ ایل ایس پی پی ایل نے کبھی فراہمی سے متعلق ضروریات مکمل کر لی لیکن سنٹرل پاور پراجیکٹ اینجینیسی سے توانائی کی فراہمی کی درخواست اور اس کی منظوری حاصل نہیں کر سکی۔ اس لیے پراجیکٹ ابھی ساکن حالت میں ہے اور ایل ایس پی پی ایل انتظامیہ نے اس کی تحلیل کا کام شروع کر دیا ہے جس کے لیے قانونی ماہرین سے رابطہ کیا گیا ہے۔ اس وجہ سے ایل ایس پی پی ایل کے مالی اکاؤنٹس برائے سال 2020 non-going concern کے طور پر تیار کیے گئے ہیں۔

مختار بورد آف ڈائریکٹرز

David Joseph

فریڈ جوزف
ڈائریکٹر

Umma

میاں عمر
چیف ایگزیکٹو آفیسر

لاہور: 18 ستمبر 2020

ڈائریکٹرز کی رپورٹ

مستقبل کے امکانات

کووڈ 19 کی وجہ سے معاشی عدم استحکام نے ہماری مستقبل کی منصوبہ بندی اور موجودہ کارکردگی کو بری طرح متاثر کیا ہے۔ ہمیں ہماری پراڈکٹ رینج کو متنوع بنانے کی ہماری پرانی حکمت عملی کا شکر پہلے ہی مل چکا ہے کیونکہ ہم وبائی امراض پھیلنے ہی صحت کی دیکھ بھال کے شعبے میں فوراً کاروبار کرنے کے قابل ہو گئے تھے۔

کووڈ 19 وائرس وبائی بیماری کے علاوہ، کپاس کے اگنے والے علاقوں میں سیلاب اور بھاری بارش کے نتیجے میں روئی کی فصل کی قلت کے سبب کپاس کی قیمتوں میں بڑے چیلنج کی توقع ہے۔ انتظامیہ آنے والی پریشانیوں سے آگاہ ہے اور اس کے مطابق اس نے اپنے سٹریٹجک منصوبے تیار کیے ہیں۔

جون 2020 میں تولید تیار کرنے والے یونٹ کی توسیع کی منصوبہ بندی میں تاخیر کی وجہ مشینری کی ترسیل میں تاخیر اور غیر ملکی مشینوں کی عدم دستیابی ہے، جو لاک ڈاؤن کی وجہ سے پاکستان نہیں پہنچ سکے۔ اس یونٹ کے مکشنگ کی نظر ثانی شدہ تاریخ مالی سال 2020-21 کی پہلی سہ ماہی میں متوقع ہے۔

داخلی مالی کنٹرولز کی مہارت

کمپنی نے اپنے اثاثوں کی حفاظت، دھوکہ دہی کو روکنے اور ان کا پیسہ لگانے اور تمام قانونی تھنوں کی تعمیل کو یقینی بنانے کے لئے اندرونی اور مالی کنٹرول کا ایک موثر نظام قائم کیا ہے۔ اندرونی کنٹرول ڈھانچے کا باقاعدگی سے جائزہ لیا جاتا ہے اور بورڈ کے قائم کردہ داخلی آڈٹ کے ذریعہ نگرانی کی جاتی ہے۔ آڈٹ کمیٹی اپنے حوالہ کی مدت کے مطابق سہ ماہی کے حساب سے اندرونی کنٹرول سسٹم کا جائزہ لیتی ہے۔

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی معاوضہ پالیسی کی منظوری دے دی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں۔

کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز سمیت آزاد ڈائریکٹرز کو بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے علاوہ معاوضہ ادا نہیں کرے گی۔

کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائریکٹرز کے سفر اور رہائش کے اخراجات کا معاوضہ یا ان کے اخراجات ادا کرے گی۔

ڈائریکٹرز کی معاوضہ پالیسی کا وقتاً فوقتاً جائزہ لیا جائے گا اور بورڈ آف ڈائریکٹرز کے ذریعے اس کی منظوری دی جائے گی۔

شیر ہولڈنگ کا مراسلہ

30 جون 2020 تک شیر ہولڈنگ کا بیان، جسے رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، اس رپورٹ سے منسلک ہے۔

اٹکلہا تشکر

ڈائریکٹرز کمیٹی کے لئے لیگن کے ساتھ کوششوں کے لئے ملازمین کے شکر گزار ہیں۔

منجانب بورڈ آف ڈائریکٹرز

David Jagan

قریب نور علی فضل
ڈائریکٹر

Uma Mansha

میاں عرفشا
چیف ایگزیکٹو آفیسر

لاہور

18 ستمبر 2020

ڈائریکٹرز کا بیان

کارپوریٹ اور مالی رپورٹنگ کے فریم ورک سے متعلق ڈائریکٹرز کا بیان مندرجہ ذیل ہے:

- 1- کمپنی کے انتظام کے ذریعے تیار کردہ مالی حسابات، اس کی امور کی منصفانہ حیثیت، اس کے آپریشن، نقد بہاؤ اور ایکویٹی میں بدلاؤ کو منصفانہ طور پر پیش کرتے ہیں۔
- 2- کمپنی کے اکاؤنٹ کی کتابیں صحیح طور پر بنائی گئی ہیں۔
- 3- مالی بیانات کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور بھداری پر مبنی ہوتا ہے۔
- 4- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں قابل اطلاق ہیں، کے مطابق مالی گوشواروں کی تیاری پر عمل کیا گیا ہے اور اگر کوئی فرق ہے تو اس کے متعلق مناسب طور پر مطلع کیا گیا ہے۔
- 5- اندرونی کنٹرول کا نظام مستحکم ہے اور اس کے موثر انداز میں نفاذ اور نگرانی کی جارہی ہے۔
- 6- کمپنی کے کام جاری رکھنے کی اہلیت پر کوئی شبہات نہیں ہیں۔
- 7- کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کا مینیریل ڈیپارچمنٹ نہیں ہوا، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے درج ہے۔
- 8- ریٹائرمنٹ بینیفٹ فنڈ کے سلسلے میں سرمایہ کاری کی قیمت: پروویڈنٹ فنڈ: 30 جون، 2020 کو ان آؤٹ شدہ 3,562.395 ملین روپے، (2019 میں 3,379.582 ملین روپے آؤٹ شدہ)

متعلقہ فریقوں کے ساتھ لین دین

کمپنی نے ٹرانسفر پرائسنگ کے بہترین طریقوں کی عمل قیام کی ہے جس میں لسٹنگ ریگولیشن آف پاکستان سٹاک ایکسچینج اور کمپنیز (متعلقہ پارٹی ٹرانزیکشنز اور متعلقہ ریکارڈوں کی بحالی) ریگولیشنز 2018 شامل ہیں جبکہ متعلقہ فریق کے ساتھ تمام لین دین کو انجام دیتے ہوئے سال کے دوران بورڈ کے ذریعے منظوری کے لین دین کے انتظامات کی تفصیل، کاروبار کے دوران لین دین کے علاوہ کچھ اس طرح ہے۔

- 1- وابستہ کمپنی، ایم سی بی بینک لمیٹڈ میں 2.144 ارب روپے تک کی سرمایہ کاری اس کے منافع اور ممکنہ سرمایہ کاری منافع حاصل کرنے کے لئے کی۔
- 2- متعلقہ کمپنی، نشاط ہوٹلز اور پراپرٹیز لمیٹڈ میں بطور قرض اور ایڈوانس ایک ارب روپے تک کی مزید سرمایہ کاری کمپنی کی دیگر سرمایہ کاری کی پالیسی کے مطابق زیادہ سود کی شرح حاصل کرنے کے لئے ہے۔
- 3- وابستہ کمپنی، نشاط Sutas؛ بری لمیٹڈ میں 950 ملین روپے مالیت تک کی سرمایہ کاری اس کے منافع اور ممکنہ سرمایہ کاری منافع حاصل کرنے کیلئے۔
- 4- وابستہ کمپنی ہنڈائی نشاط موٹر (پرائیویٹ) لمیٹڈ میں 960 ملین روپے کی بجائے 1,267.680 ملین روپے تک کی سرمایہ کاری اس کے منافع اور ممکنہ سرمایہ کاری منافع حاصل کرنے کے لئے۔
- 5- ہنڈائی نشاط موٹر (پرائیویٹ) لمیٹڈ، وابستہ کمپنی، میں 1200 ملین کی بجائے 1,532.544 ملین روپے تک گارنٹی / کریڈٹ (ایس بی ایل سی) کی سرمایہ کاری۔

آڈیٹرز

کمپنی کے مالی گوشواروں کو 30 جون 2020 کو ختم ہونے والے سال میں میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے آؤٹ کیا گیا ہے جنہوں نے انکو ایفائیڈ رپورٹ دی ہے۔ موجودہ آڈیٹرز کمپنی کے سالانہ جنرل اجلاس کے اختتام پر ریٹائر ہو جائیں گے۔ میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کے ناطے 30 جون 2021 کو ختم ہونے والے سال کے لئے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔

ضمنی واقعات

30 جون 2020 اور 18 ستمبر 2020 کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی مادی تبدیلیاں اور وعدے نہیں ہوئے۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

* مسز مہک عادل مسز محمود اختر کی جگہ اور بطور چیئر پرسن سید زاہد حسین کی جگہ 01 اپریل 2020ء سے بطور ممبر مقرر ہوئیں۔ مسز محمود اختر کو مسز فرید نور علی فضل کی جگہ پر 29 اپریل 2020ء کو دوبارہ ممبر مقرر کیا گیا۔

انسانی وسائل اور مشاہرہ (HR&R) کمیٹی

انسانی وسائل و مشاہرہ کمیٹی، بورڈ آف ڈائریکٹرز کی طے کردہ شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے۔ زیر غور سال کے دوران، انسانی وسائل و مشاہرہ کمیٹی کے 2 اجلاس ہوئے، حاضری کی پوزیشن اس طرح تھی:-

نمبر شمار	ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
1	جناب عمر منشا (رکن)	0
2	* مسز سارہ عقیل (رکن ایگزیکٹو پرسن)	0
3	جناب محمود اختر (رکن)	1
4	* سید زاہد حسین (رکن)	1

* مسز سارہ عقیل کو 01 اپریل 2020ء سے مسز سید زاہد حسین کی جگہ ایچ آر اینڈ آئی سی کی ممبر/چیئر پرسن مقرر کیا گیا۔

بورڈ آف ڈائریکٹرز کے اجلاس

زیر جائزہ سال کے دوران، کمیٹی میں بورڈ آف ڈائریکٹرز کے چار اجلاس پاکستان میں ہوئے اور حاضری کی پوزیشن اس طرح ہے:-

نمبر شمار	ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
1	میاں عمر منشا (چیف ایگزیکٹو آفیسر)	3
2	میاں حسن منشا (چیئر مین)	4
3	جناب سید زاہد حسین	4
4	جناب محمود اختر	4
5	* جناب مقصود احمد	3
6	* جناب ظفر حسین مرزا	3
7	جناب فرید نور علی فضل	3
8	* مسز سارہ عقیل	1
9	* مسز مہک عادل	0

* مسز مہک عادل اور مسز سارہ عقیل کو 01 اپریل 2020ء سے مسز مقصود احمد اور مسز ظفر حسین مرزا کی جگہ ڈائریکٹرز مقرر کیا گیا ہے۔

گورنمنٹ ڈویژنوں میں ملازمت کرنے والی زیادہ تر افرادی قوتیں خواتین ہیں۔

کمپنی ویلفیئر اسکیمیں

کمپنی باقاعدگی سے اپنے عملے اور سرمائے کا استعمال کر کے اپنی سہولیات سے متعلق ملاقوں میں معاشرتی بہبود کی سکیمیں چلاتی ہے۔ کمپنی باقاعدگی سے اپنی مینوفیکچرنگ سہولیات کے آس پاس کے علاقوں میں لیسر یا ٹائیٹا ٹیڈ اور آنکھوں کی بینائی کے لئے میڈیکل کیپوں کا اہتمام کرتی ہے۔

صارفین کے تحفظ کے اقدامات

کمپنی انسان دوستی کے ساتھ ساتھ کاروباری نقطہ نظر پر صارفین کے تحفظ پر بھی گہری توجہ دیتی رہتی ہے۔ کمپنی نے اپنی تمام تر پیداوار کی سہولیات پر دہشت گردی کے خلاف کسٹمز ٹریڈ پارٹنرشپ کی سند حاصل کر لی ہے۔ C-TPAT ایک رضا کارانہ سپلائی چین سیکورٹی پروگرام ہے جس کا مقصد نجی کمپنیوں کو دہشت گردی سے بچاؤ کے سلسلے میں سپلائی چین کی سیکورٹی کی فراہمی کو بہتر بنانا ہے۔ مزید یہ کہ کمپنی نے OEKO ٹیکس معیارات 100، SA-8000، WRAP اور SEDEX سرٹیفیکیشن حاصل کی ہیں۔

کارپوریٹ گورننس

بہترین کارپوریٹ گورننس

ڈائریکٹرز اچھی کارپوریٹ گورننس کے پابند ہیں اور سڈی کیٹیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور رول بک آف پاکستان سٹاک ایکسچینج کے تمام تقاضوں کی تعمیل کرتے ہیں۔

سی سی جی ریگولیشنز، 2019 کی تعمیل کا بیان منسلک ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل

سڈی کیٹیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی کارز 34(2)(i,ii,iii) کے مطابق بورڈ اور اس کی کمیٹیوں کی تفصیل دینا ضروری ہے۔ یہ تفصیل منسلک شدہ شیڈول آف کپلائنس کی شیڈول نمبر 1 اور 13 میں درج ہے۔

بورڈ کمیٹیاں

آڈٹ کمیٹی

آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کی طے کردہ شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے۔ زیر فور سال کے دوران، آڈٹ کمیٹی کے چار اجلاس ہوئے، حاضری کی پوزیشن اس طرح تھی۔

نمبر شمار	ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
1	* مسز مہک عادل (رکن انجمن پرنس)	0
2	سید زاہد حسین (رکن)	4
3	* جناب محمود اختر (رکن)	3
4	* جناب فرید نور علی فضل (رکن)	3

ڈائریکٹرز کی رپورٹ (جاری ہے)

9۔ نشاط یو ایس اے انکارپوریشن

ما تحت ادارہ ایک کارپوریشن سروس کمپنی ہے جو ریاست نیویارک میں ہے۔ یہ کمپنی کا مکمل ملکیتی ذیلی ادارہ ہے اور اسے 01 اکتوبر 2008 کو کمپنی نے حاصل کیا تھا۔ کارپوریشن کمپنی کے مارکیٹنگ ڈیپارٹمنٹ کا ایک رابطہ دفتر ہے جو امریکی مارکیٹ سے متعلق رسائی، معلومات اور دیگر خدمات مہیا کرتا ہے۔

کارپوریٹ سماجی ذمہ داری

معاشرے کے خلاف اپنی ذمہ داری نبھانے کے سلسلے میں کمپنی متعدد اقدامات کرتی ہے۔ کارپوریٹ سماجی ذمہ داری (CSR) کی سرگرمیوں کا مختصر جائزہ مندرجہ ذیل ہے۔

ماحولیاتی حفاظت

ماحولیاتی حفاظت کی کلیدی ہے اور کمپنی ماحولیاتی حفاظت کے لئے باقاعدگی سے سرمایہ کاری کرتی ہے۔ پانی پریکٹسٹائل کی پیکجز کے استعمال کے مضراثرات کو ختم کرنے کے لئے کمپنی نے رنگنے، پرنٹنگ اور گارمنٹس کی تیاری کی سہولیات پر مینوفیکچرنگ پلانٹ لگائے ہیں۔ یہ پلانٹ کئی سالوں سے چل رہے ہیں۔ یہ پلانٹ پانی کی آخری نکاسی سے پہلے آلودگی اور دیگر مچاسٹوں کو پیداواری عمل میں قابل استعمال بناتے ہیں۔ کمپنی اپنے دفاتر اور فیکٹریوں میں بھی باقاعدگی سے درختوں کی شجرکاری مہم چلاتی ہے۔

توانائی کا تحفظ

ٹیکسٹائل کی صنعت کے لئے سستی توانائی کی دستیابی سب سے بڑا چیلنج ہے۔ چین، بھارت اور بنگلہ دیش میں ہمارے حربوں کے مقابلے میں توانائی کی زیادہ قیمت نے بین الاقوامی منڈی میں ہماری مسابقت کو متعدد بار متاثر کیا ہے۔ لہذا، توانائی کا بچاؤ اولین ترجیح ہے اور کمپنی نے ایل ای ڈی لائٹس کے ساتھ ساتھ موجودہ روایتی ٹیوب لائٹس کو تبدیل کرنے، گیس انجن کے ذریعے بھاپ پیدا کرنے، فضلہ اور ہیٹ ریکوری کے پلانٹ لگا کر اور ملازمین پر توانائی کے بچاؤ کے لئے ضابطہ اخلاق پر عمل کرنے کی تحنیک کو اپنایا ہے۔

فضلی کی سرمایہ کلنگ

نئی ماحول دوست ٹیکنالوجی کے حصول کے علاوہ، کمپنی اپنے پیدا ہونے والے کچرے کی ری سرمایہ کلنگ میں بھی سرمایہ کاری کرتی ہے جو نہ صرف ضائع شدہ کچرے کو ختم کرتی ہے بلکہ لاگت کو بھی کم کرتی ہے۔ کاسٹک سوڈا رییکوری پلانٹ ہمارے رنگنے اور فنشنگ پلانٹ میں پچھلے 18 سالوں سے کام کر رہا ہے۔ کمپنی نے قدرتی وسائل کی زیادہ سے زیادہ بچت کے لئے پانی، ٹیکسٹائل کے فضلے اور تیل کو ری سائیکل کرنے کے لئے مختلف مقامات پر واٹر ٹریٹمنٹ پلانٹس، روٹی کے ری سرمایہ کلنگ پلانٹس اور آئل ری سرمایہ کلنگ مشینیں بھی لگائیں ہیں۔

پیشہ ورانہ حفاظت اور صحت

کارکنان اور عملے کی صحت اور حفاظت کمپنی کے لئے سب سے اہم چیز ہے۔ سال کی تیسری سہ ماہی میں کوویڈ-19 وبائی بیماری کے پھیلنے کے بعد، کمپنی نے فوری طور پر ایک "بحران انتظامیہ" کی ٹیم تشکیل دی جس نے اس بیماری کے پھیلاؤ کو روکنے سے متعلق حکومت پنجاب کی ہدایت پر عمل درآمد کیا۔ ٹیم نے مناسب احتیاطی تدابیر سے آگاہی کے لئے کمپنی اور اس کے آس پاس کے تمام مقامات پر ایک مہم چلائی جو ہر فرد کو اپنے آپ کو اور اپنے ساتھیوں کو بچانے کے لئے اپنانا چاہئے۔

کمپنی لمبریا، نارینا، ڈیہنگی اور آنکھوں کی بینائی کے لئے باقاعدگی سے میڈیکل کیمپ کا بھی اہتمام کرتی ہے۔ ڈیہنگی سے بچنے کے لئے فوٹوگراف مشینوں کا استعمال کر کے مینوفیکچرنگ کی تمام سہولیات کے احاطے میں مزید باقاعدگی سے کیڑے مارنے کا کام کیا جاتا ہے۔ کمپنی نے اپنی پیداواری سہولیات پر قابل ڈاکٹروں کی گمرانی میں ڈیپنسریاں بھی قائم کی ہیں جو ایبولینٹوں سے لیس ہیں۔

مساوی مواقع فراہم کرنے والا آجر

تنوع اور اخلاقیات کمپنی کی بنیادی قدر ہیں۔ کمپنی کسی بھی صنف، طبقاتی اور مذہبی امتیاز سے بالاتر ہو کر ملازمت اور کیریئر کی ترقی کے لئے یکساں مواقع فراہم کرتی ہے۔ ہوم ٹیکسٹائل اور

میں فیکچرنگ سہولیات میں نیکنائل کی اشیاء تیار کر کے فروخت کرتا ہے۔ ذیلی ادارہ نے اپنی کارروائی جولائی 2011 میں شروع کی تھی اور اس وقت پاکستان میں ای اسٹورز سمیت 110 ریٹیل شاپس کام کر رہی ہیں۔

3- نشاٹ پبلسٹیٹی (پرائیویٹ) لمیٹڈ

یہ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت کمپنی کا مقصد ملک بھر میں ہوٹلوں کا سلسلہ چلاتا ہے۔ اس وقت وہ "دی نشاٹ اینٹ جیمز ہوٹل" کے نام سے بین الاقوامی معیار پر لاہور میں ایک فور اسٹار ہوٹل چلا رہا ہے۔ ماتحت ادارہ نے 01 مارچ 2014 کو اپنی کارروائیاں شروع کیں۔

4- نشاٹ کموڈٹیز (پرائیویٹ) لمیٹڈ

یہ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ ذیلی ادارہ کا مقصد یہ ہے کہ پاکستان میں کسی بھی شکل یا حالت میں ایندھن، کوئلے، بلڈنگ میٹریل سمیت اجناس کی تجارت کا کاروبار جاری رکھے۔ ماتحت ادارہ نے 2016 میں اپنی کارروائیاں شروع کیں۔

5- لال جیر سولر پاور (پرائیویٹ) لمیٹڈ

لال جیر سولر پاور (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ کمپنی ہے جو 09 نومبر 2015 کو پاکستان میں انکارپوریٹ کی گئی تھی۔ یہ نشاٹ پاور لمیٹڈ کا مکمل ملکیتی ذیلی ادارہ ہے جو نشاٹ لمیٹڈ کا ماتحت ادارہ ہے۔ ذیلی کمپنی کے مالی حسابات non-going کنٹریں کے طور پر تیار کیے گئے ہیں۔ جس کی تفصیلات کنسولڈیٹڈ مالی حسابات کی ڈائریکٹرز رپورٹ اور کنسولڈیٹڈ مالی حسابات کے نوٹ نمبر 1 میں درج ہیں۔

6- نشاٹ لینن ٹریڈنگ ایل ایل سی

نشاٹ لینن ٹریڈنگ ایل ایل سی دہلی، متحدہ عرب امارات میں قائم ایک لمیٹڈ کمپنی ہے۔ یہ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ ذیلی ادارہ بنیادی طور پر نیکنائل، کمبل، تولیے، کپڑے، ریڈی میڈ گارمنٹس، گارمنٹس کے لوازمات اور جرمی مصنوعات کی تجارت کے ساتھ ساتھ متحدہ عرب امارات میں ریٹیل آؤٹ لیس اور گوداموں کے ذریعہ تجارت میں مصروف ہے۔ ذیلی ادارہ نے اپنی تجارتی کارروائی مئی 2011 میں شروع کی تھی اور اس وقت متحدہ عرب امارات میں 11 ریٹیل دکانیں چل رہی ہیں۔

7- نشاٹ انٹرنیشنل ایف زیڈ ای

یہ نشاٹ لمیٹڈ کا مکمل ملکیتی ماتحت ادارہ ہے۔ متحدہ عرب امارات کے قوانین کے مطابق جبل علی فری زون، دہلی میں اسے فری زون اسٹیٹمنٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس کو 07 فروری، 2013 کو ایف زیڈ ای کے رجسٹر میں درج کیا گیا ہے۔ سمسڈیری کمپنی کی بنیادی سرگرمی نیکنائل کی مصنوعات جیسے کمبل، تولیے اور کپڑے، ریڈی میڈ گارمنٹس، گارمنٹس کے لوازمات اور چمڑے کی مصنوعات جیسے جوتے، ہینڈ بیگ اور اس طرح کی تمام ذیلی تجارت کرنا ہے۔

8- نشاٹ گلوبل چائے کمپنی لمیٹڈ

نشاٹ گلوبل چائے کمپنی لمیٹڈ کو غیر ملکی سرمایہ دارانہ کاروباری اداروں اور جمہوریہ چین کے متعلقہ قوانین و ضوابط سے کے مطابق غیر ملکی سرمایہ کاری کرشل انٹرنیشنل "فائٹس" کے نام سے چین کے گوانگ ژو کے ضلع یوسو میں شامل کیا گیا ہے۔ نشاٹ گلوبل چائے کمپنی لمیٹڈ نشاٹ انٹرنیشنل ایف زیڈ ای کا مکمل ملکیتی ماتحت ادارہ ہے، جو نشاٹ لمیٹڈ کا مکمل ملکیت میں ماتحت ادارہ ہے۔ ماتحت ادارہ کا بنیادی کاروبار تھوک فروشی، کمیشن ایجنسی (غلامی کوچھوڑ کر)، نیکنائل سامان اور خواتین فیشن لوازمات کی درآمد اور برآمد ہے۔ ذیلی ادارہ نے اپنی تجارتی کارروائی جنوری 2014 میں شروع کی تھی۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

سرمائے کا خطرہ

سرمائے کا انتظام کرتے وقت ہمارا مقصد یہ ہے کہ کمپنی کے حصص داروں اور دیگر سٹیک ہولڈرز کو فائدہ دینے اور سرمائے کی لاگت کو کم کرنے کے لئے سرمایہ کاری کے ڈھانچے کو برقرار رکھنے کے ساتھ کمپنی کی حیثیت اور صلاحیت کو برقرار رکھا جائے۔ ہم گیزٹنگ تناسب کی بنیاد پر سرمایہ کاری کے ڈھانچے کی نگرانی کرتے ہیں۔ ہماری حکمت عملی یہ ہے کہ گیزٹنگ تناسب کو زیادہ سے زیادہ 40 فیصد ایکویٹی اور 60 فیصد قرض پر رکھا جائے۔

مواقع

- ملک کی معروف ٹیکسٹائل کمپنی کی حیثیت سے، کمپنی متعدد مواقع کو پیش نظر رکھنے اور ان کا فائدہ اٹھانے کی پوزیشن میں ہے۔ کچھ دلچسپ مواقع کا خلاصہ ذیل میں ہے۔
- دنیا بھر میں علاقائی طور پر متنوع کسٹمر میں برآمدی فروخت کے لئے پائیدار مضمون فراہم کرتا ہے۔
- متحرک مقامی اور بین الاقوامی ماتحت کمپنیاں ہماری مصنوعات کی طلب پیدا کرتی ہیں۔
- عمومی انضمام آپریشنل ہم آہنگی کا استعمال ممکن بناتا ہے۔
- ملک میں کپاس کی وافر فراہمی ہے۔
- ملک کی آبادی میں اضافہ مناسب افرادی قوت کا ایک ذریعہ ہے اور ٹیکسٹائل کی مصنوعات کی طلب کو پیدا کرنے کا محرک ہے۔

ٹیکسٹائل انڈسٹری کا جائزہ

مالی سال 2019-20 ٹیکسٹائل کی صنعت کے لئے طلب کے عالمی عدم استحکام، کاروبار کرنے کی لاگت میں اضافے، ہندوستان کے ساتھ تجارتی معطلی اور ٹیکسٹائل مصنوعات پر 17 فیصد سیلز ٹیکس لگانے کی وجہ سے بہت ہی مشکل تھا۔ ان تمام عوامل کا اجتماعی اثر منافع اور کیش فلو کی کمی کی شکل میں تھا۔ اس کے باوجود، تیسری سہ ماہی کے دوران بدترین COVID-19 عالمگیر وبا کی شکل میں سامنے آیا۔ اس نے ٹیکسٹائل کے شعبے میں پبلے سے جاری جدوجہد کی پریشانیوں کو بڑھایا اور بہت سے چھوٹے اور درمیانے درجے کے یونٹوں کو بند کرنے کا باعث بنا۔ مزید یہ کہ ٹیکسٹائل سیکٹر کے تمام طبقات کے ہزاروں ملازمین کو ملازمت سے فارغ کر دیا گیا ہے۔

اگرچہ بیماری کے پھیلاؤ میں کمی آچکی ہے، لیکن وبائی مرض ابھی ختم نہیں ہوا ہے۔ ایک اور پہلو یہ سامنے آیا ہے جو پوری دنیا میں بے روزگاری کی شرح بہت زیادہ ہونے کے نتیجے میں گھریلو آمدنی میں کمی کی وجہ سے ٹیکسٹائل کی مصنوعات کی طلب کم ہو چکی ہے۔ لہذا، آئندہ مالی سال میں ٹیکسٹائل کے شعبے کی مستقبل کے محرکات میں بہتری کا امکان کم ہے۔

سبسڈیری کمپنیاں

کمپنی نے بین الاقوامی مالیاتی رپورٹنگ معیارات اور گینیز ایکٹ 2017 کے تقاضوں کے مطابق ملینڈ اور مستحکم مالی گوشوارے بھی منسلک کر دیئے ہیں۔ نشاط ملینڈ کی تمام ذیلی کمپنیوں کی ایک مختصر وضاحت ذیل میں ہے۔

1- نشاط پاور لیمنڈ

کمپنی اس ماتحت ادارہ کے 51.01 فیصد حصص کی مالک ہے اور اسے کنٹرول کرتی ہے۔ ذیلی ادارہ پاکستان سٹاک ایکسچینج لیمنڈ میں درج ہے۔ ماتحت ادارہ کا بنیادی کاروبار یہ ہے کہ تھر کلاں، تحصیل پٹوکی، ضلع قصور، پنجاب، پاکستان میں ایندھن سے چلنے والے 200 میگا واٹ پاور سٹیشن کی تعمیر کرے، اس کو استعمال میں لائے اور اس کی دیکھ بھال ہے۔ ماتحت ادارہ نے اپنی کنٹرول شدہ پیداوار کا آغاز 09 جون 2010 کو کیا۔

2- نشاط لینن (پرائیویٹ) لیمنڈ

یہ کمپنی کا مکمل ملکی ماتحت ادارہ ہے۔ ماتحت ادارہ کے مقاصد ٹیکسٹائل اور دیگر مصنوعات کی فروخت کے لئے ریٹیل دکانوں کو چلانے اور ٹیکسٹائل کی مصنوعات کو مقامی اور بیرونی

کپاس کی فراہمی اور قیمت

روٹی کی فراہمی اور قیمتیں مقامی اور بین الاقوامی منڈیوں کی ضرورت اور طلب کی حرکیات کے تحت ہیں۔ مقامی اور بین الاقوامی منڈیوں میں روٹی کی قیمتوں میں اسکی عدم دستیابی اور قیمتوں میں اضافے کا خطرہ ہمیشہ سے موجود رہا ہے۔ فصل کی کٹائی کے سیزن کے آغاز پر ملک میں کپاس کی خریداری سے کپنی اس خطرے کو کم کرتی ہے۔

برآمدات کی طلب اور قیمت

برآمدات ہماری آمدنی کا ایک اہم حصہ ہے۔ ہمیں وبائی امراض، مسابقت اور بین الاقوامی منڈیوں میں اپنی مصنوعات کی طلب میں کمی کے خطرے کا سامنا ہے۔ ہم صارفین کے ساتھ مضبوط تعلقات استوار کرنے، کسٹمرز جیسے کو وسیع کرنے، معیار پر کھنویہ کے بغیر مصنوعات کی تیاری اور صارفین کو بروقت فراہمی سے اس خطرے کو کم کرتے ہیں۔

توانائی کی دستیابی اور لاگت

بڑھتی ہوئی قیمتیں اور توانائی کی عدم دستیابی یعنی بجلی اور گیس کی قلت مینوفیکچرنگ انڈسٹری کے لئے ایک بڑا خطرہ ہے۔ یہ خطرہ اگر بدستور برقرار رہا تو بین الاقوامی منڈی میں مقابلہ کرنے کے لئے منفی اثرات پہنچا سکتا ہے۔ کپنی نے شمسی توانائی کے ساتھ ساتھ کوند، فرنس آئل، ہائیڈرو پاور اور ڈیزل جیسے متنوع ایندھن کا انتخاب کر کے توانائی کی لاگت میں اضافے کے خطرے کو کم کیا ہے۔ توانائی کے تحفظ کے اقدامات کپنی کی تمام مینوفیکچرنگ سہولیات پر بھی کئے گئے ہیں۔ اس طرح واپڈ اسے بجلی حاصل کرنے کے ساتھ ساتھ کپنی کے تمام مقامات پر بجلی پیدا کرنے کے لئے پاور پلانٹس لگا کر توانائی کی عدم دستیابی کے خطرے کو کم کیا گیا ہے۔

مالی خطرات

کپنی کا بورڈ آف ڈائریکٹرز مالی ریسک مینجمنٹ کی پالیسیاں مرتب کرنے کا ذمہ دار ہے، جو کپنی کے محکمہ خزانہ کے ذریعے نافذ کیا جاتا ہے۔ کپنی کو مندرجہ ذیل مالی خطرات درپیش ہیں:

کرنسی کا خطرہ

کپنی مختلف کرنسی کے استعمال سے پیدا ہونے والے خطرے سے دوچار ہے جو کہ امریکی ڈالر، عرب اماراتی درہم (اے ای ڈی)، یورو اور جاپانی ین (جے پی وانے) پر مشتمل ہے۔ بنیادی طور پر کپنی کا غیر ملکی زرمبادلہ چینگوں کی رقم اور بیرون ملک سے وصول کردہ ادا کردہ رقم پر مشتمل ہے۔

شرح سود کا خطرہ

کپنی کی شرح سود کا خطرہ طویل مدتی فنڈنگ، قبیل مدتی قرضوں اور ماتحت کمپنیوں کے ایڈوانس اور سیونگ اکاؤنٹ کے بینک بیلنس سے پیدا ہوتا ہے۔ مقررہ شرح پر مالیاتی آلات کپنی کو فیئر ویلیو شرح سود کے خطرے سے دوچار کر دیتے ہیں۔

قرض کا خطرہ

کپنی کے کریڈٹ ریسک اور خرابی کے نقصانات کا وجود اس کے تجارتی قرضوں سے منسلک ہے۔ اس خطرے کو اس حقیقت سے کم کیا جاسکتا ہے کہ ہمارے بیشتر صارفین کی مالی حیثیت مضبوط ہے اور ہمارے تمام صارفین کے ساتھ ہمارے دیرینہ کاروباری تعلقات ہیں۔ ہم اپنے صارفین کے ذریعہ عدم کارکردگی کی توقع نہیں کرتے ہیں۔ لہذا، کریڈٹ ریسک کم ہے۔

لیویٹیٹی کا خطرہ

یہ چینگوں اور مالیاتی اداروں کی طرف سے عہد کردہ کریڈٹ سہولیات کے ذریعہ فنڈز کی فراہمی کی وجہ سے کم از کم ہے۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

گورننس

گزشتہ مالی سال کے مقابلے میں رواں مالی سال کے دوران گورننس ڈویژن کے منافع میں خاطر خواہ اضافہ ہوا ہے۔ منافع میں یہ بہتری مالی سال کے سنگ میل سے منسوب ہے جس میں پیداوار کی اعلیٰ کارکردگی، قابل ذکر معیاری کارکردگی، تحقیق و ترقی میں کی گئی سرمایہ کاری، انسانی ترقی اور پیداوار بڑھانے کے لئے خود کار نظام کا ایکویٹیٹ شامل ہے۔

COVID-19 کے پھیلاؤ نے ڈویژن ہذا کی نشوونما کو بری طرح متاثر کیا ہے۔ انتظامیہ وہ بانی امراض کے معاشی ڈھانچے کے بہت سے معاشرتی اور ماحولیاتی نتائج کا مشاہدہ کر رہی ہے، توقع ہے کہ دنیا بھر میں فیشن مصنوعات کی کھپت کے طریقہ کار میں ایک بہت بڑی تبدیلی آئے گی۔ اس کی بجائے قدرتی وسائل کو "لینے، بنانے اور تلف کرنے" کے معاشی نمونے کے تحت استعمال کرنا، انکی تجدید اور پھیران کے دوبارہ استعمال یا تخلیق نو پر مبنی نقطہ نظر کی طرف راغب ہونا پڑے گا۔ لہذا ڈویژن ہذا موجودہ عمل کو بہتر اور پائیدار مستقبل کے حصول کا موقع سمجھتے ہوئے اپنی کارروائیوں کے دوران مناسب اقدامات کرے گی۔ مارکیٹ کی ضروریات کو تیار کرتے ہوئے یقینی طور پر یہ ایک بہترین رد عمل ہوگا اور مارکیٹ کی برتری کے طور پر ہماری پوزیشن مستحکم کرے گا۔

پاور جنریشن

پاور ڈویژن نے نومبر 2019 میں ساہیابنوال، فیصل آباد میں 3 میگا واٹ کا وارسیلا سولر پاور پلانٹ شروع کر کے اپنے پاور کس کو متنوع بنانے کے منصوبے کے مطابق ایک اور سنگ میل حاصل کیا ہے۔ مزید برآں بجگی اور فیروزونوں میں واقع پاور ڈویژنوں کے لئے شمسی توانائی کے 2 پلانٹس حاصل کرنا منصوبہ میں شامل ہے جبکہ لاہور میں 320 کلو واٹ کے سولر پلانٹس کا حصول آخری مراحل میں ہے۔ سال کے اختتام سے قبل پلانٹ کی فراہمی متوقع ہے۔ لاہور میں واقع پاور پلانٹ کے لئے 3.2 میگا واٹ کی سیم ٹربائن کو نومبر 2019 میں شروع کیا گیا تھا یہ ٹربائن 9 میگا واٹ کوئلہ کے پاور پلانٹ کے ذریعے تیار کردہ ہائی پریشر انجینریج کی بھاپ سے بجلی پیدا کرتی ہے۔ اور پھر اس بھاپ کو کم پریشر انجینریج پر ڈانگ ارننگائی کے پروڈکشن پائلوں میں منتقل کیا جاتا ہے۔ ڈانگ اور ہوم ٹیکسٹائل ڈویژن میں اس پراجیکٹ کی تکمیل سے بھاپ کے ہائی پریشر انجینریج سے انسانی فائدہ حاصل ہوا ہے جو اس سے قبل ضائع ہو جاتا تھا۔ اس کے نتیجے میں کوئلہ کے پاور پلانٹ، لاہور میں لاگت کی بچت میں تقریباً 30 فیصد اضافہ ہوا ہے۔

خطرات اور مواقع

تعدادی مزید کاروبار کے معمول کے دوران رسک لیتا اور اس طرح مواقع پیدا کرتا ہے۔ مسابقت رکھنے اور پائیدار کامیابی کو یقینی بنانے کے لئے رسک لینا ضروری ہے۔ ہماری رسک اینڈ منیجمنٹ پالیسی کا دار و مدار بہتر طریقے سے سنبھالے گئے ماحول کے مؤثر فریم ورک پر ہے جس کی بنیاد پر جہاں خطرہ کم ہوتا ہے مواقع سے استفادہ حاصل کیا جاتا ہے۔ کسی بھی قسم کے فیصلے سے پہلے ہر خطرے اور موقع کا انتخاب مناسب طریقے سے پرکھ اور سمجھ کر کیا جاتا ہے۔ فیصلے صرف اسی صورت میں طے کئے جاتے ہیں جب مواقع خطرے سے زیادہ ہوں۔ ان خطرات کو کم کرنے کے لئے حکمت عملی کا خلاصہ حسب ذیل ہے:

سڑجنگ خطرے

ہم ایک مسابقتی ماحول میں کام کر رہے ہیں خاص طور پر Covid-19 کے بعد توجہ و معیار اور لاگت کا معاملہ ہے۔ BMR کے تحت نئی مستقل تحقیق و ترقی اور اس کے استعمال کے ذریعے اس خطرے کو کم کیا جاسکتا ہے۔ سڑجنگ رسک کو تمام خطرات میں سب سے اہم سمجھا جاتا ہے۔ تمام کاروباری ڈویژنوں کے سربراہ بین الاقوامی اور مقامی سطح پر موجود خطرات سے نمٹنے کے لئے ایک مربوط نقطہ نظر بنانے کے لئے باقاعدہ وقفوں سے ملتے ہیں۔

کاروباری خطرات

کمپنی کو متعدد کاروباری خطرات درپیش ہیں۔

ویٹنگ اینٹی

مالی سال 2019-20 کے پہلے 9 ماہ کسی نہ کسی طرح مستحکم رہے کیونکہ سوت اور پولیسٹر، جو ڈویژن ہذا کے اہم خام مال ہیں، کی قیمتوں میں زیادہ اتار چڑھاؤ نہیں تھا۔ روپیہ بھی 156 فی امریکی ڈالر کے لگ بھگ مستحکم رہا۔ اس طرح کے استحکام سے کاروبار کی بہتر نمو ہوتی ہے اور اس کے مطابق منصوبہ بندی کرنے میں مدد ملتی ہے۔ تاہم سال کی آخری سہ ماہی کے دوران کورونا وائرس کے پھیلاؤ نے عالمی منڈی میں غیر یقینی صورتحال پیدا کر دی جس نے ٹیکسٹائل مصنوعات کی طلب کو شدید متاثر کیا۔

ڈویژن ہذا اپنے متنوع پروڈکٹ پورٹ فولیو کی وجہ سے وبائی مرض کے اثرات سے بچی۔ تنوع ہمیشہ ہماری کلیدی حکمت عملی رہی ہے جس نے بحران کے دوران تلافی کی۔ چونکہ ریٹیل کاروبار سب سے زیادہ متاثر تھا لہذا فیشن فیئر کی فروخت میں نمایاں کمی ہوئی۔ ہمارے بیشتر صارفین نے اپنے آرڈرز پر عمل درآمد کو سست ایند کرنے کی درخواست کی۔ اس کے برعکس وبائی مرض کے دوران صحت اور میڈیکل پڑنی ٹیکسٹائل (ماسک، گاؤن وغیرہ) کی فراہمی میں نمایاں کمی تھی لہذا ڈویژن ہذا نے صحت کی دیکھ بھال کے کاروبار پر کام کیا۔

ہمارے گمراہے کاٹھ کے کاروبار کا مستقبل امید افزا نہیں لگتا کیونکہ وبائی مرض پر مکمل طور پر قابو نہیں پایا جا سکا۔ اس سے ہمارے مستقبل کے منافع پر منفی اثرات مرتب ہو سکتے ہیں۔

ڈانگ ارتھ

COVID-19 وبائی مرض نے سابقہ سہ ماہی کے دوران ڈویژن ہذا کی کارکردگی کو بری طرح متاثر کیا۔ کورونا وائرس کے پھیلاؤ کے بعد ہمارے تمام بڑے گاہکوں نے اپنے آرڈرز کو فوری طور پر منسوخ کر دیا یا ان آرڈرز کی تیاری کو روک دینے کے لئے کہا۔ ہمارے باعث ڈویژن ہذا کے سالانہ مالی نتائج پریشان کن ہیں۔ باوجودیکہ 30 جون 2020 کو اختتام شدہ مالی سال کے پہلے 9 ماہ میں مددگار کارکردگی کا مظاہرہ دیکھا گیا۔

چونکہ وائرس کے پھیلاؤ میں کمی کی وجہ سے پوری دنیا کی حکومتوں نے لاک ڈاؤن میں نرمی کر دی ہے لہذا کسی نہ کسی حد تک بہتری کی توقع ہے تاہم وبائی مرض کا خاتمہ ابھی نظر نہیں آتا۔ موجودہ عالمی منظر نامے میں صارفین کی طلب اور شیپرز کے آرڈرز میں کمی کے باعث فیشن انڈسٹری رکنگ ہوئے کپڑوں کی بہت سست مانگ کی پیش گوئی کرتی ہے۔ خاص طور پر پرسل پروڈیکٹو ایکویپمنٹس (پی پی ای) سے متعلقہ کپڑوں کی مانگ میں بھی اضافہ ہوا ہے جو کہ عام طور پر کم منافع بخش آرڈرز ہوتے ہیں۔ ڈویژن ہذا نے مالی سال کی آخری سہ ماہی میں اس طرح کی کمالات کا جائزہ لیا ہے جن سے اپنی پیداواری سہولیات کو جاری رکھ سکے۔ انتظامیہ کا خیال ہے کہ معیاری اور مستحکم نئی مصنوعات کے ذریعے اس کے کلیدی مواقع ہوں گے۔ لہذا ہم اپنے تمام صارفین سے رابطے میں ہیں اور اس غیر متوقع اور غیر معمولی صورتحال پر گہری نظر رکھے ہوئے ہیں۔

ہوم ٹیکسٹائل

تیسری سہ ماہی کے دوران COVID-19 وبا پھیلنے کے باوجود پائپ لائن میں دستیاب آرڈرز کی کافی تعداد کے سبب ڈویژن ہذا نے زیادہ سے زیادہ صلاحیت پر کام کیا پھر بھی آخری سہ ماہی بھا کی جدوجہد بن گئی تھی۔ فروخت کم ہو گئی اور ہزاروں ملازمین کی صحت، معاش اور زندگی کی ذمہ داریاں نبھانے کی جانب توجہ مرکوز کر دی گئی۔ وبائی مرض کے پھیلنے کے بعد یہ جدوجہد مستقل حیثیت اختیار کر چکی ہے اور اس کا نتیجہ صحت مند ورگ فورس کی شکل میں مل رہا ہے۔ یہ صرف اس بحران سے نمٹنے کے لئے ڈویژن کی تیاری اور اس بیماری سے لڑنے اور شکست دینے کے اجتماعی عزم کی وجہ سے ممکن ہوا۔

ڈویژن ہذا پہلے ہی سے ہیلتھ کیئر کے شعبہ میں کاروبار کے تجربہ کی حامل ہے لہذا انتظامیہ نے وبائی مرض کے ظہور کے بعد فوری طور پر ہیلتھ کیئر کے شعبہ کو فروخت کے اقدامات کئے، جس کی وجہ سے کمپنی کو مقامی اور غیر ملکی دونوں صارفین کی جانب سے ماسک اور ہسپتال کے لئے Isolation Gowns کے ابتدائی آرڈرز مل گئے۔ کورونا وائرس کے پھیلاؤ سے لڑنے کے لئے نئے ایس او بیز پر عمل درآمد، پروڈکشن آرڈرز کی بڑے پیمانے پر ریٹرو فٹنگ اور پیداوار کے عمل کو از سر نو ڈیزائن کرنے اور کارکنوں کی مشاورت کے بعد پیداواری صلاحیتوں کو آئن لائن منتقل کیا گیا تھا۔ ہمیں یہ اطلاع دیتے ہوئے خوشی ہے کہ ڈویژن ہذا تقریباً پوری صلاحیت سے کام کر رہی ہے۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

ادھار کی اوسط شرح میں کمی اور آپریٹنگ سے کیش فلو میں بہتری کے نتیجہ میں قبیل مدتی قرضہ جات میں کمی کے باعث کمپنی کی مالی لاگت میں 9.94% فیصد کمی ہوئی۔ بزنس لائسنز اور پروڈکشن میں توسیع کے متعدد نئے پراجیکٹس میں سرمایہ کاری کے باوجود کمپنی کی مجموعی مالی لاگت میں کمی واقع ہوئی ہے۔

دیگر آمدن میں کمی کے باعث گزشتہ سال کے 9.23 فیصد کے مقابل موجودہ سال کے دوران بعد از ٹیکس کی فروخت سے شرح میں 5.76 فیصد تک کمی ہوئی ہے۔

مقررہ سرمایہ خرچ

کمپنی نے مقررہ سرمایہ خرچ (CAPEX) پر 15.132 ارب روپے کی سرمایہ کاری کی جو کہ سابقہ سال کی سرمایہ کاری سے 44.25 فیصد زیادہ ہے۔ اہم پراجیکٹس میں فیروز ٹوٹاں میں اوپن اینڈ یارن پروڈکشن کی توسیع، ایک عدد نئے ناول میٹو فیکچرنگ یونٹ کا قیام اور 3.075 میگا واٹ سولر پاور پلانٹ کی مکملتگ شامل ہیں۔

ورکنگ کپٹل مینجمنٹ

موجودہ اور فوری تناسب بالترتیب 7.94 فیصد اور 7.27 فیصد کی شرح سے اضافہ کے بعد 1.36 اور 0.59 گنا ہو گئے ہیں جو کہ مختصر مدت کی ذمہ داریوں کی ادائیگیوں کے لئے کمپنی کے استحکام کا ثبوت ہے۔ ورکنگ کپٹل مینجمنٹ میں کورونا وائرس پھیلنے کے بعد لاک ڈاؤن کی وجہ سے ضروریات میں اضافہ کے باوجود بہتری ہوئی ہے۔

فی شیئر آمدنی

کمپنی نے گزشتہ 5 سال کے رجحان سے ظاہر ہونے والی فی حصص آمدنی (ای پی اے ایس) کے مثبت ہونے کا سلسلہ برقرار رکھا ہے۔ اس سے انتظامیہ کی جانب سے حصص کنندگان کی قدر بڑھانے پر محور حکمت عملی کا موثر ترین ظاہر ہوتا ہے۔

تخصیصات (Appropriations)

کمپنی کے بورڈ آف ڈائریکٹرز نے 40% نقد منافع منقسمہ (2019: 40%) اور 2,101 ملین روپے (2019: 4,386 ملین روپے) کی عام ریزرو میں منتقل کرنے کی سفارش کی ہے۔

سیکٹ تجزیہ

کمپنی کے شعبہ دارکار کردگی کا مختصر جائزہ مندرجہ ذیل ہے۔

سپنڈ اسٹائی

مالی سال 2019-20 کے دوران کٹائی کے سیزن کے آغاز پر کپاس کی قیمتیں کم تھیں لیکن کپاس کی قلت کی خبروں کی وجہ سے سپنڈرز نے جلد بازی میں خریداری شروع کر دی جس نے قیمتوں کو اضافے کی جانب دھکیل دیا۔ مارکیٹ میں دستیاب ہوتے ہی کمپنی نے کپاس کی خریداری شروع کر دی۔ کپاس کی قیمتوں میں اضافے کے باعث ڈوپرن ہڈا کو بری طرح متاثر ہونے کے خدشے کے پیش نظر انتظامیہ نے اپنی روٹی خریدنے کی حکمت عملی پر نظر ثانی کی۔ کمپنی نے مقامی اور بین الاقوامی کپاس کی منڈیوں کے محرکات کو بھی قریب سے دیکھا اور سال کے لئے دستیاب کپاس کے سٹاک کا بہترین پرائس کس تیار کیا۔

مالی سال کے پہلے 9 ماہ کے دوران نئے کمیشنڈ اوپن انڈیا رن یونٹ سمیت ڈوپرن ہڈا کی مالی کارکردگی قابل ذکر رہی تاہم COVID-19 امریکہ چین تجارتی جنگ کا جاری رہنا اور پاک چین آزاد تجارتی معاہدے کی حتمی تشکیل میں تاخیر وہ اہم عوامل تھے جنہوں نے پورے سال کے منافع کو متاثر کیا۔ سال کے دوران بین الاقوامی مارکیٹ میں سوت کی طلب اور قیمتوں میں کمی کا سلسلہ جاری ہے۔ مقامی مارکیٹ جو پہلے 9 ماہ کے دوران بہت سا زگڑھی گزشتہ ماہی میں کورونا وائرس سے بچاؤ کے اقدامات کی وجہ سے مندی کا شکار رہی۔

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز رپورٹ

نشان ملز لمیٹڈ (کمپنی) کے ڈائریکٹرز کی رپورٹ برائے سال ختم 30 جون 2020 مع مالی گوشوارے اور ایڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی جائزہ

مالی کارکردگی

30 جون 2020 کو اختتام شدہ مالی سال کے دوران ٹیکس ادا کی گئی کے بعد منافع کے مقابل کم ہوا ہے۔ اس کی بنیادی وجوہات میں COVID-19 وپاک پھیلاؤ، محصول آمدن میں کمی اور فارن ایکسچین میں کمی شامل ہیں۔

مالی جھلکیاں	2020 روپے (000)	2019 روپے (000)
آمدنی	60,904,096	63,499,029
مجموعی منافع	7,276,126	7,656,601
EBITDA	8,719,892	11,211,441
فرسودگی (Depreciation)	2,738,196	2,646,227
مالی لاگت	1,502,412	1,668,166
منقسمہ آمدن (Dividend Income)	2,044,302	3,029,845
قبل از ٹیکس منافع	4,479,284	6,897,048
بعد از ٹیکس منافع	3,506,284	5,859,048

30 جون 2020 کو اختتام شدہ مالی سال کے دوران 30 جون 2019 کو اختتام شدہ مالی سال کے مقابل کمپنی کی آمدن میں 2,594.933 ملین روپے (4.09 فیصد) کمی واقع ہوئی۔ اس کی بنیادی وجہ یو ایس اے، یورپ اور چین جیسی اہم منڈیوں میں آخری سہ ماہی کے دوران لاک ڈاؤن کے باعث فروخت کی مقدار میں غیر متوقع کمی کی وجہ سے برآمدی فروخت میں 2,451.650 ملین روپے کی کمی ہے۔ تاہم اس کے باوجود کمپنی نے 60.904 ارب روپے کا ہدف ٹاپ لائن میں حاصل کیا ہے جو کہ گزشتہ 5 سال میں دوسرے نمبر پر ہے۔

کمپنی کا مجموعی منافع گزشتہ سال کے 7,656.60 ملین روپے کے مقابل موجودہ مالی سال کے دوران 7,276.126 ملین روپے تک 4.97 فیصد کم ہوا ہے، اس کی بنیادی وجہ ریونیو میں 4.09 فیصد کمی ہے۔ سابقہ 5 سال کے عرصہ میں کمپنی کے مجموعی منافع کا مارجن برقرار رہا جو کہ گزشتہ سال کے 12.06 فیصد کے مقابل رواں سال میں 11.95 فیصد تک کم ہوا۔

اس سال کے دوران کمپنی نے 8,719.892 ملین روپے کا EBITDA حاصل کیا جو کہ گزشتہ 5 سال کے دوران مستقل مزاج رہ جان کا عکاس ہے۔ EBITDA اور فروخت کی شرح 14.32 فیصد رہی۔ مستحکم EBITDA کمپنی کے پاسداری کیش فلو کا ثبوت ہے جو ہمیں ریگولر BMR کو جاری رکھنے اور درکار سرمایہ کی ضروریات کو پورا کرنے کے قابل بناتا ہے۔

ڈیویڈنڈ آمدن کی مدد میں کمپنی کے منافع کے حصول کی صلاحیت نمایاں رہی۔ 30 جون 2020 کو اختتام شدہ مالی سال کے دوران کمپنی نے 2,044.302 ملین روپے کے ڈیویڈنڈ وصول کیے۔ گزشتہ سالوں کے دوران کمپنی نے تمام شعبہ جات کا نمائندہ پورٹ فولیو بنالیا ہے جو ڈیویڈنڈ آمدن اور مجموعی منافع کی شکل میں دیگر آمدن میں نمایاں اضافہ ظاہر کرتا ہے۔

Form of Proxy

I /We _____

of _____

being a member of Nishat Mills Limited, hereby appoint _____

of _____

or failing him/her _____

of _____

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 28, 2020 (Wednesday), at 03:30 p.m at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

as witness may hand this _____ day of _____ 2020

Signed by the said member _____

in presence of _____

Please
affix
revenue
stamp
Rs. 50

Signature(s) of Member(s)

Signature of witness

Signature of witness

Name

Name

Address

Address

.....

.....

CNIC #

CNIC #

Please quote:

Folio No.	Shares held	CDC A/C. No.

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time to holding the annual general meeting.



**AFFIX
CORRECT
POSTAGE**

The Company Secretary

NISHAT MILLS LIMITED

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

پراکسی فارم

میں اہم کسی اسماء _____ ساکن _____ ضلع _____
 بحیثیت ممبر کھیتی، کسی اسماء _____ ساکن _____ کھیتی ممبر یا اسکی عدم موجودگی کی صورت میں
 کسی اسماء _____ ساکن _____ کھیتی ممبر کو بطور مقرر (پراکسی) مقرر کرتا کرتی ہوں تاکہ وہ میری اہماری جگہ
 اور میری اہماری طرف سے کھیتی کے سالانہ اجلاس عام جو کہ تاریخ ۲۸ اکتوبر ۲۰۲۰ء، ہفت روزہ پیر 03:30 بجے ایچوریم مال، وہی نشاط ہوٹل، ٹریڈ اینڈ فائننس سنٹر بلاک، نزد ایکسپو سنٹر، میدانی روڈ، جوہر
 ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

پچاس روپے کی روچ بندھٹپ
 چھپاں کریں

دستخط تاریخ _____ دن _____ 2020ء

گواہ کو کوائف	گواہ کو کوائف
دستخط: _____	دستخط: _____
نام: _____	نام: _____
پتہ: _____	پتہ: _____
کیپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____	کیپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
دستخط: _____	نوٹریٹ نمبر: _____
(دستخط کھیتی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)	سی ڈی سی کھانہ نمبر: _____
	حصص کی تعداد: _____

اہم: پراکسی فارم، کھیتی کے رجسٹرڈ آفس، نشاط ہاؤس، 53-A، لارنس روڈ، لاہور، میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔



**AFFIX
CORRECT
POSTAGE**

The Company Secretary

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UAN: 042 - 111 113 333



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