



Nishat Mills Limited

# 2019

Annual Report



Accelerating  
**focussed growth**

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# Company Information

## Board of Directors

Mian Umer Mansha  
*Chief Executive Officer*

Mian Hassan Mansha  
*Chairman*

Syed Zahid Hussain  
Mr. Mahmood Akhtar  
Mr. Farid Noor Ali Fazal  
Mr. Ghazanfar Husain Mirza  
Mr. Maqsood Ahmad

## Audit Committee

Syed Zahid Hussain  
*Chairman / Member*

Mr. Mahmood Akhtar  
*Member*

Mr. Farid Noor Ali Fazal  
*Member*

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

Syed Zahid Hussain  
*Chairman / 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  
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**  
Plot No. 172-180 & 188-197,  
M-3 Industrial City, Sahianwala,  
FIEDMC, 2 K.M. Jhumra Chiniot  
Road, Chak Jhumra, Faisalabad.

**Spinning units & Power plant**  
20 K.M. Sheikhpura Faisalabad  
Road, Feroze Watwan.

**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.

**Stitching unit**  
21 K.M. Ferozepur Road, Lahore.

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

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

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

**Shares Registrar**  
THK Associates (Private) Limited

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

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

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



**Mr. Mahmood Akhtar**  
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 22 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 (Aziz Avenue) Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat Developers (Private) Limited, Nishat Agriculture Farming (Private) Limited, Hyundai Nishat Motor (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 multifaceted 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. Mahmood Akhtar**

holds an MBA degree from Punjab University and has over 36 years of managerial experience spread across various industries. He also serves on the Board of Lalpir Power Limited, D.G Khan Cement Company 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.



**Mr. Farid Noor Ali Fazal**  
Non-Executive Director



**Mr. Ghazanfar Husain Mirza**  
Non-Executive Director



**Mr. Maqsood Ahmed**  
Executive Director

**Mr. Farid Noor Ali Fazal** is a Bachelor of Commerce, Bachelor of Laws and Bachelor of Management. He has more than 46 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. Ghazanfar Husain Mirza** has a Bachelor degree in Mechanical Engineering from NED University of Engineering & Technology. Mr. Mirza has 39 years of experience in business development and business & corporate management in engineering, technical and multinational environment. He has served as Managing Director of Group Companies of Wartsila Corporation (Finland) in Pakistan and Saudi Arabia. He also serves on the Board of Nishat Power Limited, Nishat (Gulberg) Hotels and Properties Limited, Pakgen Power Limited and holds the office of Chief Executive Officer of Nishat Power Limited.

**Mr. Maqsood Ahmad** holds a Masters degree and a rich professional experience of over 27 years in the textile industry, especially in the spinning business. He is a Certified Director by completing the Director's Training Program from ICAP. He is actively involved in the strategic decisions making process relating to the operations of the Company.

# Vision & Mission

## Our Vision

To transform the Company into a modern and dynamic yarn, cloth and processed cloth and finished product manufacturing Company that is fully equipped to play a meaningful role on sustainable basis in the economy of Pakistan. To transform the Company into a modern and dynamic power generating Company that is fully equipped to play a meaningful role on sustainable basis in the economy of Pakistan.

## Our Mission

To provide quality products to customers and explore new markets to promote / expand sales of the Company through good governance and foster a sound and dynamic team, so as to achieve optimum prices of products of the Company for sustainable and equitable growth and prosperity of the Company.



# Chairman's Review Report

Nishat Mills Limited ("the Company") has a seven member Board of Directors ("the Board") which comprises of individuals with diverse background having core competencies, knowledge and experience relevant to the business of the Company. The Composition of the Board and its Committees is in accordance with the requirements of Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2017.

Mr. Mahmood Akhtar joined the Board on 05 March 2019 after untimely demise of Mr. Khalid Qadeer Qureshi on 24 February 2019.

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 2017. The performance evaluation mechanism also 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 on 26 April 2019. The performance of the Board, its Members and Committees was up to the mark as per defined performance evaluation mechanism. The Board also suggested improvements in the performance evaluation mechanism for the next year to further improve its performance.

During the financial year 2018-19, the Board successfully achieved targets and objectives set for the growth of the Company by performing the following functions:

- Ensured effective and robust oversight.
- Supervised overall corporate strategy, key financial performance indicators and other budgetary targets.
- Ensured the quality and appropriateness of financial reporting and the transparency of disclosures.
- Carried out risk assessment especially relating to regulatory and legal requirements, market trends, cotton supply and price, energy availability and cost, foreign exchange fluctuations, interest rate and liquidity.
- Reviewed effectiveness of internal control system.
- Evaluated the significant investments.
- Reviewed details of financing facilities availed by the Company.
- Ensured timely dissemination of price sensitive and inside information to relevant regulatory authorities.



**Mian Hassan Mansha**  
Chairman

Lahore  
19 September 2019

# 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 2019 along with the financial statements and auditors' report thereon.

## FINANCIAL REVIEW

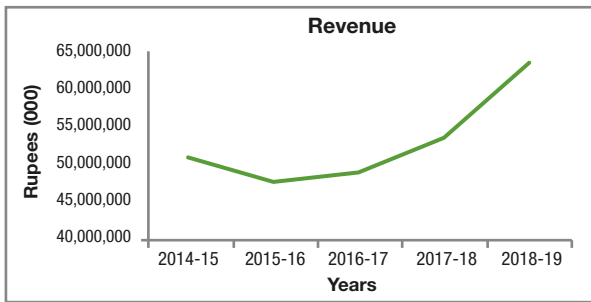
### Financial Performance

The financial performance of the Company was exceptional during the financial year ended 30 June 2019 as compared to the corresponding last year ended 30 June 2018. Profit after tax increased by 43% due to significant increase in revenue, efficient cost management and perfect investment portfolio. The summary of the key profitability measures is presented below.

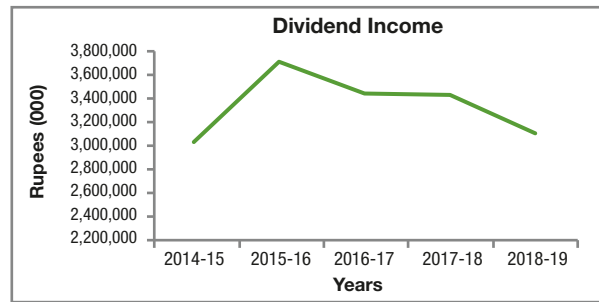
Financial highlights	2019 Rupees(000)	2018 Rupees(000)
Revenue	63,499,029	53,729,124
Gross profit	7,656,601	5,550,446
EBITDA	11,211,441	8,395,775
Depreciation	2,646,227	2,444,824
Finance cost	1,668,166	993,824
Dividend Income	3,029,845	3,391,397
Pre-tax profit	6,897,048	4,957,127
After tax profit	5,859,048	4,097,127

Topline of the Company increased by 18.18% during the current year as compared to the corresponding last year. Export sales increased by Rs. 8,935.693 million in line with our marketing strategy which is based on building long term relations with our customers by providing high quality products. Sales performance of all Divisions was remarkably well especially export sales of Weaving, Dyeing and Home Textile Divisions recorded a significant increase.

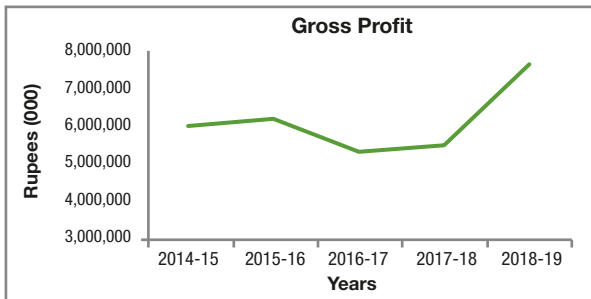




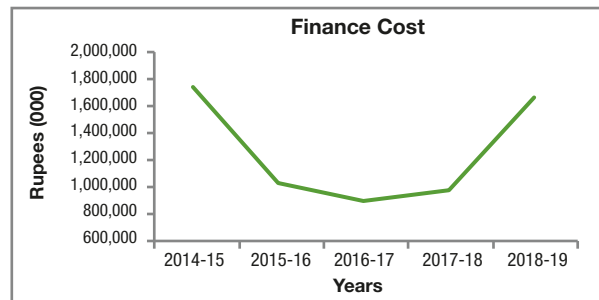
The gross profit increased by 37.95% due to less than proportionate increase in cost of sales (15.91%) as compared to increase in revenue (18.18%) due to better cost management and achievement of efficiency in production. Other reasons for increase in gross profit is unprecedented depreciation of Pak Rupee against USD by around 35% and availability of gas and electricity at subsidized rates of USD 6.5 per mmbtu and 7.5 cents per KWH w.e.f. 27 September 2018 and 01 January 2019 respectively.



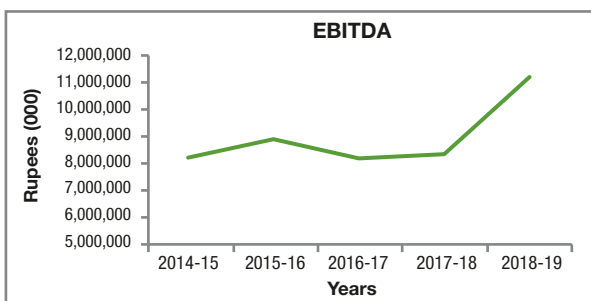
The finance cost recorded an increase of Rs. 674.342 million (67.85%) mainly due to the effect of unprecedented hike of 575 basis points in benchmark interest rate from 01 July 2018 to 30 June 2019. Borrowings of the Company also increased due to increase in working capital requirements and delay in the disbursement of duty drawback of taxes and refund of sales and income taxes.



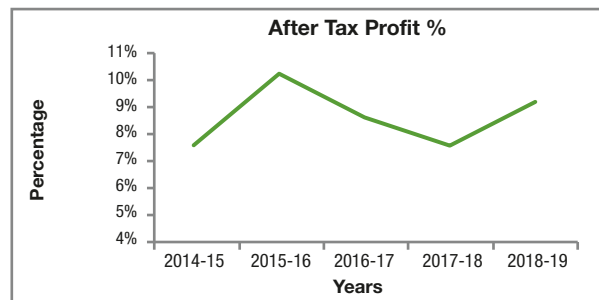
Another proof of exceptional financial performance is increase in EBITDA by Rs. 2,815.666 million from Rs. 8,395.775 million to Rs. 11,211.441 million. EBITDA to sales percentage increased by 2.03% which is the reflection of operational efficiency of the Company.



Profit after tax of the Company increased by Rs. 1.762 billion which is the highest during the last three years. Profit after tax percentage to sales recorded an unprecedented growth of 1.60% from 7.63% to 9.23%.

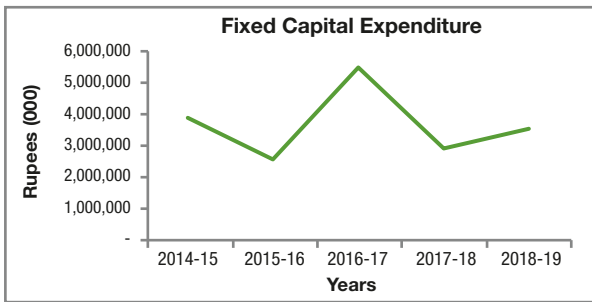


The Company maintains a healthy investment portfolio which comprises of investment in shares of all leading companies belonging to the major sectors of Pakistani economy. Dividend income was Rs. 3,029.845 million which made up significant share in profit after tax of the Company.



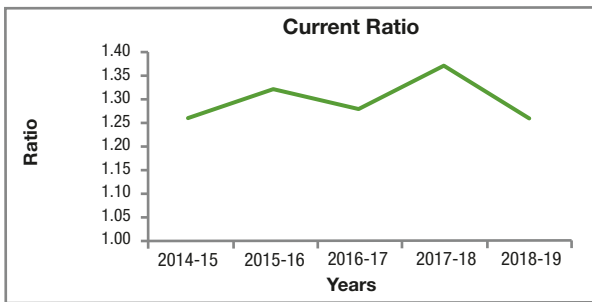
### Fixed Capital Expenditure

The financial strength of the Company depends on operational efficiencies of our manufacturing facilities which could produce high quality products according to the latest trends for our customers. The Company invests heavily in the new and latest technologies to meet above mentioned goal. The Company invested Rs. 3.558 billion on BMR during the financial year 2018-19 which is an increase of 20.89% over the last year.



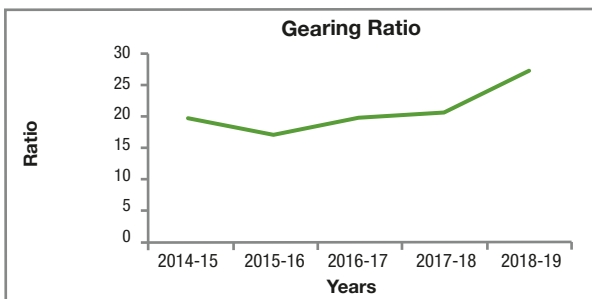
### Working Capital Management

The Company's liquidity and short-term financial position remained steady in line with trend during the last five years. It is a clear evidence of prudent working capital management despite the financing requirements of huge sales volume in this year.



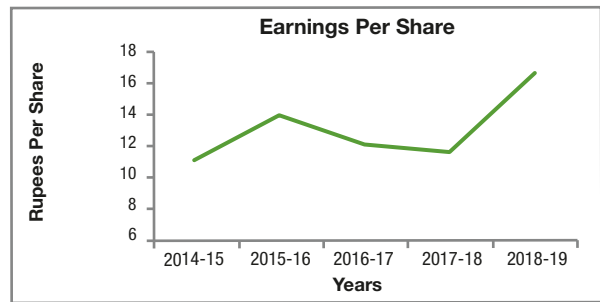
### Capital Structure

The gearing ratio of the Company increased from 20.77% to 27.31% mainly due to the unrealized loss of Rs. 13.573 billion on equity investments as a result of decrease in the market value of shares of the listed companies and decrease in the fair value of shares of the unlisted companies. Management of the Company believes share value of these investments will improve as soon as economic indicators of the country improve.



### Earnings per Share

Earnings per share, a very important performance indicator, increased by 43% from Rs. 11.65 per share to Rs 16.66 per share which is a remarkable increase.



### Appropriations

The Board of Directors of the Company has recommended 40% cash dividend (2018: 47.50%) and transferring of Rupees 4,386 million (2018: Rupees 2,427 million) to general reserve.

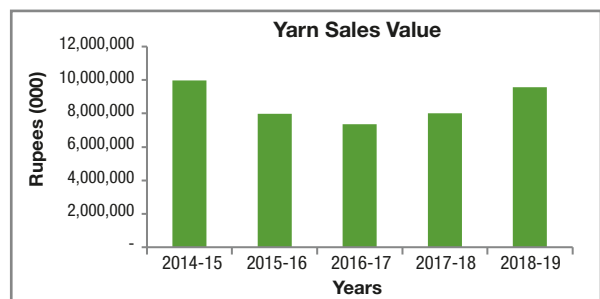
## SEGMENT ANALYSIS

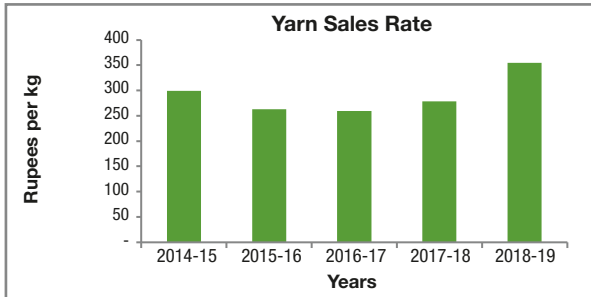
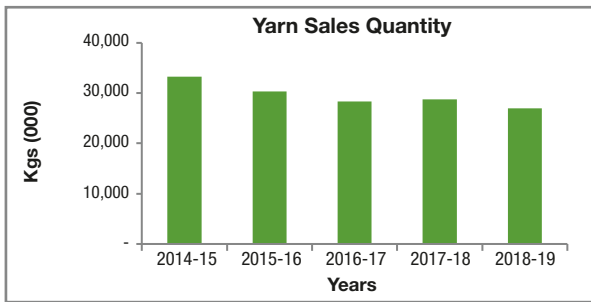
### Spinning

Fluctuations in cotton yarn demand and prices throughout the year created uncertainty and affected the financial results of the Company. Moreover, yarn prices in international market did not increase in tandem with increase in local cotton prices. However, subsequent increase in later part of the year due to increase in cotton prices in international market was not enough to cover the cost of local cotton. US-China trade war and weak Chinese currency also negatively affected yarn business. China's business dynamics in relation to international markets resulted reduction in demand of finished products so it eventually reduced the demand of yarn in China which is our major market. Management of the Company closely monitored the situation and made rational decisions due to which profitability of Spinning Division increased during FY 2018-19 as compared to the last year.

The new open-end yarn manufacturing unit located at Feroze Watwan has been commissioned into production on 01 February 2019 which has shown promising results.

The Company in accordance with its risk management policy to mitigate cotton supply and purchase risk completed the procurement of raw cotton in bulk by the end of 31 March 2019.





### Weaving

Profitability of the Division grew significantly during the FY 2018-19 as compared to the previous year despite slow down in demand due to global economic conditions. Our diversified product portfolio and increase in sales of specialized fabric

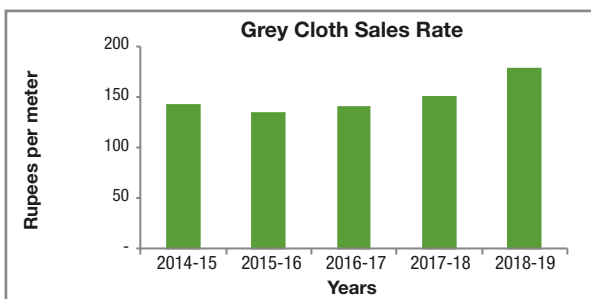
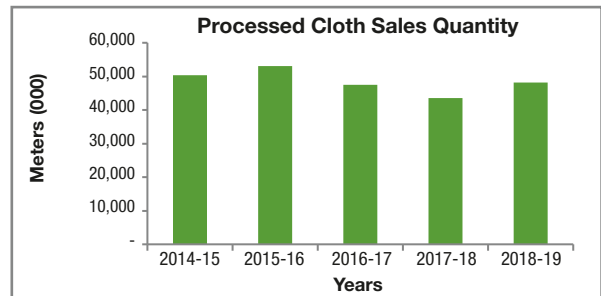
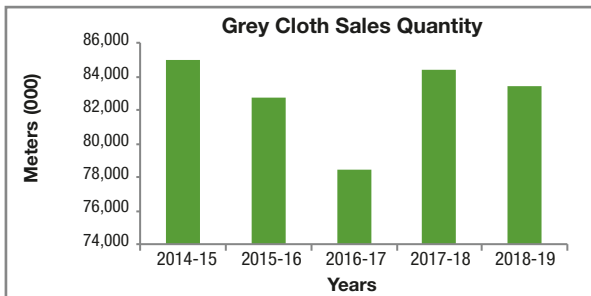
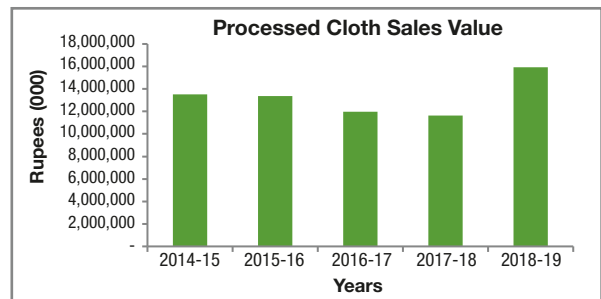
(technical fabric) were the main reasons for this remarkable growth. Timely purchase of yarn has also contributed significantly to our profits though uncertainty in raw material prices created a lot of confusion among our buyers.

The Division heavily invested in BMR to expand and diversify our product range during the current year. Acquisition of 22 specialized looms along with state-of-the-art sizing and warping machines has enhanced operational flexibility to cater our customers' needs.

### Dyeing

Dyeing Division was the leading earning Division of the Company during the FY 2018-19. The Division also performed exceptionally well during the financial year as compared to the corresponding previous financial year. Despite relatively slow start in the first quarter, the performance of the Division significantly improved during the remaining part of the year. Profitability of the Division was the highest in FY 2018-19 since the commissioning of dyeing and finishing plant in March 2001.

We foresee next financial years will be challenging due to uncertain economic conditions in the country



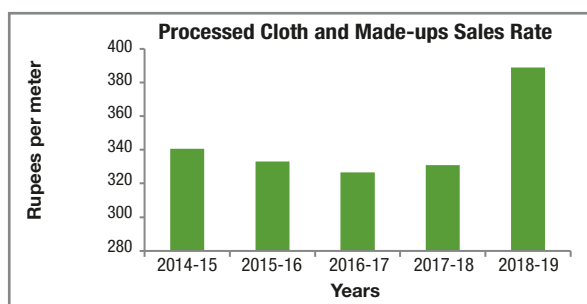
and slowdown in growth of global economies. Raw material prices are also expected to rise in coming months due to inflation and depreciation of Pak Rupee against US Dollar. In order to mitigate the impact of expected escalation in raw material prices we have booked purchase of griegge fabric, basic raw material of the Division, for all of our major production programs against which we have received projections from customers for the next season. We are hopeful that all such measures will enable us to exhibit positive performance in FY 2019-20 as well.

### Home Textile

The Division performed well during FY 2018-19 due to a strong order book and timely handling of issues prevailed in the economic environment of the country.

The uniform business has flourished and the Division has started to export uniforms to foreign armed forces in addition to sale of uniforms to local armed forces. During the year, the Division has also increased its capacity of digital printing by adding another digital printing machine. Now we are one of the largest digital printing production houses in the region. This capacity enhancement is directly related to our high-end business which has a strong and growing demand.

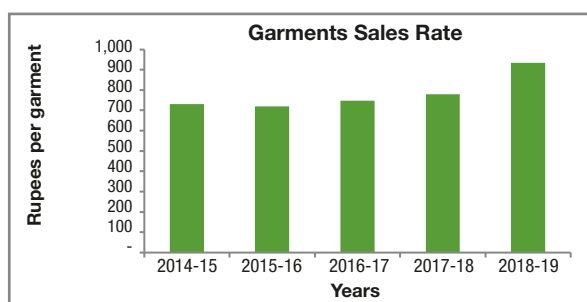
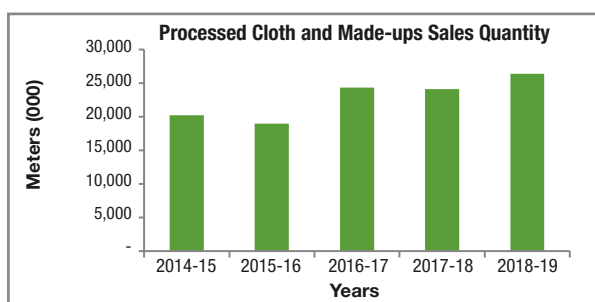
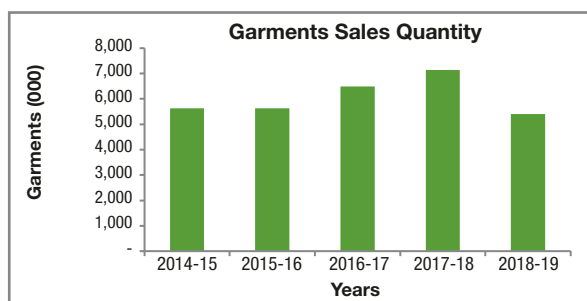
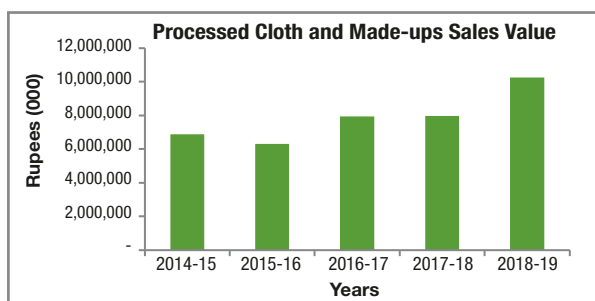
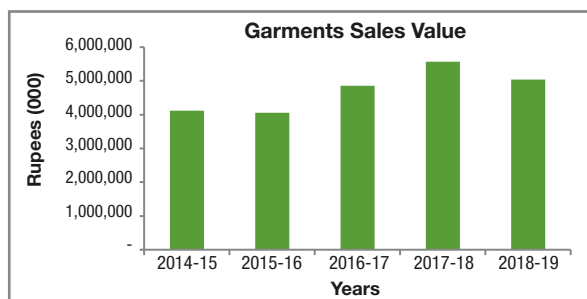
Once again Europe was the largest market for our products during financial year ended 30 June 2019. However, uncertainty due to Brexit may affect our future business in UK depending on the outcome of Brexit.



### Garments

Garments Division has shown betterment in financial results during FY 2018-19 as compared to the financial results of the corresponding previous year. The main reason for this improvement is the commitment of the management to offer quality products in line with the latest trends according to the customers' needs. Operational performance of the Division also improved because of improved productivity and efficiency of the manufacturing processes along with effective cost management.

Management of the Division, at present, is restructuring operations of the Division by introducing lean management concept to optimize work flow



structure for sustainable profitability. The financial results of the Division are expected to improve further due to this initiative during FY 2019-20.

### Power Generation

The Company has established in-house power generation facilities which provide uninterrupted and continuous electricity and steam to its fabric manufacturing facilities. Currently, total capacity of the Division is around 123 MW. Considering the importance of energy in running the operations of the Company, the management regularly invests in cutting edge technologies to upgrade and enhance its power generation capacity. At present, installation of a 3 MW Wartsila Solar Power Plant is in process at Sahianwala, Faisalabad. A further plan to acquire two more Solar Power Plants for Power Divisions located at Bhikki and Ferozewatwan is underway.

The project for installation of 3.2 MW Steam Turbine for power plant located at Lahore is near to completion. The turbine will be commissioned in December 2019 which will generate 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 will provide additional benefit from high pressure / temperature of steam which currently remains unutilized as steam at low pressure / temperature is required in fabric dyeing and finishing process.

## 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 weighed 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. 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 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

Economic uncertainties and difficulties dominated the landscape of textile industry during financial year 2018-19. World economic slowdown, uncompleted Brexit, trade dispute between USA and China over tariff policy, massive depreciation of Pak Rupee against US Dollar and continuously increasing interest rates are some of the factors which contributed to the problems of Pakistani textile industry.

Textile exports were expected to increase in the wake of currency depreciation, but export did not increase in terms of value because of stiff competition and high cost of production. On the other hand, cost of imported raw materials, plant and machinery increased manyfold due to currency depreciation. However, Government of Pakistan gave some relief by providing gas and electricity to export oriented sectors, which includes textile, at subsidized rates of USD 6.5 per mmbtu and 7.5 cents per KWH w.e.f. 27 September 2018 and 01 January 2019 respectively in an effort to boost exports by reducing cost of production. These steps have provided much needed relief to the exporters and enhanced their competitiveness in the international market.

Financial year 2019-20 will also be quite tough for the textile industry because Government has imposed 17% GST on textile sector since 01 July 2019 while, previously, it was zero rated. It has created liquidity crunch for the textile units. Moreover, sales tax and income tax refunds are pending. FBR has started to settle sales tax refunds but through sales tax refund bonds which have a maturity period of three years. Currently, there is no active secondary market for these bonds where the holders of such bonds may trade.

# 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 101 retail outlets 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 subsidiary has not yet started its commercial operations. The principal activity of company will be to build, own, operate and maintain or invest in a solar power project.

## 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 12 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.

## 10. Nishat UK (Private) Limited

Nishat UK (Private) Limited is a private limited company incorporated in England and Wales on 8 June 2015. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The primary function of Nishat UK (Private) Limited is sale of textile and related products in England and Wales through retail outlets and wholesale operations. The Board of Directors in their meeting held on 26 February 2019 approved the winding up the Company due to expected slowdown in the demand of consumer goods after Brexit. The subsidiary was dissolved on 23 July 2019.

## 11. Concept Garments and Textile Trading FZE

Concept Garments and Textile Trading FZE is incorporated as a free zone establishment with limited liability in accordance with the Law No: 9 of 1992 and Licensed by the Registrar of Jabel Ali Free Zone Authority. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. Date of incorporation of the Company was 11 October 2016. The registered office of Concept Garments and Textile Trading FZE is situated at Jabel Ali Free Zone, Dubai. The principal business of the Company is trading in readymade garments and textile products. The Board of Directors in its meeting held on 26 April 2019 approved the winding up of the Company due to economic slowdown and recession in UAE. The winding up of the subsidiary company is in process.



# Corporate Social Responsibility

Management believes that profitability and growth of the Company is closely linked with dispensing social responsibilities. Therefore, the Company is engaged in the implementation of the best practices of Corporate Social Responsibility (CSR).

## 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 treatments 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 severely 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, installation of 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 employees is put above anything else. The Company 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 beliefs. The workforce of Garments and Home Textile Divisions is dominated by women employees and workers.

### 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. The Company has also installed metal detectors at its stitching units. The purpose is to ensure the safety of customers by detecting parts of needles and other metal objects present in goods dispatched from Nishat's Stitching units. Further the Company has obtained OEKO Tex Standards 100, SA-8000, WRAP and SEDEX certifications.

### Contribution to National Exchequer and Economy

As the Company is counted among top exporters of the country, it has contributed to the economy by earning foreign exchange of US\$ 352.355 million during the current year. Further it has also contributed Rs. 1,502.907 million towards national exchequer by way of custom duty, income taxes, sales taxes, education cess, social security contribution, EOBI contribution etc.

## 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, 2017 and the Rule Book of Pakistan Stock Exchange.

The statement of compliance with the CCG Regulations, 2017 is enclosed.

### 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	*Mr. Khalid Qadeer Qureshi (Member)	2
2	Syed Zahid Hussain (Member/Chairman)	4
3	Mr. Farid Noor Ali Fazal (Member)	3
4	*Mr. Mahmood Akhtar (Member)	1

\*Mr. Mahmood Akhtar appointed as member Audit Committee in place of Mr. Khalid Qadeer Qureshi with effect from March 05, 2019.

#### 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 Meetings were held, attendance position was as under:-

Sr.#	Name of Director	No. of Meetings Attended
1	Mian Umer Mansha (Member)	2
2	*Mr. Khalid Qadeer Qureshi (Member)	1
3	Syed Zahid Hussain (Member/Chairman)	2
4	*Mr. Mahmood Akhtar (Member)	-

\*Mr. Mahmood Akhtar appointed as member HR&R Committee in place of Mr. Khalid Qadeer Qureshi with effect from March 05, 2019.

## 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)	3
3	Syed Zahid Hussain	4
4	*Mr. Khalid Qadeer Qureshi	2
5	Mr. Maqsood Ahmad	4
6	Mr. Ghazanfar Hussain Mirza	4
7	Mr. Farid Noor Ali Fazal	3
8	*Mr. Mahmood Akhtar	1

\*Mr. Mahmood Akhtar appointed as Director in place of Mr. Khalid Qadeer Qureshi with effect from March 05, 2019.

## Directors' Statement

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

1. 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.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements except for the changes in accounting policies stated in note 2.9 and 2.19 to the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Value of investments in respect of retirement benefits fund: Provident Fund: 30th June, 2019: Rs. 3,366.565 Million Un-audited, (2018: Rs. 3,763.308 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:

1. The renewal of investment up to Rs. 1.5 billion as loan and advances in Nishat Power Limited, a subsidiary company in accordance with its investment policy to earn higher interest rate as compared to other investment opportunities available to the Company.
2. Further investment of up to Rs. 2 billion as loan and advances in Nishat Linen (Private) Limited, a wholly owned subsidiary, in accordance with its investment policy to earn higher interest rate as compared to other investment opportunities available to the Company.
3. The issuance of corporate guarantees up to Rs. 9,200 million to the lenders of Nishat Linen (Private) Limited, a wholly owned subsidiary, to ensure smooth availability of the credit facilities to the subsidiary from Banks / financial institutions
4. Execution of addendum of business agreement between Nishat Mills Limited and Nishat Hospitality (Private) Limited, a wholly owned subsidiary, to earn good returns.

5. The winding up of Nishat UK (Private) Limited, a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited due to expected slowdown in the demand of consumer goods after Brexit.
6. Further equity investment up to Rs. 200 million in Nishat Hotels and Properties Limited, an associated company, to earn dividend income and prospective capital gains.
7. Further equity investment up to Rs. 500 million in Nishat Hospitality (private) Limited, a wholly own subsidiary, to earn dividend income and prospective capital gains.
8. The issuance of corporate guarantees up to Rs. 500 million to the lenders of Nishat Hospitality (Private) Limited, a wholly owned subsidiary, to ensure smooth availability of the credit facilities to NHPL from Banks / financial institutions.
9. The winding up of Concept Garments and Textile Trading FZE, a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited, due to economic slowdown and recession in UAE.

### Auditors

Financial Statement of the Company for the year ended 30 June 2019 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 2020.

### SUBSEQUENT EVENTS

No material changes and commitments affecting the financial position of the Company occurred between 30 June 2019 and 19 September 2019.

### FUTURE PROSPECTS

Financial year 2019-20 will be a difficult period due to expected rise in cotton prices and increase in cost of doing business. Massive devaluation of Pak Rupee against US Dollar has significantly increased the cost of imported spare parts, dyes and chemicals, machinery and other raw materials.

However, we expect that the growth momentum of the Company will continue due to its diversified product range and varied customer base. Introduction of new technologies and techniques is the hallmark of Nishat Mills Limited, therefore, management is planning to start some new projects in order to remain competitive in the market.

The Company diversified its spinning business during financial year 2018-19 by commissioning an open-end yarn unit on 01 February 2019. The financial and operational performance of the unit is very promising; therefore, a plan is underway to double the production capacity by adding another 1,200 Rotors.

The Company is also planning to establish a towel manufacturing unit which is the last missing link in our Home Textile product mix. First phase of our Towel section is expected to be operational by June 2020 that will give a massive support to enhance export sales volume in the following years. Initial capacity of the project will be 10 Tons per day.

### 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 to its non-executive directors including independent directors except for meeting fee for attending Board and its Committees meetings.
- The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending of 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, 2019, which is required to be disclosed under the reporting framework, is annexed to this report.

For and on behalf of the Board of Directors



**Mian Umer Mansha**  
Chief Executive Officer

Lahore  
19 September 2019

## ACKNOWLEDGEMENT

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



**Maqsood Ahmed**  
Director



# Financial Highlights

Rupees in thousand

	2019	2018	2017	2016	2015	2014	
<b>Summarized Statement of Financial Position</b>							
<b>Non-Current Assets</b>							
Property, Plant and Equipment	28,968,219	28,180,049	27,767,699	24,715,095	24,357,269	22,964,388	
Long Term Investments	34,930,333	44,757,279	60,008,322	55,399,080	51,960,454	44,771,715	
Other Non-Current Assets	849,580	756,020	756,107	634,214	631,833	537,482	
<b>Current Assets</b>							
Stores, Spares and Loose Tools	3,102,988	1,714,031	2,106,878	1,269,509	1,335,763	1,316,479	
Stock in Trade	17,008,459	12,243,652	12,722,712	9,933,736	10,350,193	12,752,495	
Short Term Investments	-	2,581,520	2,535,973	2,065,217	2,189,860	3,227,560	
Other Current Assets	15,685,813	12,503,482	11,632,584	12,582,368	10,314,628	11,478,458	
<b>Total Assets</b>	<b>100,545,392</b>	<b>102,736,033</b>	<b>117,530,275</b>	<b>106,599,219</b>	<b>101,140,000</b>	<b>97,048,577</b>	
Shareholders' Equity	66,615,270	75,713,145	88,762,796	82,155,155	76,142,823	68,589,176	
<b>Non-Current liabilities</b>							
Long Term Financing	5,259,927	5,190,839	5,245,629	4,629,456	5,582,220	6,431,304	
Deferred Tax	215,440	571,833	783,292	261,567	247,462	474,878	
<b>Current Liabilities</b>							
Short Term Borrowings	17,982,262	12,507,590	14,697,393	10,475,657	11,524,143	14,468,124	
Current Portion of Long Term Liabilities	1,784,470	2,144,900	2,093,024	1,980,768	1,783,250	1,595,652	
Other Current Liabilities	8,688,023	6,607,726	5,948,141	7,096,616	5,860,102	5,489,443	
<b>Total Equity and Liabilities</b>	<b>100,545,392</b>	<b>102,736,033</b>	<b>117,530,275</b>	<b>106,599,219</b>	<b>101,140,000</b>	<b>97,048,577</b>	
<b>Statement of Profit or Loss</b>							
Sales	63,499,029	53,729,124	49,247,657	47,999,179	51,200,223	54,444,091	
Gross Profit	7,656,601	5,550,446	5,379,838	6,239,391	6,046,784	7,863,774	
EBITDA	11,211,441	8,395,775	8,233,100	8,937,616	8,260,046	9,125,677	
Other Income	5,158,380	4,102,639	4,259,666	4,079,054	3,982,009	3,653,041	
Profit Before Tax	6,897,048	4,957,127	5,020,342	5,725,038	4,389,925	5,975,552	
Profit After Tax	5,859,048	4,097,127	4,262,342	4,923,038	3,911,925	5,512,552	
<b>Cash Flows</b>							
Cash Flow from Operating Activities	905,102	2,153,808	(1,381,006)	4,704,482	5,298,151	4,887,376	
Cash Flow from Investing Activities	(3,957,796)	1,851,315	(3,890,837)	735,980	(3,042,332)	(7,909,028)	
Cash Flow from Financing Activities	3,524,492	(3,944,241)	3,200,620	(3,377,513)	(5,005,916)	4,695,106	
Changes in Cash & Cash Equivalents	471,798	60,882	(2,071,223)	2,062,949	(2,750,097)	1,673,454	
Cash and Cash Equivalent-Year End	576,625	104,827	43,945	2,115,168	52,219	2,802,316	
<b>Ratios</b>							
<b>Profitability Ratios</b>							
Gross Profit	%	12.06	10.33	10.92	13.00	11.81	14.44
EBITDA to Sales	%	17.66	15.63	16.72	18.62	16.13	16.76
Pre tax Profit	%	10.86	9.23	10.19	11.93	8.58	10.98
After tax Profit	%	9.23	7.63	8.65	10.26	7.64	10.13
Return on Equity	%	8.23	4.98	4.99	6.22	5.41	8.65
Return on Capital Employed	%	11.16	6.75	6.53	8.01	7.79	10.99
Operating Leverage Ratio		2.42	0.03	(4.75)	(1.66)	3.21	(1.27)

		2019	2018	2017	2016	2015	2014
<b>Liquidity Ratios</b>							
Current Ratio		1.26	1.37	1.28	1.32	1.26	1.34
Quick Ratio		0.55	0.71	0.62	0.75	0.65	0.68
Cash to Current Liabilities	Times	0.02	-	-	0.11	-	0.13
Cash Flows from Operations to Sales	Times	0.01	0.04	(0.03)	0.10	0.10	0.09
<b>Activity / Turnover Ratios</b>							
Inventory Turnover Ratio	Times	3.82	3.86	3.87	4.12	3.91	3.93
No. of Days in Inventory	Days	95.55	94.56	94.32	88.83	93.35	92.88
Debtors Turnover Ratio	Times	14.53	17.12	21.89	18.22	17.22	11.87
No. of Days in Receivables	Days	25.12	21.32	16.67	20.09	21.20	30.75
Creditors Turnover Ratio	Times	4.39	4.46	4.30	4.65	5.84	7.25
No. of Days in Creditors	Days	83.14	81.84	84.88	78.71	62.50	50.34
Operating Cycle	Days	37.53	34.04	26.11	30.21	52.05	73.29
Total Assets Turnover Ratio	Times	0.63	0.52	0.42	0.45	0.51	0.56
Fixed Assets turnover Ratio	Times	2.19	1.91	1.77	1.94	2.10	2.37
<b>Investment / Market Ratios</b>							
Earnings Per Share	Rs.	16.66	11.65	12.12	14.00	11.13	15.68
Price Earning Ratio	Times	5.60	12.10	13.09	7.71	10.26	7.14
Dividend Yield Ratio	%	4.29	3.37	3.15	4.63	3.94	3.57
Dividend Payout Ratio	%	24.01	40.77	41.24	35.71	40.43	25.51
Dividend Cover Ratio	Times	4.17	2.45	2.42	2.80	2.47	3.92
Dividend Per Share	Rs.	4.00	4.75	5.00	5.00	4.50	4.00
Break-up Value	Rs.	189.46	215.34	252.45	233.66	216.56	195.08
Proposed Dividend	%	40.00	47.50	50.00	50.00	45.00	40.00
<b>Market value per share:</b>							
Closing	Rs.	93.34	140.92	158.68	107.90	114.23	111.92
High	Rs.	153.73	171.56	185.63	86.83	137.49	141.70
Low	Rs.	91.69	130.03	110.65	122.05	97.00	85.00
<b>Capital Structure Ratios</b>							
Financial Leverage Ratio	%	37.57	26.21	24.83	20.80	24.81	32.80
Weighted Average Cost of Debt	%	7.44	4.75	4.68	5.82	8.43	8.28
Debt to Equity Ratio	%	7.90	6.86	5.91	5.64	7.33	9.38
Interest Cover Ratio	Times	5.13	5.99	6.49	6.47	3.52	4.71
Gearing Ratio	%	27.31	20.77	19.89	17.22	19.88	24.70
<b>Production machines</b>							
No. of Spindles		247,968	238,032	230,736	227,640	227,640	198,840
No. of Looms		790	794	795	805	789	789
No. of Thermosole Dyeing Machines		5	5	5	6	6	6
No. of Rotary Printing Machines		4	4	4	4	4	4
No. of Digital Printing Machines		9	8	7	2	2	2
No. of Stitching Machines		4,149	4,239	3,757	3,400	2,706	2,632

# Statement of Compliance

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

**Name of company** : Nishat Mills Limited  
**Year ended** : June 30, 2019

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: 7
  - b. Female: 0
2. The composition of board is as follows:

Category	Names
Independent Director	Syed Zahid Hussain
Other Non-Executive Directors	Mian Hassan Mansha Mr. Farid Noor Ali Fazal Mr. Ghazanfar Hussain Mirza Mr. Mahmood Akhtar
Executive Directors	Mian Umer Mansha Mr. Maqsood Ahmed

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training program for the following:

**a) Non-executive Directors**

Mr. Farid Noor Ali Fazal  
Mr. Ghazanfar Hussain Mirza  
Mr. Mahmood Akhtar

**b) Executive Director**

Mr. Maqsood Ahmad

Following director is exempted from Directors' Training Program and the Company has obtained exemption from SECP:

**Executive Director**

Mian Umer Mansha

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
  - a) Audit Committee:**
    1. Syed Zahid Hussain (Independent Director) – Chairman
    2. Mr. Farid Noor Ali Fazal (Non-Executive Director)
    3. Mr. Mahmood Akhtar (Non-Executive Director)



- b) HR and Remuneration Committee:**
1. Syed Zahid Hussain – (Independent Director)  
- Chairman
  2. Mian Umer Mansha (Executive Director)
  3. Mr. Mahmood Akhtar (Non-Executive Director)
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, 2019.
- b) HR and Remuneration Committee:**  
Two Meetings of HR and Remuneration Committee were held during the financial year ended June 30, 2019.
15. The board has set up an effective internal audit function which is considered suitably qualified,



**Mian Hassan Mansha**  
Chairman

Lahore  
19 September 2019

- experienced for the purpose and conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

# 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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Nishat Mills Limited (the Company) for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the

Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

#### **RIAZ AHMAD & COMPANY** Chartered Accountants



Name of engagement partner:  
Mubashar Mehmood

Lahore  
September 19, 2019

# 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, 2019 (Monday) 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, 2019 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, 2020 and fix their remuneration.
4. **Special Business:-**
  - 1 **To consider and if deemed fit, to pass the following resolutions as special resolutions under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification, addition(s) or deletion(s).**

**A) Resolved that** approval of the Members of Nishat Mills Limited (the “Company”) be and is hereby accorded in terms of Section 199 and other applicable provisions of Companies Act, 2017, for investment up to PKR 1,000,000,000/- (Rupees One Billion Only) in Nishat Hotels and Properties Limited (“NHPL”), an associated company, in the form of working capital loan for a period of one year starting from the date of approval by the Members, provided that the return on any outstanding amount of loan shall be 1 Month KIBOR plus 100 bps (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of the loan agreement to be approved by the Members.

**Resolved Further that** the said resolution shall be valid for one year starting from the date of approval by the Members and the Chief Executive Officer and / or Chief Financial Officer and / or Company Secretary of the Company be and are hereby singly empowered and authorized to undertake the decision of said investment as and when required by NHPL and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolution.

**B) Resolved that** approval of the Members of Nishat Mills Limited (“the Company”) be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017, to increase the amount of equity investment by Rs. 307,680,000 in Hyundai Nishat Motor (Private) Limited (“HNMPL”), an associated company, in the already approved amount of equity investment of Rs.960,000,000, for subscribing, 96,000,000 ordinary shares approved by the members under Section 199 of the Companies Act, 2017 in their Extraordinary General Meeting held on March 28, 2018 thus making a total equity investment upto Rs. 1,267,680,000 (Rupees One Billion Two Hundred Sixty Seven Million Six Hundred Eighty Thousand Only) for subscribing, at Par, fully paid up to 126,768,000 ordinary shares of PKR 10 each of HNMPL as may be offered to the Company from time to time by HNMPL.

**Resolved Further that** approval of the Members of the Company be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017, to increase in the amount of guarantee / continuing Stand by Letter(s) of Credit (SBLC) by an amount of Rs. 332,544,000 (Rupees Three Hundred Thirty Two Million Five Hundred Forty Four Thousands Only) to provide sponsors support to HNMPL, for a tenure of 7.5 years starting from date of issue of guarantee / SBLC in the already approved amount of guarantee / continuing Stand by Letter(s) of Credit (SBLC) of PKR 1,200,000,000 (Rupees One Billion Two Hundred Million Only) approved by the Members under Section 199 of the Companies Act, 2017 in their Extraordinary General Meeting held on March 28, 2018 thus making a total amount of investment by way of guarantee

/ continuing Stand by Letter(s) of Credit (SBLC) upto Rs 1,532,544,000 (Rupees One Billion Five Hundred Thirty Two Million Five Hundred Forty Four Thousands Only), for a tenure of 7.5 years starting from the date of issue of guarantee / SBLC, to be issued by the Company's Bank(s) in favor of financial institutions / lenders of HNMPL to secure financial assistance to be extended to HNMPL and to provide securities / corporate guarantees / collaterals to the Company's Bank(s) for the purpose of issuance of SBLC, provided that the commission to be charged by the Company to HNMPL on any outstanding amount of SBLC shall be 0.05% per quarter over and above the quarterly commission charged by the Company's Bank(s) from the Company on the outstanding amount of guarantee / SBLC, as per terms and conditions disclosed to the members.

**Resolved Further that** in the event the Company is called upon by the lenders of HNMPL for repayment of money provided to HNMPL as a result of enforcement of SBLC, the Company shall recover the full amount paid by it from HNMPL with mark up of 0.5% per annum above the average borrowing cost of the Company till the date of payment from HNMPL, as may be mutually agreed.

**Resolved Further that** these resolutions shall be valid for a period of four (4) years starting from the date of approval by Members and the Chief Executive Officer and/or Chief Financial Officer and / or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities including filing of applications for no objection certificate / permission from any authority / Commission as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions.

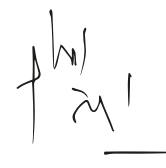
- C) **Resolved that** approval of the Members of Nishat Mills Limited (the "Company") be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017 to make equity investment up to PKR 950 Million (Rupees Nine Hundred and Fifty Million Only) from time to time in Nishat Sutas Dairy Limited ("NSDL"), an associated company, for subscribing at Par, fully paid up 95,000,000 ordinary shares of PKR 10 each of NSDL as may be offered to the Company from time to time by NSDL.

**Resolved Further that** this resolution shall be valid for a period of three (3) years starting from the date of approval by members and the Chief Executive Officer and / or Chief Financial Officer and / or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions.

**Resolved Further that** the Company be and is hereby authorized to dispose of through any mode, a part or all of equity investments made by the Company from time to time and to dispose of and / or decline a part or all of its entitlement of right shares as and when offered by the investee companies in which the Company has made equity investments and the Chief Executive Officer and / or Chief Financial Officer and / or Company Secretary be and are hereby authorized singly to take the decision of divestment and / or declining of right shares entitlement as and when they deemed it appropriate and necessary in the best interest of the Company and its Members.

Statement under Section 134(3) of the Companies Act, 2017 concerning special business is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board



(KHALID MAHMOOD CHOCHAN)  
COMPANY SECRETARY

## NOTES:

### BOOK CLOSURE NOTICE: -

The Ordinary Shares Transfer Books of the Company will remain closed from 18-10-2019 to 28-10-2019 (both days inclusive) for entitlement of 40% final cash dividend [i.e. Rs. 4/- (Rupees Four Only) Per Ordinary Share] and for attending and voting at Annual General Meeting. Physical transfers / CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 17-10-2019 at Share Registrar, THK Associates (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Limited Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, will be considered in time, for entitlement of 40% final cash dividend and for attending of meeting.

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: 1st Floor, DYL Motorcycles Limited Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, latest by October 18, 2019, 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 (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, upto October 18, 2019.

#### 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 (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, 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: 1st Floor, DYL Motorcycles Limited. Office, 147-Q Block, behind Emporium Mall, Johar Town, 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 (Pvt) 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](http://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 (Pvt) 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 SECTION 134 (3) OF THE COMPANIES ACT, 2017.**

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2019.

**A. INVESTMENT IN NISHAT HOTELS AND PROPERTIES LIMITED**

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public company limited by shares. Its authorized share capital is Rs. 10,000,000,000/- (Rupees Ten Billion Only) divided into 1,000,000,000 (One Billion) ordinary shares of PKR 10 each. The principal activity of the company is to own, manage, establish and operate a shopping mall, hotels and banquet halls. For the intended purpose, NHPL has acquired Hotel site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing and constructed Emporium Mall which is fully operational since July 2016. Hotel has been opened since May 2017 and 198 rooms are fully operational. The Building has a covered area of 2.742 Million Square Feet comprising the following building components:

- 4-star hotel having 198 fully equipped rooms
- Banquet halls
- Shopping Mall with following features:
  - o Retail outlets
  - o Food courts
  - o Cineplex
  - o Carrefour
  - o Fun Factory
  - o Two basements with parking bays for cars and motorcycles.

Since NHPL is now fully operational, Nishat Hotel and Properties Limited needs short term finance for meeting working capital needs. Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company in their meeting held on September 19, 2019 have recommended to invest surplus funds of the Company in working capital loan of PKR 1 billion extended to NHPL at the interest rate of 1 Month KIBOR plus 100 bps (which shall not be less than the borrowing cost of the Company for a period of one year starting from the date of this AGM i.e. October 28, 2019 on the terms and conditions of loan agreement in writing and as disclosed to the members.

Repayment of the principle amount of loan will be made within one year with payment of interest due on monthly basis. The management expects significant financial gains for the Company through higher interest rates charged to NHPL which will eventually enhance the return on investment to the shareholders of the Company.

The Directors of the Company certify / undertake that the proposed investment is being recommended after due diligence. The duly signed recommendation of the due diligence report and Directors undertaking / certificate shall be made available to the members for inspection at the meeting.

NHPL is not a member of the Company. Its Sponsors / Directors are Directors / Members of the Company. They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

Name	% of Shareholding
Mian Raza Mansha	8.41
Mian Umer Mansha	12.60
Mian Hassan Mansha	12.62



## Information required under regulation 3 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

<b>(a) Disclosure for all types of investments:</b>																										
<b>(A) Disclosure regarding associated company</b>																										
(i)	Name of Associated Company or Associated Undertaking	Nishat Hotels and Properties Limited																								
(ii)	Basis of Relationship	Common directorship																								
(iii)	Earnings / (Loss) per Share for the last three years	<table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Year</th> <th>Earnings / (Loss) per Share Rs.</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>2019</td> <td>1.42</td> </tr> <tr> <td>2.</td> <td>2018</td> <td>(0.30)</td> </tr> <tr> <td>3.</td> <td>2017</td> <td>(0.23)</td> </tr> </tbody> </table>	Sr. No.	Year	Earnings / (Loss) per Share Rs.	1.	2019	1.42	2.	2018	(0.30)	3.	2017	(0.23)												
Sr. No.	Year	Earnings / (Loss) per Share Rs.																								
1.	2019	1.42																								
2.	2018	(0.30)																								
3.	2017	(0.23)																								
(iv)	Break-up value per Share, based on last audited financial statements	PKR 18.09 per share as at 30 June 2019.																								
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<p>Audited financial statements as at 30th June 2019: Rs. in millions</p> <p><b>Balance Sheet:</b></p> <p><b>Assets</b></p> <table> <tr> <td>Non-current assets</td> <td>34,902</td> </tr> <tr> <td>Current assets</td> <td>2,170</td> </tr> <tr> <td><b>Total assets</b></td> <td><b>37,072</b></td> </tr> </table> <p><b>Liabilities</b></p> <table> <tr> <td>Borrowings</td> <td>9,127</td> </tr> <tr> <td>Other liabilities</td> <td>9,857</td> </tr> <tr> <td></td> <td><b>18,984</b></td> </tr> </table> <p><b>Equity</b> 18,088</p> <p><b>Profit &amp; loss:</b></p> <table> <tr> <td>Sales</td> <td>4,233</td> </tr> <tr> <td>Gross Profit</td> <td>1,740</td> </tr> <tr> <td>Gross Profit Ratio</td> <td>41.11%</td> </tr> <tr> <td>Net Profit after tax</td> <td>1,376</td> </tr> <tr> <td>Net Profit after tax Ratio</td> <td>32.50%</td> </tr> <tr> <td>EPS</td> <td>1.42</td> </tr> </table>	Non-current assets	34,902	Current assets	2,170	<b>Total assets</b>	<b>37,072</b>	Borrowings	9,127	Other liabilities	9,857		<b>18,984</b>	Sales	4,233	Gross Profit	1,740	Gross Profit Ratio	41.11%	Net Profit after tax	1,376	Net Profit after tax Ratio	32.50%	EPS	1.42
Non-current assets	34,902																									
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Net Profit after tax Ratio	32.50%																									
EPS	1.42																									
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely																									
	I	Description of the project and its history since conceptualization																								
	II	Starting date and expected date of completion of work																								
		Not applicable.																								
		Not applicable.																								

	III	Time by which such project shall become commercially operational	Not applicable.
	IV	Expected time by which the project shall start paying return on investment	Not applicable.
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Not applicable.
<b>(B) General Disclosures:</b>			
(i)	Maximum amount if investment to be made		Working capital loan up to an amount of PKR 1,000,000,000/- (Rupees One Billion Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		<p><b>Purpose</b></p> <p>To earn higher income from the investment.</p> <p><b>Benefit</b></p> <p>The Company expects significant financial gains through higher interest rates charged to NHPL which will eventually enhance the return on investment of the shareholders of the Company.</p> <p>The investment in NHPL will be for a period of one (1) year and shall payable within one (1) year from the date of approval by the members unless renewed by the members under Section 199 of the Companies Act, 2017.</p>
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		Surplus funds of the Company
	(I)	Justification for investment through borrowings	Not applicable.
	(II)	Detail of collateral, guarantees provided and assets pledged for obtaining such funds	Not applicable.
	(III)	Cost of benefit analysis	Not applicable.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment		<p>Agreement will be signed after approval by the shareholders. Other significant terms and conditions are as under:</p> <ol style="list-style-type: none"> <li>Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month of the disbursement of loan.</li> <li>In case of delay in re-payment of principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Hotels and Properties Limited to Nishat Mills Limited in addition to the agreed interest amount.</li> </ol>

		<p>3. All payments under the loan agreement shall be made through crossed cheques.</p> <p>4. The associated company shall provide corporate guarantee to secure the extension of loan.</p>																												
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>The directors of Nishat Mills Limited (NML), their relatives and associated companies holding shares of Nishat Hotels and Properties Limited (NHPL) are interested to the extent of their shareholding as under:</p> <table> <thead> <tr> <th>Directors:</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Umer Mansha</td> <td>21.82</td> </tr> <tr> <td>Mian Hassan Mansha (Common Director)</td> <td>21.82</td> </tr> <tr> <th>Relatives:</th> <td></td> </tr> <tr> <td>Mian Raza Mansha (Brother of Mian Umer Mansha &amp; Mian Hassan Mansha)</td> <td>21.69</td> </tr> <tr> <td>Mrs. Iqraa Hassan Mansha (14,481 Shares) (Spouse of Mian Hassan Mansha)</td> <td>0.00</td> </tr> <tr> <th>Associated Companies</th> <td></td> </tr> <tr> <td>D.G. Khan Cement Company Limited</td> <td>10.42</td> </tr> </tbody> </table> <p>The directors of NHPL are interested in NML to the extent of their shareholding as under:</p> <table> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td>8.41</td> </tr> <tr> <td>Mian Umer Mansha</td> <td>12.60</td> </tr> <tr> <td>Mian Hassan Mansha</td> <td>12.62</td> </tr> </tbody> </table> <p>The associated Companies holding shares of NHPL are interested in Nishat Mills Limited to the extent of their shareholding as follows:</p> <table> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>D. G. Khan Cement Company Limited</td> <td>8.61</td> </tr> </tbody> </table>	Directors:	% of Shareholding	Mian Umer Mansha	21.82	Mian Hassan Mansha (Common Director)	21.82	Relatives:		Mian Raza Mansha (Brother of Mian Umer Mansha & Mian Hassan Mansha)	21.69	Mrs. Iqraa Hassan Mansha (14,481 Shares) (Spouse of Mian Hassan Mansha)	0.00	Associated Companies		D.G. Khan Cement Company Limited	10.42	Name	% of Shareholding	Mian Raza Mansha	8.41	Mian Umer Mansha	12.60	Mian Hassan Mansha	12.62	Name	% of Shareholding	D. G. Khan Cement Company Limited	8.61
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D. G. Khan Cement Company Limited	8.61																													
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information / justification for any impairment or write offs	<p>The Company has invested in 74.023 million shares with Rs.10/- per share face value in NHPL. Since NHPL's ordinary shares are not listed, an independent valuer engaged by the company has estimated a fair value of Rs 13.76 per ordinary share as at June 30, 2019 through a valuation technique based on discounted cash flow analysis of NHPL.</p>																												
(vii)	Any other important details necessary for the members to understand the transaction	Not significant																												

<b>(c) Additional disclosure regarding investment in the form of Working Capital Loan</b>		
(i)	Category-wise amount of investment	Working capital loan for an amount of PKR 1,000,000,000/- (Rupees One Billion Only).
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	The current average borrowing cost of the Company for the year ended June 30, 2019 is 4.99%. 1 month KIBOR as on 12 September 2019 is 13.8%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	1 Month KIBOR + 100 bps. The return shall not be less than the average borrowing cost of the Company.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Corporate guarantee of the subsidiary company.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made within one year of the approval by the shareholders while payment of interest due will be made on monthly basis.

## **B. INVESTMENT IN HYUNDAI NISHAT MOTOR (PRIVATE) LIMITED**

Nishat Mills Limited (“Nishat”) has signed a shareholders’ agreement dated 04 April 2018 with other shareholders of Hyundai Nishat Motor (Private) Limited (“the Project Company”) for setting up a green field project for assembly and sales of Hyundai brand vehicles in Pakistan (“Project”). Pursuant to the Agreement the share subscription percentages for each of the shareholder was decided as follows: Nishat Mills Limited (12%), DG Khan Cement Company Limited (“DGKCC”) (10%), Adamjee Insurance Company Limited (“AICL”) (10%), Security General Insurance Company Limited (“SGICL”) (10%), Millat Tractors Limited (“MTL”) (18%) and Sojitz Corporation (“Sojitz”) (40%). Subsequently, the shareholders injected their respective portions of equity from time to time in HNMPPL as per the agreed shareholding and at present the subscribed equity stands at PKR 5,500 million.

The Project Company has been awarded with “Category-A Greenfield Investment Status” under the Automotive Development Policy 2016-21 by Ministry of Industries and Production, Government of Pakistan vide its Notification No. 2(55)2017-LED-II dated 21 June 2017. The plant is under construction within the M-3 Industrial City, Faisalabad Industrial Estate Development and Management Company and is due to be commissioned by December 2019.

The project cost estimate has been revised primarily in view of the Foreign Exchange escalation since the last approval and certain scope changes in the construction of the Project. The revised total cost of the project is now estimated to be PKR 19,160 million which will be financed through a similar mix of debt and equity as was originally proposed. Nishat and its associates will continue to have combined equity stake of 42 % in the project while Sojitz and MTL will each have 40% and 18% respectively.

The final shareholding of Nishat in paid up share capital of HNMPPL will be up-to 12% while 30% stake will be held by its associates. Nishat intends to increase the equity investment in HNMPPL from already approved amount of PKR 960,000,000/- (Rupees Nine Hundred Sixty Million only) to Rs. 1,267,680,000/- (Rupees One Billion Two Hundred Sixty-Seven Million, Six Hundred and Eighty Thousand Only), which corresponds to an

enhancement of Rs. 307,680,000/- (Rupees Three Hundred Seven Million Six Hundred Eighty Thousand only) by subscribing at par up to 126,768,000 (previously 96,000,000) fully paid ordinary shares of Rs. 10 each of HNMPL as may be offered to Nishat.

Furthermore, Nishat also intends to enhance the sponsors support to the Project Company, an associated company by way of bank guarantee/Standby Letter(s) of Credit (SBLC) (together as “Financial Assistance”) from already approved amount of Rs. 1,200,000,000/- (Rupees One Billion Two Hundred Million only) to Rs. 1,532,544,000 (Rupees One Billion Five Hundred Thirty Two Million Five Hundred and Forty Four Thousand Only), which corresponds to an enhancement of Rs. 332,544,000 (Rupees Three Hundred Thirty Two Million Five Hundred and Forty Four Thousand Only) to be issued by Nishat’s Bank(s) in favor of financial lenders of the Project Company as collateral to secure term loan to HNMPL for a period of 7.5 years starting from the date of the first loan drawdown by HNMPL and to provide securities / corporate guarantees / collaterals to Nishat’s Bank(s) for the purpose of issuance of Financial Assistance. The Directors of Nishat in their meeting held on 19 September 2019 have approved to recommend the above enhancement in equity investment and Financial Assistance for the approval of the Shareholders.

The Directors have certified that they have carried out necessary due diligence for the proposed investments before making recommendation for approval of the members and duly signed recommendation shall be made available for inspection of members in the general meeting along with latest audited financial statements of the Project Company.

Project Company is not a member of Nishat. Its Sponsors / Directors are Directors / Members of the Company. They have no interest except their directorship and to the extent of their shareholding in Nishat which is as follows:

Name of Director	% of Shareholding in Company
Mian Raza Mansha	8.41
Mian Umer Mansha	12.60
Mian Hassan Mansha	12.62

## Information under Regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

### Equity investment in Hyundai Nishat Motor (Private) Limited

(a) Disclosure for all types of investments:		
(A) Disclosure regarding associated company		
(i)	Name of Associated Company or Associated Undertaking	Hyundai Nishat Motor (Private) Limited (“HNMPL”)
(ii)	Basis of Relationship	Common directorship
(iii)	Earnings / (Loss) per Share for the last three years	PKR (5.74) – 2017 - Audited PKR (1.44) – 2018 - Audited HNMPL was incorporated on March 03, 2017 and has not started its commercial production.
(iv)	Break-up value per Share, based on last audited financial statements	PKR 9.03 per share as at 31 December 2018.

(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Statement of Financial Position as on 31 December 2018:			
		Equity & Liabilities	Rs.	Assets	Rs.
		Equity	2,266,454,370	Non-Current Assets	2,365,469,174
		Non-Current Liabilities	235,435,079	Current Assets	571,492,331
		Current Liabilities	435,072,056		
		2,936,961,505		2,936,961,505	
		Profit and loss account for the year ended 31 December 2018:			
		Rs.			
		Revenue Nil			
		Expenses 179,000,602			
		Other Income 26,108,679			
		Loss after tax 152,891,923			
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely				
	<p>I Description of the project and its history since conceptualization</p>	<p>HNMPL is a joint venture company of Nishat Mills Limited (“Nishat”), DG Khan Cement Company Limited (“DGKCC”), Adamjee Insurance Company Limited (“AICL”), Security General Insurance Company Limited (“SGICL”), Millat Tractors Limited (“MTL”) and Sojitz Corporation, Tokyo, Japan (“Sojitz”) to establish a green field project for the assembly and sales of Hyundai brand vehicles in Pakistan. Nishat executed a shareholders’ agreement on 04th April, 2018 whereby the following shareholdings were decided amongst HNMPL shareholders as follows: Nishat (12%), DGKCC (10%), AICL (10%), SGICL (10%), MTL (18%) and Sojitz (40%) and HNMPL for the share subscription of HNMPL.</p> <p>The total cost of the project is estimated to be PKR 19,160 million which will be financed through debt and equity. HNMPL has been awarded with “Category-A Greenfield Investment Status” under the Automotive Development Policy 2016-21 by Ministry of Industries and Production, Government of Pakistan vide its Notification No. 2(55)2017-LED-II dated 21 June 2017. The ground-breaking ceremony of the project was held on 20 December 2017 and commercial production is expected by December 2019.</p>			

	II	Starting date and expected date of completion of work	The construction commenced in the 2nd Quarter of 2018. The Project's expected completion date is on track by December 2019.																
	III	Time by which such project shall become commercially operational	By 1st Quarter 2020																
	III	Expected time by which the project shall start paying return on investment	By Financial Year 2025																
	IV	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	<p>Nishat and its Associates, Sojitz Corporation Japan and Millat Tractors Limited have to date invested a combined PKR 5,500 million as per below:</p> <table border="1"> <thead> <tr> <th>Shareholder</th> <th>Issued Share Capital (PKR)</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td>660,000,000</td> </tr> <tr> <td>DG Khan Cement Company Limited</td> <td>550,000,000</td> </tr> <tr> <td>Adamjee Insurance Company Limited</td> <td>550,000,000</td> </tr> <tr> <td>Security General Insurance Company Ltd</td> <td>550,000,000</td> </tr> <tr> <td>Millat Tractors Limited</td> <td>990,000,000</td> </tr> <tr> <td>Sojitz Corporation Japan</td> <td>2,200,000,000</td> </tr> <tr> <td><b>Total Equity Injected till 30 June 2019</b></td> <td><b>5,500,000,000</b></td> </tr> </tbody> </table> <p>The total cost of the project is estimated to be PKR 19,160 million which will be financed through debt and equity. Nishat and its associates will have equity stake of 42% while Sojitz Corporation, Japan and MTL will hold 40% and 18% equity stake in the Project.</p>	Shareholder	Issued Share Capital (PKR)	Nishat Mills Limited	660,000,000	DG Khan Cement Company Limited	550,000,000	Adamjee Insurance Company Limited	550,000,000	Security General Insurance Company Ltd	550,000,000	Millat Tractors Limited	990,000,000	Sojitz Corporation Japan	2,200,000,000	<b>Total Equity Injected till 30 June 2019</b>	<b>5,500,000,000</b>
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<b>Total Equity Injected till 30 June 2019</b>	<b>5,500,000,000</b>																		
<b>(B) General Disclosures:</b>																			
(i)	Maximum amount of investment to be made	PKR 1,267,680,000/- (Rupees One Billion Two Hundred Sixty Seven Million Six Hundred and Eighty Thousand Only). This is an enhancement of PKR 307,680,000/- from the already approved amount of PKR 960,000,000/-.																	
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>To benefit from the Automotive Development Policy 2016-2021 of the Government of Pakistan by participating in the Project being established by HNMPL.</p> <p>The investment will help the completion of the Project and expected to result in dividend income and / or capital gains which will enhance the profitability of Nishat and add to the shareholders' value of the members of the investing company.</p> <p>The investment in HNMPL will be for long term.</p>																	

(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The investment will be made from Nishat's own funds.																						
	(I) Justification for investment through borrowings	NA																						
	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA																						
	(III) Cost benefit analysis	NA																						
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	<p>Nishat entered into agreement(s) with DGKCC, AICL, SGIC, MTL, Sojitz and HNMPL for the share subscription of HNMPL on 4th April 2018.</p> <p>As per the agreement, the shareholders will contribute equity in the following ratios: Nishat 12%, DGKCC 10%, AICL 10%, SGICL 10%, MTL 18%, Sojitz 40%</p>																						
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>The directors of Nishat Mills Limited (NML), their relatives and associated companies holding shares of Hyundai Nishat Motor (Private) Limited (HNMPL) are interested to the extent of their shareholding as under:-</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><b>Directors:</b></th> <th style="text-align: right;"><b>% of Shareholding</b></th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td style="text-align: right;">0.00 (1 Share)</td> </tr> <tr> <td>Mian Umer Mansha</td> <td style="text-align: right;">0.00 (1 Share)</td> </tr> <tr> <td>Mian Hassan Mansha (Common Director)</td> <td style="text-align: right;">0.00 (1 Share)</td> </tr> </tbody> </table> <p><b>Relatives:</b> Nil</p> <p><b>Associated Companies</b></p> <table border="0"> <tbody> <tr> <td>D.G. Khan Cement Company Limited</td> <td style="text-align: right;">10.00%</td> </tr> <tr> <td>Security General Insurance Company Ltd.</td> <td style="text-align: right;">10.00%</td> </tr> <tr> <td>Adamjee Insurance Company Limited</td> <td style="text-align: right;">10.00%</td> </tr> </tbody> </table> <p>The directors of HNMPL are interested in NML to the extent of their shareholding as under:-</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><b>Name</b></th> <th style="text-align: right;"><b>% of Shareholding</b></th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td style="text-align: right;">8.41</td> </tr> <tr> <td>Mian Umer Mansha</td> <td style="text-align: right;">12.60</td> </tr> <tr> <td>Mian Hassan Mansha</td> <td style="text-align: right;">12.62</td> </tr> </tbody> </table> <p>The associated Companies holding shares of HNMPL are interested in NML to the extent of their shareholding as follows:</p>	<b>Directors:</b>	<b>% of Shareholding</b>	Mian Raza Mansha	0.00 (1 Share)	Mian Umer Mansha	0.00 (1 Share)	Mian Hassan Mansha (Common Director)	0.00 (1 Share)	D.G. Khan Cement Company Limited	10.00%	Security General Insurance Company Ltd.	10.00%	Adamjee Insurance Company Limited	10.00%	<b>Name</b>	<b>% of Shareholding</b>	Mian Raza Mansha	8.41	Mian Umer Mansha	12.60	Mian Hassan Mansha	12.62
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		<b>Name</b>	<b>% of Shareholding</b>									
		D. G. Khan Cement Company Limited	8.61%									
		Adamjee Insurance Company Limited	0.00%									
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	Nishat Mills Limited has already made an equity investment of Rs 660 million in the associated company. Since the associated company is establishing a Greenfield Project, no performance review is applicable. Further, there are no impairment or write off relating to the equity investment made so far.										
(vii)	Any other important details necessary for the members to understand the transaction	None										
<b>Additional disclosure regarding Equity Investment</b>												
(i)	Maximum price at which securities will be acquired	Since the Project is a Greenfield Project, the shares will be acquired, at par value, of PKR 10 each. This price is less than fair value of a share of HNMP.										
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	HNMP is setting up a Greenfield Project which is yet to be implemented and therefore, investment is being made at par value of PKR 10 each.										
(iii)	Maximum number of securities to be acquired	126,768,000 Shares (Previously 96,000,000 shares, increment of 30,768,000 shares)										
(iv)	Number of securities and percentage thereof held before and after the proposed investment	<table border="1"> <thead> <tr> <th></th> <th><b>No. of Shares</b></th> <th><b>%age</b></th> </tr> </thead> <tbody> <tr> <td>Before</td> <td>66,000,000</td> <td>12.00</td> </tr> <tr> <td>After</td> <td>126,768,000</td> <td>12.00</td> </tr> </tbody> </table>		<b>No. of Shares</b>	<b>%age</b>	Before	66,000,000	12.00	After	126,768,000	12.00	
	<b>No. of Shares</b>	<b>%age</b>										
Before	66,000,000	12.00										
After	126,768,000	12.00										
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	NA										
(vi)	Fair value determined in terms of sub-regulation (1) regulation 5 for investments in unlisted securities	PKR 10.21 per share										

### Investment in the form of Guarantee / Standby Letters of Credit (SBLC) in favor of Lenders of Hyundai Nishat Motor (Private) Limited

<b>(a) Disclosure for all types of investments:</b>		
<b>(A) Disclosure regarding associated company</b>		
(i)	Name of Associated Company or Associated Undertaking	Hyundai Nishat Motor (Private) Limited (“ <b>HNMP</b> ”)
(ii)	Basis of Relationship	Common directorship
(iii)	Earnings / (Loss) per Share for the last three years	PKR (5.74) – 2017 - Audited PKR (1.44) – 2018 - Audited HNMP was incorporated on March 03, 2017 and has not started its operations.

(iv)	Break-up value per Share, based on last audited financial statements	PKR 9.03 per share as at 31 December 2018.			
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Statement of Financial Position as on 31 December 2018:			
		Equity & Liabilities	Rs.	Assets	Rs.
		Equity	2,266,454,370	Non-Current Assets	2,365,469,174
Non-Current Liabilities	235,435,079	Current Assets	571,492,331		
Current Liabilities	435,072,056				
	2,936,961,505		2,936,961,505		
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	Profit and loss account for the year ended 31 December 2018:			
					Rs.
		Revenue		Nil	
		Expenses		179,000,602	
		Other Income		26,108,679	
		Loss after tax		152,891,923	
	I Description of the project and its history since conceptualization	<p>HNMPL is a joint venture company of Nishat Mills Limited (“Nishat”), DG Khan Cement Company Limited (“DGKCC”), Adamjee Insurance Company Limited (“AICL”), Security General Insurance Company Limited (“SGICL”), Millat Tractors Limited (“MTL”) and Sojitz Corporation, Tokyo, Japan (“Sojitz”) to establish a green field project for the assembly and sales of Hyundai brand vehicles in Pakistan. Nishat executed a shareholders’ agreement on 04th April, 2018 whereby the following shareholdings were decided amongst HNMPL shareholders as follows: Nishat (12%), DGKCC (10%), AICL (10%), SGICL (10%), MTL (18%) and Sojitz (40%) and HNMPL for the share subscription of HNMPL.</p>			
		<p>The total cost of the project is estimated to be PKR 19,160 million which will be financed through debt and equity. HNMPL has been awarded with “Category-A Greenfield Investment Status” under the Automotive Development Policy 2016-21 by Ministry of Industries and Production, Government of Pakistan vide its Notification No. 2(55)2017-LED-II dated 21 June 2017. The ground-breaking ceremony of the project was held on 20 December 2017 and commercial production is expected by December 2019.</p>			

	II	Starting date and expected date of completion of work	The construction commenced in the 2nd Quarter of 2018. The Project's expected completion date is December 2019.																
	III	Time by which such project shall become commercially operational	By 1st Quarter 2020																
	IV	Expected time by which the project shall start paying return on investment	By Financial Year 2025																
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	<p>Nishat and its Associates, Sojitz Corporation Japan and Millat Tractors Limited have to date invested a combined PKR 5,500 million as per below:</p> <table border="1"> <thead> <tr> <th>Shareholder</th> <th>Issued Share Capital (PKR)</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td>660,000,000</td> </tr> <tr> <td>DG Khan Cement Company Limited</td> <td>550,000,000</td> </tr> <tr> <td>Adamjee Insurance Company Limited</td> <td>550,000,000</td> </tr> <tr> <td>Security General Insurance Company Ltd</td> <td>550,000,000</td> </tr> <tr> <td>Millat Tractors Limited</td> <td>990,000,000</td> </tr> <tr> <td>Sojitz Corporation Japan</td> <td>2,200,000,000</td> </tr> <tr> <td><b>Total Equity Injected till 30 June 2019</b></td> <td><b>5,500,000,000</b></td> </tr> </tbody> </table> <p>The total cost of the project is estimated to be PKR 19,160 million which will be financed through debt and equity. Nishat and its associates will have equity stake of 42% in the project while Sojitz Corporation, Japan and MTL will hold 40% and 18% equity stake in the project.</p>	Shareholder	Issued Share Capital (PKR)	Nishat Mills Limited	660,000,000	DG Khan Cement Company Limited	550,000,000	Adamjee Insurance Company Limited	550,000,000	Security General Insurance Company Ltd	550,000,000	Millat Tractors Limited	990,000,000	Sojitz Corporation Japan	2,200,000,000	<b>Total Equity Injected till 30 June 2019</b>	<b>5,500,000,000</b>
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<b>(B) General Disclosures:</b>																			
(i)	Maximum amount if investment to be made	Guarantee / SBLC upto an amount of PKR 1,532,544,000/- (Rupees One Billion Five Hundred Thirty Two Million Five Hundred Forty Four Thousand Only). This is an enhancement of PKR 332,544,000/- from the previously approved amount of PKR 1,200,000,000/-																	
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>To benefit from the Automotive Development Policy 2016-2021 of the Government of Pakistan by participating in the Project being established by HNMPL.</p> <p>The investment will help in the completion of the Project and expected to generate commission income for Nishat at a margin of 0.05% per quarter over and above the quarterly commission charged by</p>																	

		<p>the Nishat's Bank(s) on outstanding amounts of guarantee / SBLCs issued. The completion of the Project of HNMPL will enhance the profitability of Nishat and add to the shareholders value of the members of the investing company.</p> <p>Guarantee / SBLCs will be issued for the tenure of 7.5 years starting from the date of the 1st drawdown by HNMPL.</p>														
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The guarantee / SBLC will be issued by Nishat's Bank(s) for which security/corporate / guarantee / collateral will be provided by Nishat.														
	(I) Justification for investment through borrowings	NA														
	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA														
	(III) Cost benefit analysis	NA														
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	<p>Nishat entered into agreement(s) with DGKCC, AICL, SGIC, MTL, Sojitz and HNMPL for the share subscription of HNMPL on 4th April 2018.</p> <p>As per the agreement, the shareholders will contribute equity in the following ratios: Nishat 12%, DGKCC 10%, AICL 10%, SGICL 10%, MTL 18%, Sojitz 40%</p>														
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>The directors of Nishat Mills Limited (NML), their relatives and associated companies holding shares of Hyundai Nishat Motor (Private) Limited (HNMPL) are interested to the extent of their shareholding as under:-</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><b>Directors:</b></th> <th style="text-align: right;"><b>% of Shareholding</b></th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td style="text-align: right;">0.00 (1 Share)</td> </tr> <tr> <td>Mian Umer Mansha</td> <td style="text-align: right;">0.00 (1 Share)</td> </tr> <tr> <td>Mian Hassan Mansha (Common Director)</td> <td style="text-align: right;">0.00 (1 Share)</td> </tr> </tbody> </table> <p><b>Relatives:</b> Nil</p> <p><b>Associated Companies</b></p> <table border="0"> <tbody> <tr> <td>D.G. Khan Cement Company Limited</td> <td style="text-align: right;">10.00%</td> </tr> <tr> <td>Security General Insurance Company Ltd.</td> <td style="text-align: right;">10.00%</td> </tr> <tr> <td>Adamjee Insurance Company Limited</td> <td style="text-align: right;">10.00%</td> </tr> </tbody> </table> <p>The directors of HNMPL are interested in NML to the</p>	<b>Directors:</b>	<b>% of Shareholding</b>	Mian Raza Mansha	0.00 (1 Share)	Mian Umer Mansha	0.00 (1 Share)	Mian Hassan Mansha (Common Director)	0.00 (1 Share)	D.G. Khan Cement Company Limited	10.00%	Security General Insurance Company Ltd.	10.00%	Adamjee Insurance Company Limited	10.00%
<b>Directors:</b>	<b>% of Shareholding</b>															
Mian Raza Mansha	0.00 (1 Share)															
Mian Umer Mansha	0.00 (1 Share)															
Mian Hassan Mansha (Common Director)	0.00 (1 Share)															
D.G. Khan Cement Company Limited	10.00%															
Security General Insurance Company Ltd.	10.00%															
Adamjee Insurance Company Limited	10.00%															

		<p>extent of their shareholding as under:-</p> <table border="1"> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td>8.41</td> </tr> <tr> <td>Mian Umer Mansha</td> <td>12.60</td> </tr> <tr> <td>Mian Hassan Mansha</td> <td>12.62</td> </tr> </tbody> </table> <p>The associated Companies holding shares of HNMPPL are interested in NML to the extent of their shareholding as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>D. G. Khan Cement Company Limited</td> <td>8.61%</td> </tr> <tr> <td>Adamjee Insurance Company Limited</td> <td>0.00%</td> </tr> </tbody> </table>	Name	% of Shareholding	Mian Raza Mansha	8.41	Mian Umer Mansha	12.60	Mian Hassan Mansha	12.62	Name	% of Shareholding	D. G. Khan Cement Company Limited	8.61%	Adamjee Insurance Company Limited	0.00%
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Name	% of Shareholding															
D. G. Khan Cement Company Limited	8.61%															
Adamjee Insurance Company Limited	0.00%															
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	Nishat Mills Limited has already made an equity investment of Rs 660 million in the associated company. Since the associated company is establishing a Greenfield Project, no performance review is applicable. Further, there are no impairment or write off relating to the equity investment made so far.														
(vii)	Any other important details necessary for the members to understand the transaction	Not significant														
<b>Additional disclosure regarding investment in the form of Standby Letters of Credit (SBLC)</b>																
(i)	Category-wise amount of investment	Guarantee / SBLC upto PKR 1,532,544,000/- will be arranged by Nishat in favor of the lenders of HNMPPL to secure financial assistance for the Project of HNMPPL. This is an enhancement of PKR 332,544,000/- from the previously approved amount of PKR 1,200,000,000/- Nishat will provide security/corporate guarantee / collaterals to its bankers for issuance of SBLC.														
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	<p>The current average borrowing cost of Nishat for the year ended June 30, 2019 is 4.99%.</p> <p>Nishat shall pay a commission % in the range of 0.1% to 0.25% per quarter to the Guarantee / SBLC issuing financial institution on the outstanding SBLC amount.</p>														
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	Nishat shall charge HNMPPL a commission of 0.05 % per quarter over and above the quarterly bank guarantee commission paid by Nishat to the SBLC issuing bank / financial institution on the outstanding guarantee / SBLC amount. All expenses incurred by Nishat on procurement of SBLC shall be charged to HNMPPL.														
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Nishat shall obtain an indemnity / corporate guarantee from HNMPPL for commitment to repay the amount in the event Nishat is called upon to pay														

		pursuant to enforcement of guarantee / SBLC by the lenders of HNMPL.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	NA
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Nishat shall recover the commission on SBLC from HNMPL on quarterly basis.  Nishat will be required to pay only in case HNMPL fails to make re-payment of finances obtained on due dates as per agreement with its lenders.

### C. INVESTMENT IN NISHAT SUTAS DAIRY LIMITED

Nishat Sutas Dairy Limited (“NSDL”) is a public limited company incorporated by Nishat Agriculture Farming (Private) Limited (“NAFL”) and SÜTAŞ SÜT ÜRÜNLERİ A.Ş. (“Sutas”) as a joint venture pursuant to a Shareholding Agreement dated December 19, 2018 for setting up a green field project to manufacture, market, and sell various dairy products in Pakistan. The Company shall aim to introduce innovative dairy products thereby creating a sustainable business for shareholders and stakeholders.

Subsequently, both NAFL and Sutas injected their portion of equity in NSDL. NAFL and Sutas hold 50% shares each in the paid-up capital of NSDL, which currently stands at PKR 150 million.

The total cost of the project is estimated to be PKR 4,624 million which will be financed through debt and equity. The project site is located at Sukheki, District Hafizabad.

Considering the potential of Pakistan Dairy Market and expected dividends from equity investment in NSDL which will eventually enhance the return on investment of shareholders, the Company intends to make equity investment by way of subscribing 95,000,000 shares of NSDL at par value of Rs. 10/- each from time to time as and when offered by NSDL.

The directors have certified that they have carried out necessary due diligence for the proposed investment before making recommendation for approval of the members and duly signed recommendation of the due diligence report shall be made available for inspection of members in the general meeting along with latest financial statements of NSDL.

NSDL is not a member of the Company. Its sponsor / director is director / member of the Company. He has no interest except his directorship and to the extent of his shareholding in the Company which is as follows:

Name of Director	% of Shareholding in Company
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Mian Umer Mansha	12.60
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## Information under Regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

(a) Disclosure for all types of investments:		
(A) Disclosure regarding associated company		
(i)	Name of Associated Company or Associated Undertaking	Nishat Sutas Dairy Limited
(ii)	Basis of Relationship	Common directorship
(iii)	Earnings / (Loss) per Share for the last three years	NSDL was incorporated on July 19, 2019 and has not yet started its operations.
(iv)	Break-up value per Share, based on last audited financial statements	The company has yet to close its first year end on December 31, 2019
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	The company has yet to close its first year end on December 31, 2019
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	
	I	<p>Description of the project and its history since conceptualization</p> <p>Nishat Sutas Dairy Limited (“NSDL”) is a public limited company incorporated by Nishat Agriculture Farming (Private) Limited (“NAFL”) and SÜTAŞ SÜT ÜRÜNLERİ A.Ş. (“Sutas”) as a joint venture pursuant to a Shareholding Agreement dated December 19, 2018. The joint venture aims to set up world class dairy processing facility. The full range portfolio shall aim to cater to the massive dairy market of Pakistan and have the capability to export as well.</p> <p>Subsequently, both NAFL and Sutas injected their portion of equity in NSDL. NAFL and Sutas hold 50% shares each in the paid-up capital of NSDL, which currently stands at PKR 150 million.</p> <p>The total cost of the project is estimated to be PKR 4,624 million which will be financed through debt and equity. The project site is located at Sukheki, District Hafizabad.</p>
	II	Starting date and expected date of completion of work
	III	Time by which such project shall become commercially operational
	IV	Expected time by which the project shall start paying return on investment
	V	Funds invested or to be invested by the promoters, sponsors, associated
		<p>The construction is expected to commence in 4th quarter of 2019. The project’s expected completion date is December 2020.</p> <p>By 1st Quarter 2021</p> <p>By Financial year 2024</p> <p>NAFL and Sutas have invested PKR 75.00 million each in NSDL. The total cost of the project is</p>

		company or associated undertaking distinguishing between cash and non-cash amounts	estimated to be PKR 4,624 million which will be financed through debt and equity. Nishat and its associates will have equity stake of 50% in the project while Sutas will also be investing 50% stake in the Project.												
<b>(B) General Disclosures:</b>															
(i)		Maximum amount of investment to be made	PKR 950,000,000/- (Rupees Nine Hundred Fifty Million Only).												
(ii)		Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>To benefit from dairy sector development due to consumer demand and dairy development initiatives.</p> <p>The investment will help the completion of the Project and expected to result in dividend income and / or capital gains which will enhance the profitability of the Company and add to the value of the members of the investing company.</p> <p>The investment in NSDL will be for long term.</p>												
(iii)		Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The investment will be made from company's available funds.												
	(I)	Justification for investment through borrowings	NA												
	(II)	Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA												
	(III)	Cost of benefit analysis	NA												
(iv)		Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	NA												
(v)		Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>The directors of Nishat Mills Limited (NML), their relatives and associated companies holding shares of Nishat Sutas Dairy Limited (NSDL) are interested to the extent of their shareholding as under:-</p> <table border="0"> <tr> <td><b>Directors:</b></td> <td style="text-align: right;"><b>% of Shareholding</b></td> </tr> <tr> <td>NIL</td> <td></td> </tr> <tr> <td><b>Relatives:</b></td> <td></td> </tr> <tr> <td>Mrs. Saadia Younas Mansha (Spouse of Mian Umer Mansha)</td> <td style="text-align: right;">0.00 (1Share)</td> </tr> <tr> <td><b>Associated Companies</b></td> <td></td> </tr> <tr> <td>Nishat Agriculture Farming (Pvt) Ltd</td> <td style="text-align: right;">50.00%</td> </tr> </table> <p>The directors of NSDL are interested in NML to the extent of their shareholding as under:-</p>	<b>Directors:</b>	<b>% of Shareholding</b>	NIL		<b>Relatives:</b>		Mrs. Saadia Younas Mansha (Spouse of Mian Umer Mansha)	0.00 (1Share)	<b>Associated Companies</b>		Nishat Agriculture Farming (Pvt) Ltd	50.00%
<b>Directors:</b>	<b>% of Shareholding</b>														
NIL															
<b>Relatives:</b>															
Mrs. Saadia Younas Mansha (Spouse of Mian Umer Mansha)	0.00 (1Share)														
<b>Associated Companies</b>															
Nishat Agriculture Farming (Pvt) Ltd	50.00%														



		<b>Name</b> Mian Umer Mansha	<b>% of Shareholding</b> 12.60
		The associated Companies holding shares of NSDL are interested in NML to the extent of their shareholding as follows: Nil	
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information / justification for any impairment or write offs	Nil	
(vii)	Any other important details necessary for the members to understand the transaction	None	
<b>(b) Additional disclosure regarding Equity Investment</b>			
(i)	Maximum price at which securities will be acquired	Since the project is a Greenfield project, the shares will be acquired, at par value, of PKR 10 each.	
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	NSDL is setting up a greenfield project which is yet to be implemented and therefore, investment is being made at par value of PKR 10 each.	
(iii)	Maximum number of securities to be acquired	95,000,000 Shares of Rs. 10 each	
(iv)	Number of securities and percentage thereof held before and after the proposed investment	Before After	<b>No. of Shares</b> Nil 95,000,000 <b>%age</b> Nil 50.00
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	NA	
(vi)	Fair value determined in terms of sub-regulation (1) regulation 5 for investments in unlisted securities	Rs. 10.05 per share	

### 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
<b>Total Investment Approved:</b>	Equity investment upto Rupees 1.213 billion was approved by members in EOGM held on March 31, 2017 for the period of three (3) years.	Equity investment upto Rupees 960 million was approved by members in EOGM held on March 28, 2018.	Guarantee / continuing Stand by Letter(s) of Credit (SBLC) for an amount of up to PKR 1,200 million for a tenure of 7.5 years by members in EOGM held on March 28, 2018.	Equity investment upto Rupees 200 million was approved by members in EOGM held on April 17, 2019 for the period of three (3) years.

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








Name of Investee Company	MCB Bank Limited	Hyundai Nishat Motor (Private) Limited		Nishat Hotels and Properties Limited
<b>Amount of Investment Made to date:</b>	Investment of Rupees 503.086 million has been made against this approval to date.	Investment of Rupees 600 million has been made against this approval to date.	Bank guarantees upto Rs. 837.942 million have been issued against this approval to date.	Investment of Rupees 29.61 million has been made against this approval to date.
<b>Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:</b>	Partial investment has been made in investee company. Further investment will be made depending on market conditions at appropriate time.	Partial investment has been made in investee company. Commercial operations of the investee company have not yet started. Nishat Mills Limited will make further equity investment at a suitable time after considering the macro economic conditions of the country.	Five 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 financial need of investee company.
<b>Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:</b>	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2016, the basic earnings per share was Rs.19.67 and breakup value per share was Rs. 105.97. As per latest available audited financial statements for the year ended December 31, 2018 the basic earnings per share is Rs. 18.02 and breakup value per share is Rs. 117.74. As per latest available half year ended June 30, 2019 the basic earnings per share is Rs. 9.01 and breakup value per share is Rs. 119.69.	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic loss per share was Rs. 5.74 and breakup value per share was Rs. 4.85. As per latest available audited financial statements for the year ended December 31, 2018 the basic loss per share is Rs. 1.44 and breakup value per share is Rs. 9.03. As per latest available half yearly financial statements for the half year ended June 30, 2019 the basic loss per share is Rs. 0.53 and breakup value per share is Rs. 9.29.	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic loss per share was Rs. 5.74 and breakup value per share was Rs. 4.85. As per latest available audited financial statements for the year ended December 31, 2018 the basic loss per share is Rs. 1.44 and breakup value per share is Rs. 9.03. As per latest available half yearly financial statements for the half year ended June 30, 2019 the basic loss per share is Rs. 0.53 and breakup value per share is Rs. 9.29.	At the time of approval, as per available latest audited financial statements for the year ended June 30, 2018, the basic loss per share was Rs.0.30 and breakup value per share was Rs. 12.65. As per latest available annual financial statements for the year ended June 30, 2019 the basic profit per share is Rs. 1.42 and breakup value per share is Rs. 18.09.



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**Financial Statements of**  
**Nishat Mills Limited**  
for the year ended June 30, 2019

# 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 2019, 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 2019 and of the profit, other comprehensive loss, 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><b>Inventory existence and valuation</b></p> <p>Inventory as at 30 June 2019 amounted to Rupees 20,111.447 million and represented a material position in the statement of financial position, break up of which is as follows:</p> <ul style="list-style-type: none"> <li>- Stores, spare parts and loose tools Rupees 3,102.988 million</li> <li>- Stock in trade Rupees 17,008.459 million</li> </ul> <p>The business is characterized by high volume serial production and the valuation and existence of inventories are significant</p>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• For a sample of inventory items, re-performed the weighted average cost calculation and compared</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>to the business. Therefore, considered as one of the key audit matters.</p> <p>Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.12 to the financial statements.</p> <p>At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost.</p> <p>Useable stores, spares parts and loose tools are valued at moving average cost, raw materials are valued at annual average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.</p> <p>The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required:</p> <ul style="list-style-type: none"> <li>• Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items.</li> <li>• Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required.</li> </ul> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Inventories note 2.12 to the financial statements.</li> <li>- Stores, spares and loose tools note 17 and Stock in trade note 18 to the financial statements.</li> </ul>	<p>the weighted average cost appearing on valuation sheets.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory.</li> <li>• 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.</li> <li>• 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.</li> </ul>
2.	<p><b>Investments in equity securities</b></p> <p><i>Quoted investments:</i></p> <p>The Company's portfolio of quoted investments, except for investment in quoted subsidiary Company, makes up 27.09% of total assets. Due to materiality of</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We documented and assessed the processes and controls in place to record investment transactions and to value the portfolio.</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>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><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 2019 are valued by an independent professional valuer. With reference to the valuation, management estimated the fair value of the investments at Rupees 3,004.950 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"> <li>- Summary of significant accounting</li> </ul>	<ul style="list-style-type: none"> <li>• 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’.</li> <li>• 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.</li> <li>• We verified the accuracy of management’s judgement used in classification of quoted investments in related parties.</li> </ul> <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We evaluated the independent professional valuer’s competence, capabilities and objectivity.</li> <li>• We assessed the valuation methodology used by the independent professional valuer to estimate the fair value of the investments.</li> <li>• 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.</li> <li>• 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.</li> <li>• We agreed holding of all un-quoted investments from physical share certificates in hand.</li> <li>• We performed sensitivity analysis in</li> </ul>



Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>policies, Investments note 2.9 to the financial statements.</p> <ul style="list-style-type: none"> <li>- Long term investments note 14 to the financial statements.</li> </ul>	<p>consideration of the potential impact of reasonably possible upside or downside changes in these key assumptions.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>3.</b></p>	<p><b>Capital expenditures</b></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 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"> <li>- Summary of significant accounting policies, Property, plant, equipment and deprecation note 2.6 to the financial statements.</li> <li>- Property, plant and equipment note 12 to the financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We evaluated the appropriateness of capitalization policies and depreciation rates.</li> <li>• We performed tests of details on costs capitalized.</li> <li>• We verified the accuracy of management's calculation used for the impairment testing.</li> </ul>
<p><b>4.</b></p>	<p><b>Revenue recognition</b></p> <p>The Company recognized net revenue of Rupees 63,499.029 million for the year ended 30 June 2019.</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"> <li>- Summary of significant accounting policies, Revenue recognition note 2.19 to the financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>• 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</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<ul style="list-style-type: none"> <li>- Revenue note 26 to the financial statements.</li> </ul>	<p>assess if the related revenue was recorded in the appropriate accounting period;</p> <ul style="list-style-type: none"> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; and</li> <li>• 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.</li> </ul> <p>We also considered the appropriateness of disclosures in the financial statements.</p>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

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

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

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



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Lahore  
Date: 19 September 2019

# Statement of Financial Position

As at June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (2018: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
<b>Issued, subscribed and paid-up share capital</b>	3	3,515,999	3,515,999
<b>Reserves</b>	4	63,099,271	72,197,146
<b>Total equity</b>		66,615,270	75,713,145
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	5,259,927	5,190,839
Deferred income tax liability	6	215,440	571,833
		5,475,367	5,762,672
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	8,359,680	6,416,602
Accrued mark-up	8	235,337	109,378
Short term borrowings	9	17,982,262	12,507,590
Current portion of non-current liabilities	10	1,784,470	2,144,900
Unclaimed dividend		93,006	81,746
		28,454,755	21,260,216
<b>TOTAL LIABILITIES</b>		33,930,122	27,022,888
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		100,545,392	102,736,033

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



CHIEF EXECUTIVE OFFICER

	Note	2019 (Rupees in thousand)	2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	28,968,219	28,180,049
Investment properties	13	459,974	464,896
Long term investments	14	34,930,333	44,757,279
Long term loans	15	275,246	221,481
Long term deposits	16	114,360	69,643
		64,748,132	73,693,348
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	17	3,102,988	1,714,031
Stock in trade	18	17,008,459	12,243,652
Trade debts	19	4,711,061	4,029,789
Loans and advances	20	8,040,700	4,848,088
Short term deposits and prepayments	21	74,969	90,616
Other receivables	22	2,253,678	3,420,370
Accrued interest	23	28,780	9,792
Short term investments	24	-	2,581,520
Cash and bank balances	25	576,625	104,827
		35,797,260	29,042,685
<b>TOTAL ASSETS</b>		<b>100,545,392</b>	<b>102,736,033</b>



DIRECTOR



CHIEF FINANCIAL OFFICER

## Statement of Profit or Loss

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
REVENUE	26	63,499,029	53,729,124
COST OF SALES	27	(55,842,428)	(48,178,678)
GROSS PROFIT		7,656,601	5,550,446
DISTRIBUTION COST	28	(2,769,744)	(2,438,118)
ADMINISTRATIVE EXPENSES	29	(1,118,891)	(1,074,286)
OTHER EXPENSES	30	(361,132)	(189,730)
		(4,249,767)	(3,702,134)
		3,406,834	1,848,312
OTHER INCOME	31	5,158,380	4,102,639
PROFIT FROM OPERATIONS		8,565,214	5,950,951
FINANCE COST	32	(1,668,166)	(993,824)
PROFIT BEFORE TAXATION		6,897,048	4,957,127
TAXATION	33	(1,038,000)	(860,000)
PROFIT AFTER TAXATION		5,859,048	4,097,127
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	34	16.66	11.65

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, 2019

	2019	2018
	(Rupees in thousand)	
<b>PROFIT AFTER TAXATION</b>	5,859,048	4,097,127
<b>OTHER COMPREHENSIVE LOSS</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(13,572,681)	-
Deferred income tax relating to this item	356,393	-
	(13,216,288)	-
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Deficit arising on remeasurement of available for sale investments to fair value	-	(15,600,238)
Deferred income tax relating to this item	-	211,459
	-	(15,388,779)
Other comprehensive loss for the year - net of tax	(13,216,288)	(15,388,779)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	(7,357,240)	(11,291,652)

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, 2019

	(Rupees in thousand)										
	Reserves					Revenue Reserves					Total Equity
	Capital Reserves		Sub Total			General Reserve		Unappropriated Profit		Sub Total	
Share Capital	Premium on Issue of Right Shares	Fair value reserve AFS investments	Fair value reserve FVTOCI investments	Sub Total	General Reserve	Unappropriated Profit	Sub Total	Sub Total	Total	Total Equity	
	5,499,530	39,631,520	-	45,131,050	35,848,028	4,267,719	40,115,747	85,246,797	88,762,796		
<b>Balance as at 30 June 2017</b>											
Transaction with owners - Final dividend for the year ended 30 June 2017 @ Rupees 5.00 per share	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)		
Transferred to general reserve	-	-	-	-	2,504,000	(2,504,000)	-	-	-		
Profit for the year	-	-	-	-	-	4,097,127	4,097,127	4,097,127	4,097,127		
Other comprehensive loss for the year	-	(15,388,779)	-	(15,388,779)	-	-	-	(15,388,779)	(15,388,779)		
Total comprehensive loss for the year	-	(15,388,779)	-	(15,388,779)	-	4,097,127	4,097,127	(11,291,652)	(11,291,652)		
<b>Balance as at 30 June 2018</b>	5,499,530	24,242,741	-	29,742,271	38,352,028	4,102,847	42,454,875	72,197,146	75,713,145		
Adjustment on adoption of IFRS 9	-	(24,242,741)	24,242,741	-	-	(5,269)	(5,269)	(5,269)	(5,269)		
Adjustment on adoption of IFRS 15	-	-	-	-	-	(65,267)	(65,267)	(65,267)	(65,267)		
<b>Adjusted total equity as at 01 July 2018</b>	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)		
<b>Balance as at 30 June 2019</b>	5,499,530	-	11,026,453	16,525,983	40,779,028	5,794,260	46,573,288	63,099,271	66,615,270		

Note

**Balance as at 30 June 2017**

Transaction with owners - Final dividend for the year ended 30 June 2017 @ Rupees 5.00 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 2018**

Adjustment on adoption of IFRS 9

Adjustment on adoption of IFRS 15

**Adjusted total equity 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**

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



# Statement of Cash Flows

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	35	3,400,455	3,964,689
Finance cost paid		(1,542,207)	(995,197)
Income tax paid		(853,336)	(780,715)
Exchange gain / (loss) on forward exchange contracts received / (paid)		13,720	(7,427)
Net increase in long term loans		(68,813)	(79,545)
Net (increase) / decrease in long term deposits		(44,717)	52,003
<b>Net cash generated from operating activities</b>		<b>905,102</b>	<b>2,153,808</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(3,557,636)	(2,942,778)
Proceeds from sale of property, plant and equipment		149,082	97,865
Investments made		(604,609)	(394,742)
Loans and advances to subsidiary companies		(33,979,020)	(29,636,193)
Repayment of loans from subsidiary companies		30,660,227	31,156,436
Interest received		344,315	179,330
Dividends received		3,029,845	3,391,397
<b>Net cash (used in) / from investing activities</b>		<b>(3,957,796)</b>	<b>1,851,315</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		1,870,498	2,090,111
Repayment of long term financing		(2,161,839)	(2,093,025)
Short term borrowings - net		5,474,672	(2,189,803)
Dividend paid		(1,658,839)	(1,751,524)
<b>Net cash from / (used in) financing activities</b>		<b>3,524,492</b>	<b>(3,944,241)</b>
<b>Net increase in cash and cash equivalents</b>		<b>471,798</b>	<b>60,882</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>104,827</b>	<b>43,945</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>576,625</b>	<b>104,827</b>

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, 2019

## 1 THE COMPANY AND ITS OPERATIONS

**1.1** 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.

**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	Apparel unit – I	7 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.
7	Apparel unit – II	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 investment in subsidiaries and associates are stated in note 14 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 for the certain financial instruments carried at fair value.

### 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 impairments

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

#### Inventories

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

#### 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.

#### 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.

#### 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 standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018:

## Notes to the Financial Statements

For the year ended June 30, 2019

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers'
- IAS 40 (Amendments), 'Investment Property'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in note 2.9 and note 2.19. 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) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2019 or later periods:

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

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

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

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

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute

a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 01 January 2020). The International Accounting Standards Board (IASB) has issued 'Definition of Business' aimed at resolving 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.

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

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

**f) 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 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.

# Notes to the Financial Statements

For the year ended June 30, 2019

## 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

### Owned

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.

### Leased

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to statement of profit or loss over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to statement of profit or loss.

### 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 12. 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.

## 2.8 Operating leases

Assets leased out under operating leases are included in investment properties. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

## 2.9 IFRS 9 "Financial instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which

# Notes to the Financial Statements

For the year ended June 30, 2019

arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

## i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

## ii) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

## Investments and other financial assets

### a) Classification

From 01 July 2018, 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

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 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.

# Notes to the Financial Statements

For the year ended June 30, 2019

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.

## Financial liabilities

### a) 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.

### iii) Impairment of financial assets

From 01 July 2018, 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.

### iv) De-recognition

#### 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.

### v) 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.

### vi) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended 30 June 2019.

### vii) Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and

has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

#### Financial assets (01 July 2018)

	Available for sale (AFS)	FVTOCI	Trade debts categorized as	
			Loans and receivables	Amortised cost
----- Rupees in Thousand -----				
Opening balance (before reclassification)	43,306,796	-	4,029,789	-
Adjustment on adoption of IFRS 9 reclassification of equity investments from available for sale to FVTOCI	(43,306,796)	43,306,796	-	-
Reclassification of trade debts	-	-	(4,029,789)	4,029,789
Recognition of expected credit losses on trade debts	-	-	-	(5,269)
Opening balance (after reclassification)	-	43,306,796	-	4,024,520

The impact of these changes on the Company's reserves and equity is as follows:

#### Reserves and equity (01 July 2018)

	Effect on un-appropriated profit	Effect on fair value reserve of AFS investments	Effect on fair value reserve of FVTOCI investments
----- Rupees in Thousand -----			
Opening balance (before reclassification)	4,102,847	24,242,741	-
Adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments	-	(24,242,741)	24,242,741
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts	(5,269)	-	-
Opening balance (after reclassification)	4,097,578	-	24,242,741

Effect on total equity as a result of adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts is Rupees 5.269 million and there is no effect on total equity as a result of adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments.

#### Equity investments previously classified as available-for-sale

The Company elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, as these investments are not held for trading. As a result, assets with a fair value of Rupees 43,306.796 million were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income (FVTOCI) and fair value gains of Rupees 24,242.741 million were reclassified from the available-for-sale financial assets reserve to the financial assets at fair value through other comprehensive income reserve on 01 July 2018.

# Notes to the Financial Statements

For the year ended June 30, 2019

## Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Company were as follows:

Measurement category		Carrying amounts		
Original	New	Original	New	Difference
(IAS 39)	(IFRS 9)	----- Rupees in thousand -----		

### Non-current financial assets

Long term investments	Available for sale	FVTOCI	40,725,276	43,306,796	2,581,520
Long term loans	Loans and receivables	Amortised cost	221,481	221,481	-
Long term deposits	Loans and receivables	Amortised cost	69,643	69,643	-

### Current financial assets

Trade debts	Loans and receivables	Amortised cost	4,029,789	4,024,520	(5,269)
Loans and advances	Loans and receivables	Amortised cost	3,992,087	3,992,087	-
Short term deposits	Loans and receivables	Amortised cost	26,751	26,751	-
Other receivables	Loans and receivables	Amortised cost	46,960	46,960	-
Accrued interest	Loans and receivables	Amortised cost	9,792	9,792	-
Short term investments	Available for sale	FVTOCI	2,581,520	-	(2,581,520)
Cash and bank balances	Loans and receivables	Amortised cost	104,827	104,827	-

### Non-current financial liabilities

Long term financing	Amortised cost	Amortised cost	5,190,839	5,190,839	-
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### Current financial liabilities

Trade and other payables	Amortised cost	Amortised cost	5,700,293	5,700,293	-
Accrued mark-up	Amortised cost	Amortised cost	109,378	109,378	-
Short term borrowings	Amortised cost	Amortised cost	12,507,590	12,507,590	-
Current portion of long term financing	Amortised cost	Amortised cost	2,144,900	2,144,900	-
Unclaimed dividend	Amortised cost	Amortised cost	81,746	81,746	-

## 2.10 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'.

## 2.11 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 associated undertakings are accounted for in accordance with IFRS 9 'Financial Instruments' and are classified as fair value through other comprehensive income (FVTOCI).

## 2.12 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.

### 2.13 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.

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

### 2.14 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.

### 2.15 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.

### 2.16 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.

### 2.17 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.

### 2.18 Trade and other payables

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

### 2.19 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the

# Notes to the Financial Statements

For the year ended June 30, 2019

consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 15 are as follows:

## i) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

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

# Notes to the Financial Statements

For the year ended June 30, 2019

## viii) Impacts of adoption of IFRS 15 on these financial statements as on 01 July 2018

The following adjustments were made to the amounts recognized in the financial statements at 01 July 2018:

### Statement of financial position

	30 June 2018 Reported	Adjustment	01 July 2018 Restated
----- Rupees in Thousand -----			
<b>Current assets</b>			
Stock in trade	12,243,652	311,881	12,555,533
Trade debts	4,029,789	(380,583)	3,649,206
<b>Current liabilities</b>			
Trade and other payables	6,416,602	(3,435)	6,413,167
<b>Equity</b>			
Reserves	72,197,146	(65,267)	72,131,879

### 2.20 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.

### 2.21 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.

### 2.22 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.

### 2.23 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.

### 2.24 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



cost 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.

#### **2.25 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.

#### **2.26 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.

#### **2.27 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, II and Yarn Dyeing) 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), Garments (I and II) (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.

#### **2.28 Government grants**

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

#### **2.29 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, 2019

### 3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2019 (Number of Shares)	2018 (Number of Shares)	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
270,446,606	270,446,606		2,704,466	2,704,466
2,804,079	2,804,079		28,041	28,041
23,577,990	23,577,990	3.1	235,780	235,780
54,771,173	54,771,173		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:

	2019 (Number of Shares)	2018 (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	80,000	170,000
	30,371,778	30,461,778

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
<b>4 RESERVES</b>			
<b>Composition of reserves is as follows:</b>			
<b>Capital reserves</b>			
Premium on issue of right shares	4.1	5,499,530	5,499,530
Fair value reserve available for sale investments - net of deferred income tax	4.2	-	24,242,741
Fair value reserve FVTOCI investments - net of deferred income tax	4.2	11,026,453	-
		16,525,983	29,742,271
<b>Revenue reserves</b>			
General reserve		40,779,028	38,352,028
Unappropriated profit		5,794,260	4,102,847
		46,573,288	42,454,875
		63,099,271	72,197,146

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 investment 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:

	2019	2018
	(Rupees in thousand)	
	Fair value reserve FVTOCI investments	Fair value reserve AFS investments
Balance as on 01 July	24,814,574	40,414,812
Less: Fair value adjustment during the year	(13,572,681)	(15,600,238)
	11,241,893	24,814,574
Less: Deferred income tax liability on unquoted equity investments	(215,440)	(571,833)
Balance as on 30 June	11,026,453	24,242,741

	Note	2019	2018
		(Rupees in thousand)	
<b>5 LONG TERM FINANCING</b>			
<b>From banking companies - secured</b>			
Long term loans	5.1	6,000,625	5,204,939
Long term musharika	5.2	1,043,772	2,130,800
		7,044,397	7,335,739
Less: Current portion shown under current liabilities	10	(1,784,470)	(2,144,900)
		5,259,927	5,190,839

# Notes to the Financial Statements

For the year ended June 30, 2019

Lender	2019	2018	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
<b>5.1 Long term loans</b>							
Allied Bank Limited	64,242	128,485	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly installments commenced on 24 August 2014 and ending on 24 May 2020.	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	248,258	300,000	SBP rate for LTFF + 0.25%	Three hundred and fifteen unequal installments commenced on 30 August 2018 and ending on 28 December 2023.	-	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	158,875	198,594	SBP rate for LTFF + 0.30%	Twenty unequal installments commenced on 22 November 2018 and ending on 25 May 2023.	-	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).
Bank Alfalah Limited	-	75,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 July 2015 and ended on 17 April 2019.	Quarterly	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
Pakistan Kuwait Investment Company (Private) Limited	62,347	89,015	SBP rate for LTFF + 1.00%	One hundred and sixty unequal installments commenced on 11 June 2016 and ending on 15 May 2021.	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
Pakistan Kuwait Investment Company (Private) Limited	21,535	28,263	SBP rate for LTFF + 0.75%	Two hundred and thirty six unequal installments commenced on 15 September 2016 and ending on 16 September 2022.	-	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).
	83,882	117,278					

Lender	2019	2018	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
The Bank of Punjab	240,098	333,442	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced on 30 January 2017 and ending on 07 April 2022.	-	Quarterly	First pari passu charge of Rupees 667 million on present and future fixed assets (plant and machinery) of the Company.
National Bank of Pakistan	60,780	82,532	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ending on 03 June 2022.	-	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	771,359	971,136	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 27 March 2018 and ending on 05 June 2023.	-	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	751,071	947,808	SBP rate for LTFF + 0.35%	Four hundred and sixty unequal installments commenced on 02 February 2018 and ending on 25 May 2023.	-	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	224,729	280,911	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commenced on 31 August 2018 and ending on 31 May 2023.	-	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	934,678	954,732	SBP rate for LTFF + 0.25%	Five hundred unequal installments commenced on 28 December 2018 and ending on 13 June 2024.	-	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	619,963	815,021	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commenced on 17 September 2017 and ending on 25 November 2022.	-	Quarterly	Note 5.3

# Notes to the Financial Statements

For the year ended June 30, 2019

Lender	2019	2018	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Faysal Bank Limited	296,361	-	SBP rate for LTFF + 0.30%	Eighty unequal installments commencing on 18 January 2020 and ending on 05 November 2024.	-	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	778,483	-	SBP rate for LTFF + 0.25%	One hundred seventy five unequal installments commencing on 26 January 2020 and ending on 13 December 2024.	-	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 creditors).
Habib Bank Limited	767,846	-	SBP rate for LTFF + 0.25%	Twenty equal quarterly installments commencing on 27 February 2020 and ending on 27 November 2024.	-	Quarterly	Ranking 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).
	6,000,625	5,204,939					

## 5.2 Long term musharika

Habib Bank Limited	-	182,918	3 Month offer KIBOR + 0.35%	Forty two unequal installments commenced on 28 August 2015 and ended on 08 April 2019.	Quarterly	Quarterly	Note 5.3
Habib Bank Limited	168,772	454,489	3 Month offer KIBOR + 0.35%	Fifty six unequal installments commenced on 19 May 2016 and ending on 01 June 2020.	Quarterly	Quarterly	

Lender	2019	2018	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Dubai Islamic Bank Pakistan Limited	-	57,143	3 Month offer KIBOR + 0.40%	Fourteen equal quarterly installments commenced on 03 June 2015 and ended on 03 September 2018.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,067 million on all present and future fixed assets (excluding land and building) of the Company including but not limited to plant and machinery, furniture and fixtures, accessories etc. (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of existing charge holders).
Meezan Bank Limited	-	75,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 June 2015 and ended on 17 March 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 533 million over specific assets of the Company with 25% margin.
Meezan Bank Limited	-	111,250	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 July 2015 and ended on 17 April 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 594 million over specific assets of the Company with 25% margin.
Standard Chartered Bank (Pakistan) Limited	-	250,000	3 Month offer KIBOR + 0.20%	Sixteen equal quarterly installments commenced on 27 September 2015 and ended on 27 June 2019.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
Standard Chartered Bank (Pakistan) Limited	875,000	1,000,000	3 Month offer KIBOR	Forty eight unequal installments commencing on 14 February 2019 and ended on 06 December 2022.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
	<b>1,043,772</b>	<b>2,130,800</b>					

**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 Company excluding specific and exclusive charges.

## 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.

# Notes to the Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>7 TRADE AND OTHER PAYABLES</b>			
Creditors	7.1	6,238,841	4,768,256
Accrued liabilities		1,184,933	821,297
Advances from customers	7.1	519,955	531,110
Securities from contractors - Interest free and repayable on completion of contracts	7.2	11,538	10,498
Retention money payable		84,135	99,701
Income tax deducted at source		1,013	1,035
Fair value of forward exchange contracts		7,583	541
Workers' profit participation fund	7.3	311,682	184,164
		8,359,680	6,416,602
<b>7.1 These include amounts due to following related parties:</b>			
<b>Creditors</b>			
Nishat Linen (Private) Limited - subsidiary company		2,185	3,005
Nishat USA Inc. - subsidiary company		-	3,204
Nishat Hospitality (Private) Limited - subsidiary company		34	-
Nishat International FZE - subsidiary company		21,090	-
D.G. Khan Cement Company Limited - associated company		1,779	3,038
Security General Insurance Company Limited - associated company		23,013	24,441
Adamjee Insurance Company Limited - associated company		24,967	19,736
Adamjee Life Assurance Company Limited - associated company		-	1,397
Pakistan Aviators and Aviation (Private) Limited - related party		2,612	-
Nishat (Chunian) Limited - related party		49,156	9,213
		124,836	64,034
<b>Advances from customers</b>			
Nishat Hotels and Properties Limited - associated company		2	71
Hyundai Nishat Motors (Private) Limited - associated company		787	-
Nishat (Chunian) Limited - related party		-	328
		789	399
<b>7.2</b> These deposits have been utilized for the purpose of business in accordance with the terms of written agreements with contractors.			
<b>7.3 Workers' profit participation fund</b>			
Opening balance		184,164	192,734
Less: Adjustment on adoption of IFRS 15		(3,435)	-
		180,729	192,734
Add: Provision for the year	30	331,747	184,164
Interest for the year	32	628	792
		513,104	377,690
Less: Payments during the year		(201,422)	(193,526)
Balance as on 30 June		311,682	184,164



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

	Note	2019 (Rupees in thousand)	2018
<b>8 ACCRUED MARK-UP</b>			
Long term financing		42,187	44,853
Short term borrowings	8.1	193,150	64,525
		235,337	109,378

**8.1** This includes mark-up of Rupees 2.779 million (2018: Rupees 1.678 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	13,764,706	8,532,741
Other short term finances	9.1 and 9.4	3,540,000	3,150,000
Temporary bank overdrafts	9.1, 9.2 and 9.5	677,556	824,849
		17,982,262	12,507,590

**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 39,705 million (2018: Rupees 35,069 million).

**9.2** These finances include Rupees 120.307 million (2018: Rupees 145.342 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% (2018: 2.15% to 2.25%) per annum during the year on the balance outstanding.

**9.4** The rates of mark-up range from 6.20% to 12.93% (2018: 5.89% to 7.03%) per annum during the year on the balance outstanding.

**9.5** The rates of mark-up range from 7.12% to 13.79% (2018: 6.34% to 8.67%) per annum during the year on the balance outstanding.

## 10 CURRENT PORTION OF NON-CURRENT LIABILITIES

Current portion of long term financing	5	1,784,470	2,144,900
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## 11 CONTINGENCIES AND COMMITMENTS

### a) Contingencies

**i)** The Company is contingently liable for Rupees 0.631 million (2018: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court since year 1993.

## Notes to the Financial Statements

For the year ended June 30, 2019

- ii) Guarantees of Rupees 2,255.144 million (2018: Rupees 1,531.364 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, Government of Punjab against fulfillment of sales orders and to the bank of Hyundai Nishat Motor (Private) Limited ("the Associated Company") to secure financial assistance to the Associated Company.
- iii) Post dated cheques of Rupees 6,695.544 million (2018: Rupees 4,716.276 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) On 24 July 2015, the Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Company and has allowed the Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Company has claimed input sales tax amounting to Rupees 106.312 million (2018: Rupees 92.624 million) paid on such goods in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

### b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 970.420 million (2018: Rupees 1,609.582 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 874.187 million (2018: Rupees 1,194.707 million).
- iii) Outstanding foreign currency forward contracts of Rupees 463.868 million (2018: Rupees 358.060 million).

	Note	2019 (Rupees in thousand)	2018
<b>12 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets - owned	12.1	28,450,899	26,026,033
Capital work-in-progress	12.2	517,320	2,154,016
		28,968,219	28,180,049

## 12.1 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	Total
----- (Rupees in thousand) -----									
<b>At 30 June 2017</b>									
Cost	1,129,773	8,484,586	30,563,177	823,877	393,297	389,332	207,936	586,617	42,578,595
Accumulated depreciation	-	(3,840,240)	(13,818,047)	(548,553)	(204,650)	(218,255)	(162,486)	(305,211)	(19,097,442)
Net book value	1,129,773	4,644,346	16,745,130	275,324	188,647	171,077	45,450	281,406	23,481,153
<b>Year ended 30 June 2018</b>									
Opening net book value	1,129,773	4,644,346	16,745,130	275,324	188,647	171,077	45,450	281,406	23,481,153
Additions	-	1,950,434	2,802,516	175,282	16,782	20,661	14,838	116,552	5,097,065
Transferred to investment properties:									
Cost	(1,209)	(21,361)	-	-	-	-	-	-	(22,570)
Accumulated depreciation	(1,209)	19,298	-	-	-	-	-	-	19,298
		(2,063)	-	-	-	-	-	-	(3,272)
Disposals:									
Cost	-	(21,500)	(271,875)	(1,440)	-	(407)	(676)	(76,250)	(372,148)
Accumulated depreciation	-	19,687	217,434	1,332	-	330	456	45,266	284,505
	-	(1,813)	(54,441)	(108)	-	(77)	(220)	(30,984)	(87,643)
Depreciation charge	-	(540,552)	(1,770,610)	(36,830)	(19,581)	(18,522)	(16,180)	(58,995)	(2,461,270)
Closing 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
<b>At 30 June 2018</b>									
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
<b>Year ended 30 June 2019</b>									
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
<b>At 30 June 2019</b>									
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
<b>Annual rate of depreciation (%)</b>	-	10	10	10	10	10	30	20	

# Notes to the Financial Statements

For the year ended June 30, 2019

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

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
..... (Rupees in thousand) .....								
<b>Buildings on freehold land</b>								
Building demolished	1	11,000	10,339	661	710	49	Negotiation	Mr. Shahzad Ahmad, Faisalabad
Building demolished	1	30,000	28,380	1,620	1,298	(322)	Negotiation	Mr. Muhammad Riaz, Faisalabad
		41,000	38,719	2,281	2,008	(273)		
<b>Plant and machinery</b>								
Loptex Sorter	2	12,374	9,233	3,141	427	(2,714)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	7,888	5,278	2,610	641	(1,969)	Negotiation	Olympia Textile International, Lahore
Draw Frame	4	10,337	9,369	968	341	(627)	Negotiation	Olympia Textile International, Lahore
Simplex Frame	1	3,308	2,798	510	1,239	729	Negotiation	Olympia Textile International, Lahore
Automatic Cone Winder	1	3,993	3,444	549	1,000	451	Negotiation	D.S. Industries Limited, Lahore
Automatic Cone Winder	1	7,313	5,602	1,711	1,500	(211)	Negotiation	Colony Textile Mills Limited, Lahore
Two for One Twister	3	9,771	8,871	900	2,135	1,235	Negotiation	Mr. Muhammad Bilal, Faisalabad
Two for One Twister	2	7,266	6,570	696	1,423	727	Negotiation	Mr. Muhammad Bilal, Faisalabad
Twister Elasto Winder & Hamel Winder	2	4,578	3,362	1,216	474	(742)	Negotiation	Venus Industries, Faisalabad
Draw Frame	1	1,662	1,107	555	500	(55)	Negotiation	Venus Industries, Faisalabad
Auto Coner Savio	1	7,313	5,668	1,645	940	(705)	Negotiation	Venus Industries, Faisalabad
Auto Coner Savio	2	14,627	11,330	3,297	1,881	(1,416)	Negotiation	Venus Industries, Faisalabad
Air Jet Looms	15	39,470	28,929	10,541	21,765	11,224	Negotiation	Pak Denim Limited, Karachi
Air Jet Looms	10	26,313	19,339	6,974	14,511	7,537	Negotiation	Pak Denim Limited, Karachi
Loom Smit G-6300 Rapier	1	3,566	2,712	854	502	(352)	Negotiation	Pak Denim Limited, Karachi
Automatic Cone Winder	1	9,177	7,091	2,086	940	(1,146)	Negotiation	Olympia Textile International, Lahore
Automatic Cone Winder	1	9,177	7,094	2,083	940	(1,143)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	7,235	5,149	2,086	214	(1,872)	Negotiation	Olympia Textile International, Lahore
Automatic Cone Winder	1	9,177	7,100	2,077	940	(1,137)	Negotiation	Olympia Textile International, Lahore
Ring Frame	1	5,254	3,818	1,436	1,282	(154)	Negotiation	Olympia Textile International, Lahore
Airjet Looms	6	15,321	12,144	3,177	4,147	970	Negotiation	Umar Textile, Lahore
Airjet Looms	12	30,642	24,377	6,265	8,867	2,602	Negotiation	SM Tex, India
Airjet Looms	12	30,642	24,377	6,265	8,866	2,601	Negotiation	Rejashri Textile, India
Stitching Machines	208	23,554	14,802	8,752	1,250	(7,502)	Negotiation	Muhammad Din, Faisalabad
Solar Panels	108	2,896	451	2,445	2,792	347	Insurance Claim	Adamjee Insurance Company Limited - associated company
Compact System Parts	1	2,200	1,532	668	666	(2)	Negotiation	Venus Industries, Faisalabad
CVT - 1 Blow Room	2	3,000	2,494	506	427	(79)	Negotiation	Venus Industries, Faisalabad
Draw Frame	2	4,823	3,771	1,052	295	(757)	Negotiation	Venus Industries, Faisalabad
		312,877	237,812	75,065	80,905	5,840		
<b>Electric Installation</b>								
Electric Distribution Pannels	1	11,567	10,454	1,113	671	(442)	Negotiation	Venus Industries, Faisalabad
Transformer	1	2,843	1,562	1,281	726	(555)	Negotiation	Venus Industries, Faisalabad
		14,410	12,016	2,394	1,397	(997)		

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
..... (Rupees in thousand) .....								
<b>Vehicles</b>								
Honda Civic LEH-17-2788	1	2,436	428	2,008	2,053	45	Negotiation	Mr. Muhammad Yousaf Tareen, Company's ex-employee, Lahore
Toyota Corolla LE-14-6622	1	1,734	1,046	688	926	238	Company's Policy	Mr. Abdul Majid Qureshi, Company's employee, Lahore
Toyota Corolla LEE-16-2684	1	2,061	717	1,344	2,111	767	Negotiation	Mr. Najam Yousaf, Company's employee, Lahore
Suzuki Swift LEC-16-3301	1	1,329	562	777	1,156	379	Negotiation	Mr. Hamid Mukhtar, Lahore
Mercedes Benz LEA-14-300	1	15,190	9,677	5,513	9,000	3,487	Negotiation	Pakwest Industries (Private) Limited, Lahore
Honda City LE-14-8335	1	1,730	1,131	599	901	302	Company's Policy	Mr. Shahid Hussain, Company's employee, Lahore
Honda Civic LEB-15-3589	1	2,434	1,384	1,050	1,430	380	Company's Policy	Mr. Maqsood Ahmad, Company's employee, Lahore
Toyota Corolla LEA-16A-7779	1	1,917	769	1,148	1,575	427	Negotiation	Ms. Zunnaria Aslam, Company's ex-employee, Lahore
Honda Civic LEH-14-2316	1	1,858	1,132	726	988	262	Company's Policy	Mr. Muhammad Akram Malik, Company's employee, Lahore
Toyota Corolla LE-16-2915	1	1,270	646	624	874	250	Company's Policy	Mr. Muhammad Ramzan, Company's employee, Lahore
Honda City LEB-15-1729	1	2,422	1,408	1,014	1,390	376	Company's Policy	Mr. Ahmad Jahangir, Company's employee, Lahore
Honda City LEF-14-1491	1	1,704	1,066	638	907	269	Company's Policy	Mr. Naeem Muqaddam, Company's employee, Karachi
Toyota Corolla LEB-15-9694	1	2,223	1,273	950	1,302	352	Company's Policy	Mr. Waqood Ahmad, Company's employee, Chintot
		38,308	21,229	17,079	24,613	7,534		
		115,483	98,654	16,829	40,159	23,330	Negotiation	
		522,078	408,430	113,648	149,082	35,434		

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, 2019

	Note	2019 (Rupees in thousand)	2018
<b>12.1.2 Depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	27	2,548,984	2,350,563
Distribution cost	28	8,448	8,063
Administrative expenses	29	83,873	80,887
Capital work-in-progress		-	21,757
		2,641,305	2,461,270

### 12.1.3 Particulars of immovable properties (i.e. lands and buildings) are as follows:

Manufacturing units and office	Address	Area of land Acres
<b>Manufacturing units</b>		
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.	66.24
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
Apparel unit - I	7 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	12.54
Apparel unit - II	2 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	16.32
<b>Office</b>	7-Main Gulberg, Lahore.	1.12
		482.08

	2019 (Rupees in thousand)	2018
<b>12.2 Capital work in progress</b>		
Buildings on freehold land	86,916	606,719
Plant and machinery	369,312	1,173,073
Electric installations	1,163	-
Unallocated expenses	21,881	21,015
Letters of credit against machinery	1,159	1,824
Advances against purchase of land	23,658	337,555
Advances against furniture, fixtures and office equipment	1,948	1,171
Advances against purchase of vehicles	11,283	12,659
	517,320	2,154,016

## 13 INVESTMENT PROPERTIES

	Note	Land	Buildings	Total
(Rupees in thousand)				
<b>At 30 June 2017</b>				
Cost		414,463	153,673	568,136
Accumulated depreciation		-	(101,201)	(101,201)
Net book value		414,463	52,472	466,935
<b>Year ended 30 June 2018</b>				
Opening net book value		414,463	52,472	466,935
Transferred from operating fixed assets:				
Cost		1,209	21,361	22,570
Accumulated depreciation		-	(19,298)	(19,298)
		1,209	2,063	3,272
Depreciation charge	30	-	(5,311)	(5,311)
Closing net book value		415,672	49,224	464,896
<b>At 30 June 2018</b>				
Cost		415,672	175,034	590,706
Accumulated depreciation		-	(125,810)	(125,810)
Net book value		415,672	49,224	464,896
<b>Year ended 30 June 2019</b>				
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
<b>At 30 June 2019</b>				
Cost		415,672	175,034	590,706
Accumulated depreciation		-	(130,732)	(130,732)
Net book value		415,672	44,302	459,974

**13.1** Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 4.922 million (2018: Rupees 5.311 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 4,143.237 million (2018: Rupees 2,629.656 million). Forced sale value of investment properties as on the reporting date is Rupees 3,521.751 million (2018: Rupees 2,235.220 million). The valuation has been carried out by an independent valuer.

**13.2** Land and buildings having book value of Rupees 305.123 million (2018: Rupees 239.383 million) and Rupees 34.773 million (2018: Rupees 16.020 million) respectively have been given on operating lease to Nishat Hospitality (Private) Limited - subsidiary company.

**13.3** Land having book value of Rupees 99.693 million (2018: Rupees 165.433 million) and building having book value of Rupees Nil (2018: 22.617 million) have been given on operating lease to Nishat Linen (Private) Limited - subsidiary company.

**13.4** 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, 2019

	Note	2019 (Rupees in thousand)	2018
<b>14 LONG TERM INVESTMENTS</b>			
Debt instruments	14.1	559,606	-
Equity instruments	14.2	34,370,727	44,757,279
		34,930,333	44,757,279
<b>14.1 Debt instruments</b>			
<b>At amortized cost</b>			
Sales tax refund bonds	14.1.1		
5,555 (2018: Nil) bonds of Rupees 100,000 each		555,500	-
Add: Accrued interest		4,106	-
		559,606	-

**14.1.1** These represent investment in sales tax refund bonds having maturity period of 3 years issued by FBR Refund Settlement Company Limited under Section 67A of the Sales Tax Act, 1990 against sales tax refund payment orders issued in favour of the Company. These bonds are carried at amortized cost using effective interest rate of 9.14% per annum.

	Note	2019 Fair value through other comprehensive income (Rupees in thousand)	2018 Available for sale
<b>14.2 Equity instruments</b>			
<b>Subsidiary companies</b>			
Nishat Power Limited - quoted 180,632,955 (2018: 180,632,955) fully paid ordinary shares of Rupees 10 each. Equity held 51.01% (2018: 51.01%)	14.2.1	1,806,329	1,806,329
Nishat USA Inc. - unquoted 200 (2018: 200) fully paid shares with no par value per share. Equity held 100% (2018: 100%)	39	3,547	3,547
Nishat Linen (Private) Limited - unquoted 1,067,913 (2018: 1,067,913) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2018: 100%)	14.2.2	261,603	261,603
Nishat Linen Trading LLC - unquoted 4,900 (2018: 4,900) fully paid shares of UAE Dirhams 1,000 each.	14.2.3 & 39	259,403	259,403
Nishat Hospitality (Private) Limited - unquoted 119,999,901 (2018: 119,999,901) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2018: 100%)		1,199,999	1,199,999
Advance for purchase of shares		95,000	-
		1,294,999	1,199,999



		2019	2018
	Note	Fair value through other comprehensive income	Available for sale
(Rupees in thousand)			
Nishat International FZE - unquoted 18 (2018: 18) fully paid shares of UAE Dirhams 1,000,000 each. Equity held 100% (2018: 100%) Advance for purchase of shares	39	492,042 9,070 501,112	492,042 9,070 501,112
Nishat Commodities (Private) Limited - unquoted 1,000 (2018: 1,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2018: 100%)	14.2.4	10	10
<b>Equity instruments</b>			
<b>Fair value through other comprehensive income</b>			
<b>Associated companies (with significant influence)</b>			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2018: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2018: 31.40%)		3,418,145	3,418,145
Nishat Paper Products Company Limited - unquoted 11,634,199 (2018: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2018: 25%)	14.2.5	106,802	106,802
Lalpir Power Limited - quoted 109,393,555 (2018: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2018: 28.80%)	14.2.6	1,640,306	1,640,306
Pakgen Power Limited - quoted 102,524,728 (2018: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2018: 27.55%)	14.2.6	1,272,194	1,272,194
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2018: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2018: 12.24%)	14.2.7	496,200	496,200
Nishat Energy Limited - unquoted 250,000 (2018: 250,000) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2018: 25%)	14.2.8	-	-
Nishat Hotels and Properties Limited - unquoted 74,022,917 (2018: 71,062,000) fully paid ordinary shares of Rupees 10 each. Equity held 7.40% (2018: 7.40%)	14.2.9	740,229	710,620

## Notes to the Financial Statements

For the year ended June 30, 2019

		2019	2018
		Fair value through other comprehensive income	Available for sale
	Note	(Rupees in thousand)	
Hyundai Nishat Motor (Private) Limited - unquoted 66,000,000 (2018: 18,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2018: 12%)	14.2.10	660,000	180,000
<b>Associated companies (others)</b>			
MCB Bank Limited - quoted 88,015,291 (2018: 88,015,291) fully paid ordinary shares of Rupees 10 each. Equity held 7.43% (2018: 7.43%)		10,208,262	10,208,262
Adamjee Insurance Company Limited - quoted 102,809 (2018: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2018: 0.03%)		2,116	2,116
Security General Insurance Company Limited - unquoted 10,226,244 (2018: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2018: 15.02%)	14.2.11	11,188	-
<b>Equity instruments</b>			
<b>Fair value through other comprehensive income</b>			
<b>Related party</b>			
Nishat (Chunian) Limited - quoted 32,689,338 (2018: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2018: 13.61%)		378,955	-
<b>Others</b>			
Alhamra Islamic Stock Fund - quoted 1,108,714 (2018: 1,108,714) units.		3,025	-
Pakistan Petroleum Limited - quoted 499,999 (2018: 434,782) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2018: 0.02%)		64,409	-
		23,128,834	22,066,648
Add: Fair value adjustment		11,241,893	22,690,631
		34,370,727	44,757,279

**14.2.1** The Company has pledged its 180,585,155 (2018: 180,585,155) shares to lenders of Nishat Power Limited for the purpose of securing finance.

**14.2.2** Investment in Nishat Linen (Private) Limited includes 2 shares held in the name of nominee directors of the Company.

- 14.2.3** The Company is also the beneficial owner of remaining 5,100 (2018: 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.
- 14.2.4** Investment in Nishat Commodities (Private) Limited includes 2 shares held in the name of nominee directors of the Company.
- 14.2.5** Fair value per ordinary share of Nishat Paper Products Company Limited is determined at Rupees 14.46 by an independent valuer using present value technique.
- 14.2.6** 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.
- 14.2.7** Fair value per ordinary share of Nishat Dairy (Private) Limited is determined at Rupees 8.030 by an independent valuer using present value technique.
- 14.2.8** Investment in Nishat Energy (Private) Limited has been fully provided during the year ended 30 June 2017.
- 14.2.9** Fair value per ordinary share of Nishat Hotels and Properties Limited is determined at Rupees 13.76 by an independent valuer using present value technique.
- 14.2.10** Investment in Hyundai Nishat Motor (Private) Limited includes 4 shares held in the name of nominee directors of the Company.
- 14.2.11** Fair value per ordinary share of Security General Insurance Company Limited is determined at Rupees 66.14 by an independent valuer using present value technique.

	Note	2019 (Rupees in thousand)	2018
<b>15 LONG TERM LOANS</b>			
<b>Considered good:</b>			
Executives - secured	15.1 & 15.2	175,504	152,563
Other employees - secured	15.2	200,656	154,784
		376,160	307,347
Less: Current portion shown under current assets	20		
Executives		43,742	42,877
Other employees		57,172	42,989
		100,914	85,866
		275,246	221,481

- 15.1** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 175.504 million (2018: Rupees 153.407 million).
- 15.2** These represent loans given to executives and other employees as per Company 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 instalments.
- 15.3** 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.

## Notes to the Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>16 LONG TERM DEPOSITS</b>			
Security deposits		114,360	69,643
<b>17 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores	17.1	2,560,063	1,225,985
Spare parts		541,774	488,903
Loose tools		5,375	3,433
		3,107,212	1,718,321
Less: Provision for slow moving, obsolete and damaged store items	17.2	(4,224)	(4,290)
		3,102,988	1,714,031

**17.1** These include stores in transit of Rupees 1,106.026 million (2018: Rupees 261.207 million).

**17.2** Provision for slow moving, obsolete and damaged store items

	Note	2019 (Rupees in thousand)	2018
Balance as on 01 July		4,290	4,437
Less: Provision reversed during the year	31	(66)	(147)
Balance as on 30 June		4,224	4,290
<b>18 STOCK IN TRADE</b>			
Raw materials		11,135,516	6,991,589
Work-in-process	18.2	2,015,512	2,022,712
Finished goods	18.3	3,857,431	3,229,351
		17,008,459	12,243,652

**18.1** Stock in trade of Rupees 376.615 million (2018: Rupees 627.601 million) is being carried at net realizable value.

**18.2** This includes stock of Rupees 10.912 million (2018: Rupees 3.496 million) sent to outside parties for processing.

**18.3** Finished goods include stock in transit of Rupees 934.523 million (2018: Rupees 958.320 million).

**18.4** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 5.427 million (2018: Rupees 355.680 million).

	Note	2019 (Rupees in thousand)	2018
<b>19 TRADE DEBTS</b>			
<b>Considered good:</b>			
Secured (against letters of credit)		1,321,438	1,010,551
Unsecured:			
- Related parties	19.1 & 19.2	378,871	1,389,274
- Others	19.3	3,025,971	1,629,964
		4,726,280	4,029,789
Less: Allowance for expected credit losses	19.4	(15,219)	-
		4,711,061	4,029,789

**19.1** This represents amounts due from following related parties:

Nishat Linen (Private) Limited - subsidiary company		264,432	1,218,094
Nishat International FZE - subsidiary company		114,439	171,180
		378,871	1,389,274

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

	2019 (Rupees in thousand)	2018
Nishat Linen (Private) Limited - subsidiary company	1,067,590	1,218,094
Nishat International FZE - subsidiary company	134,365	171,180
Nishat Developers (Private) Limited - associated company	-	20

**19.3** As at 30 June 2019, trade debts due from other than related parties of Rupees 115.695 million (2018: Rupees 81.752 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:

	2019 (Rupees in thousand)	2018
Upto 1 month	101,921	42,604
1 to 6 months	11,848	36,405
More than 6 months	1,926	2,743
	115,695	81,752

## Notes to the Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>19.4 Allowance for expected credit losses</b>			
Opening balance		-	-
Add: Recognized as on 01 July 2018		5,269	-
Add: Recognized during the year	30	9,950	-
Closing balance		15,219	-
<b>20 LOANS AND ADVANCES</b>			
<b>Considered good:</b>			
Employees - interest free:			
- Executives		30	1,854
- Other employees		3,814	3,597
		3,844	5,451
Current portion of long term loans	15	100,914	85,866
Advances to suppliers		141,994	146,867
Letters of credit		1,223	2,138
Advance income tax - net of provision for taxation		522,332	706,996
Other advances	20.1	7,270,393	3,900,770
		8,040,700	4,848,088
<b>Considered doubtful:</b>			
Others		108	108
Less: Provision for doubtful debts		108	108
		-	-
		8,040,700	4,848,088

**20.1** These include amounts due from following subsidiary companies. These are neither past due nor impaired:

	2019 (Rupees in thousand)	2018
Nishat Linen (Private) Limited	7,141,537	3,692,744
Nishat Hospitality (Private) Limited	-	130,000
Nishat USA Inc.	2,432	-
Nishat Commodities (Private) Limited	91	82
	7,144,060	3,822,826

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

	2019	2018
	(Rupees in thousand)	
Nishat Linen (Private) Limited	8,995,900	6,927,843
Nishat Hospitality (Private) Limited	130,000	150,000
Nishat USA Inc.	5,724	-
Nishat Commodities (Private) Limited	91	94,755

## 21 SHORT TERM DEPOSITS AND PREPAYMENTS

Deposits	1,116	26,751
Prepayments	73,853	63,865
	74,969	90,616

## 22 OTHER RECEIVABLES

### Considered good:

Export rebate and claims	282,866	308,289
Duty draw back	708,511	1,284,764
Sales tax refundable	1,223,877	1,780,357
Fair value of forward exchange contracts	958	9,478
Miscellaneous receivables	37,466	37,482
	2,253,678	3,420,370

## 23 ACCRUED INTEREST

On short term loans and advances to:

Nishat Linen (Private) Limited - subsidiary company	27,855	9,416
Nishat Hospitality (Private) Limited - subsidiary company	103	370
Nishat Commodities (Private) Limited - subsidiary company	-	6
Profit receivable on bank deposits	822	-
	28,780	9,792

- 23.1** 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:

	2019	2018
	(Rupees in thousand)	
Nishat Linen (Private) Limited	47,126	21,960
Nishat Hospitality (Private) Limited	698	439
Nishat Commodities (Private) Limited	-	391

## Notes to the Financial Statements

For the year ended June 30, 2019

	2019	2018
	Fair value through other comprehensive income	Available for sale
	(Rupees in thousand)	
<b>24 SHORT TERM INVESTMENTS</b>		
<b>Associated company (Other)</b>		
Security General Insurance Company Limited - unquoted 10,226,244 (2018: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2018: 15.02%)	-	11,188
<b>Related party</b>		
Nishat (Chunian) Limited - quoted 32,689,338 (2018: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2018: 13.61 %)	-	378,955
<b>Others</b>		
Alhamra Islamic Stock Fund - quoted 1,108,714 (2018: 1,108,714) units.	-	3,025
Pakistan Petroleum Limited - quoted 499,999 (2018: 434,782) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2018: 0.02%)	-	64,409
	-	457,577
Add: Fair value adjustment	-	2,123,943
	-	2,581,520

	2019	2018
Note	(Rupees in thousand)	
<b>25 CASH AND BANK BALANCES</b>		
<b>With banks:</b>		
On current accounts 25.1 and 25.2 Including US\$ 77,158 (2018: US\$ 84,357)	55,893	86,548
Term deposit receipts 25.3	500,000	-
On PLS saving accounts 25.4 Including US\$ 117 (2018: US\$ 895)	19	109
	555,912	86,657
<b>Cash in hand</b>	20,713	18,170
	576,625	104,827



- 25.1** Cash at banks includes balance of Rupees 2.871 million (2018: Rupees 56.650 million) with MCB Bank Limited - associated company.
- 25.2** Cash at banks includes balance of Rupees 1.331 million (2018: Rupees 0.117 million) with MCB Islamic Bank Limited - related party.
- 25.3** These represent term deposits with banking companies having maturity period of upto one month and carry rate of profit 12% (2018: Nil) per annum.
- 25.4** Rate of profit on bank deposits ranges from 4.50% to 8.25% (2018: 3.75% to 4.00%) per annum.

	Note	2019 (Rupees in thousand)	2018
<b>26 REVENUE</b>			
Export sales		47,797,787	38,862,094
Local sales	26.1	9,554,144	8,718,511
Processing income		5,552,601	4,689,728
Export rebate		188,326	174,228
Duty draw back		406,171	1,284,563
		63,499,029	53,729,124
<b>26.1 Local sales</b>			
Sales	26.1.1	9,662,704	8,834,548
Less: Sales tax		(108,560)	(116,037)
		9,554,144	8,718,511

- 26.1.1** These include sales of Rupees 2,557.696 million (2018: Rupees 2,980.452 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales include waste sales of Rupees 1,739.547 million (2018: Rupees 1,046.509 million).

## Notes to the Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>27 COST OF SALES</b>			
Raw materials consumed	27.1	32,831,279	27,480,221
Processing charges		241,777	215,084
Salaries, wages and other benefits	27.2	5,683,600	5,625,747
Stores, spare parts and loose tools consumed		6,167,441	4,806,005
Packing materials consumed		1,407,808	1,085,240
Repair and maintenance		357,846	390,659
Fuel and power		6,309,817	5,640,960
Insurance		49,362	46,702
Other factory overheads		553,513	500,722
Depreciation	12.1.2	2,548,984	2,350,563
		56,151,427	48,141,903
<b>Work-in-process</b>			
Opening stock		2,022,712	1,992,931
Closing stock		(2,015,512)	(2,022,712)
		7,200	(29,781)
Cost of goods manufactured		56,158,627	48,112,122
<b>Finished goods</b>			
Opening stock	27.3	3,541,232	3,295,907
Closing stock		(3,857,431)	(3,229,351)
		(316,199)	66,556
		55,842,428	48,178,678
<b>27.1 Raw materials consumed</b>			
Opening stock		6,991,589	7,433,874
Add: Purchased during the year		36,975,206	27,037,936
		43,966,795	34,471,810
Less: Closing stock		(11,135,516)	(6,991,589)
		32,831,279	27,480,221

**27.2** Salaries, wages and other benefits include provident fund contribution of Rupees 166.691 million (2018: Rupees 159.823 million) by the Company.

**27.3** This includes the impact of adjustment on adoption of IFRS 15 amounting to Rupees 311.881 million.

	Note	2019 (Rupees in thousand)	2018
<b>28 DISTRIBUTION COST</b>			
Salaries and other benefits	28.1	447,236	413,315
Outward freight and handling		1,159,821	1,102,366
Commission to selling agents		631,707	504,490
Royalty	28.2	4,788	5,663
Fuel cost		192,019	146,906
Travelling and conveyance		168,955	122,403
Rent, rates and taxes		15,948	14,209
Postage and telephone		87,682	70,877
Insurance		20,132	18,050
Vehicles' running		15,616	12,476
Entertainment		7,841	8,167
Advertisement		7	205
Printing and stationery		3,203	2,544
Repair and maintenance		5,911	7,484
Fee and subscription		430	900
Depreciation	12.1.2	8,448	8,063
		2,769,744	2,438,118

**28.1** Salaries and other benefits include provident fund contribution of Rupees 23.248 million (2018: Rupees 20.213 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	2019	2018
		Related / Other	(Rupees in thousand)	
Lurex Company Limited	22 Ashville way, Cambridge Road, Whetstone, Leicestershire LE8.6NU, England UK.	Other	-	302
American and Efird LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	4,620	5,570
			4,620	5,872

# Notes to the Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>29 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	29.1	795,422	767,326
Vehicles' running		41,361	43,053
Travelling and conveyance		37,818	36,003
Rent, rates and taxes		1,473	2,116
Insurance		7,814	7,001
Entertainment		21,751	20,324
Legal and professional		18,945	24,640
Auditor's remuneration	29.2	5,478	5,421
Advertisement		633	703
Postage and telephone		6,698	6,632
Electricity and gas		9,342	4,368
Printing and stationery		17,801	17,205
Repair and maintenance		21,920	21,082
Fee and subscription		5,294	3,853
Depreciation	12.1.2	83,873	80,887
Miscellaneous		43,268	33,672
		1,118,891	1,074,286

**29.1** Salaries and other benefits include provident fund contribution of Rupees 32.932 million (2018: Rupees 32.796 million) by the Company.

## 29.2 Auditors' remuneration

Audit fee		4,293	3,903
Half yearly review		945	859
Other certifications		75	509
Reimbursable expenses		165	150
		5,478	5,421

## 30 OTHER EXPENSES

Workers' profit participation fund	7.3	331,747	184,164
Operating fixed asset written off	12	14,513	-
Allowance under expected credit losses	19.4	9,950	-
Depreciation on investment properties	13	4,922	5,311
Donations	30.1	-	255
		361,132	189,730

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

	Note	2019 (Rupees in thousand)	2018
<b>31 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividend income	31.1	3,029,845	3,391,397
Profit on deposits with banks		961	61
Net exchange gain		1,437,722	256,593
Interest income on loans and advances to subsidiary companies		362,482	177,205
Interest income on sales tax refund bonds		4,106	-
		4,835,116	3,825,256
<b>Income from non-financial assets</b>			
Gain on sale of property, plant and equipment		35,434	10,222
Scrap sales		147,570	158,823
Rental income		131,682	96,758
Reversal of provision for slow moving, obsolete and damaged store items	17.2	66	147
Others		8,512	11,433
		323,264	277,383
		5,158,380	4,102,639
<b>31.1 Dividend income</b>			
<b>From related party / associated companies / subsidiary company</b>			
Nishat (Chunian) Limited - related party		179,791	89,896
D.G. Khan Cement Company Limited - associated company		584,691	1,031,806
MCB Bank Limited - associated company		1,408,245	1,405,588
Adamjee Insurance Company Limited - associated company		257	257
Security General Insurance Company Limited - associated company		51,131	51,131
Nishat Paper Products Company Limited - associated company		-	23,268
Pakgen Power Limited - associated company		153,786	205,050
Lalpir Power Limited - associated company		109,393	218,788
Nishat Power Limited - subsidiary company		541,899	361,265
		3,029,193	3,387,049
<b>Other</b>			
Pakistan Petroleum Limited		652	4,348
		3,029,845	3,391,397

## Notes to the Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>32 FINANCE COST</b>			
<b>Mark-up on:</b>			
Long term financing		300,842	293,737
Short term borrowings		1,089,132	441,431
Interest on workers' profit participation fund	7.3	628	792
Bank charges and commission		277,564	257,864
		1,668,166	993,824
<b>33 TAXATION</b>			
Current	33.1	1,038,000	860,000

**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:

		2019	2018
Profit attributable to ordinary shareholders	(Rupees in thousand)	5,859,048	4,097,127
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	16.66	11.65

	Note	2019 (Rupees in thousand)	2018
<b>35 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		6,897,048	4,957,127
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		2,646,227	2,444,824
Operating fixed asset written off		14,513	-
Gain on sale of property, plant and equipment		(35,434)	(10,222)
Dividend income		(3,029,845)	(3,391,397)
Allowance for expected credit losses		9,950	-
Net exchange gain		(1,437,722)	(256,593)
Interest income on loans and advances to subsidiary companies		(362,482)	(177,205)
Interest income on sales tax refund bonds		(4,106)	-
Finance cost		1,668,166	993,824
Reversal of provision for slow moving, obsolete and damaged store items		(66)	(147)
Working capital changes	35.1	(2,965,794)	(595,522)
		3,400,455	3,964,689
<b>35.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(1,388,891)	392,994
- Stock in trade		(4,452,926)	479,060
- Trade debts		362,490	(1,556,622)
- Loans and advances		(43,435)	20,337
- Short term deposits and prepayments		15,647	(30,162)
- Other receivables		601,850	(582,607)
		(4,905,265)	(1,277,000)
Increase in trade and other payables		1,939,471	681,478
		(2,965,794)	(595,522)

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

	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	( Rupees in thousand )			
<b>Balance as at 01 July 2018</b>	7,335,739	12,507,590	81,746	19,925,075
Financing obtained	1,870,498	-	-	1,870,498
Repayment of 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)
<b>Balance as at 30 June 2019</b>	7,044,398	17,982,262	93,006	25,119,666

## Notes to the Financial Statements

For the year ended June 30, 2019

### 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 2019 of Rupees 4 per share (2018: Rupees 4.75 per share) at their meeting held on 19 September 2019. The Board of Directors also proposed to transfer Rupees 4,386 million (2018: Rupees 2,427.000 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.

**36.2** Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5% of accounting profit before tax of the Company if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2019 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 19 September 2019 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

### 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	
	2019	2018	2019	2018	2019	2018
	( Rupees in thousand )					
<b>Managerial remuneration</b>	27,169	23,625	12,064	10,053	460,235	408,278
<b>Allowances</b>						
Cost of living allowance	-	-	1	1	668	602
House rent	10,868	9,450	288	288	125,965	112,314
Conveyance	-	-	-	-	1,020	238
Medical	2,717	2,363	1,068	948	40,438	35,392
Utilities	-	-	3,963	3,458	50,786	44,094
Special allowance	-	-	2	2	432	350
<b>Contribution to provident fund trust</b>	-	-	1,020	905	39,896	33,521
<b>Leave encashment</b>	-	-	-	-	17,838	12,610
	40,754	35,438	18,406	15,655	737,278	647,399
<b>Number of persons</b>	1	1	1	1	182	164

**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 (2018: four directors) was Rupees 1.040 million (2018: Rupees 1.290 million).

**37.3** No remuneration was paid to non-executive 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:

	2019	2018
	(Rupees in thousand)	
<b>Subsidiary companies</b>		
Investment made	95,000	-
Dividend income	541,899	361,265
Purchase of goods and services	427,564	346,975
Sale of goods and services	7,102,544	6,209,612
Interest income	362,482	177,205
Rental income	56,047	51,065
Short term loans made	33,979,020	29,636,193
Repayment of short term loans made	30,660,227	31,156,436
<b>Associated companies</b>		
Investment made	509,609	394,743
Purchase of goods and services	59,077	97,198
Recovery of charges on surrender of entitlement of land	-	10,762
Sale of goods	36,098	22,303
Rental income	1,256	1,480
Purchase of operating fixed assets	47,747	9,000
Sale of operating fixed assets	1,453	2,000
Dividend income	2,307,503	2,935,888
Dividend paid	143,886	151,459
Insurance premium paid	131,369	112,658
Insurance claims received	54,465	48,775
Finance cost	11,472	7,019
<b>Other related parties</b>		
Dividend income	179,791	89,896
Purchase of goods and services	2,473,998	1,783,854
Sale of goods and services	28,616	8,868
Company's contribution to provident fund trust	222,876	213,522

**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, 2019

- 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
		2019	2018	
Nishat USA Inc.	Wholly owned subsidiary company	Yes	Yes	100
Nishat Agriculture Farming (Private) Limited	Common directorship	No	No	None
Nishat Farm Supplies (Private) Limited	Common directorship	No	No	Now wound up
Nishat Dairy (Private) Limited	Common directorship and shareholding	Yes	Yes	12.24
Nishat Hotels and Properties Limited	Common directorship and shareholding	Yes	Yes	7.4
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	Yes	Yes	27.55
Lalpir Power Limited	Common directorship and shareholding	Yes	Yes	28.8
Nishat Paper Products Company Limited	Common directorship and shareholding	No	Yes	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
Concept Garments and Textile Trading FZE	Wholly owned subsidiary of Nishat International FZE (subsidiary company)	No	No	100
Pakistan Aviators and Aviation (Private) Limited	Common directorship	Yes	No	None
Nishat Developers (Private) Limited	Common directorship	Yes	No	None
Nishat Automobiles (Private) Limited	Common directorship	No	No	Now wound up
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	31.4
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 UK (Private) Limited	Wholly owned subsidiary of Nishat International FZE (subsidiary company)	No	No	100
Nishat Agrotech Farms Supplies (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	No	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 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
Concept Garments and Textile Trading FZE	UAE	Wholly owned subsidiary of Nishat International FZE	100
Nishat UK (Private) Limited	UK	Wholly owned subsidiary of Nishat International FZE	100

39 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					
<b>Long term investments:</b>									
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
<b>Advance:</b>									
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 2018, 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					
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
<b>Advance:</b>										
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 3 years for bringing the Employees Provident Fund Trust in conformity with the requirements of the regulations.

#### 41 NUMBER OF EMPLOYEES

	2019	2018
Number of employees as on 30 June	17,711	19,438
Average number of employees during the year	18,012	18,826

# Notes to the Financial Statements

For the year ended June 30, 2019

## 42 SEGMENT INFORMATION

	Spinning						Weaving						Dyeing*		Home Textile*		Garments				Power Generation		Elimination of inter-segment transactions		Total - Company						
	Faisalabad I		Faisalabad II		Faisalabad Yarn Dyeing		Feroze Watwani I		Feroze Watwani II		Bhikki		Lahore*		Dyeing*		Home Textile*		I		II		Power Generation		Elimination of inter-segment transactions		Total - Company				
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
Revenue	6,263,348	6,241,136	2,651,751	832,227	488,680	445,017	4,075,757	4,151,433	107,014	-	10,191,271	3,328,628	16,497,119	12,216,506	12,710,351	10,456,844	2,614,082	3,361,986	2,783,123	2,485,273	47,489	2,485,273	2,618	-	-	63,489,029	53,729,124				
External Intersegment	2,344,725	1,905,247	708,220	71,198	283,773	181,292	2,158,890	333,334	18,170	55,567	3,392,971	2,767,174	440,922	530,459	456,526	445,760	40,940	192,763	209,974	40,940	6,701,472	5,673,740	(24,183,848)	(18,855,261)	-	-	-	-			
Cost of sales	(7,974,014)	(7,441,359)	(3,813,072)	(844,381)	(894,507)	(308,396)	(5,466,499)	(4,388,698)	(653,008)	-	(16,861,399)	(4,960,014)	(14,307,585)	(11,291,828)	(10,124,900)	(10,132,900)	(2,463,947)	(3,881,423)	(2,988,902)	(2,652,659)	(8,700,198)	(5,989,722)	24,103,848	(9,855,261)	(53,842,826)	(46,178,828)					
Gross profit / (loss)	686,059	704,849	(578,701)	(21,656)	87,326	77,397	743,132	488,221	(333,824)	-	1,751,273	1,546,268	2,066,588	1,451,138	1,583,110	888,704	194,072	160,123	151,135	(146,646)	18,753	2,638	-	-	7,656,801	5,550,446					
Distribution cost	(212,724)	(205,178)	(17,466)	(5,356)	(29,443)	(17,432)	(101,021)	(83,898)	(265)	-	(511,932)	(467,013)	(891,032)	(601,256)	(653,397)	(679,198)	(181,961)	(303,430)	(296,084)	(146,090)	(14)	(18)	-	-	(27,697,744)	(2,438,118)					
Administrative expenses	(176,182)	(187,462)	(47,484)	(19,004)	(7,900)	(6,895)	(73,714)	(71,498)	(743)	-	(163,755)	(172,393)	(19,482)	(159,800)	(208,411)	(193,308)	(58,568)	(83,113)	(72,959)	(37,558)	(42,825)	(47,320)	-	-	(11,818,891)	(1,074,886)					
Profit / (loss) before taxation and unallocated income and expenses	(353,436)	(393,670)	(644,900)	(24,390)	(31,343)	(24,027)	(174,729)	(155,497)	(1,008)	-	(677,097)	(823,606)	(224,745)	(773,229)	(844,808)	(674,506)	(233,547)	(387,229)	(329,077)	(183,648)	(42,448)	(47,950)	-	-	(3,888,635)	(3,512,494)					
Unallocated income and expenses:	242,823	311,178	(444,891)	(45,446)	565,933	53,770	598,417	340,824	(334,822)	-	1,073,966	919,653	303,345	245,326	1,740,646	681,911	738,302	134,198	(226,964)	(177,822)	(930,294)	(23,898)	(45,314)	-	-	3,767,966	2,038,042				
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

## 42.1 Reconciliation of reportable segment assets and liabilities

	Spinning						Weaving						Dyeing*		Home Textile*		Garments				Power Generation		Elimination of inter-segment transactions		Total - Company			
	Faisalabad I		Faisalabad II		Faisalabad Yarn Dyeing		Feroze Watwani I		Feroze Watwani II		Bhikki		Lahore*		Dyeing*		Home Textile*		I		II		Power Generation		Elimination of inter-segment transactions		Total - Company	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total assets as per statement of financial position	5,407,284	5,105,367	5,227,220	3,994,945	471,954	402,837	7,363,931	5,180,403	772,380	21,236	6,753,821	5,054,315	1,384,557	1,140,628	7,075,532	6,275,402	7,499,937	8,382,819	1,275,949	1,940,332	3,053,972	2,807,732	7,865,022	6,803,586	54,696,148	47,665,656		
Unallocated assets:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Long term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,930,333	44,757,279		
Short term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,591,520		
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,536,878	3,420,370		
Cash and bank balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,786,625	104,827		
Other corporate assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,098,607	4,205,431		
Total liabilities as per statement of financial position	730,888	576,063	349,720	184,384	37,715	10,018	110,873	101,800	10,364	3,292	483,934	421,130	174,141	183,557	877,989	551,300	1,127,595	771,234	182,066	291,951	439,923	327,486	3,026,407	2,459,478	7,580,005	5,339,711		
Unallocated liabilities:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Deferred income tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	215,440	571,883	
Other corporate liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,194,247	20,614,344		
Total liabilities as per statement of financial position	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,930,122	27,222,896		

\*Figures of these segments include extension/ RMR.

## 42.2 Geographical information

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

	2019	2018
	(Rupees in thousand)	
Europe	19,939,444	17,054,183
Asia, Africa and Australia	24,189,995	19,425,472
United States of America and Canada	4,262,846	3,841,230
Pakistan	15,106,744	13,408,239
	63,499,029	53,729,124

**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.

		2019	2018
		(Figures in thousand)	
<b>43 PLANT CAPACITY AND ACTUAL PRODUCTION</b>			
<b>Spinning</b>			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Kgs.)	82,283	71,115
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Kgs.)	72,810	57,740
<b>Weaving</b>			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Sq.Mtr.)	313,718	304,996
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Sq.Mtr.)	300,155	291,480
<b>Dyeing and Finishing</b>			
Production capacity for 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Mtr.)	56,400	54,000
Actual production on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Mtr.)	49,394	46,311
<b>Power Plant</b>			
Generation capacity	(MWH)	788	780
Actual generation	(MWH)	389	374

## 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.

### 43.1 Reason for low production

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.

# Notes to the Financial Statements

For the year ended June 30, 2019

## 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 and Japanese Yen (JPY). 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:

	2019	2018
Cash at banks - USD	77,275	85,252
Trade debts - USD	19,472,222	16,615,854
Trade debts - Euro	1,711,145	1,292,033
Trade debts - AED	2,571,661	5,179,438
Trade and other payables - USD	(1,572,549)	(1,578,312)
Trade and other payables - Euro	(63,404)	(97,738)
Trade and other payables - AED	(473,931)	-
Trade and other payables - JPY	(335,195)	(283,550)
Net exposure - USD	17,976,948	15,122,794
Net exposure - Euro	1,647,741	1,194,295
Net exposure - AED	2,097,730	5,179,438
Net exposure - JPY	(335,195)	(283,550)

The following significant exchange rates were applied during the year:

#### Rupees per US Dollar

Average rate	137.29	110.43
Reporting date rate	164.00	121.40

#### Rupees per Euro

Average rate	156.63	131.89
Reporting date rate	186.37	141.33

#### Rupees per AED

Average rate	37.36	30.07
Reporting date rate	44.50	33.05

#### Rupees per JPY

Average rate	1.24	1.01
Reporting date rate	1.53	1.10



### 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 137.154 million (2018: Rupees 86.197 million) higher / lower, Rupees 14.368 million (2018: Rupees 7.926 million) higher / lower, Rupees 4.271 million (2018: Rupees 8.045 million) higher / lower and Rupees 0.027 million (2018: Rupees 0.0148 million) lower / higher respectively, 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)	
	2019	2018
	(Rupees in thousand)	
PSX 100 (5% increase)	1,361,939	1,944,316
PSX 100 (5% decrease)	(1,361,939)	(1,944,316)

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

#### 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.

## Notes to the Financial Statements

For the year ended June 30, 2019

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

	2019	2018
	(Rupees in thousand)	
<b>Fixed rate instruments</b>		
<b>Financial liabilities</b>		
Long term financing	5,936,383	5,001,455
Short term borrowings	13,764,706	8,532,741
<b>Financial assets</b>		
Sales tax refund bonds	559,606	-
Term deposit receipts	500,000	-
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	19	109
Loans and advances to subsidiary companies	7,141,537	3,822,826
<b>Financial liabilities</b>		
Long term financing	1,108,014	2,334,285
Short term borrowings	4,217,556	3,974,849

### 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 17.252 million (2018: Rupees 23.619 million lower / higher) 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:

Investments	30,803,330	43,306,796
Loans and advances	7,650,397	4,213,568
Deposits	115,476	96,394
Trade debts	4,711,061	4,029,789
Other receivables	38,424	46,960
Accrued interest	28,780	9,792
Bank balances	555,912	86,657
	43,903,380	51,789,956

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			2019	2018
	Short term	Long term	Agency	(Rupees in thousand)	
<b>Banks</b>					
National Bank of Pakistan	A1+	AAA	PACRA	6,981	7,301
Allied Bank Limited	A1+	AA+	PACRA	80	4,370
Askari Bank Limited	A1+	AA+	PACRA	5,592	100
Bank Alfalah Limited	A1+	AA+	PACRA	40	363
Faysal Bank Limited	A1+	AA	PACRA	16	7
Habib Bank Limited	A-1+	AAA	JCR-VIS	7,191	428
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,828	793
JS Bank Limited	A1+	AA-	PACRA	30	68
MCB Bank Limited	A1+	AAA	PACRA	2,871	56,650
Samba Bank Limited	A-1	AA	JCR-VIS	323	8
Silkbank Limited	A-2	A -	JCR-VIS	500,009	9
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	10,191	8,735
United Bank Limited	A-1+	AAA	JCR-VIS	245	164
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	269	269
Bank Islami Pakistan Limited	A1	A+	PACRA	984	144
Meezan Bank Limited	A-1+	AA+	JCR-VIS	5,125	4,886
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	421	564
The Bank of Punjab	A1+	AA	PACRA	299	22
Soneri Bank Limited	A1+	AA-	PACRA	9,093	776
Summit Bank Limited	A-1	A-	JCR-VIS	264	58
Industrial and Commercial Bank of China	P-1	A1	Moody's	108	6
MCB Islamic Bank Limited	A1	A	PACRA	1,330	117
Bank Al-Habib Limited	A1+	AA+	PACRA	1,012	687
Citi Bank N.A	P-1	A1	Moody's	601	132
Bank of Khyber	A1	A	PACRA	9	-
				555,912	86,657
<b>Investments</b>					
Adamjee Insurance Company Limited		AA+	PACRA	3,603	5,010
Security General Insurance Company Limited		AA	JCR-VIS	676,364	924,043
Alhamra Islamic Stock Fund		AA- (f)	PACRA	9,546	11,952
Nishat (Chunian) Limited	A1	A	JCR-VIS	1,144,781	1,552,090
MCB Bank Limited	A1+	AAA	PACRA	15,354,267	17,406,784
Pakistan Petroleum Limited		Unknown	-	72,215	93,435
D.G. Khan Cement Company Limited	A1+	AA-	PACRA	7,778,445	15,750,870
Pakgen Power Limited	A1+	AA	PACRA	1,453,801	1,976,677
Lalpir Power Limited	A1+	AA	PACRA	1,422,116	2,101,450
Nishat Paper Products Company Limited		Unknown	-	168,231	466,415
Nishat Energy Limited		Unknown	-	-	-
Nishat Hotels and Properties Limited	A2	A-	PACRA	1,018,555	2,303,830
Hyundai Nishat Motor (Private) Limited		Unknown	-	660,000	180,000
Nishat Dairy (Private) Limited		Unknown	-	481,800	534,240
FBR Refund Settlement Company Limited					
- Sales tax refund bonds		Unknown	-	559,606	-
				30,803,330	43,306,796
				31,359,242	43,393,453

## Notes to the Financial Statements

For the year ended June 30, 2019

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 19.

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 2019, the Company had Rupees 21,722.738 million (2018: Rupees 20,371.607 million) available borrowing limits from financial institutions and Rupees 576.625 million (2018: Rupees 104.827 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 2019

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
----- (Rupees in thousand) -----						
<b>Non-derivative financial liabilities:</b>						
Long term financing	7,044,397	7,715,948	973,185	1,073,070	1,907,965	3,761,728
Trade and other payables	7,527,030	7,527,030	7,527,030	-	-	-
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	-	-	-
	32,882,032	34,003,177	27,220,028	1,113,456	1,907,965	3,761,728

#### Contractual maturities of financial liabilities as at 30 June 2018

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
----- (Rupees in thousand) -----						
<b>Non-derivative financial liabilities:</b>						
Long term financing	7,335,739	7,854,854	1,214,665	1,175,232	1,713,470	3,751,487
Trade and other payables	5,700,293	5,700,293	5,700,293	-	-	-
Unclaimed dividend	81,746	81,746	81,746	-	-	-
Short term borrowings	12,507,590	12,951,036	12,731,007	220,029	-	-
Accrued mark-up	109,378	109,378	109,378	-	-	-
	25,734,746	26,697,307	19,837,089	1,395,261	1,713,470	3,751,487

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) -----				
<b>As at 30 June 2019</b>				
<b>Assets as per statement of financial position</b>				
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

<b>Financial liabilities at amortized cost</b>
--

(Rupees in thousand)

<b>Liabilities as per statement of financial position</b>	
Long term financing	7,044,397
Accrued mark-up	235,337
Short term borrowings	17,982,262
Trade and other payables	7,527,030
Unclaimed dividend	93,006
	32,882,032

	FVTPL	Loans and receivables	Available for sale	Total
----- (Rupees in thousand) -----				

**As at 30 June 2018****Assets as per statement of financial position**

Investments	-	-	43,306,796	43,306,796
Loans and advances	-	4,213,568	-	4,213,568
Deposits	-	96,394	-	96,394
Trade debts	-	4,029,789	-	4,029,789
Other receivables	9,478	37,482	-	46,960
Accrued interest	-	9,792	-	9,792
Cash and bank balances	-	104,827	-	104,827
	9,478	8,491,852	43,306,796	51,808,126

# Notes to the Financial Statements

For the year ended June 30, 2019

## Financial liabilities at amortized cost

(Rupees in thousand)

### Liabilities as per statement of financial position

Long term financing	7,335,739
Accrued mark-up	109,378
Short term borrowings	12,507,590
Trade and other payables	5,700,293
Unclaimed dividend	81,746
	<b>25,734,746</b>

#### 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.

		2019	2018
Borrowings	Rupees in thousand	25,026,659	19,843,329
Total equity	Rupees in thousand	66,615,270	75,713,145
Total capital employed	Rupees in thousand	91,641,929	95,556,474
Gearing ratio	Percentage	27.31	20.77

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

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
<b>Financial assets</b>				
Available for sale financial assets	38,898,268	-	4,408,528	43,306,796
Derivative financial assets	-	9,478	-	9,478
<b>Total financial assets</b>	<b>38,898,268</b>	<b>9,478</b>	<b>4,408,528</b>	<b>43,316,274</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	541	-	541
<b>Total financial liabilities</b>	<b>-</b>	<b>541</b>	<b>-</b>	<b>541</b>

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the 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, 2019

**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 2019 and 30 June 2018:

	<b>Unlisted equity securities</b>
	(Rupees in thousand)
<b>Balance as on 01 July 2017</b>	4,806,106
Add: Transfer on loss of control over subsidiary company	180,000
Less: Deficit recognized in other comprehensive income	(757,578)
<b>Balance as on 30 June 2018</b>	4,228,528
Add: Investment made during the year	29,609
Less: Deficit recognized in other comprehensive income	(1,913,187)
<b>Balance as on 30 June 2019</b>	2,344,950



#### 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 2019	30 June 2018		30 June 2019	
(Rupees in thousand)					
<b>Fair value through other comprehensive income</b>					
Nishat Paper Products Company Limited	168,231	466,415	Revenue growth factor	9.55%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 72.481 million / - 63.639 million.
			Risk adjusted discount rate	15.34%	
Nishat Dairy (Private) Limited	481,800	534,240	Terminal growth factor	4%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 60.000 million / - 46.200 million.
			Risk adjusted discount rate	18.70%	
Security General Insurance Company Limited	676,364	924,043	Net premium revenue growth factor	8.66%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +32.519 million / - 29.656 million.
			Risk adjusted discount rate	22.08%	
Nishat Hotels and Properties Limited	1,018,555	2,303,830	Terminal growth factor	4%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +386.400 million / - 271.664 million.
			Risk adjusted discount rate	14.82%	

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

#### Valuation processes

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

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

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

## Notes to the Financial Statements

For the year ended June 30, 2019

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 each half yearly reporting period during the valuation discussion between the Chief Financial Officer and the independent valuers. As part of this discussion the independent valuers present a report that explains the reason for the fair value movements.

### 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 2019	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
Investment properties	-	4,143,237	-	4,143,237
<b>Total non-financial assets</b>	-	4,143,237	-	4,143,237

At 30 June 2018	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
Investment properties	-	2,629,656	-	2,629,656
<b>Total non-financial assets</b>	-	2,629,656	-	2,629,656

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 2019, 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

	Note	2019 (Rupees in thousand)	2018
<b>Description</b>			
<b>Loan / advances obtained as per Islamic mode:</b>			
Loans	5 and 9	7,823,043	2,130,800
Advances	7	519,955	531,110
<b>Shariah compliant bank deposits / bank balances</b>			
Bank balances	25	17,939	14,289
<b>Profit earned from shariah compliant bank deposits / bank balances</b>			
Profit on deposits with banks	31	-	-
<b>Revenue earned from shariah compliant business</b>			
		63,499,029	53,729,124
<b>Gain / (loss) or dividend earned from shariah complaint investments</b>			
Dividend income	31.1	585,343	1,254,942
Unrealized (loss) / gain on remeasurement of investment at FVTOCI		(7,993,645)	13,688,726
<b>Exchange gain earned</b>			
		26,440	8,937
<b>Mark-up paid on Islamic mode of financing</b>			
		498,758	332,327
<b>Profits earned or interest paid on any conventional loan / advance</b>			
Profit earned on loans to subsidiary companies		362,482	177,205
Interest paid on loans		750,289	393,939
Profit earned on deposits with banks		961	61
Interest income on sales tax refund bonds		4,106	-
<b>Relationship with shariah compliant banks</b>			

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, short term borrowings and long term financing
Dubai Islamic Bank Pakistan Limited	Bank balance and long term financing
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, 2019

### 48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 19 September 2019 by the Board of Directors of the Company.

### 49 CORRESPONDING FIGURES

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

### 50 GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**Consolidated Financial Statements of  
Nishat Mills Limited  
and its Subsidiaries**  
for the year ended June 30, 2019



## 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 2019. 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 UK (Private) Limited, Nishat Commodities (Private) Limited, Lalpir Solar Power (Private) Limited and Concept Garments and Textile Trading FZE.

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 2019 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.

The auditors' report to the members draws attention to Note 20.6 to the consolidated financial statements which refers to an amount of Rs. 816 million (2018: Rs. 816 million) relating to capacity purchase price, included in trade debts of Nishat Power Limited (subsidiary of Nishat Mills Limited), not acknowledged by National Transmission and Dispatch Company Limited (NTDCL). Further details are mentioned in note 20.6 of the annexed consolidated financial statements. Based on Expert's determination and International Arbitration Award, management favourable of the Subsidiary Company feels that the above amount is likely to be recovered by the Subsidiary Company. Consequently, no provision for the above-mentioned amount has been made in the consolidated financial statements.

The auditors' report to the members also draws attention to 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. The financial statements of the aforesaid subsidiaries have been prepared using non-going concern basis of accounting. The Board of Directors of the 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. The Nishat UK (Private) Limited was dissolved on 23 July 2019. The winding up of Concept Garments and Textile Trading FZE is in process.

For and on behalf of the Board of Directors



**Mian Umer Mansha**  
Chief Executive Officer

19 September 2019  
Lahore



**Maqsood Ahmed**  
Director

# 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 2019, 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 2019, 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 2019 were unaudited. Hence, total assets of Rupees 17,445,159 as at 30 June 2019 and total turnover and net profit of Rupees 39,457,057 and Rupees 190,049 respectively for the year ended 30 June 2019 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 20.6 to the consolidated financial statements, which describes the matter regarding recoverability of certain trade debts.
- 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. The financial statements of the aforesaid subsidiaries have been prepared using non-going concern basis of accounting.

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
1.	<p><b>Accounting for equity accounted associates</b></p> <p>Investments in equity-accounted associates amounted to Rupees 33,528 million (22% of total assets) as at 30 June 2019.</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"> <li>- Summary of significant accounting policies, Consolidation – Associates note 2.2(b) to the consolidated financial statements.</li> <li>- Critical accounting estimates and judgements note 2.1(c)</li> <li>- Long term investments note 15 to the consolidated financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We perused the supporting documentation and ensured that they are properly accounted for in accordance with IAS 28.</li> <li>• 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"> <li>- Tested additions of investments made during the year; and</li> <li>- Checked the accuracy for computation of share of dividend income and profit or loss and other comprehensive income of the associates.</li> </ul> </li> <li>• We assessed the adequacy of the disclosures presented within the consolidated financial statements to ensure they are in accordance with IFRS 12.</li> <li>• 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.</li> <li>• 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.</li> </ul>
2.	<p><b>Assessment of control and significant influence on investments</b></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>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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 investee companies;</li> <li>• We reviewed documents to support any key judgments management has made in determining whether they control or have significant influence</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>policies, Consolidation note 2.2 to the consolidated financial statements.</p> <ul style="list-style-type: none"> <li>- Note 1 and Note 15 to the consolidated financial statements.</li> </ul>	<p>over an investee e.g. power over relevant activities; and</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>3.</b></p>	<p><b>Inventory existence and valuation</b></p> <p>Inventory of the textile business of the Group as at 30 June 2019 represented a material position in the consolidated statement of financial position.</p> <p>The textile business is characterized by high volumes and stock-in-trade mainly consists of stock kept at warehouses and stock in retail stores spread across Pakistan. The valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters.</p> <p>Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.12 to the consolidated financial statements.</p> <p>At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost.</p> <p>Useable stores, spares parts and loose tools are valued at moving average cost, raw materials are valued at annual average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.</p> <p>The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required:</p> <ul style="list-style-type: none"> <li>• Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items.</li> <li>• Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable</li> </ul>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on a large number of locations. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.</li> <li>• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.</li> <li>• 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.</li> <li>• 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.</li> <li>• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory.</li> <li>• 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.</li> <li>• 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.</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>value and a specific write down is recognized, if required.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Inventories note 2.12 to the consolidated financial statements.</li> <li>- Stores, spares and loose tools note 18 and Stock-in-trade note 19 to the consolidated financial statements.</li> </ul>	
4.	<p><b>Capital expenditures</b></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"> <li>- Summary of significant accounting policies, Property, plant, equipment and deprecation note 2.7 to the consolidated financial statements.</li> <li>- Property, plant and equipment note 13 to the consolidated financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We evaluated the appropriateness of capitalization policies and depreciation rates.</li> <li>• We performed tests of details on costs capitalized.</li> <li>• We verified the accuracy of management's calculation used for the impairment testing.</li> </ul>
5.	<p><b>Revenue recognition</b></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 indicator 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"> <li>- Summary of significant accounting policies, Revenue from contracts with customers note 2.19 to the financial</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>statements.</p> <ul style="list-style-type: none"> <li>- Revenue note 27 to the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>• 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;</li> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 ‘Revenue from Contracts with Customers’; and</li> <li>• 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.</li> </ul> <p>We also considered the appropriateness of disclosures in the consolidated financial statements.</p>

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements 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: 19 September 2019

# Consolidated Statement of Financial Position

As at June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (2018: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
<b>Issued, subscribed and paid-up share capital</b>	3	3,515,999	3,515,999
<b>Reserves</b>	4	89,745,467	88,084,666
<b>Equity attributable to equity holders of the Holding Company</b>		93,261,466	91,600,665
<b>Non-controlling interest</b>		9,361,028	8,034,658
<b>Total equity</b>		102,622,494	99,635,323
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	5,915,226	8,232,086
Long term security deposits	6	217,030	193,510
Retirement benefit obligation		17,857	12,244
Deferred liability - accumulating compensated absences		2,321	2,447
Deferred income tax liability	7	2,399,735	2,484,368
		8,552,169	10,924,655
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	9,449,179	7,798,486
Accrued mark-up	9	469,245	291,864
Short term borrowings	10	24,402,574	17,086,481
Current portion of non-current liabilities	11	4,170,795	4,197,526
Unclaimed dividend		114,673	96,747
		38,606,466	29,471,104
<b>TOTAL LIABILITIES</b>		47,158,635	40,395,759
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		149,781,129	140,031,082

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



CHIEF EXECUTIVE OFFICER

	Note	2019 (Rupees in thousand)	2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	41,697,384	41,268,747
Intangible assets	14	3,739	10,477
Long term investments	15	51,348,430	51,825,352
Long term loans	16	323,476	248,711
Long term deposits	17	213,901	163,387
		93,586,930	93,516,674
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	18	3,908,091	2,678,108
Stock in trade	19	24,368,886	18,102,550
Trade debts	20	21,795,191	16,225,912
Loans and advances	21	1,433,533	1,171,546
Short term deposits and prepayments	22	321,890	284,609
Other receivables	23	3,143,324	4,637,441
Accrued interest	24	2,862	1,034
Short term investments	25	-	2,581,520
Cash and bank balances	26	1,220,422	831,688
		56,194,199	46,514,408
<b>TOTAL ASSETS</b>		149,781,129	140,031,082



DIRECTOR



CHIEF FINANCIAL OFFICER

## Consolidated Statement of Profit or Loss

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
REVENUE	27	96,005,322	84,723,042
COST OF SALES	28	(79,108,980)	(71,144,010)
GROSS PROFIT		16,896,342	13,579,032
DISTRIBUTION COST	29	(5,741,161)	(5,023,747)
ADMINISTRATIVE EXPENSES	30	(1,833,976)	(1,812,724)
OTHER EXPENSES	31	(394,678)	(217,337)
		(7,969,815)	(7,053,808)
		8,926,527	6,525,224
OTHER INCOME	32	3,422,072	2,130,139
PROFIT FROM OPERATIONS		12,348,599	8,655,363
FINANCE COST	33	(2,665,183)	(1,778,526)
		9,683,416	6,876,837
SHARE OF PROFIT FROM ASSOCIATES	15.3	1,300,879	3,411,660
PROFIT BEFORE TAXATION		10,984,295	10,288,497
TAXATION	34	(1,331,201)	(1,447,691)
PROFIT AFTER TAXATION		9,653,094	8,840,806
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		7,806,357	7,286,639
NON-CONTROLLING INTEREST		1,846,737	1,554,167
		9,653,094	8,840,806
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	35	22.20	20.72

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, 2019

	2019	2018
	(Rupees in thousand)	
<b>PROFIT AFTER TAXATION</b>	9,653,094	8,840,806
<b>OTHER COMPREHENSIVE LOSS</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurement of retirement benefits - net of tax	(29,115)	(18,279)
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(2,732,538)	-
Share of other comprehensive loss of associates	(1,942,746)	-
Deferred income tax relating to deficit on investments at fair value through other comprehensive income	159,137	-
	(4,545,262)	(18,279)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Deficit arising on remeasurement of available for sale investments to fair value	-	(1,064,858)
Share of other comprehensive loss of associates	-	(1,023,150)
Exchange differences on translating foreign operations	158,994	56,635
Deferred income tax relating to surplus on available for sale investments	-	(25,481)
	158,994	(2,056,854)
Other comprehensive loss for the year - net of tax	(4,386,268)	(2,075,133)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	5,266,826	6,765,673
<b>SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
EQUITY HOLDERS OF HOLDING COMPANY	3,420,089	5,211,506
NON-CONTROLLING INTEREST	1,846,737	1,554,167
	5,266,826	6,765,673

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, 2019

Note	Attributable to Equity Holders of the Holding Company													Non-Controlling Interest	Total Equity
	Share Capital	Capital Reserves					Revenue Reserves				Total Reserves	Shareholders' Equity			
		Premium on issue of right shares	Fair value reserve AFS investments	Fair value reserve FVTOCI investments	Exchange Translation Reserve	Statutory Reserve	Capital Redemption Reserve Fund	Sub Total	General Reserve	Unappropriated Profit			Sub Total		
	3,515,999	5,499,530	16,356,684	-	3,539	371	111,002	21,971,126	56,343,882	6,316,151	62,660,033	84,631,159	88,147,158	6,808,446	94,955,604
<b>Balance as at 30 June 2017</b>	-	-	-	-	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)	-	(1,757,999)
Transaction with owners - Final dividend for the year ended 30 June 2017 @ Rupees 5.00 per share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in ownership interest in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	-	16,751	16,751
Loss of control over subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	-	2,206	2,206
Transferred to general reserve	-	-	-	-	-	-	-	-	4,412,000	(4,412,000)	-	-	-	-	-
Transferred to statutory reserve	-	-	-	-	-	464	-	464	-	(464)	-	-	-	-	-
Transaction with owners - Dividend relating to year 2017 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(346,912)	(346,912)
Profit for the year	-	-	-	-	-	-	-	-	-	7,286,639	7,286,639	7,286,639	7,286,639	1,554,167	8,840,806
Other comprehensive loss for the year	-	(2,113,489)	-	-	56,635	-	-	(2,058,854)	-	(18,279)	(18,279)	(2,075,133)	(2,075,133)	-	(2,075,133)
Total comprehensive income for the year	-	(2,113,489)	-	-	56,635	-	-	(2,058,854)	-	7,268,360	7,268,360	5,211,506	5,211,506	1,554,167	6,765,673
<b>Balance as at 30 June 2018</b>	3,515,999	5,499,530	14,243,195	-	60,174	835	111,002	19,914,736	60,755,882	7,414,048	68,169,930	88,084,666	91,600,665	8,034,658	99,635,323
Adjustment on adoption of IFRS 9	-	-	(14,243,195)	14,243,195	-	-	-	-	-	(30,687)	(30,687)	(30,687)	(30,687)	-	(30,687)
Adjustment on adoption of IFRS 15	-	-	-	-	-	-	-	-	-	(58,502)	(58,502)	(58,502)	(58,502)	-	(58,502)
<b>Adjusted total equity as at 01 July 2018</b>	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	8,034,658	99,546,134
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)	-	(1,670,099)
Transferred to general reserve	-	-	-	-	-	-	-	-	5,617,000	(5,617,000)	-	-	-	-	-
Transaction with owners - Dividend relating to year 2018 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(520,367)	(520,367)
Profit for the year	-	-	-	-	-	-	-	-	-	7,806,357	7,806,357	7,806,357	7,806,357	1,846,737	9,653,094
Other comprehensive loss for the year	-	-	-	(4,516,147)	158,994	-	-	(4,357,153)	-	(29,115)	(29,115)	(4,386,268)	(4,386,268)	-	(4,386,268)
Total comprehensive income for the year	-	-	-	(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
<b>Balance as at 30 June 2019</b>	3,515,999	5,499,530	-	9,727,048	219,168	835	111,002	15,557,583	66,372,882	7,815,002	74,187,884	89,745,467	93,261,466	9,361,028	102,622,494

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

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CHIEF EXECUTIVE OFFICER

*CF*

DIRECTOR

*[Signature]*

CHIEF FINANCIAL OFFICER

# Consolidated Statement of Cash Flows

For the year ended June 30, 2019

Note	2019 (Rupees in thousand)	2018	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	36	3,357,974	6,946,654
Finance cost paid		(2,487,802)	(1,782,595)
Income tax paid		(1,221,371)	(1,033,761)
Long term security deposits received		23,520	25,980
Exchange gain / (loss) on forward exchange contracts received / (paid)		13,720	(7,427)
Net increase in retirement benefit obligation		5,101	3,525
Net increase in long term loans		(94,925)	(83,387)
Net (increase) / decrease in long term deposits		(50,514)	47,853
<b>Net cash (used in) / generated from operating activities</b>		(454,297)	4,116,842
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		250,765	98,966
Capital expenditure on property, plant and equipment		(4,325,970)	(3,366,655)
Dividends received		2,487,945	3,030,132
Investments made		(535,009)	(425,758)
Interest received		7,840	9,525
<b>Net cash used in investing activities</b>		(2,114,429)	(653,790)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		1,871,034	2,090,395
Repayment of long term financing		(4,214,625)	(3,858,920)
Exchange differences on translation of net investments in foreign subsidiaries		158,994	56,635
Short term borrowings - net		7,316,093	590,511
Dividend paid		(2,174,036)	(2,097,902)
<b>Net cash from / (used in) financing activities</b>		2,957,460	(3,219,281)
<b>Net increase in cash and cash equivalents</b>		388,734	243,771
<b>Cash and cash equivalents at the beginning of the year</b>		831,688	587,917
<b>Cash and cash equivalents at the end of the year</b>		1,220,422	831,688

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, 2019

## 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 UK (Private) Limited
- Nishat Commodities (Private) Limited
- Lalpir Solar Power (Private) Limited
- Concept Garments and Textile Trading FZE

## 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. Ferozepur Road, Lahore.
6	Apparel unit – I	7 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.
7	Apparel unit – II	2 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.
8	Head office	7-Main Gulberg, Lahore.
9	Liaison office	1 <sup>st</sup> 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% (2018: 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 sale 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	Y-Block DHA	172, Y Block, DHA, Lahore
6	Wapda Town	Main Boulevard, Johar Town, (Opposite Shaukat Khanum Hospital), Lahore
7	Fashion Avenue	Fashion Avenue, Shop # 5-7, College Block, Main Boulevard, Allama Iqbal Town, Lahore
8	Fortress	Shop # 19, Gilgit Block, Fortress Stadium, Lahore
9	Canal West Bank	Shop # 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	Mughalpura	Ground Floor Building 9-A, Shalimar Link Road, Mughalpura, Lahore
16	Gulshan Ravi	Factory Outlet, Shop # 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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Sr. No.	Business Units	Address
21	Dolmen Tariq Road	SF-21, 2nd Floor, Dolmen Mall, Block 3, P.E.C.H.S., Tariq Road, Karachi
22	Dolmen Mall Hyderi	3rd Floor, Outlet # T-5, Dolmen Mall Hyderi, Block C, North Nazimabad, Karachi
23	Ocean Mall	Shop 250-254, 2nd Floor, Ocean Mall, Plot # 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 # 2, Mariam Heights, Plot # 1, Main Shaheed-e-Millat Road (Opposite Naheed and Chase Super Market), Karachi
26	Lucky One Mall	Lucky One Mall, Shop # F-31, First 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 # 13-V, (Behind PSO Petrol Pump) Jinnah Super Market, F-7 Markaz, Islamabad
30	F-10	Block # 7, Malik Arcade, F-10 Markaz, Islamabad
31	Centaurus Mall	Shop # 120, 1st Floor Centaurus Shopping Mall, Jinnah Avenue Plot # 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 # 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, G9 Markaz, Islamabad
36	Adamjee Road	Plot # 5, Saddar, Adamjee Road, Rawalpindi
37	Satellite Town	Shop # 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 # 3, Block-S, 100 Feet Road, Gulshan Market, New Multan Colony, Multan
40	S.P Chowk	Plot # 1-A, S.P Chowk, Nusrat Road, Multan Cantt., Multan
41	Masooma	Shop # 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 # P-71, Ground & 1st Floor, Main Gulberg Road, Goband Pura, Faisalabad
44	The Boulevard Mall	Shop # 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 # 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, Katchehry 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 # 2, Haqqi Centre, (Opposite Commissioner House) Adjacent to DIG House, Bahawalpur
52	Sargodha	Shop # 39, Raas Tower, Qasim Park, Opposite MCB Bank, Main University Road, Sargodha
53	Abbottabad	Jadoon Plaza, Phase 2, Opposite Army Burnhall College for Boys, Mandian, Abbottabad
54	Mardan	Afaq Centre, (Opposite Premier Sugar Mills) Nowshera Road, Mardan
55	Sahiwal	Azaan Heights, Jahaz Chowk, Sahiwal
56	Swat	Shop # F-1 & F-2, Swat Trade Center, (Opposite Swat Serena Hotel) Allah Chowk, Saidu Sharif, Swat
57	Mandi Bahauddin	Shop # G9, Ground Floor, Hakim Mall, Jail Road, Mandi Bahauddin
58	Jhelum	Shop # 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 # 1, Ground Floor, Millennium Mall, Gulistan Road, Quetta
62	Muzaffarabad	Shop # 1, Ground Floor, Al-Rahim Plaza, Neelum Valley Road (Lower Plate), Muzaffarabad
63	Sheikhupura	Lower Ground Khanjee Center, Civil Quarter's Road, Sheikhupura
64	D.G. Khan	Shop # 48-49, Block # 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	Chakwal	Near Sawan CNG, Talagang Road, Chakwal
68	Wah Cantt	Shop # 7-8 Lower Ground & Shop # 7-8 Ground Floor, City Centre Phase 2, New City, Wah Cantt
69	Kasur	Chandani Chowk, Plaza # 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 # 315, 3rd Floor, The Centaurus Mall, F-8, Islamabad
74	WTC – Inplot	Shop # 25, Hyperstar Floor Plot No. 1 Main GT 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	Amanah – Inplot	Shop No. 014, Amanah Mall, Main Link Road, Model Town, Lahore
78	Packages – Inplot	Shop No. 1065, First Floor, Packages Mall, Lahore
79	Crystal Mall – Inplot	Crystal Mall, Chungi # 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, 2019

Sr. No.	Business Units	Address
83	The Mall – Karachi	Shop # 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 # 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 # 2, College Road, Layyah
90	Mirpur	Shop # 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 # 01, French Galleria, Gujrat Road, Phalia
95	Boulevard Mall – Ingot	Shop # 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.

### 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 Mahmood 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	Unit No. F29 and F30, Dubai Outlet Mall, Dubai, United Arab Emirates
2	Shop No. 1, Musalla 8, Al Souq Al Kabeer, Meena Bazar, 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	F232-F233, Mega Mall, Dubai, United Arab Emirates
7	Unit No. E-27, Al Wahda Mall, Abu Dhabi, United Arab Emirates
8	Unit No. F-17, Al Ain Mall, Abu Dhabi, United Arab Emirates
9	Shop No. SC 128, 1st Floor, Dubai Festival City, Dubai, United Arab Emirates
10	Shop No. RB 154-RB 155-RB 156, 1st Floor, Sharq Mall, Abu Dhabi, United Arab Emirates
11	Shop No. U-029, 1st Floor, City Centre Sharjah, Sharjah, United Arab Emirates
12	Shop No. 154-155, Ground Floor, Khalidiyah Mall, Abu Dhabi, 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 UK (PRIVATE) LIMITED

Nishat UK (Private) Limited is a private limited Company incorporated in England and Wales on 8 June 2015. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The primary function of Nishat UK (Private) Limited is sale of textile and related products in England and Wales through retail outlets and wholesale operations. The registered office of Nishat UK (Private) Limited is situated at 71 Queen Victoria Street, London EC4V 4BE. The management of Nishat International FZE, pursuant to resolution of board of directors of Nishat Mills Limited dated 26 February 2019, decided to liquidate Nishat UK (Private) Limited as Nishat UK (Private) Limited never commenced its primary operations, therefore, Nishat UK (Private) Limited's financial statements have been prepared using the non-going concern basis of accounting. No adjustments to the assets or liabilities of Nishat UK (Private) Limited was considered necessary and Nishat UK (Private) Limited was dissolved on 23 July 2019.

### 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 objects of the Company are 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 addresses of all business units are as follows:

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Sr. No.	Business units	Address
1	Head office	5 K.M., Nishat Avenue, Off 22 K.M. Ferozepur 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.

## 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 power project having gross capacity upto 20 MWp with net estimated generation capacity of approximate 19 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 has obtained the approval (NOC) from NTDC for GIS. Further, consent for purchasing power from the project and power evacuation certificate have also been provided by MEPCO and NTDC respectively. 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 Power Plant 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. However, the Company will now pursue with Power Acquisition Request (PAR) pending at Central Power Purchasing Agency (Guarantee) Limited and after getting required consents for Energy Purchase Agreement, the management shall try to get suitable tariff through new regime of competitive bidding, recently announced by NEPRA or as amended from time to time.

## CONCEPT GARMENTS AND TEXTILE TRADING FZE

Concept Garments and Textile Trading FZE is incorporated as a free zone establishment with limited liability in accordance with the Law No. 9 of 1992 and licensed by the Registrar of Jebel Ali Free Zone Authority. It is wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. Date of incorporation of the Company was 11 October 2016. The registered office of Concept Garments and Textile Trading FZE is situated at Jebel Ali Free Zone, Dubai. The principal business of the Company is trading in readymade garments and textile products. The management of Nishat International FZE, pursuant to resolution of board of directors of Nishat Mills Limited dated 26 April 2019, has decided to liquidate Concept Garments and Textile Trading FZE as Concept Garments and Textile Trading FZE do not intend to carry further operations, therefore Concept Garments and Textile Trading FZE's financial statements have been prepared using the non-going concern basis of accounting. No adjustments to the assets or liabilities of Concept Garments and Textile Trading FZE is considered necessary as the remaining cash and cash equivalents of AED 1,566,178 are being held as reserve by Concept Garments and Textile Trading FZE to pay for the remaining liabilities of AED 29,806, operating expenses and unforeseen expenses until the dissolution of Concept Garments and Textile Trading FZE, which is anticipated to be after 15 September 2019, at which time a final distribution will be made by Concept Garments and Textile Trading FZE.

### 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 507.654 million (2018: Rupees 391.568 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 for the certain financial instruments carried at fair value.

### 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 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 reporting date.

#### Useful lives, patterns of economic benefits and impairments

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, with a corresponding effect on the depreciation charge and impairment.

#### Inventories

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

#### Income tax

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

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

## 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.

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

The following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers'
- IAS 40 (Amendments), 'Investment Property'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Group had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in note 2.11 and note 2.19. Most of the other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods

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

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2019 or later periods:

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

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

IAS 28 (Amendments) 'Investments in Associates and Joint Ventures' (effective for annual periods

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

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

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

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 01 January 2020). The International Accounting Standards Board (IASB) has issued 'Definition of Business' aimed at resolving 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.

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

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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.

**f) 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 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.

**g) Exemption from applicability of IFRIC 4 'Determining whether an Arrangement contains a Lease'**

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

Consequently, the Subsidiary Company is not required to account for a portion of its Power Purchase Agreement (PPA) with National Transmission and Dispatch Company Limited (NTDCL) as a lease under IAS 17 'Leases'. If the Subsidiary Company were to follow IFRIC 4 and IAS 17, the effect on these consolidated financial statements would be as follows:

	2019	2018
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(9,635,568)	(10,334,566)
De-recognition of trade debts	(5,510,129)	(2,740,321)
Recognition of lease debtor	11,556,096	10,928,786
Decrease in un-appropriated profit at the beginning of the year	(2,146,101)	(1,154,414)
Decrease in profit for the year	(1,443,500)	(991,687)
Decrease in un-appropriated profit at the end of the year	(3,589,601)	(2,146,101)

## 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 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.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

## 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 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

### Owned

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.

### Leased

Leases where the Group has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to consolidated statement of profit or loss over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to consolidated statement of profit or loss.

### Depreciation

Depreciation on property, plant and equipment is charged to consolidated statement of profit or loss

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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 13.1. 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 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 Leases

The Group Companies are the lessee:

### a) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated statement of profit or loss on a straight line basis over the lease term.

## 2.11 IFRS 9 “Financial instruments”

The Group has adopted IFRS 9 “Financial Instruments” from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Group makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Group's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with

the risk management activities of the Group. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

**i) Recognition of financial instruments**

The Group initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

**ii) Classification and measurement of financial instruments**

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

**Investments and other financial assets**

**a) Classification**

From 01 July 2018, 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.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

## 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 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 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

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.

## Financial liabilities

### a) 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.

### iii) Impairment of financial assets

From 01 July 2018, 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 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.

### iv) De-recognition

#### 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.

### v) 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.

### vi) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these consolidated financial statements as there is no hedge activity carried on by the Group during the year ended 30 June 2019.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### vii) Impacts of adoption of IFRS 9 on these consolidated financial statements as on 01 July 2018

On 01 July 2018, the Group's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

#### Financial assets (01 July 2018)

	Available for sale (AFS)	FVTOCI	Trade debts categorized as	
			Loans and receivables	Amortised cost
----- Rupees in thousand -----				
Opening balance (before reclassification)	19,993,311	-	16,225,912	-
Adjustment on adoption of IFRS 9 reclassification of equity investments from available for sale to FVTOCI	(19,993,311)	19,993,311	-	-
Reclassification of trade debts	-	-	(16,225,912)	16,225,912
Recognition of expected credit losses on trade debts	-	-	-	(16,987)
Opening balance (after reclassification)	-	19,993,311	-	16,208,925

The impact of these changes on the Company's reserves and equity is as follows:

#### Reserves and equity (01 July 2018)

	Effect on un-appropriated profit	Effect on fair value reserve of AFS investments	Effect on fair value reserve of FVTOCI investments
----- Rupees in thousand -----			
Opening balance (before reclassification)	7,414,048	14,243,195	-
Adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments	-	(14,243,195)	14,243,195
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts (including share of associates of Rupees 13,700 thousand)	(30,687)	-	-
Opening balance (after reclassification)	7,383,361	-	14,243,195

Effect on total equity as a result of adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts is Rupees 30.687 million and there is no effect on total equity as a result of adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments.

#### Equity investments previously classified as available-for-sale

The Group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, as these investments are not held for trading. As a result, assets with a fair value of Rupees 19,993 million were reclassified from available-for-sale

financial assets to financial assets at fair value through other comprehensive income (FVTOCI) and fair value gains of Rupees 14,243 million were reclassified from the available-for-sale financial assets reserve to the financial assets at fair value through other comprehensive income reserve on 01 July 2018.

### Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Group were as follows:

Measurement category		Carrying amounts		
Original	New	Original	New	Difference
(IAS 39)	(IFRS 9)	----- Rupees in thousand -----		

#### Non-current financial assets

Long term investments	Available for sale	FVTOCI	17,411,791	19,993,311	2,581,520
Long term loans	Loans and receivables	Amortised cost	248,711	248,711	-
Long term deposits	Loans and receivables	Amortised cost	163,387	163,387	-

#### Current financial assets

Trade debts	Loans and receivables	Amortised cost	16,225,912	16,208,925	(16,987)
Loans and advances	Loans and receivables	Amortised cost	455,435	455,435	-
Short term deposits	Loans and receivables	Amortised cost	70,492	70,492	-
Other receivables	Loans and receivables	Amortised cost	64,299	64,299	-
Accrued interest	Loans and receivables	Amortised cost	1,034	1,034	-
Short term investments	Available for sale	FVTOCI	2,581,520	-	(2,581,520)
Cash and bank balances	Loans and receivables	Amortised cost	831,688	831,688	-

#### Non-current financial liabilities

Long term financing	Amortised cost	Amortised cost	8,232,086	8,232,086	-
Long term security deposits	Amortised cost	Amortised cost	193,510	193,510	-

#### Current financial liabilities

Trade and other payables	Amortised cost	Amortised cost	6,776,745	6,776,745	-
Accrued mark-up	Amortised cost	Amortised cost	291,864	291,864	-
Short term borrowings	Amortised cost	Amortised cost	17,086,481	17,086,481	-
Current portion of long term financing	Amortised cost	Amortised cost	4,197,526	4,197,526	-
Unclaimed dividend	Amortised cost	Amortised cost	96,747	96,747	-

## 2.12 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.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

## 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.

## 2.13 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.

## 2.14 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.

## 2.15 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.

## 2.16 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.

## 2.17 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.

## 2.18 Trade and other payables

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



## 2.19 Revenue from contracts with customers

The Group has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Group's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Group's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Group has adopted IFRS 15 by applying the modified retrospective approach according to which the Group is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 15 are as follows:

### i) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

#### 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

# Notes to the Consolidated Financial Statements

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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 Company, 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 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 Group to transfer goods to a customer for which the Group 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 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.

#### viii) Impacts of adoption of IFRS 15 on these consolidated financial statements as on 01 July 2018

The following adjustments were made to the amounts recognized in the consolidated financial statements at 01 July 2018:

Stock in trade as at 01 July 2018 increased by Rupees 311,881 thousand.

Trade debts as at 01 July 2018 decreased by Rupees 380,583 thousand.

Trade and other payables as at 01 July 2018 decreased by Rupees 3,435 thousand.

Reserves / Equity as at 01 July 2018 decreased by Rupees 58,502 thousand (net of associates' share of Rupees 6,765 thousand).

### 2.20 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.

### 2.21 Earnings per share

The Group 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.

### 2.22 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.

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

### 2.24 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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.

## 2.25 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.

## 2.26 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.

## 2.27 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,II and Yarn Dyeing), Feroze Wattwan (I and II) and Lahore (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), Garments (I and II) (Manufacturing of garments using processed fabric), Power Generation (Generation, transmission and distribution of power using gas, oil, steam, coal and biomass) 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.

## 2.28 Government grants

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

## 2.29 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

2019 (Number of Shares)	2018		Note	2019 (Rupees in thousand)	2018
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	3.1	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.

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

	2019 (Number of Shares)	2018
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	80,000	170,000
	30,371,778	30,461,778

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>4 RESERVES</b>			
<b>Composition of reserves is as follows:</b>			
<b>Capital</b>			
Premium on issue of right shares	4.1	5,499,530	5,499,530
Fair value reserve available for sale investments - net of deferred income tax	4.2	-	14,243,195
Fair value reserve FVTOCI investments - net of deferred income tax	4.2	9,727,048	-
Exchange translation reserve	2.2(c)	219,168	60,174
Statutory reserve	4.3	835	835
Capital redemption reserve fund	4.4	111,002	111,002
		15,557,583	19,914,736
<b>Revenue</b>			
General		66,372,882	60,755,882
Unappropriated profit		7,815,002	7,414,048
		74,187,884	68,169,930
		89,745,467	88,084,666

**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:

	2019 (Rupees in thousand)	2018
	Fair value reserve FVTOCI investments	Fair value reserve AFS investments
Balance as on 01 July	14,441,741	16,529,749
Fair value adjustment during the year	(2,732,538)	(1,064,858)
Share of fair value reserve of associates	(1,942,746)	(1,023,150)
	9,766,457	14,441,741
Less: Deferred tax liability on unquoted equity investment	(39,409)	(198,546)
Balance as on 30 June	9,727,048	14,243,195

- 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	2019 (Rupees in thousand)	2018
<b>5 LONG TERM FINANCING</b>			
<b>From banking companies - secured</b>			
Long term loans	5.1	9,040,795	10,297,264
Long term musharika	5.2	1,043,772	2,130,800
Motor vehicles' loans	5.4	1,454	1,548
		10,086,021	12,429,612
Less: Current portion shown under current liabilities	11	(4,170,795)	(4,197,526)
		5,915,226	8,232,086

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Lender	2019	2018	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	64,242	128,485	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly installments commenced on 24 August 2014 and ending on 24 May 2020.	Quarterly	Quarterly	First pari passu hypothecation 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 charges in the favour of its existing creditors).
Pak Brunei Investment Company Limited	248,258	300,000	SBP rate for LTFF + 0.25%	Three hundred and fifteen unequal installments commenced on 30 August 2018 and ending on 28 December 2023.	-	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	158,875	198,594	SBP rate for LTFF + 0.30%	Twenty unequal installments commenced on 22 November 2018 and ending on 25 May 2023.	-	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).
Bank Alfalah Limited	-	75,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 July 2015 and ended on 17 April 2019.	Quarterly	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
Pakistan Kuwait Investment Company (Private) Limited	62,347	89,015	SBP rate for LTFF + 1.00%	One hundred and sixty unequal installments commenced on 11 June 2016 and ending on 15 May 2021.	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
Pakistan Kuwait Investment Company (Private) Limited	21,535	28,263	SBP rate for LTFF + 0.75%	Two hundred and thirty six unequal installments commenced on 15 September 2016 and ending on 16 September 2022.	-	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).
	83,882	117,278					



Lender	2019	2018	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
The Bank of Punjab	240,098	333,442	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced on 30 January 2017 and ending on 07 April 2022.	-	Quarterly	First pari passu charge of Rupees 667 million on present and future fixed assets (plant and machinery) of the Company.
National Bank of Pakistan	60,780	82,532	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ending on 03 June 2022.	-	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	771,359	971,136	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 27 March 2018 and ending on 05 June 2023.	-	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	751,071	947,808	SBP rate for LTFF + 0.35%	Four hundred and sixty unequal installments commenced on 02 February 2018 and ending on 25 May 2023.	-	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	224,729	280,911	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commenced on 31 August 2018 and ending on 31 May 2023.	-	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	934,678	954,732	SBP rate for LTFF + 0.25%	Five hundred unequal installments commenced on 28 December 2018 and ending on 13 June 2024.	-	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	619,963	815,021	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commenced on 17 September 2017 and ending on 25 November 2022.	-	Quarterly	Note 5.3

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Lender	2019	2018	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Faysal Bank Limited	296,361	-	SBP rate for LTFF + 0.30%	Eighty unequal installments commencing on 18 January 2020 and ending on 05 November 2024.	-	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	778,483	-	SBP rate for LTFF + 0.25%	One hundred seventy five unequal installments commencing on 26 January 2020 and ending on 13 December 2024.	-	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 creditors).
Habib Bank Limited	767,846	-	SBP rate for LTFF + 0.25%	Twenty equal quarterly installments commencing on 27 February 2020 and ending on 27 November 2024.	-	Quarterly	Ranking 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).
	6,000,625	5,204,939					

## Nishat Power Limited - Subsidiary Company

Consortium of banks (Note 5.1.1)	3,040,170	5,092,325	3 Month offer KIBOR + 3.00%	Five quarterly installments ending on 01 July 2020.	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	5,092,325					
	9,040,795	10,297,264					

**5.1.1** This represents long term financing obtained by Nishat Power Limited - Subsidiary Company from a consortium of five 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 is on murabaha basis. The effective mark-up rate charged during the year ranges from 9.92% to 13.99% (2018: 9.12% to 9.50%) per annum.

Lender	2019	2018	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	-	182,918	3 Month offer KIBOR + 0.35%	Forty two unequal installments commenced on 28 August 2015 and ended on 08 April 2019.	Quarterly	Quarterly	Note 5.3
Habib Bank Limited	168,772	454,489	3 Month offer KIBOR + 0.35%	Fifty six unequal installments commenced on 19 May 2016 and ending on 01 June 2020.	Quarterly	Quarterly	
Dubai Islamic Bank Pakistan Limited	-	57,143	3 Month offer KIBOR + 0.40%	Fourteen equal quarterly installments commenced on 03 June 2015 and ended on 03 September 2018.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,067 million on all present and future fixed assets (excluding land and building) of the Company including but not limited to plant and machinery, furniture and fixtures, accessories etc. (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of existing charge holders).
Meezan Bank Limited	-	75,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 June 2015 and ended on 17 March 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 533 million over specific assets of the Company with 25% margin.
Meezan Bank Limited	-	111,250	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly installments commenced on 17 July 2015 and ended on 17 April 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 594 million over specific assets of the Company with 25% margin.
Standard Chartered Bank (Pakistan) Limited	-	250,000	3 Month offer KIBOR + 0.20%	Sixteen equal quarterly installments commenced on 27 September 2015 and ended on 27 June 2019.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
Standard Chartered Bank (Pakistan) Limited	875,000	1,000,000	3 Month offer KIBOR	Forty eight unequal installments commenced on 14 February 2019 and ending on 06 December 2022.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
	<b>1,043,772</b>	<b>2,130,800</b>					

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

**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** This represents loan obtained by Nishat International FZE - Subsidiary Company from a bank for purchase of a vehicle at an interest rate of 8.80% per annum repayable in 48 monthly installments.

### 6 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.

	Note	2019 (Rupees in thousand)	2018
<b>7 DEFERRED INCOME TAX</b>			
The liability for deferred taxation originated due to temporary difference relating to:			
Taxable temporary differences on:			
Unquoted equity investment		144,676	198,546
Investments in associates		2,543,239	2,506,611
Accelerated tax depreciation	7.2	141,506	117,876
		2,829,421	2,823,033
Deductible temporary difference on:			
Turnover tax carried forward	7.3	(286,401)	(217,229)
Deferred liabilities - accumulating compensated absences	7.4	(673)	(776)
Unabsorbed tax losses and tax credits	7.4	(142,612)	(120,660)
		(429,686)	(338,665)
		2,399,735	2,484,368

**7.1** 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 34.203 million (2018: Rupees 26.324 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, 6.567 million, 7.913 million, 9.189 million and Rupees 7.879 million would not be available for carry forward against future tax liabilities subsequent to tax years, 2020, 2021, 2022, 2023 and 2024 respectively.

**7.2** This relates to Nishat Hospitality (Private) Limited, Nishat Linen (Private) Limited and Nishat Commodities (Private) Limited - Subsidiary Companies.

**7.3** This relates to Nishat Linen (Private) Limited - Subsidiary Company.

**7.4** These relate to Nishat Hospitality (Private) Limited - Subsidiary Company.

	Note	2019 (Rupees in thousand)	2018
<b>8 TRADE AND OTHER PAYABLES</b>			
Creditors	8.1	6,928,577	5,719,171
Accrued liabilities		1,324,989	946,834
Advances from customers	8.1	562,547	636,134
Securities from contractors - interest free and repayable on completion of contracts	8.2	11,538	10,498
Retention money payable		88,357	99,701
Income tax deducted at source		1,013	1,687
Payable to employees provident fund trust		4,899	3,866
Fair value of forward exchange contracts		7,583	541
Workers' profit participation fund	8.3	517,276	370,571
Workers' welfare fund		2,400	9,483
		9,449,179	7,798,486

**8.1** This includes amounts due to following related parties:

#### Creditors

D.G. Khan Cement Company Limited - associated company		2,130	4,457
Security General Insurance Company Limited - associated company		26,544	27,464
Adamjee Insurance Company Limited - associated company		31,258	25,754
Adamjee Life Assurance Company Limited - associated company		-	1,397
Pakistan Aviators and Aviation (Private) Limited - associated company		2,612	-
Nishat (Chunian) Limited - related party		49,156	9,235
Nishat Hotels and Properties Limited - associated company		12,982	2,605
		124,682	70,912

#### Advances from customers

Nishat Hotels and Properties Limited - associated company		2	71
Hyundai Nishat Motors (Private) Limited - associated company		787	-
Nishat (Chunian) Limited - related party		-	328
		789	399

**8.2** 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

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>8.3 Workers' profit participation fund</b>			
Balance as on 01 July		370,571	336,920
Less: Adjustment on adoption of IFRS 15		(3,435)	-
		367,136	336,920
Add: Provision for the year		536,964	370,571
Interest for the year	33	1,005	792
		905,105	708,283
Less: Payments during the year		(387,829)	(337,712)
		517,276	370,571

**8.3.1** Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized till the date of allocation to workers.

## 9 ACCRUED MARK-UP

Long term financing		148,181	165,586
Short term borrowings	9.1	321,064	126,278
		469,245	291,864

**9.1** This includes markup of Rupees 2.779 million (2018: Rupees 1.678 million) payable to MCB Bank Limited - associated company.

## 10 SHORT TERM BORROWINGS

### From banking companies - secured

#### Nishat Mills Limited - Holding Company

State Bank of Pakistan (SBP) refinance	10.1 & 10.3	13,764,706	8,532,741
Other short term finances	10.1 & 10.4	3,540,000	3,150,000
Temporary bank overdrafts	10.1, 10.2 & 10.5	677,556	824,849
		17,982,262	12,507,590

#### Nishat Power Limited - Subsidiary Company

Short term running finances	10.6	5,220,315	2,774,392
Short term finances	10.7	1,199,997	1,804,499
		6,420,312	4,578,891
		24,402,574	17,086,481

- 10.1** 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 39,705 million (2018: Rupees 35,069 million).
- 10.2** These finances include Rupees 120.307 million (2018: Rupees 145.342 million) obtained from MCB Bank Limited - associated company, which has been utilized for working capital requirements.
- 10.3** The rates of mark up range from 2.15% to 3.00% (2018: 2.15% to 2.25%) per annum on the balance outstanding.
- 10.4** The rates of mark up range from 6.20% to 12.93% (2018: 5.89% to 7.03%) per annum during the year on the balance outstanding.
- 10.5** The rates of mark-up range from 7.12% to 13.79% (2018: 6.34% to 8.67%) per annum on the balance outstanding.
- 10.6** The total running finance and running musharka main facilities obtained from various commercial banks under mark-up arrangements aggregate Rupees 7,201.520 million (2018: Rupees 6,651.52 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 7.18% to 12.99% (2018: 6.39% to 8.43%) per annum. Various sub facilities comprising money market loans and letter of guarantee have also been utilized under the aforementioned main facilities.
- 10.7** The total murabaha and term finance main facilities obtained from various commercial banks under mark-up arrangements aggregate Rupees 2,650 million (2018: Rupees 2,450 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 6.41% to 13.75% (2018: 6.45% to 7.43%) per annum. Various sub facilities comprising running musharka and running finance have also been utilized under the aforementioned main facilities.
- 10.8** The main facilities for opening letters of credit and guarantees aggregate Rupees 500 million (2018: Rupees 800 million). The amount utilized at 30 June 2019, for letters of credit was Rupees 19.740 million (2018: Rupees 140.210 million) and for letters of guarantee was Rupees 112.500 million (2018: Rupees 202.984 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	2019 (Rupees in thousand)	2018
<b>11 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Current portion of long term financing	5	4,170,795	4,197,526

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

## 12 CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (2018: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court since year 1993.
- ii) Guarantees of Rupees 2,255.144 million (2018: Rupees 1,531.364 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 and Government of Punjab against fulfillment of sales orders and to the bank of Hyundai Nishat Motor (Private) Limited (associated company) to secure financial assistance to the associated company.
- iii) Post dated cheques of Rupees 6,695.544 million (2018: Rupees 4,716.276 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.
- iv) On 24 July 2015, the Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Holding Company and has allowed the Holding Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Holding Company has claimed input sales tax amounting to Rupees 106.312 million (2018: Rupees 92.624 million) paid on such goods in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.
- v) Holding Company's share in contingencies of associates accounted for under equity method is Rupees 6,346 million (2018: Rupees 6,075 million).
- vi) 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.

- vii) During the year, 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.
- viii) During the year, 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.
- ix) The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
  - a) Letter of guarantee of Rupees 11 million (2018: Rupees 11 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 (2018: Rupees 190.484 million) in favour of fuel suppliers.
  - c) Letter of guarantee of Rupees 1.5 million (2018: Rupees 1.5 million) in favour of Punjab Revenue Authority, Lahore.
- x) Guarantees of Rupees 89.350 million (2018: Rupees 62.481 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.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

- xi)** Nishat Linen (Private) Limited - Subsidiary Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Subsidiary Company and has allowed the Subsidiary Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Subsidiary Company has claimed input sales tax amounting to Rupees 4.241 million (2018: Rupees 3.464 million) paid on such goods in its respective monthly sales tax returns.
- xii)** 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.
- xiii)** 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.
- xiv)** Bank guarantee of Rupees 1.9 million (2018: 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.

**c) Commitments**

- i)** Contracts for capital expenditure of the Group are approximately of Rupees 1,005.666 million (2018: Rupees 1,650.464 million).
- ii)** Letters of credit other than for capital expenditure of the Group are of Rupees 1,040.985 million (2018: Rupees 1,415.120 million).
- iii)** Outstanding foreign currency forward contracts of Rupees 463.868 million (2018: Rupees 358.060 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:

	<b>Note</b>	<b>2019</b> (Rupees in thousand)	<b>2018</b>
Not later than one year		3,894	3,894
<b>13 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets - owned	13.1	40,835,226	38,812,949
Capital work in progress	13.2	687,957	2,262,971
Major spare parts and standby equipment	13.3	174,201	192,827
		41,697,384	41,268,747

13.1 OPERATING FIXED ASSETS - owned

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

	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 thousand)										
<b>At 30 June 2017</b>										
Cost	2,009,766	10,330,842	47,594,748	1,080,796	403,429	763,477	321,463	749,376	32,950	63,286,847
Currency retranslation	-	565	-	-	-	42	1	19	-	627
Accumulated depreciation	2,009,766	10,331,407	47,594,748	1,080,796	403,429	763,519	321,464	749,395	32,950	63,287,474
Currency retranslation	-	(4,486,014)	(19,673,249)	(623,804)	(206,630)	(325,313)	(222,434)	(362,563)	(20,149)	(25,920,156)
Accumulated impairment	-	(4,486,301)	(19,673,249)	(623,804)	(206,630)	(325,325)	(222,439)	(362,575)	(20,149)	(25,920,472)
Net book value	2,009,766	5,845,106	27,758,898	456,992	196,799	438,194	99,025	386,820	12,801	37,204,401
<b>Year ended 30 June 2018</b>										
Opening net book value	2,009,766	5,845,106	27,758,898	456,992	196,799	438,194	99,025	386,820	12,801	37,204,401
Additions	1,360	1,962,685	2,927,135	180,715	16,853	50,974	31,013	138,282	1,404	5,310,421
Disposals:										
Cost	-	(21,500)	(323,609)	(1,440)	-	(407)	(1,345)	(82,839)	-	(431,140)
Accumulated depreciation	-	19,687	269,168	1,332	-	1,125	1,218	50,807	-	342,449
Depreciation charge	-	(1,813)	(64,441)	(108)	(20,401)	(77)	(220)	(32,032)	-	(88,691)
Currency retranslation	-	(663,133)	(2,710,943)	(55,254)	-	(48,201)	(39,624)	(88,249)	-	(3,629,102)
Closing 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
<b>At 30 June 2018</b>										
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	-	-	-	2,378	1,218	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)	(227,031)	(374,041)	(963)	(400,809)	-	(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
<b>Year ended 30 June 2019</b>										
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	-	-	(65,074)	-	-	(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)	(52,341)	(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
<b>At 30 June 2019</b>										
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	-	-	-	6,025	3,164	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)	(24,887)	(32,061,088)
Accumulated impairment	-	(52,566)	-	(2,751)	(247,080)	(2,313)	(294,966)	(458,795)	-	(60,199)
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
<b>Annual rate of depreciation (%)</b>	-	4-10	4-32.9	10	10	10	30-33	20	20-33	-

**13.1.1** 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.

**13.1.2** 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) -----								
<b>Buildings</b>								
Building	1	11,000	10,339	661	710	49	Negotiation	Mr. Shahzad Ahmad, Faisalabad
Building	1	30,000	28,380	1,620	1,298	(322)	Negotiation	Mr. Muhammad Riaz, Faisalabad
		41,000	38,719	2,281	2,008	(273)		
<b>Plant and Machinery</b>								
Loptex Sorter	2	12,374	9,233	3,141	427	(2,714)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	7,888	5,278	2,610	641	(1,969)	Negotiation	Olympia Textile International, Lahore
Draw Frame	4	10,337	9,369	968	341	(627)	Negotiation	Olympia Textile International, Lahore
Simplex Frame	1	3,308	2,798	510	1,239	729	Negotiation	Olympia Textile International, Lahore
Automatic Cone Winder	1	3,993	3,444	549	1,000	451	Negotiation	D.S. Industries Limited, Lahore
Automatic Cone Winder	1	7,313	5,602	1,711	1,500	(211)	Negotiation	Colony Textile Mills Limited, Lahore
Two for one Twister	3	9,771	8,871	900	2,135	1,235	Negotiation	Mr. Muhammad Bilal, Faisalabad
Two for one Twister	2	7,266	6,570	696	1,423	727	Negotiation	Mr. Muhammad Bilal, Faisalabad
Twister Elasto Winder & Hamel Winder	2	4,578	3,362	1,216	474	(742)	Negotiation	Venus Industries, Faisalabad
Draw Frame	1	1,662	1,107	555	500	(55)	Negotiation	Venus Industries, Faisalabad
Auto Coner Savio	1	7,313	5,668	1,645	940	(705)	Negotiation	Venus Industries, Faisalabad
Auto Coner Savio	2	14,627	11,330	3,297	1,881	(1,416)	Negotiation	Venus Industries, Faisalabad
Air Jet Loom	15	39,470	28,929	10,541	21,765	11,224	Negotiation	Pak Denim Limited, Karachi
Air Jet Loom	10	26,313	19,339	6,974	14,511	7,537	Negotiation	Pak Denim Limited, Karachi
Loom Smit G-6300 Rapier	1	3,566	2,712	854	502	(352)	Negotiation	Pak Denim Limited, Karachi
Automatic Cone Winder	1	9,177	7,091	2,086	940	(1,146)	Negotiation	Olympia Textile International, Lahore
Automatic Cone Winder	1	9,177	7,094	2,083	940	(1,143)	Negotiation	Olympia Textile International, Lahore
Loptex Sorter	1	7,235	5,149	2,086	214	(1,872)	Negotiation	Olympia Textile International, Lahore
Automatic Cone Winder	1	9,177	7,100	2,077	940	(1,137)	Negotiation	Olympia Textile International, Lahore
Ring Frame	1	5,254	3,818	1,436	1,282	(154)	Negotiation	Olympia Textile International, Lahore
Airjet Looms	6	15,321	12,144	3,177	4,147	970	Negotiation	Umar Textile, Lahore
Airjet Looms	12	30,642	24,377	6,265	8,867	2,602	Negotiation	SM Tex, India
Airjet Looms	12	30,642	24,377	6,265	8,866	2,601	Negotiation	Rajashri Textile, India
Stitching Machines	208	23,554	14,802	8,752	1,250	(7,502)	Negotiation	Muhammad Din, Faisalabad
Solar Panels	108	2,896	451	2,445	2,792	347	Negotiation	Adamjee Insurance Company Limited (related party)
Compact System Parts	1	2,200	1,532	668	666	(2)	Negotiation	Venus Industries, Faisalabad
CVT - 1 Blow Room	2	3,000	2,494	506	427	(79)	Negotiation	Venus Industries, Faisalabad
Draw Frame	2	4,823	3,771	1,052	295	(757)	Negotiation	Venus Industries, Faisalabad
Alternator	1	157,780	51,015	106,765	93,300	(13,465)	Insurance Claim	Security General Insurance Company (related party)
Washer Extractors High Spin Hs22 Electric	1	874	358	516	542	26	Negotiation	Nishat Hotels and Properties Limited (associate)
Flatwork Ironer Msa3200 Electric 380.3.50	1	1,656	678	978	1,027	49	Negotiation	Nishat Hotels and Properties Limited (associate)
		473,187	289,863	183,324	175,774	(7,550)		

## Notes to the Consolidated Financial Statements

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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) .....								
<b>Electric Installation</b>								
Electric Distribution Panels	1	11,567	10,454	1,113	671	(442)	Negotiation	Venus Industries, Faisalabad
Transformer	1	2,843	1,562	1,281	726	(555)	Negotiation	Venus Industries, Faisalabad
		14,410	12,016	2,394	1,397	(997)		
<b>Vehicles</b>								
Honda Civic LEH-17-2788	1	2,436	428	2,008	2,053	45	Negotiation	Mr. Muhammad Yousef Tareen, Group's ex-employee, Lahore
Toyota Corolla LE-14-6622	1	1,734	1,046	688	926	238	Company's Policy	Mr. Abdul Majid Qureshi, Group's employee, Lahore
Toyota Corolla LEE-16-2684	1	2,061	717	1,344	2,111	767	Negotiation	Mr. Najam Yousef, Group's employee, Lahore
Suzuki Swift LEC-16-3301	1	1,329	552	777	1,156	379	Negotiation	Mr. Hamid Mukhtar, Lahore
Mercedes Benz LEA-14-300	1	15,190	9,677	5,513	9,000	3,487	Negotiation	Pakwest Industries (Private) Limited, Lahore
Honda City LE-14-8335	1	1,730	1,131	599	901	302	Company's Policy	Mr. Shahid Hussain, Group's employee, Lahore
Honda Civic LEB-15-3589	1	2,434	1,384	1,050	1,430	380	Company's Policy	Mr. Maqsood Ahmad, Group's employee, Lahore
Toyota Corolla LEA-16A-7779	1	1,917	769	1,148	1,575	427	Company's Policy	Ms. Zummaria Aslam, Group's ex-employee, Lahore
Honda Civic LEH-14-2316	1	1,858	1,132	726	988	262	Company's Policy	Mr. Muhammad Akram Malik, Group's employee, Lahore
Toyota Corolla LE-16-2915	1	1,270	646	624	874	250	Company's Policy	Mr. Muhammad Ramzan, Group's employee, Lahore
Honda City LEB-15-1729	1	2,422	1,408	1,014	1,390	376	Company's Policy	Mr. Ahmad Jahangir, Group's employee, Lahore
Honda City LEF-14-1491	1	1,704	1,066	638	907	269	Company's Policy	Mr. Naeem Muqaddam, Group's employee, Karachi
Toyota Corolla LEB-15-9694	1	2,223	1,273	950	1,302	352	Company's Policy	Mr. Wadood Ahmad, Group's employee, Chiniot
Honda Civic LEH-14-6002	1	1,658	941	717	961	244	Company's Policy	Mr. Tahir Hussain, Group's Employee, Lahore
Honda Civic LEB-14-1590	1	1,908	1,272	636	1,661	1,025	Negotiation	Mr. Fahad Makhdoom, Lahore
		41,874	23,442	18,432	27,235	8,803		
		437,655	417,623	20,032	44,351	24,319	Negotiation	
		1,008,126	781,663	226,463	250,765	24,302		

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

	Note	2019 (Rupees in thousand)	2018
<b>13.1.3 Depreciation and amortization charge for the year has been allocated as follows:</b>			
Cost of sales	28	3,463,266	3,431,996
Distribution cost	29	39,310	36,939
Administrative expenses	30	160,122	145,412
Capital work-in-progress		-	21,757
		3,662,698	3,636,104

**13.1.4 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.	66.24
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
Apparel unit - I	7 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	12.54
Apparel unit - II	2 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	16.32
Office	7-Main Gulberg, Lahore.	1.12
Freehold land	Plot # 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, Punjab	34.07
Factory land	21 K.M. Ferozepur Road, Lahore.	4.21
Commercial building	Mian Mehmood Kasuri Road, Gulberg III, Lahore	0.76
		526.19

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

	2019	2018
	(Rupees in thousand)	
<b>13.2 Capital work-in-progress</b>		
Buildings on freehold land	199,825	701,619
Plant and machinery	376,033	1,173,618
Electric installations	38,103	-
Unallocated expenses	27,069	26,203
Letters of credit against machinery	1,159	1,824
Advance against purchase of land	23,658	337,555
Advances against furniture and office equipment	8,776	2,822
Advances against vehicles	13,334	19,330
	687,957	2,262,971
<b>13.3 Major spare parts and standby equipment</b>		
Opening balance	192,827	92,688
Add: Additions during the year	165,796	135,324
	358,623	228,012
Less: Transferred during the year	(184,422)	(35,185)
Closing balance	174,201	192,827

### 14 INTANGIBLE ASSETS

	FRANCHISE FEE	COMPUTER SOFTWARE	Total
	(Rupees in thousand)		
<b>At 30 June 2017</b>			
Cost	9,834	25,178	35,012
Accumulated amortization	(6,164)	(11,369)	(17,533)
Net book value	3,670	13,809	17,479
<b>Year ended 30 June 2018</b>			
Opening net book value	3,670	13,809	17,479
Amortization charged	(1,967)	(5,035)	(7,002)
Closing net book value	1,703	8,774	10,477
<b>At 30 June 2018</b>			
Cost	9,834	25,178	35,012
Accumulated amortization	(8,131)	(16,404)	(24,535)
Net book value	1,703	8,774	10,477
<b>Year ended 30 June 2019</b>			
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
<b>At 30 June 2019</b>			
Cost	9,834	25,178	35,012
Accumulated amortization	(9,834)	(21,439)	(31,273)
Net book value	-	3,739	3,739
Annual amortization rate (%)	20	20	



	Note	2019 (Rupees in thousand)	2018
<b>15 LONG TERM INVESTMENTS</b>			
Debt instruments	15.1	559,606	-
Equity instruments	15.2	50,788,824	51,825,352
		51,348,430	51,825,352
<b>15.1 Debt instruments</b>			
<b>At amortized cost</b>			
Sales tax refund bonds	15.1.1		
5,555 (2018: Nil) bonds of Rupees 100,000 each		555,500	-
Add: Accrued interest		4,106	-
		559,606	-

**15.1.1** These represents investment in sales tax refund bonds having maturity period of 3 years issued by FBR Refund Settlement Company Limited under Section 67A of the Sales Tax Act, 1990 against sales tax refund payment orders issued in favour of the Holding Company. These bonds are carried at amortized cost using effective interest rate of 9.14% per annum.

	Note	2019 (Rupees in thousand)	2018
<b>15.2 Equity instruments</b>			
<b>Associates (with significant influence) - under equity method</b>			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2018: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2018: 31.40%)		22,883,313	24,831,573
Lalpir Power Limited - quoted 109,393,555 (2018: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2018: 28.80%)	15.2.1	3,986,932	3,750,884
Pakgen Power Limited - quoted 102,524,728 (2018: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2018: 27.55%)	15.2.1	4,809,748	4,369,069
Nishat Paper Products Company Limited - unquoted 11,634,199 (2018:11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2018: 25%)		351,115	334,536
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2018: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2018: 12.24%)		330,126	322,634

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
Hyundai Nishat Motor (Private) Limited - unquoted 18,000,000 (2018: 18,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2018: 12%)	15.2.2	563,878	118,536
Sanifa Agri Services Limited - unquoted 5,641,600 (2018: 1,600) fully paid ordinary shares of Rupees 10 each. Equity held 33.33% (2018: 28.57%)	15.2.3	21,560	16
Advance for purchase of shares		-	31,000
		21,560	31,016
Nishat Hotels and Properties Limited - unquoted 74,022,917 (2018: 71,062,000) fully paid ordinary shares of Rupees 10 each. Equity held 7.40% (2018: 7.40%)		581,379	655,313
		33,528,051	34,413,561

	Note	2019 Fair value through other comprehensive income	2018 Available for sale
		(Rupees in thousand)	

### Associated companies (Others)

Adamjee Insurance Company Limited - quoted 102,809 (2018: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2018: 0.03%)		2,116	2,116
MCB Bank Limited - quoted 88,015,291 (2018: 88,015,291) fully paid ordinary shares of Rupees 10 each. Equity held 7.43% (2018: 7.43%)		12,851,084	12,851,084
Security General Insurance Company Limited - unquoted 10,226,244 (2018: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2018: 15.02%)	15.2.4	11,188	-
		12,864,388	12,853,200

### Related party

Nishat (Chunian) Limited - quoted 32,689,338 (2018: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2018: 13.61%)		378,955	-
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	2019	2018
	Fair value through other comprehensive income	Available for sale
	(Rupees in thousand)	
<b>Others</b>		
Alhamra Islamic Stock Fund - quoted 1,108,714 (2018: 1,108,714) units	3,025	-
Pakistan Petroleum Limited - quoted 499,999 (2018: 434,782) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2018: 0.02%)	64,409	-
	67,434	-
Add: Fair value adjustment	3,949,996	4,558,591
	17,260,773	17,411,791
	50,788,824	51,825,352

- 15.2.1** 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.
- 15.2.2** Investments in Hyundai Nishat Motor (Private) Limited include 4 shares held in the name of nominee directors of the Holding Company.
- 15.2.3** This includes 1,600 (2018: 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.
- 15.2.4** Fair value per ordinary share of Security General Insurance Company Limited is determined at Rupees 66.14 by an independent valuer using present value technique.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

15.3 Reconciliation of investments in associates under equity method:

	D. G. Khan Cement Company Limited		Nishat Paper Products Company Limited		Nishat Dairy (Private) Limited		Lapir Power Limited		Pakgen Power Limited		Nishat Energy Limited		Nishat Hotels and Properties Limited		Hyundai Nishat Motor (Private) Limited		Sanita Agri Services Limited		Total		
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
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	710,620	660,000	180,000	56,416	-	8,036,632	7,942,807	
Share of post acquisition reserves																					
As at 01 July	21,413,428	20,702,083	218,194	179,600	(283,360)	(277,360)	2,065,054	2,065,054	3,036,875	2,844,734	(3,314)	(3,314)	655,307	(6,820)	(61,464)	(60,000)	-	-	26,441,624	26,610,305	
Adjustment due to loss of control																					
Share of profit / (loss) after income tax	506,465	2,775,009	14,835	63,640	7,492	(8,204)	346,216	272,035	600,938	357,131			(103,543)	(46,487)	(34,658)	(1,464)			1,300,879	3,411,660	
Share of other comprehensive income / (loss)	(1,853,747)	(1,031,859)	(4,578)	(1,793)	225	(1,773)	225	(7,773)	(6,493)	357,131			(103,543)	(46,487)	(34,658)	(1,464)			(1,866,933)	(1,041,429)	
Share of dividends received	(84,600)	(1,031,859)	6,532	23,266	(23,266)	(23,266)	(109,393)	(218,788)	(453,766)	(205,650)			(103,543)	(46,487)	(34,658)	(1,464)			(847,869)	(1,418,912)	
Dividend received from associates	19,465,168	21,413,428	234,773	38,574	(263,674)	(277,360)	2,346,626	2,110,378	3,537,554	3,621,051			(103,543)	(46,487)	(34,658)	(1,464)			(1,423,619)	831,319	
As at 30 June	22,883,313	24,881,273	351,115	354,536	330,126	322,634	3,986,932	3,750,884	4,369,748	4,369,069	(1,696)	(1,696)	581,279	653,313	563,878	118,336	21,500	-	33,326,051	34,282,245	

15.3.1 Summarized statement of financial position

Current assets	29,075,626	3,821,432	2,108,494	496,543	431,035	21,049,440	19,056,486	24,071,116	20,883,598	24,071,116	59	381	2,569,680	2,746,473	965,397	1,157,249	66,597	-	8,977,488	26,091
Non-current assets	92,318,165	92,913,891	1,644,729	1,710,643	2,702,146	8,679,338	8,605,612	7,258,400	8,112,490	7,258,400			23,506,872	25,094,600	8,977,488	26,091	19,281	-	1,300,879	3,411,660
Current liabilities	25,244,552	25,353,163	3,865,737	3,865,737	5,815,957	5,815,957	15,783,737	14,995,737	13,960,737	13,960,737	67	2,486	9,030,502	7,985,652	3,480,002	20,000	5,423	-	(1,866,933)	(1,041,429)
Non-current liabilities	30,744,552	30,744,552	1,865,737	1,865,737	841,897	841,897	1,865,737	1,865,737	1,865,737	1,865,737			11,111,448	11,111,448	3,480,002	20,000	5,423	-	(1,866,933)	(1,041,429)
Net assets	70,929,823	71,534,421	1,403,763	1,537,884	2,676,531	2,676,531	13,843,553	13,843,553	17,459,436	15,659,620	(28)	(2,114)	7,771,559	8,770,743	5,110,838	1,399,657	64,678	-	1,423,619	831,319

15.3.2 Reconciliation to carrying amounts:

As at 01 July	71,134,421	74,988,979	1,337,384	1,180,088	2,676,532	2,682,350	10,023,695	12,865,897	15,559,820	15,559,820	(3,114)	(2,408)	8,770,743	9,398,948	1,399,657	52,852	16,550	-	1,399,657	64,678
Pre-year adjustments																				
Adjustments due to adoption of IFRS 9 / IFRS 15	(42,319)	(42,319)	25,410	-	-	-	-	-	-	-	-	-	(480,770)	-	-	-	-	-	-	-
Issue of share capital	1,609,759	8,837,608	59,221	254,561	(7,191)	(67,027)	1,198,696	944,455	2,181,337	1,296,304	(322)	(66)	400,000	4,000,000	4,000,000	1,440,000	86,200	-	4,000,000	86,200
Profit / (loss) after income tax	(6,910,025)	(2,986,172)	(19,312)	(19,312)	781	(26,989)	(26,989)	944,455	2,181,337	1,296,304	(322)	(66)	(919,654)	(828,205)	(289,819)	(83,195)	(37,082)	-	(289,819)	(37,082)
Other comprehensive income / (loss)	(1,853,747)	(1,031,859)	(4,578)	(1,793)	225	(1,773)	225	(7,773)	(6,493)	357,131			(103,543)	(46,487)	(34,658)	(1,464)			(1,866,933)	(1,041,429)
As at 30 June	70,929,823	71,534,421	1,403,763	1,537,884	2,676,531	2,676,531	13,843,553	13,843,553	17,459,436	15,659,620	(28)	(2,114)	7,771,559	8,770,743	5,110,838	1,399,657	64,678	-	1,423,619	831,319

15.4 Group's share (%)

Group's share	22,971,870	24,291,169	350,986	354,417	329,569	320,116	3,986,932	3,750,884	4,369,748	4,369,069	-	-	575,103	649,365	613,351	118,336	21,500	-	613,351	21,500
Group's share (%)	31.40%	31.40%	25.00%	12.24%	28.80%	28.80%	27.95%	27.95%	27.95%	27.95%	37.75%	37.75%	7.40%	7.40%	12.00%	12.00%	33.33%	-	33.33%	33.33%

15.5 Interests in associates

Name of associated company	Note	Country of incorporation	% of ownership interest	Measurement method		Quoted fair value		Carrying amount	
				2019	2018	2019	2018	2019	2018
D.G. Khan Cement Company Limited	15.5.1	Pakistan	31.40%	Equity method	15,750,870	15,750,870	22,883,313	24,881,273	
Nishat Paper Products Company Limited	15.5.2	Pakistan	25.00%	Equity method	7,778,445	7,778,445	351,115	384,536	
Nishat Dairy (Private) Limited	15.5.3	Pakistan	12.24%	Equity method	-	-	330,126	322,634	
Lapir Power Limited	15.5.4	Pakistan	28.80%	Equity method	1,422,116	2,101,450	3,986,932	3,750,884	
Pakgen Power Limited	15.5.5	Pakistan	27.95%	Equity method	1,453,801	1,976,677	4,809,748	4,369,069	
Nishat Energy Limited	15.5.6	Pakistan	37.75%	Equity method	-	-	-	-	
Nishat Hotels and Properties Limited	15.5.7	Pakistan	7.40%	Equity method	-	-	581,379	653,313	
Hyundai Nishat Motor (Private) Limited	15.5.8	Pakistan	12.00%	Equity method	-	-	563,878	118,336	
Sanita Agri Services Limited	15.5.9	Pakistan	33.33%	Equity method	-	-	21,500	-	

15.5.1 D.G. Khan Cement Company Limited is engaged in production and sale of clinker, ordinary portland and sulphate resistant cement.

15.5.2 Nishat Paper Products Company Limited is engaged in the manufacture and sale of paper products and packaging materials.

15.5.3 Nishat Dairy (Private) Limited is engaged in the production and sale of milk and milk products.

15.5.4 The principal activities of Pakgen Power Limited are to own, operate and maintain an oil fired power station having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

15.5.5 The principal activities of Lapir Power Limited are to own, operate and maintain an oil fired power station having gross capacity of 965 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

15.5.6 The principal activities of Nishat Energy Limited are 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 Ameer Pur, Rahim Yar Khan, Punjab, Pakistan.

15.5.7 The principal activities of Nishat Hotels and Properties Limited is to establish and manage shopping mall and hotel operations in Pakistan.

15.5.8 The principal activity of Hyundai Nishat Motor (Private) Limited is to import, assemble and distribution of both passenger and commercial category automobiles.

15.5.9 The principal activity of Sanita Agri Services Limited is to produce and market high quality cotton seeds in Pakistan.

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

No quoted price available.

15.6

	Note	2019 (Rupees in thousand)	2018
<b>16 LONG TERM LOANS</b>			
Considered good:			
Executives - secured	16.1 & 16.2	198,262	165,733
Other employees - secured	16.2	239,410	177,014
		437,672	342,747
Less: Current portion shown under current assets	21		
Executives		47,361	45,266
Other employees		66,835	48,770
		114,196	94,036
		323,476	248,711

**16.1** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 199.208 million (2018: Rupees 169.034 million).

**16.2** 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.

**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.

	Note	2019 (Rupees in thousand)	2018
<b>17 LONG TERM DEPOSITS</b>			
Security deposits		213,901	163,387
<b>18 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores	18.1	2,591,764	1,264,232
Spare parts		1,300,982	1,399,677
Loose tools		19,569	18,489
		3,912,315	2,682,398
Less: Provision for slow moving, obsolete and damaged store items	18.2	(4,224)	(4,290)
		3,908,091	2,678,108

**18.1** This includes stores in transit of Rupees 1,108.668 million (2018: Rupees 265.887 million).

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

## 18.2 Provision for slow moving, obsolete and damaged store items

	Note	2019 (Rupees in thousand)	2018
Balance as on 01 July		4,290	4,437
Less: Provision reversed during the year	32	(66)	(147)
Balance as on 30 June		4,224	4,290

## 19 STOCK IN TRADE

Raw materials		15,261,580	10,094,967
Work in process	19.2	2,218,560	2,517,792
Finished goods	19.3 & 19.5	6,909,811	5,495,485
Less: Provision for slow moving and obsolete stocks	31	(21,065)	(5,694)
		6,888,746	5,489,791
		24,368,886	18,102,550

**19.1** Stock in trade of Rupees 436.764 million (2018: Rupees 713.628 million) is being carried at net realizable value.

**19.2** This includes stock of Rupees 10.912 million (2018: Rupees 3.496 million) sent to outside parties for processing.

**19.3** Finished goods include stock in transit of Rupees 1,074.319 million (2018: Rupees 1,111.074 million).

**19.4** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 85.954 million (2018: Rupees 425.157 million).

**19.5** Finished goods include stock of Rupees 630.911 million (2018: Rupees 509.532 million) which is in the possession of stockists of Nishat Linen (Private) Limited - Subsidiary Company.

## 20 TRADE DEBTS

### Considered good:

Secured		16,964,955	13,339,492
Unsecured:			
- Related parties	20.1 & 20.4	18,726	360
- Other	20.3	4,839,963	2,886,060
		21,823,644	16,225,912
Less: Allowance for expected credit losses	20.7	(28,453)	-
		21,795,191	16,225,912

	2019	2018
	(Rupees in thousand)	
<b>20.1</b> This represents amount due from following related parties:		
Lalpir Power Limited - associated company	-	-
Pakgen Power Limited - associated company	-	-
Adamjee Insurance Company Limited - associated company	-	65
Nishat Dairy (Private) Limited - associated company	497	-
Hyundai Nishat Motor (Private) Limited - associated company	1,270	-
Adamjee Life Assurance Company Limited - associated company	-	57
D.G. Khan Cement Company Limited - associated company	63	93
Nishat Hotels and Properties Limited - associated company	1,525	-
MCB Bank Limited - associated company	27	107
MCB Islamic Bank Limited - related party	37	-
Nishat (Chunian) Limited - related party	15,307	38
	18,726	360

**20.2** 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	134	133
Nishat Dairy (Private) Limited - associated company	497	-
Hyundai Nishat Motor (Private) Limited - associated company	1,557	-
Adamjee Life Assurance Company Limited - associated company	247	78
D.G. Khan Cement Company Limited - associated company	240	612
Sanifa Agri Services Limited - associated company	132	-
Nishat Hotels and Properties Limited - associated company	4,289	66
MCB Bank Limited - associated company	519	2,605
MCB Islamic Bank Limited - related party	246	-
Nishat (Chunian) Limited - related party	15,443	38

**20.3** As at 30 June 2019, trade debts due from other than related parties of Rupees 1,837.087 million (2018: Rupees 1,229.995 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	1,252,533	790,082
1 to 6 months	562,348	401,181
More than 6 months	22,206	38,732
	1,837,087	1,229,995

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

- 20.4** As at 30 June 2019, trade debts due from related parties amounting to Rupees 3.419 million (2018: Rupees 0.360 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	2019	2018
	(Rupees in thousand)	
Upto 1 month	-	360
1 to 6 months	3,419	-
More than 6 months	-	-
	3,419	360

- 20.5** Trade receivables of Nishat Power Limited - Subsidiary Company from NTDC and 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 10.57% to 17.47% (2018: 10.57% to 14.66%) per annum.

- 20.6 Trade debts of Nishat Power Limited - Subsidiary Company** - Included in trade debts of Nishat Power Limited - Subsidiary Company is an amount of Rupees 816.033 million relating to capacity purchase price 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 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 Subsidiary Company challenged before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings. Furthermore, in response to the Subsidiary Company's continued participation in the arbitration proceedings, PPIB filed contempt petition before 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 its order dated 08 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 Subsidiary 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 Subsidiary Company's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semiannually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rupees 205.870 million upto 30 June 2019.

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 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 Subsidiary Company, pertaining to Partial Final Award and Final Award respectively.

On 04 May 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC had sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on October 04, 2018.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

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 Subsidiary 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	2019 (Rupees in thousand)	2018
<b>20.7 Allowance for expected credit losses</b>			
Opening balance		-	-
Add: Recognized as on 01 July 2018		16,987	-
Add: Recognized during the year - net	31	11,466	-
		28,453	-
<b>21 LOANS AND ADVANCES</b>			
<b>Considered good:</b>			
Employees - interest free:			
- Executives		55	2,944
- Other employees		11,274	23,671
		11,329	26,615
Current portion of long term loans	16	114,196	94,036
Advances to suppliers		315,079	218,714
Letters of credit		1,395	2,237
Advance income tax - net of provision for taxation		603,278	743,871
Other advances		388,256	86,073
		1,433,533	1,171,546
<b>Considered doubtful:</b>			
Others		108	108
Less: Provision for doubtful debts		108	108
		-	-
		1,433,533	1,171,546
<b>22 SHORT TERM DEPOSITS AND PREPAYMENTS</b>			
Deposits		63,419	70,492
Prepayments		258,471	214,117
		321,890	284,609

	Note	2019 (Rupees in thousand)	2018
<b>23 OTHER RECEIVABLES</b>			
<b>Considered good:</b>			
Export rebate and claims		282,866	308,289
Duty drawback		708,511	1,284,764
Sales tax refundable		1,676,005	2,261,799
Fair value of forward exchange contracts		958	9,478
Workers' profit participation fund receivable	23.1	401,225	718,290
Miscellaneous receivables		73,759	54,821
		3,143,324	4,637,441

**23.1** Under section 9.3(a) of the Power Purchase Agreement (PPA) between Nishat Power Limited - Subsidiary Company and NTDCL, payments to Workers' Profit Participation Fund are recoverable from NTDCL as a pass through item.

#### 24 ACCRUED INTEREST

**24.1** This includes an amount due from MCB Bank Limited - associated company amounting to Rupees 0.674 million (2018: Rupees 0.469 million).

**24.2** The maximum aggregate amount due from MCB Bank Limited - associated company at the end of any month during the year was Rupees 1.654 million (2018: Rupees 1.034 million).

#### 25 SHORT TERM INVESTMENTS

	Fair value through other comprehensive income	Available for sale
<b>Associated companies (Other)</b>		
Security General Insurance Company Limited - unquoted 10,226,244 (2018: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2018: 15.02%)	-	11,188
<b>Related party</b>		
Nishat (Chunian) Limited - quoted 32,689,338 (2018: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2018: 13.61%)	-	378,955
<b>Others</b>		
Alhamra Islamic Stock Fund - quoted 1,108,714 (2018: 1,108,714) units	-	3,025
Pakistan Petroleum Limited - quoted 434,782 (2018: 434,782) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2018: 0.02%)	-	64,409
	-	457,577
Add: Fair value adjustment	-	2,123,943
	-	2,581,520

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>26 CASH AND BANK BALANCES</b>			
<b>With banks:</b>			
On current accounts Including US\$ 101,607.35 (2018: US\$ 92,634.71) and UAE Dirhams 10,932,535 (2018: UAE Dirhams 10,694,979)	26.1 & 26.2	608,113	624,002
Term deposit receipts	26.3	553,719	-
On PLS saving accounts Including US\$ 117 (2018: US\$ 895)	26.1 & 26.4	12,055	145,290
		1,173,887	769,292
<b>Cash in hand</b>			
Including UAE Dirhams 385,306 (2018: UAE Dirhams 1,122,057)		46,535	62,396
		1,220,422	831,688

**26.1** Cash at banks includes balance of Rupees 45.759 million (2018: Rupees 190.468 million) with MCB Bank Limited - associated company.

**26.2** Cash at banks includes balance of Rupees 1.544 million (2018: Rupees 0.182 million) with MCB Islamic Bank Limited - related party.

**26.3** These represent term deposits with banking companies having maturity period of upto one month and carry profit at the rates ranging from 10.40% to 12.50% (2018: Nil) per annum.

**26.4** Rate of profit on Pak Rupees bank deposits ranges from 3.11% to 10.50% (2018: 3.40% to 4.75%) per annum.

## 27 REVENUE

Export sales		48,183,734	39,106,947
Local sales	27.1	46,828,846	43,869,102
Processing income		398,245	288,202
Export rebate		188,326	174,228
Duty drawback		406,171	1,284,563
		96,005,322	84,723,042

	Note	2019 (Rupees in thousand)	2018
<b>27.1 Local sales</b>			
Sales	27.1.1	50,965,660	48,251,500
Less: Sales tax		(2,395,972)	(2,822,658)
Less: Discount		(1,740,842)	(1,559,740)
		46,828,846	43,869,102

**27.1.1** This includes sale of Rupees 2,557.696 million (2018: Rupees 2,980.452 million) made to direct exporters against standard purchase order (SPO). Further, local sales includes waste sale of Rupees 2,414.876 million (2018: Rupees 1,762.603 million).

## 28 COST OF SALES

Raw materials consumed		53,336,672	47,654,756
Processing charges		624,779	629,537
Salaries, wages and other benefits	28.1	6,566,564	6,389,799
Stores, spare parts and loose tools consumed		6,525,952	5,181,781
Packing materials consumed		1,545,191	1,202,311
Repair and maintenance		433,529	439,485
Fuel and power		6,357,661	5,644,449
Insurance		267,189	216,403
Royalty	28.2	8,593	14,541
Other factory overheads		782,797	696,158
Depreciation and amortization	13.1.3	3,463,266	3,431,996
		79,912,193	71,501,216
<b>Work-in-process</b>			
Opening stock		2,517,792	2,610,154
Closing stock		(2,218,560)	(2,517,792)
		299,232	92,362
Cost of goods manufactured		80,211,425	71,593,578
<b>Finished goods</b>			
Opening stock	28.3	5,807,366	5,045,917
Closing stock		(6,909,811)	(5,495,485)
		(1,102,445)	(449,568)
		79,108,980	71,144,010

**28.1** Salaries, wages and other benefits include provident fund contributions of Rupees 197.290 million (2018: Rupees 186.051 million) and Rupees 0.241 million (2018: Rupees Nil) in respect of provision for compensated absences.

**28.2** This represents the amount of royalty being paid to Saint James's Club Limited, London.

**28.3** This includes the impact of adjustment on adoption of IFRS 15 amounting to Rupees 311.881 million.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>29 DISTRIBUTION COST</b>			
Salaries and other benefits	29.1	839,735	749,368
Outward freight and handling		1,591,469	1,462,917
Sales promotion		709,615	632,948
Commission to selling agents		631,897	505,487
Royalty	29.2	55,495	41,907
Fuel cost		192,559	148,014
Travelling and conveyance		183,364	132,453
Rent, rates and taxes		677,198	579,906
Postage and telephone		127,601	118,712
Insurance		27,509	27,391
Vehicles' running		18,277	14,721
Entertainment		19,619	19,757
Advertisement		263,977	233,543
Electricity and gas		119,545	104,055
Printing and stationery		5,862	4,229
Repair and maintenance		233,645	205,569
Fee and subscription		4,484	5,831
Depreciation	13.1.3	39,310	36,939
		5,741,161	5,023,747

**29.1** Salaries and other benefits include provident fund contributions of Rupees 38.681 million (2018: Rupees 33.399 million).

**29.2** Particulars of royalty paid during the year are as follows:

Name of the company	Registered address	Relationship with the Group or directors	2019	2018
		Related / Other	(Rupees in thousand)	
Lurex Company Limited	22 Ashville way, Cambridge Road, Whetstone, Leicestershire LE8.6NU, England UK.	Other	-	302
American and Efird LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	51,374	39,659
			51,374	39,961

	Note	2019 (Rupees in thousand)	2018
<b>30 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	30.1	1,191,625	1,096,957
Vehicles' running		51,417	50,405
Travelling and conveyance		148,013	128,947
Rent, rates and taxes		39,823	32,387
Insurance		18,448	17,870
Entertainment		25,129	24,020
Legal and professional		32,296	135,403
Auditors' remuneration	30.2	16,176	13,890
Advertisement		812	1,684
Postage and telephone		22,192	14,532
Electricity and gas		12,260	6,717
Printing and stationery		20,161	18,647
Repair and maintenance		32,652	29,875
Fee and subscription		8,884	18,111
Depreciation	13.1.3	160,122	145,412
Miscellaneous		53,966	77,867
		1,833,976	1,812,724

**30.1** Salaries and other benefits include provident fund contributions of Rupees 44.562 million (2018: Rupees 43.832 million), Rupees 0.145 million (2018: Rupee Nil) in respect of provision for compensated absences and Rupees 1.982 million (2018: Rupees 2.786 million) in respect of retirement benefit - gratuity.

### 30.2 Auditors' remuneration

#### Riaz Ahmad and Company

Audit fee	5,330	5,028
Half yearly review	945	859
Other certifications	155	559
Reimbursable expenses	165	150
	6,595	6,596

#### A.F. Ferguson and Company

Statutory audit fee	2,440	2,310
Half yearly review	875	875
Tax services	2,075	861
Other certification services	369	1,344
Reimbursable expenses	281	299
	6,040	5,689

#### Deloitte Yousuf Adil

Audit fee	-	125
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#### Griffin Nagda and Company

Audit fee	3,190	1,414
Reimbursable expenses	351	66
	3,541	1,480
	16,176	13,890

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>31 OTHER EXPENSES</b>			
Workers' profit participation fund		348,486	210,000
Workers' welfare fund		-	7,082
Bad debts written off		3,945	-
Operating fixed asset written off		14,910	-
Provision for slow moving and obsolete stocks	19	15,371	-
Allowance under expected credit losses	20.7	11,466	-
Donations	31.1	500	255
		394,678	217,337
<b>31.1</b> There is no interest of any director or his spouse in donees' fund.			
<b>32 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividend income	32.1	1,640,076	1,551,220
Profit on deposits with banks		8,172	9,291
Net exchange gain		1,437,606	254,508
Interest income on sales tax refund bonds		4,106	-
Adjustment on loss of control over Hyundai Nishat Motor (Private) Limited		-	9,183
		3,089,960	1,824,202
<b>Income from non-financial assets</b>			
Gain on sale of property, plant and equipment		24,302	10,275
Scrap sales		155,882	168,033
Rental income from investment properties		81,262	56,485
Reversal of provision for slow moving, obsolete and damaged store items	18.2	66	147
Liabilities written back		2,065	-
Others		68,535	70,997
		332,112	305,937
		3,422,072	2,130,139
<b>32.1 Dividend income</b>			
<b>From related party / associated companies</b>			
MCB Bank Limited		1,408,245	1,405,588
Nishat (Chunian) Limited		179,791	89,896
Adamjee Insurance Company Limited		257	257
Security General Insurance Company Limited		51,131	51,131
		1,639,424	1,546,872
<b>Other</b>			
Pakistan Petroleum Limited		652	4,348
		1,640,076	1,551,220



	Note	2019 (Rupees in thousand)	2018
<b>33 FINANCE COST</b>			
Mark-up on:			
Long term financing		759,506	827,655
Short term borrowings		1,571,693	644,247
Interest on workers' profit participation fund	8.3	1,005	792
Bank charges and commission		332,979	305,832
		2,665,183	1,778,526
<b>34 TAXATION</b>			
Current - for the year		1,361,966	1,134,105
Deferred		(30,763)	296,546
Prior year adjustment		(2)	17,040
		1,331,201	1,447,691

**35 EARNINGS PER SHARE - BASIC AND DILUTED**

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

		2019	2018
Profit attributable to ordinary shareholders of Holding Company	(Rupees in thousand)	7,806,357	7,286,639
Weighted average number of ordinary shares of Holding Company	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	22.20	20.72

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>36 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		10,984,295	10,288,497
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation and amortization		3,662,698	3,614,347
Operating fixed assets written off		14,910	-
Trade debts written off		3,945	-
Provision for slow moving and obsolete items		15,371	-
Reversal of provision for slow moving, obsolete and damaged store items		(66)	(147)
Allowance for expected credit loss		11,466	-
Change in ownership interest in subsidiary company		-	18,958
Net exchange gain		(1,437,606)	(254,508)
Gain on sale of property, plant and equipment		(24,302)	(10,275)
Dividend income		(1,640,076)	(1,551,220)
Profit on deposits with banks		(8,172)	(9,291)
Share of profit from associates		(1,300,879)	(3,411,660)
Provision for accumulated compensated absences		386	(794)
Interest income on sales tax refund bonds		(4,106)	-
Liabilities written back		(2,065)	-
Finance cost		2,665,183	1,778,526
Working capital changes	36.1	(9,583,008)	(3,515,779)
		3,357,974	6,946,654
<b>36.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(1,229,917)	133,339
- Stock in trade		(5,969,826)	(388,583)
- Trade debts		(4,542,812)	(3,650,712)
- Loans and advances		(382,420)	223,261
- Short term deposits and prepayments		(37,281)	(30,298)
- Other receivables		930,097	(841,436)
		(11,232,159)	(4,554,429)
Increase in trade and other payables		1,649,151	1,038,650
		(9,583,008)	(3,515,779)

**36.2** Reconciliation of movement of liabilities to cash flows arising from financing activities

	<b>Liabilities from financing activities</b>			
	<b>Long term financing</b>	<b>Short term borrowings</b>	<b>Unclaimed dividend</b>	<b>Exchange translation reserve</b>
	(Rupees in thousand)			
<b>Balance as at 01 July 2018</b>	12,429,612	17,086,481	96,747	60,174
Financing obtained	1,871,034	-	-	-
Repayment of financing	(4,214,625)	-	-	-
Dividend declared	-	-	2,190,466	-
Dividend paid	-	-	(2,172,540)	-
Short term borrowings - net	-	7,316,093	-	-
Exchange differences on translation of net investments in subsidiary companies	-	-	-	158,994
<b>Balance as at 30 June 2019</b>	<b>10,086,021</b>	<b>24,402,574</b>	<b>114,673</b>	<b>219,168</b>

**37** EVENTS AFTER THE REPORTING PERIOD

**37.1** The Board of Directors of the Nishat Mills Limited - Holding Company has proposed a cash dividend for the year ended 30 June 2019 of Rupees 4 per share (2018: Rupees 4.75 per share) at their meeting held on 19 September 2019. The Board of Directors also proposed to transfer Rupees 6,399 million (2018: Rupees 5,617 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.

**37.2** Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5% of accounting profit before tax of the Holding Company if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2018 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Holding Company in their meeting held on 19 September 2019 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

**38** 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:

	<b>Chief Executive Officer</b>		<b>Director</b>		<b>Executives</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	(Rupees in thousand)					
<b>Managerial remuneration</b>	27,169	23,625	12,064	10,053	460,235	408,278
<b>Allowances</b>						
Cost of living allowance	-	-	1	1	668	602
House rent	10,868	9,450	288	288	125,965	112,314
Conveyance	-	-	-	-	1,020	238
Medical	2,717	2,363	1,068	948	40,438	35,392
Utilities	-	-	3,963	3,458	50,786	44,094
Special allowance	-	-	2	2	432	350
<b>Contribution to provident fund trust</b>	-	-	1,020	905	39,896	33,521
<b>Leave encashment</b>	-	-	-	-	17,838	12,610
	<b>40,754</b>	<b>35,438</b>	<b>18,406</b>	<b>15,655</b>	<b>737,278</b>	<b>647,399</b>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>182</b>	<b>164</b>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

- 38.1** 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.
- 38.2** Aggregate amount charged in these consolidated financial statements for meeting fee to five directors (2018: four directors) of the Holding Company was Rupees 1.040 million (2018: Rupees 1.290 million).
- 38.3** No remuneration was paid to non-executive directors of the Holding Company.

### 39 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:

	2019	2018
	(Rupees in thousand)	
<b>Associated companies</b>		
Investment made	509,609	394,743
Purchase of goods and services	197,913	212,424
Sharing of expenses	4,864	-
Recovery of charges on surrender of entitlement of land	-	10,762
Sale of goods and services	40,852	28,657
Rental income	1,256	1,480
Purchase of operating fixed assets	49,630	9,000
Sale of operating fixed assets	4,530	2,000
Rent paid	73,936	68,001
Dividend paid	143,886	151,459
Insurance premium paid	373,895	315,612
Interest income	2,573	1,155
Insurance claims received	153,051	96,642
Finance cost	33,219	26,492
<b>Other related parties</b>		
Purchase of goods and services	2,526,262	1,797,506
Sale of goods and services	63,339	18,704
Finance cost	880	174
Group's contribution to provident fund trust	280,537	263,972

39.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in note 38.

39.2 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
		2019	2018	
Nishat Agriculture Farming (Private) Limited	Common directorship	No	No	None
Nishat Farm Supplies (Private) Limited	Common directorship	No	No	Now wound up
Nishat Dairy (Private) Limited	Common directorship and shareholding	Yes	Yes	12.24
Nishat Hotels and Properties Limited	Common directorship and shareholding	Yes	Yes	7.4
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	No	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	28.8
Nishat Paper Products Company Limited	Common directorship and shareholding	No	Yes	25
Pakistan Aviators and Aviation (Private) Limited	Common directorship	Yes	No	None
Nishat Developers (Private) Limited	Common directorship	Yes	No	None
Nishat Automobiles (Private) Limited	Common directorship	No	No	Now wound up
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	31.4
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 Supplies (Private) Limited	Common directorship	No	No	None
Nishat Chunian Power Limited (NCPL)	Executive of the Group is appointed as Director on the Board of NCPL	No	No	None
Sanifa Agri Services Limited	Associate	Yes	Yes	None
Employees Provident Fund Trusts	Post-employment benefit plans	Yes	Yes	None

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

## 40 PROVIDENT FUNDS

### 40.1 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.

### 40.2 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 except for the investment made in certain equity securities of listed companies which have paid average dividend of less than 15% to the shareholders during two out of the preceding three consecutive years and have breakup values less than the par values of the shares of such companies.

However, as per S.R.O. 731(I)/2018 dated 06 June 2018, a transition period of three years from the date of the said S.R.O has been granted to bring all the investments of the fund in conformity with the provisions of the above regulations. The above analysis is based on the unaudited financial statements of the Provident Fund for the year ended 30 June 2019.

### 40.3 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 fund in conformity with the provisions of the above regulations. The above analysis is based on the unaudited financial statements of the provident fund for the year ended 30 June 2019.

	2019	2018
<b>41 NUMBER OF EMPLOYEES</b>		
Number of employees as on June 30	20,910	22,447
Average number of employees during the year	21,180	21,858

		2019	2018
		(Figures in thousand)	
<b>42 PLANT CAPACITY AND ACTUAL PRODUCTION</b>			
<b>a) Holding Company - Nishat Mills Limited</b>			
<b>Spinning</b>			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Kgs.)	82,283	71,115
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Kgs.)	72,810	57,740
<b>Weaving</b>			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Sq.Mt.)	313,718	304,996
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Sq.Mt.)	300,155	291,480
<b>Dyeing and Finishing</b>			
Production capacity for 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Mt.)	56,400	54,000
Actual production on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	(Mt.)	49,394	46,311
<b>Power Plant</b>			
Generation capacity	MWH	788	780
Actual generation	MWH	389	374
<b>Processing, Stitching and Apparel</b>			
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>b) Subsidiary Company - Nishat Power Limited</b>			
Installed capacity [Based on 8,760 hours (2018: 8,760 hours)]	(MWH)	1,711	1,711
Actual energy delivered	(MWH)	675	1,171
<b>c) Subsidiary Company - Nishat Hospitality (Private) Limited</b>		<b>Total rooms available</b>	
Nishat Suites		21,179	22,570

#### 42.1 REASON FOR LOW PRODUCTION

- a) Under utilization of available capacity by 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 NTDC and plant availability.





## 44 INTERESTS IN OTHER ENTITIES

### 44.1 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.

	2019	2018
	(Rupees in thousand)	
<b>Summarised statement of financial position</b>		
Current assets	19,079,786	16,248,399
Current liabilities	9,323,019	7,466,119
Net current assets	9,756,767	8,782,280
Non-current assets	10,006,590	10,659,326
Non-current liabilities	654,638	3,040,170
Net non-current assets	9,351,952	7,619,156
Net assets	19,108,719	16,401,436
Accumulated non-controlling interest	9,361,028	8,034,658
<b>Summarised statement of comprehensive income</b>		
Revenue	15,581,918	16,929,085
Profit for the year	3,769,549	3,211,416
Other comprehensive income	-	-
Total comprehensive income	3,769,549	3,211,416
Profit allocated to non-controlling interest	1,846,737	1,554,167
Dividend paid to non-controlling interest	520,367	346,912
<b>Summarised cash flows</b>		
Cash flows from / (used in) operating activities	1,330,677	(82,904)
Cash flows used in investing activities	(182,375)	(246,295)
Cash flows used in financing activities	(3,109,252)	(2,473,011)
Net decrease in cash and cash equivalents	(1,960,950)	(2,802,210)

# Notes to the Consolidated Financial Statements

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## 45 FINANCIAL RISK MANAGEMENT

### 45.1 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) and Japanese Yen (JPY). 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:

	2019	2018
Cash at banks - USD	101,724	93,530
Cash in hand and at banks - AED	11,317,841	11,817,036
Trade debts - USD	19,457,390	16,615,854
Trade debts - Euro	1,711,145	1,292,033
Trade debts - AED	73,969	2,525,736
Trade and other payables - USD	(1,791,612)	(1,599,981)
Trade and other payables - Euro	(63,404)	(97,738)
Trade and other payables - AED	(1,959,855)	(1,320,654)
Trade and other payables - JPY	(335,195)	(283,550)
Security deposit - USD	29,773	49,025
Motor vehicles' loan - AED	(14,844)	(46,837)
Retirement benefit obligation - AED	(239,345)	-
Net exposure - USD	17,797,275	15,158,428
Net exposure - Euro	1,647,741	1,194,295
Net exposure - AED	9,177,766	12,975,281
Net exposure - JPY	(335,195)	(283,550)

	2019	2018
The following significant exchange rates were applied during the year:		
<b>Rupees per US Dollar</b>		
Average rate	137.29	110.43
Reporting date rate	164.00	121.40
<b>Rupees per Euro</b>		
Average rate	156.63	131.89
Reporting date rate	186.37	141.33
<b>Rupees per AED</b>		
Average rate	37.36	30.07
Reporting date rate	44.50	33.05
<b>Rupees per JPY</b>		
Average rate	1.24	1.01
Reporting date rate	1.53	1.10

### 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 135.576 million (2018: Rupees 86.402 million) higher / lower, Rupees 14.368 million (2018: Rupees 7.926 million) higher / lower, Rupees 18.905 million (2018: Rupees 20.328 million) higher / lower and Rupees 0.027 million (2018: Rupees 0.015 million) lower / higher respectively, 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 profit after taxation for the year and on other comprehensive income (fair value reserve). 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)	
	2019	2018
	(Rupees in thousand)	
PSX 100 (5% increase)	829,220	952,866
PSX 100 (5% decrease)	(829,220)	(952,866)

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

## Notes to the Consolidated Financial Statements

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### 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 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:

	2019	2018
	(Rupees in thousand)	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Sales tax refund bonds	559,606	-
Term deposit receipts	500,000	-
<b>Financial liabilities</b>		
Long term financing	5,937,837	5,003,002
Short term borrowings	13,764,706	8,532,741
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	12,055	145,290
Trade debts - overdue	9,020,734	5,782,071
WPPF receivable from NTDCL - overdue	198,076	557,719
Term deposit receipts	53,719	-
<b>Financial liabilities</b>		
Long term financing	4,148,184	7,426,610
Short term borrowings	10,637,868	8,553,740

### 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 54.551 million (2018: Rupees 91.510 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amount of liabilities 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	17,820,379	19,993,314
Loans and advances	837,257	455,435
Deposits	277,320	233,879
Trade debts	21,795,191	16,225,912
Other receivables	74,717	64,299
Accrued interest	2,862	1,034
Bank balances	1,173,887	769,292
	41,981,613	37,743,165

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			2019	2018
	Short term	Long term	Agency	(Rupees in thousand)	
<b>Banks</b>					
National Bank of Pakistan	A1+	AAA	PACRA	12,741	131,042
Allied Bank Limited	A1+	AA+	PACRA	106	4,539
Askari Bank Limited	A1+	AA+	PACRA	5,606	111
Bank Alfalah Limited	A1+	AA+	PACRA	16,606	30,059
Faysal Bank Limited	A1+	AA	PACRA	1,020	17,750
Habib Bank Limited	A-1+	AAA	JCR-VIS	8,834	4,743
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,828	793
JS Bank Limited	A1+	AA-	PACRA	53,749	68
MCB Bank Limited	A1+	AAA	PACRA	422,280	499,752
Samba Bank Limited	A-1	AA	JCR-VIS	323	8
Silkbank Limited	A-2	A -	JCR-VIS	500,009	9
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	10,191	22,228
United Bank Limited	A-1+	AAA	JCR-VIS	10,623	8,889
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	272	275
Citibank N.A.	P-1	A1	Moody's	654	2,642
Bank Islami Pakistan Limited	A1	A+	PACRA	985	147
Meezan Bank Limited	A-1+	AA+	JCR-VIS	5,126	4,993
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	422	564
The Bank of Punjab	A1+	AA	PACRA	311	35
Soneri Bank Limited	A1+	AA-	PACRA	9,093	776
Summit Bank Limited	A-1	A-	JCR-VIS	264	58
Industrial and Commercial Bank of China	P-1	A1	Moody's	108	6
MCB Islamic Bank Limited	A1	A	PACRA	1,560	183
HAB Bank		Unknown	-	4,009	1,005
Bank of China	P-1	A1	Moody's	9,493	10,633
Habib Bank AG Zurich, UAE	NP	Caa1	Moody's	72,720	7,434
ICBC Standard Bank	P-3	Baa3	Moody's	19,328	19,795
Bank Al-Habib Limited	A1+	AA+	PACRA	1,012	687
Standard Chartered Bank	P-1	A-1	Moody's	3,600	68
Bank of Khyber	A1	A	PACRA	14	-
				1,173,887	769,292
<b>Investments</b>					
Adamjee Insurance Company Limited		AA+	PACRA	3,603	5,010
Security General Insurance Company Limited		AA	JCR-VIS	676,361	924,043
Alhamra Islamic Stock Fund		AA- (f)	PACRA	9,546	11,952
Nishat (Chunian) Limited	A1	A	JCR-VIS	1,144,781	1,552,090
MCB Bank Limited	A1+	AAA	PACRA	15,354,267	17,406,784
Pakistan Petroleum Limited		Unknown	-	72,215	93,435
FBR Refund Settlement Company Limited - Sales tax refund bonds		Unknown	-	559,606	-
				17,820,379	19,993,314
				18,994,266	20,762,606

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The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 20.

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 2019, the Group had Rupees 25,153.946 million (2018: Rupees 24,894.239 million) available borrowing / financing limits from financial institutions and Rupees 1,220.422 million (2018: Rupees 831.688 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 2019

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
----- (Rupees in thousand) -----						
<b>Non-derivative financial liabilities:</b>						
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	-	-	-
	43,643,004	51,186,180	42,292,145	2,351,881	2,563,396	3,978,758

#### Contractual maturities of financial liabilities as at 30 June 2018

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
----- (Rupees in thousand) -----						
<b>Non-derivative financial liabilities:</b>						
Long term financing	12,429,612	13,000,658	2,202,147	2,257,732	4,789,292	3,751,487
Long term security deposits	193,510	193,510	-	-	-	193,510
Trade and other payables	6,776,204	6,776,745	6,776,745	-	-	-
Unclaimed dividend	96,747	6,776,745	96,747	-	-	-
Short term borrowings	17,086,481	17,529,927	17,309,898	220,029	-	-
Accrued mark-up	291,864	291,864	291,864	-	-	-
	36,874,418	44,569,449	26,677,401	2,477,761	4,789,292	3,944,997

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 10 to these consolidated financial statements.

## 45.2 Financial instruments by categories

FVTPL	Amortized cost	FVTOCI	Total
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..... (Rupees in thousand) .....

<b>As at 30 June 2019</b>				
<b>Assets as per consolidated statement of financial position</b>				
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
-------	---	-------

..... (Rupees in thousand) .....

<b>Liabilities as per consolidated statement of financial position</b>			
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	43,635,421	43,643,004

FVTPL	Loans and receivables	Available for sale	Total
-------	-----------------------	--------------------	-------

..... (Rupees in thousand) .....

<b>As at 30 June 2018</b>				
<b>Assets as per consolidated statement of financial position</b>				
Investments	-	-	19,993,314	19,993,314
Loans and advances	-	455,435	-	455,435
Deposits	-	233,879	-	233,879
Trade debts	-	16,225,912	-	16,225,912
Other receivables	9,478	54,821	-	64,299
Accrued interest	-	1,034	-	1,034
Cash and bank balances	-	831,688	-	831,688
	9,478	17,802,769	19,993,314	37,805,561

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For the year ended June 30, 2019

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	-	12,429,612	12,429,612
Long term security deposits	-	193,510	193,510
Trade and other payables	541	6,776,204	6,776,745
Short term borrowings	-	17,086,481	17,086,481
Unclaimed dividend	-	96,747	96,747
Accrued mark-up	-	291,864	291,864
	541	36,874,418	36,874,959

## 46 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, note 10 and note 11 respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

		2019	2018
Borrowings	Rupees in thousand	34,488,595	29,516,093
Total equity	Rupees in thousand	102,622,494	99,635,323
Total capital employed	Rupees in thousand	137,111,089	129,151,416
Gearing ratio	Percentage	25.15	22.85

## 47 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 2019	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

..... (Rupees in thousand) .....

<b>Financial assets</b>				
Fair value through other comprehensive income	16,584,412	-	676,361	17,260,773
Derivative financial assets	-	958	-	958
<b>Total financial assets</b>	16,584,412	958	676,361	17,261,731
<b>Financial liabilities</b>				
Derivative financial liabilities	-	7,583	-	7,583
<b>Total financial liabilities</b>	-	7,583	-	7,583



Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
<b>Financial assets</b>				
Available for sale financial assets	19,069,271	-	924,043	19,993,314
Derivative financial assets	-	9,478	-	9,478
<b>Total financial assets</b>	19,069,271	9,478	924,043	20,002,792
<b>Financial liabilities</b>				
Derivative financial liabilities	-	541	-	541
<b>Total financial liabilities</b>	-	541	-	541

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.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

### 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 2019 and 30 June 2018:

<b>Unlisted equity securities</b>	
(Rupees in thousand)	
<b>Balance as on 01 July 2017</b>	780,365
Add : Surplus recognized in other comprehensive income	143,678
<b>Balance as on 30 June 2018</b>	924,043
Less : Deficit recognized in other comprehensive income	(247,682)
<b>Balance as on 30 June 2019</b>	676,361

### 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	FVTOCI	AFS	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30 June 2019	30 June 2018		30 June 2019	
(Rupees in thousand)					

#### Investment:

Security General Insurance Company Limited	676,361	924,043	Net premium revenue growth factor	8.66%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +32.519 million / - 29.656 million.
			Risk adjusted discount rate	22.08%	

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

#### 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.

#### 48 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 19 September 2019 by the Board of Directors.

#### 49 CORRESPONDING FIGURES

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

#### 50 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, 2019

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
4,401	1	100	157,953	0.04
3,857	101	500	975,205	0.28
1,080	501	1,000	826,646	0.24
1,194	1,001	5,000	2,981,554	0.85
241	5,001	10,000	1,839,884	0.52
97	10,001	15,000	1,230,456	0.35
71	15,001	20,000	1,266,606	0.36
49	20,001	25,000	1,146,703	0.33
34	25,001	30,000	954,476	0.27
22	30,001	35,000	740,379	0.21
21	35,001	40,000	797,806	0.23
12	40,001	45,000	514,102	0.15
18	45,001	50,000	878,327	0.25
9	50,001	55,000	470,879	0.13
6	55,001	60,000	348,000	0.10
16	60,001	65,000	1,014,685	0.29
8	65,001	70,000	542,666	0.15
12	70,001	75,000	876,242	0.25
4	75,001	80,000	315,500	0.09
7	80,001	85,000	583,637	0.17
5	85,001	90,000	444,000	0.13
4	90,001	95,000	369,520	0.11
9	95,001	100,000	891,310	0.25
3	100,001	105,000	308,774	0.09
5	105,001	110,000	536,645	0.15
4	110,001	115,000	444,000	0.13
5	115,001	120,000	590,229	0.17
4	120,001	125,000	491,400	0.14
3	125,001	130,000	385,900	0.11
2	130,001	135,000	265,922	0.08
1	135,001	140,000	137,081	0.04
1	140,001	145,000	144,700	0.04
3	145,001	150,000	449,200	0.13
4	150,001	155,000	613,211	0.17
3	155,001	160,000	469,775	0.13
4	160,001	165,000	650,352	0.19
3	165,001	170,000	498,155	0.14
1	170,001	175,000	172,500	0.05
2	185,001	190,000	375,280	0.11
3	190,001	195,000	576,300	0.16
4	195,001	200,000	795,300	0.23
1	205,001	210,000	206,700	0.06
1	210,001	215,000	214,500	0.06
2	215,001	220,000	433,875	0.12

## Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2019

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
1	220,001	225,000	225,000	0.06
2	235,001	240,000	475,400	0.14
3	240,001	245,000	726,300	0.21
2	250,001	255,000	507,500	0.14
1	260,001	265,000	263,500	0.07
1	270,001	275,000	271,400	0.08
2	275,001	280,000	551,900	0.16
2	280,001	285,000	565,500	0.16
1	285,001	290,000	288,995	0.08
2	295,001	300,000	600,000	0.17
2	305,001	310,000	615,592	0.18
2	310,001	315,000	626,170	0.18
2	320,001	325,000	645,300	0.18
1	325,001	330,000	329,100	0.09
2	330,001	335,000	667,200	0.19
1	345,001	350,000	348,300	0.10
1	355,001	360,000	360,000	0.10
3	365,001	370,000	1,103,416	0.31
2	370,001	375,000	741,493	0.21
1	380,001	385,000	384,400	0.11
3	390,001	395,000	1,175,476	0.33
1	395,001	400,000	398,400	0.11
1	400,001	405,000	403,600	0.11
1	425,001	430,000	428,200	0.12
2	435,001	440,000	876,000	0.25
1	450,001	455,000	453,600	0.13
1	475,001	480,000	476,800	0.14
1	505,001	510,000	508,000	0.14
1	530,001	535,000	532,700	0.15
1	545,001	550,000	548,800	0.16
1	550,001	555,000	552,000	0.16
1	575,001	580,000	578,800	0.16
2	580,001	585,000	1,167,174	0.33
1	590,001	595,000	593,500	0.17
1	610,001	615,000	611,100	0.17
2	625,001	630,000	1,255,069	0.36
1	660,001	665,000	662,700	0.19
2	705,001	710,000	1,414,600	0.40
1	710,001	715,000	714,700	0.20
1	715,001	720,000	717,026	0.20
1	730,001	735,000	733,000	0.21
1	735,001	740,000	738,000	0.21
1	820,001	825,000	822,200	0.23
1	830,001	835,000	834,400	0.24

## Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2019

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
1	860,001	865,000	863,500	0.25
2	865,001	870,000	1,732,700	0.49
1	875,001	880,000	879,389	0.25
1	880,001	885,000	884,171	0.25
1	885,001	890,000	890,000	0.25
1	900,001	905,000	904,000	0.26
1	1,015,001	1,020,000	1,020,000	0.29
1	1,060,001	1,065,000	1,061,285	0.30
1	1,065,001	1,070,000	1,065,031	0.30
1	1,080,001	1,085,000	1,082,100	0.31
1	1,100,001	1,105,000	1,103,000	0.31
1	1,105,001	1,110,000	1,108,900	0.32
1	1,115,001	1,120,000	1,116,600	0.32
1	1,120,001	1,125,000	1,125,000	0.32
1	1,130,001	1,135,000	1,131,900	0.32
1	1,150,001	1,155,000	1,153,500	0.33
1	1,160,001	1,165,000	1,161,200	0.33
1	1,220,001	1,225,000	1,221,600	0.35
1	1,275,001	1,280,000	1,279,280	0.36
1	1,355,001	1,360,000	1,358,300	0.39
1	1,395,001	1,400,000	1,400,000	0.40
1	1,740,001	1,745,000	1,744,400	0.50
1	1,880,001	1,885,000	1,883,600	0.54
1	2,040,001	2,045,000	2,044,400	0.58
1	2,135,001	2,140,000	2,136,157	0.61
1	2,165,001	2,170,000	2,167,900	0.62
1	2,350,001	2,355,000	2,351,122	0.67
1	2,355,001	2,360,000	2,359,900	0.67
1	2,415,001	2,420,000	2,418,140	0.69
1	2,500,001	2,505,000	2,503,341	0.71
1	2,600,001	2,605,000	2,601,000	0.74
1	2,665,001	2,670,000	2,665,900	0.76
1	2,835,001	2,840,000	2,839,871	0.81
1	3,495,001	3,500,000	3,497,100	0.99
1	3,840,001	3,845,000	3,842,000	1.09
1	3,995,001	4,000,000	4,000,000	1.14
1	4,115,001	4,120,000	4,118,535	1.17
1	4,270,001	4,275,000	4,271,454	1.21
1	4,305,001	4,310,000	4,309,899	1.23
1	4,780,001	4,785,000	4,785,000	1.36
1	5,460,001	5,465,000	5,462,900	1.55
1	5,730,001	5,735,000	5,734,700	1.63
1	6,450,001	6,455,000	6,450,913	1.83
1	7,645,001	7,650,000	7,646,760	2.17

## Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2019

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
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	16,090,001	16,095,000	16,091,200	4.58
1	18,695,001	18,700,000	18,698,357	5.32
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
<b>11,354</b>			<b>351,599,848</b>	<b>100.00</b>

Sr. Categories of Shareholders No.	Shares Held	Percentage
<b>1 DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN</b>	88,667,088	25.22
<b>2 ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>	30,371,778	8.64
<b>3 NIT AND ICP</b>	3,566	0.00
<b>4 Banks Development Financial Institutions, Non banking Financial Institutions</b>	15,046,128	4.28
<b>5 Insurance Companies</b>	24,138,324	6.87
<b>6 Modarabas And Mutual Funds</b>	41,787,469	11.88
<b>7 Shareholders Holding 5% or above</b>	177,614,710	50.33
<b>8 General Public</b>		
Local	85,391,036	24.29
Foreign	1,734,447	0.49
<b>9 Others</b>		
Foreign Companies	48,817,263	13.88
Investment Companies	334,739	0.09
Joint Stock Companies	7,411,968	2.11
Provident / Pension Funds And Miscellaneous	7,696,042	2.19

## Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2019

Sr. No.	Categories of Shareholders	Shares Held	Percentage
<b>I) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>			
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	80,000	0.0228
<b>II) MUTUAL FUNDS:</b>			
	PRUDENTIAL STOCKS FUND LIMITED	110	-
	SAFWAY MUTUAL FUND LIMITED	13	-
	TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	10,000	0.0028
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1,221,600	0.3474
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	600	0.0002
	CDC - TRUSTEE PICIC INVESTMENT FUND	593,500	0.1688
	CDC - TRUSTEE JS LARGE CAP. FUND	206,700	0.0588
	CDC - TRUSTEE PICIC GROWTH FUND	1,131,900	0.3219
	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	3,500	0.0010
	CDC - TRUSTEE MEEZAN BALANCED FUND	705,800	0.2007
	CDC - TRUSTEE JS ISLAMIC FUND	334,200	0.0951
	CDC - TRUSTEE FAYSAL STOCK FUND	25,000	0.0071
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	155,500	0.0442
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	149,200	0.0424
	CDC - TRUSTEE AKD INDEX TRACKER FUND	35,847	0.0102
	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	163,600	0.0465
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	629,400	0.1790
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	5,734,700	1.6310
	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	5,000	0.0014
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1,065,031	0.3029
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	80,000	0.0228
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	2,351,122	0.6687
	CDC - TRUSTEE NAFA STOCK FUND	2,044,400	0.5815
	CDC - TRUSTEE NBP BALANCED FUND	134,700	0.0383
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	2,500	0.0007
	CDC - TRUSTEE MEEZAN TAHAFUZZ PENSION FUND - EQUITY SUB FUND	532,700	0.1515
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	65,967	0.0188
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	583,374	0.1659
	CDC - TRUSTEE HBL - STOCK FUND	548,800	0.1561
	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFAT FUND	2,359,900	0.6712
	CDC - TRUSTEE APIF - EQUITY SUB FUND	57,000	0.0162
	MC FSL TRUSTEE JS - INCOME FUND	500	0.0001
	MC FSL - TRUSTEE JS GROWTH FUND	325,000	0.0924
	CDC - TRUSTEE HBL MULTI - ASSET FUND	14,700	0.0042
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1,100	0.0003
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	39,800	0.0113
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	320,300	0.0911
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	237,900	0.0677
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,503,341	0.7120
	CDC - TRUSTEE ABL STOCK FUND	1,116,600	0.3176
	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1,500	0.0004
	CDC - TRUSTEE FIRST HABIB STOCK FUND	41,000	0.0117



## Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2019

Sr. No.	Categories of Shareholders	Shares Held	Percentage
	CDC - TRUSTEE LAKSON EQUITY FUND	714,700	0.2033
	CDC - TRUSTEE NBP SARMAZA IZAFI FUND	191,000	0.0543
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	163,800	0.0466
	CDC - TRUSTEE HBL EQUITY FUND	62,500	0.0178
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	37,000	0.0105
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	50,000	0.0142
	CDC - TRUSTEE ASKARI EQUITY FUND	1,000	0.0003
	CDC - TRUSTEE KSE MEEZAN INDEX FUND	348,300	0.0991
	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1,800	0.0005
	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	5,700	0.0016
	CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	44,500	0.0127
	CDC - TRUSTEE ATLAS INCOME FUND - MT	4,500	0.0013
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	863,500	0.2456
	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	108,200	0.0308
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	33,000	0.0094
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	662,700	0.1885
	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	81,000	0.0230
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	428,200	0.1218
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	194,300	0.0553
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	4,309,899	1.2258
	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	67,800	0.0193
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	14,000	0.0040
	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	31,000	0.0088
	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	29,000	0.0082
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	2,167,900	0.6166
	CDC - TRUSTEE PIML VALUE EQUITY FUND	58,900	0.0168
	CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	500	0.0001
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	453,600	0.1290
	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	25,000	0.0071
	CDC-TRUSTEE NITPF EQUITY SUB-FUND	14,500	0.0041
	CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	34,900	0.0099
	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	2,136,157	0.6076
	CDC - TRUSTEE PIML ASSET ALLOCATION FUND	144,700	0.0412
	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	611,100	0.1738
	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	87,600	0.0249
	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	398,400	0.1133
	CDC - TRUSTEE LAKSON TACTICAL FUND	117,487	0.0334
	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	34,599	0.0098
	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	275,900	0.0785
	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	5,226	0.0015
	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	384,400	0.1093
	CDC - TRUSTEE ALFALAH GHP ISLAMIC VALUE FUND	25,500	0.0073
	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	18,000	0.0051
	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	10,000	0.0028
	CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	10,200	0.0029
	CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	16,200	0.0046
	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	38,890	0.0111
	MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	28,700	0.0082
	CDC - TRUSTEE NBP AITEMAAD REGULAR PAYMENT FUND	28,000	0.0080
	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	26,100	0.0074
	PRUDENTIAL STOCKS FUND LTD (03360)	23,500	0.0067
	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	476,800	0.1356
	ADAMJEE LIFE ASSURANCE COMPANY LIMITED-ISF	94,500	0.0269
	CDC - TRUSTEE AGIPF EQUITY SUB-FUND	18,100	0.0051
	CDC - TRUSTEE AGPF EQUITY SUB-FUND	14,800	0.0042
	CDC - TRUSTEE UBL CAPITAL PROTECTED FUND-III	20,000	0.0057

## Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2019

Sr. No.	Categories of Shareholders	Shares Held	Percentage
<b>III) DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN</b>			
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.	MR. MAQSOOD AHMED DIRECTOR	500	0.00
6.	MR. GHAZANFAR HUSSAIN MIRZA DIRECTOR	1,000	0.00
<b>IV) EXECUTIVES</b>		NIL	-
<b>V) PUBLIC SECTOR, COMPANIES AND CORPORATIONS</b>			
JOINT STOCK COMPANIES		7,411,968	2.11
<b>VI) SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY</b>			
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
<b>VII) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS</b>			
1.	INVESTMENT COMPANIES	334,739	0.09
2.	INSURANCE COMPANIES	24,138,324	6.86
3.	FINANCIAL INSTITUTIONS	15,046,128	4.28
4.	MODARABAS COMPANIES	6,506	0.00
5.	PENSION / PROVIDENT FUNDS	7,696,042	2.19

### INFORMATION UNDER LISTING REGULATION NO. 5.19.11 (XII) OF PAKISTAN STOCK EXCHANGE LIMITED RULE BOOK AS ON JUNE 30, 2019

There is no trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Operating 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.



ڈائریکٹرز 30 جون 2019 کو ختم ہونے والے سال کے لئے نشاط ملز لمیٹڈ ("ہولڈنگ کمپنی") اور اس کی ذیلی کمپنیوں (باہم گروپ کے طور پر) کے اشتمال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ اشتمال شدہ نتائج نشاط ملز لمیٹڈ، نشاط پاور لمیٹڈ، نشاط لینن (پرائیویٹ) لمیٹڈ، نشاط ہاسٹیلٹی (پرائیویٹ) لمیٹڈ، نشاط یو ایس اے انکارپوریٹڈ، نشاط لینن ٹریڈنگ LLC، نشاط انٹرنیشنل FZE، نشاط گلوبل چائنا کمپنی لمیٹڈ، نشاط یو کے (پرائیویٹ) لمیٹڈ، نشاط کموڈٹی (پرائیویٹ) لمیٹڈ اور لال پیرسولر پاور (پرائیویٹ) لمیٹڈ اور کنسپٹ گارمنٹس اینڈ ٹیکسٹائل ٹریڈنگ FZE کے مالی گوشواروں پر مشتمل ہیں۔

ہولڈنگ کمپنی نے بین الاقوامی مالیاتی رپورٹنگ معیارات اور کنینیز ایکٹ 2017 کی ضروریات کے مطابق اپنے اشتمال شدہ مالیاتی حسابات کے ساتھ ساتھ اپنے الگ مالیاتی حسابات منسلک کئے ہیں۔ ڈائریکٹرز رپورٹ میں 30 جون 2019 کو ختمہ سال کے لئے نشاط ملز لمیٹڈ کی کارکردگی کی تفسیر الگ پیش کی گئی ہے۔ اس میں ہولڈنگ کمپنی کی تمام ذیلی کمپنیوں کی مختصر وضاحت بھی شامل ہے۔

### محاسب کی رپورٹ میں کوالیفیکیشنز کی وضاحت

ممبران کو اپنی رپورٹ میں محاسب نے وضاحت کی ہے کہ اشتمال شدہ مالیاتی حسابات میں نشاط ملز لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی، نشاط یو ایس اے انکارپوریٹڈ سے متعلق غیر نظر ثانی شدہ اعداد و شمار شامل ہیں۔ ذیلی کمپنی نیویارک کی ریاست کے بزنس کارپوریشن قانون کے تحت قائم شدہ ہے۔ وہاں کے سرکاری قانون کے مطابق ذیلی کمپنی کے مالی گوشواروں کے آڈٹ کی ضرورت نہیں ہے۔ لہذا، ہم نے اشتمال شدہ مالیاتی حسابات کی تیاری میں ذیلی کمپنی کے غیر نظر ثانی شدہ مالیاتی حسابات استعمال کئے ہیں۔

محاسب ممبران کی توجہ اشتمال شدہ مالیاتی حسابات کے نوٹ 20.6 پر مبذول کرانا چاہتے ہیں، جس سے مراد نشاط پاور لمیٹڈ (نشاط ملز لمیٹڈ کی ذیلی کمپنی) کے تجارتی قرضوں میں شامل پرچیز پرائس کپسٹی میں شامل کردہ 816 ملین روپے (2018: 816 ملین روپے) کی رقم ہے جس کو نیشنل ٹرانسمیشن اینڈ ڈسپچ کمپنی لمیٹڈ (NTDCL) قبول نہیں کرتی۔ مزید تفصیلات منسلکہ اشتمال شدہ مالیاتی حسابات کے نوٹ 20.6 میں مذکور ہیں۔ ماہرین کی رائے اور بین الاقوامی ثالثی فیصلہ کی بنیاد پر ذیلی کمپنی کی انتظامیہ محسوس کرتی ہے کہ ذیلی کمپنی کو مذکورہ بالا ایسی قوم کی واپسی کا قوی امکان ہے۔ چنانچہ ان اشتمال شدہ مالیاتی نتائج میں مذکورہ بالا رقم کے لئے کوئی پروویژن نہیں رکھی گئی ہے۔

محاسب ممبران کی توجہ اشتمال شدہ مالیاتی حسابات کے نوٹ (a) پر مبذول کرانا چاہتے ہیں، جس سے مراد دو ذیلی کمپنیوں، کنسپٹ گارمنٹس اینڈ ٹیکسٹائل ٹریڈنگ FZE اور نشاط یو کے (پرائیویٹ) لمیٹڈ کی لیکویڈیشن ہے۔ مذکورہ بالا ذیلی کمپنیوں کے مالیاتی گوشوارے نان گونگ کنسرن بنیاد پر حسابات استعمال کرتے ہوئے تیار کئے گئے ہیں۔ کمپنی کی مجلس نظام نے نشاط یو کے (پرائیویٹ) لمیٹڈ اور کنسپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE کی وائنڈنگ اپ کی بالترتیب 26 فروری 2019 اور 26 اپریل 2019 کو منظوری دے دی۔ نشاط یو کے (پرائیویٹ) لمیٹڈ 23 جولائی 2019 کو تحلیل کر دی گئی ہے۔ کنسپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE کی تحلیل زیر عمل ہے۔

مخانب بورڈ آف ڈائریکٹرز



مقصود احمد  
ڈائریکٹر



میلا عمر نشا  
چیف ایگزیکٹو آفیسر

لاہور: 19 ستمبر 2019

## ڈائریکٹرز کی رپورٹ

منصوبے شروع کرنے کی منصوبہ بندی کر رہی ہے۔

کمپنی نے مالی سال 2018-19 کے دوران اپنے سپینگ کاروبار کو متنوع بنایا اور یکم فروری 2019 کو ایک اوپن انڈیا رن یونٹ کا آغاز کیا۔ یونٹ کی مالی اور آپریشنل کارکردگی نہایت امید افزا ہے۔ لہذا، ایک اور 1200 روٹز کوشاں کر کے پیداواری صلاحیت کو دوگنا کرنے کا منصوبہ جاری ہے۔ کمپنی تولیہ تیار کرنے والے یونٹ قائم کرنے کا بھی منصوبہ بنا رہی ہے جو ہمارے ہوم ٹیکسٹائل پروڈکٹس میں آخری منگ لنک ہے۔ ہمارے تولیہ سیکشن کا پہلا فیٹر جون 2020 تک آپریشنل ہونے کی امید ہے جو اگلے سالوں میں برآمدی فروخت کے حجم کو بڑھانے کے لئے بڑے پیمانے پر مدد فراہم کرے گا۔ اس منصوبے کی ابتدائی گنجائش 10 ٹن یومیہ ہوگی۔

### داخلی مالی کنٹرولز کی مہارت

کمپنی نے کمپنی کے اثاثوں کی حفاظت، دھوکہ دہی کی روک تھام اور ان کا پیہ لگانے اور تمام قانونی اور قانونی تقاضوں کی تعمیل کو یقینی بنانے کے لئے اندرونی اور مالی کنٹرول کا ایک مؤثر داخلی و مالیاتی کنٹرول کا اگر نظام قائم کیا ہے۔ اندرونی کنٹرول کی ساخت کا باقاعدگی سے جائزہ لیا جاتا ہے اور بورڈ کی طرف سے قائم کردہ داخلی آڈٹ فنکشن کے ذریعہ نگرانی کی جاتی ہے۔ آڈٹ کمیٹی ریفرنس کی شرائط کے مطابق سہ ماہی بنیاد پر اندرونی کنٹرول سسٹم کا جائزہ لیتی ہے۔

### ڈائریکٹرز کا مشاہرہ۔

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضہ کی پالیسی کی منظوری دی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں:

کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے سوائے آزاد ڈائریکٹرز سمیت اپنے نان ایگزیکٹو ڈائریکٹرز کو 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 ادا کرے گی۔

بورڈ آف ڈائریکٹرز، ڈائریکٹرز معاوضہ پالیسی کا جائزہ اور اس کی منظوری دیں گے۔

### نمونہ حصص داری

30 جون 2019 کے مطابق نمونہ حصص داری کا بیان، جو رپورٹنگ فریم ورک کے تحت منکشف ہونا ضروری ہے، رپورٹ ہدا سے منسلک کیا گیا ہے۔

### اظہار تشکر

ڈائریکٹرز کمپنی کے ملازمین کی مسلسل لگن اور کوششوں سے خوش اور شکرگزار ہیں۔

### منجانب بورڈ آف ڈائریکٹرز



منصور احمد  
ڈائریکٹر



میاء عمر منشا  
چیف ایگزیکٹو آفیسر

19 ستمبر 2019

لاہور

8 ریٹائرمنٹ بینیفٹس فنڈ کی مد میں سرمایہ کاری کی قدر: پراویڈنٹ فنڈ: 30 جون 2019 3,366.565 ملین روپے غیر نظر ثانی شدہ، (2018 3,763.308 ملین روپے نظر ثانی شدہ) ہے۔

### متعلقہ فریقوں کے ساتھ معاملات

متعلقہ پارٹیوں کے درمیان لین دین بے قابو قیمتوں کے موازنہ کے طریقہ کار کے مطابق قابل رسائی قیمتیں مقرر کر کے کیا گیا۔ کمپنی پاکستان میں سٹاک ایکسچینج کی لسٹنگ کے ضابطے میں موجود منتقلی پرائسنگ کے بہترین طریقوں پر عمل پیرا ہے۔

سال کے دوران بورڈ کی منظوری کے مطابق، کاروبار کے عام کورس میں لین دین کے علاوہ، لین دین کے انتظامات کی تفصیل مندرجہ ذیل ہے:

- 1- کمپنی کو دستیاب دیگر سرمایہ کاری مواقعوں کے مقابلے زیادہ شرح سود کمانے کے لئے اپنی سرمایہ کاری پالیسی کے مطابق ایک ذیلی کمپنی، نشاط پاور لمیٹڈ میں قرض اور بیٹنگی کے طور پر 1.5 بلین روپے تک سرمایہ کاری کی تجدید۔
- 2- کمپنی کو دستیاب دیگر سرمایہ کاری مواقعوں کے مقابلے زیادہ شرح سود کمانے کے لئے اپنی سرمایہ کاری پالیسی کے مطابق ایک مکمل ملکیتی ذیلی کمپنی، نشاط لینن (پرائیویٹ) لمیٹڈ میں قرض اور بیٹنگی کے طور پر 2 بلین روپے تک کی مزید سرمایہ کاری۔
- 3- بینکوں / مالی اداروں سے ذیلی کمپنیوں کو کریڈٹ سہولیات کی مسلسل دستیابی کو یقینی بنانے کے لئے ایک مکمل ملکیتی کمپنی، نشاط لینن (پرائیویٹ) لمیٹڈ کے قرض خواہان کو 9,200 ملین روپے تک کارپوریٹ گارنٹیز کا اجراء۔
- 4- نشاط ملز لمیٹڈ اور نشاط ہاسپٹلٹی (پرائیویٹ) لمیٹڈ، جوشنا ملز لمیٹڈ کا ایک مکمل ملکیتی ماتحت ادارہ ہے، کے درمیان اچھا منافع حاصل کرنے کے لئے کاروباری معاہدے کی تجدید۔
- 5- بریکزٹ کے بعد کئی یورس سامان کی طلب میں متوقع سست روی کی وجہ سے نشاط انٹرنیشنل ایف زی ای جوشنا ملز لمیٹڈ کا مکمل ملکیتی ماتحت ادارہ ہے، کے مکمل ملکیتی ماتحت ادارہ، نشاط بو کے (پرائیویٹ) لمیٹڈ کا اسٹنڈ اپ۔
- 6- ڈیویڈنڈ آمدنی اور مکمل کپٹل گینز کمانے کے لئے نشاط ہوٹلز اینڈ پراپرٹیز لمیٹڈ، ایک شریک کمپنی میں 200 ملین روپے تک مزید ایکویٹی سرمایہ کاری۔
- 7- ڈیویڈنڈ آمدنی اور مکمل کپٹل گینز کمانے کے لئے نشاط ہاسپٹلٹی (پرائیویٹ) لمیٹڈ، ایک مکمل ملکیتی ذیلی کمپنی میں 500 ملین روپے تک مزید ایکویٹی سرمایہ کاری۔
- 8- بینکوں / مالی اداروں سے نشاط ہاسپٹلٹی (پرائیویٹ) لمیٹڈ کو کریڈٹ سہولیات کی مسلسل دستیابی کو یقینی بنانے کے لئے ایک مکمل ملکیتی ذیلی کمپنی، نشاط ہاسپٹلٹی (پرائیویٹ) لمیٹڈ کے قرض خواہان کو 500 ملین روپے تک کارپوریٹ گارنٹیز کا اجراء۔
- 9- متحدہ عرب امارات میں معاشی سست روی اور کساد بازاری کی وجہ سے، کانسیپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ ایف زی ای کو سیٹنا، جوشنا ملز لمیٹڈ کا مکمل ملکیتی ماتحت ادارہ ہے۔

### محاسب

30 جون 2019 کو ختم ہونے والے سال کیلئے کمپنی کے مالی حسابات میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی طرف سے نظر ثانی شدہ ہیں جنہوں نے ایک انکوائری رپورٹ جاری کی ہے۔ موجودہ محاسب کمپنی کے سالانہ عام اجلاس کے اختتام پر ریٹائرڈ ہو جائیں گے، اور اہل ہونے کی بناء پر 30 جون 2020 کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔

### بعد از بیلنس شیٹ واقعات

30 جون 2019 اور 19 ستمبر 2019 کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں وقوع پذیر اور معاہدے نہیں کئے گئے۔

### مستقبل کے امکانات

کپاس کی قیمتوں میں متوقع اضافے اور کاروباری اخراجات میں اضافے کی وجہ سے مالی سال 2020-2019 ایک مشکل عرصہ ہوگا۔ امریکی ڈالر کے مقابلے میں پاکستانی روپیہ کی بڑے پیمانے پر قدر میں کمی نے درآمدی اسپینر پارٹس، ڈائیز اور کیمیکل، مشینری اور دیگر خام مال کی قیمتوں میں نمایاں اضافہ کر دیا ہے۔ تاہم، ہم توقع کرتے ہیں کہ کمپنی کی نمو کی رفتار اس کی متنوع مصنوعات کی ریجن اور متنوع کسٹمر بیس کی وجہ سے جاری رہے گی۔ نئی ٹیکنالوجیز اور ٹیکنیکل کا تعارف نشاط ملز لمیٹڈ کا خاصہ ہے، لہذا، انتظامیہ مارکیٹ میں مسابقتی رہنے کے لئے کچھ نئے

## ڈائریکٹرز کی رپورٹ (جاری ہے)

ریمیشن کمیٹی کے دو اجلاس منعقد ہوئے اور حاضری کی پوزیشن حسب ذیل ہے:

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	میاں عمر منشا (رکن)	2
2	* جناب خالد قدیر قریشی (رکن)	1
3	جناب سید زاہد حسین (چیئرمین/رکن)	2
4	* جناب محمود اختر (رکن)	-

\* جناب محمود اختر 05 مارچ 2019 کو جناب خالد قدیر قریشی کی جگہ HR&R کمیٹی کے رکن مقرر کئے گئے۔

### بورڈ آف ڈائریکٹرز کے اجلاس

زیر جائزہ سال کے دوران، کمیٹی کے بورڈ آف ڈائریکٹرز کے چار اجلاس پاکستان میں منعقد ہوئے اور حاضری کی پوزیشن حسب ذیل ہے:

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	میاں عمر منشا (چیئرمین/ڈپٹی چیئرمین)	3
2	میاں حسن منشا (چیئرمین)	3
3	جناب سید زاہد حسین	4
4	* جناب خالد قدیر قریشی	2
5	جناب مقصود احمد	4
6	جناب غضنفر حسین مرزا	4
7	جناب فرید نور علی فضل	3
8	* جناب محمود اختر	1

\* جناب محمود اختر 05 مارچ 2019 کو جناب خالد قدیر قریشی کی جگہ ڈائریکٹر مقرر کئے گئے۔

### ڈائریکٹرز کا بیان

پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کی تعمیل میں، ہم کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر درج ذیل بیان کرتے ہیں:

- 1 کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- 2 کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- 3 مالی حسابات کی تیاری میں، سوائے نوٹ نمبر 2.9 اور 2.19 میں درج پالیسیوں کی تبدیلی کے، مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- 4 مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔
- 5 اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- 6 کمپنی کے گورننگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کے لسٹنگ ضابطے میں تفصیلی بہترین طریقوں میں سے کوئی مادی انحراف نہیں ہو رہا ہے۔

### معاشرے کے فلاح کے منصوبے

کمپنی اپنی مینوفیکچرنگ سہولیات کے ملحقہ علاقوں میں سماجی فلاح کی اسکیموں کا باقاعدگی سے انتظام کرتی ہے۔ کمپنی اپنی مینوفیکچرنگ تنصیبات کے قریب سکونت لوگوں کے لئے میریا، ٹائیفا نیڈ اور آنکھوں کی نظر کے طبی کیمپس کا باقاعدگی سے انعقاد کرتی ہے۔

### صارف کے لئے حفاظتی اقدامات

کمپنی انسان دوستی کے ساتھ ساتھ کاروباری نقطہ نظر پر صارفین کے تحفظ کی بھی گہری توجہ رکھتی ہے۔ کمپنی نے اپنی تمام تر پیداواری سہولیات پر دہشت گردی کے خلاف کسٹمز ٹریڈ پائٹرنشپ (سی-ٹی پی اے ٹی) کی سند حاصل کی ہے۔ سی-ٹی پی اے ٹی ایک رضا کارانہ سپلائی چین سیکورٹی پروگرام ہے جس کا مقصد نجی کمپنیوں کی سپلائی چین کی سیکورٹی کو دہشت گردی کے حوالے سے بہتر بنانا ہے۔ سٹینڈ یونٹوں میں دھات کے ڈیٹیلنگ کی تنصیب کی گئی ہے۔ اس کا مقصد نشاٹ کے سٹینڈ یونٹوں سے روانہ ہونے والے سامان میں موجود سونیوں اور دیگر دھاتی اشیاء کے اجزاء کا سراغ لگا کر گاہکوں کی حفاظت کو یقینی بنانا ہے۔ مزید یہ کہ کمپنی نے OEKO ٹیکس معیارات 100، WRAP، SA-8000 اور SEDEx سرٹیفیکیشن حاصل کی ہیں۔

### قومی خزانہ اور معیشت میں شراکت

جیسا کہ کمپنی کا شمار ملک کے ٹاپ برآمد کنندگان میں ہوتا ہے، اس نے رواں سال کے دوران 352.355 ملین امریکی ڈالر کا غیر ملکی زرمبادلہ کما کر معیشت میں شراکت داری کی ہے۔ اس کے علاوہ، اس نے کسٹم ڈیوٹی، اٹم ٹیکس، سٹیل ٹیکس، ایجوکیشن سیس، سوشل سیکورٹی کنٹری بیوشن، ای او بی آئی کنٹری بیوشن وغیرہ کے ذریعے قومی زرمبادلہ میں 1,502.907 ملین روپے کا بھی حصہ شامل کیا ہے۔

### کارپوریٹ گورننس

#### بہترین کارپوریٹ گورننس

ہم اچھے کارپوریٹ گورننس کے پابند ہیں اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک اور سٹیٹ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کی ضروریات پر عمل کرتے ہیں۔ CCG ریگولیشنز، 2017 پر تعمیل کا بیان منسلک کیا جاتا ہے۔

### بورڈ کمیٹیاں

#### آڈٹ کمیٹی

آڈٹ کمیٹی، بورڈ آف ڈائریکٹرز سے مقرر کردہ ریفرنس کی شرائط میں اپنے فرائض سرانجام دے رہی ہے۔ زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے اور حاضری کی پوزیشن حسب ذیل ہے:

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	* جناب خالد قدیر قریشی (رکن)	2
2	جناب سید زاہد حسین (چیئرمین/رکن)	4
3	جناب فرید نور علی فضل (رکن)	3
4	* جناب محمود اختر (رکن)	1

\* جناب محمود اختر 05 مارچ 2019 کو جناب خالد قدیر قریشی کی جگہ آڈٹ کمیٹی کے رکن مقرر کئے گئے۔

### ہیومن ریسورس & ریمیزیشن (HR&R) کمیٹی

ہیومن ریسورس & ریمیزیشن کمیٹی، بورڈ آف ڈائریکٹرز سے مقرر کردہ ریفرنس کی شرائط میں اپنے فرائض سرانجام دے رہی ہے۔ زیر جائزہ سال کے دوران، ہیومن ریسورس &



## ڈائریکٹرز کی رپورٹ (جاری ہے)

کے رجسٹر کی طرف سے لائسنس یافتہ ہے۔ یہ نشاط ملازمینڈ کے ایک مکمل ملکیتی ذیلی ادارہ نشاط انڈسٹریل FZE کا مکمل ملکیتی ذیلی ادارہ ہے۔ کمپنی 11 اکتوبر 2016 کو قائم ہوئی۔ کنسپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE کارجسٹرڈ دفتر جبل علی فری زون، دبئی میں واقع ہے۔ کمپنی کا اصل کاروبار ٹیکسٹائل اور اس سے متعلقہ مصنوعات فروخت کرنا ہے۔ بورڈ آف ڈائریکٹرز نے اپنے 26 اپریل 2019 کے اجلاس میں UAE میں معاشی عدم استحکام اور کساد بازاری کی وجہ سے بند کرنے کا فیصلہ کیا۔ ذیلی کمپنی کی تحلیل زیر عمل ہے۔

### کارپوریٹ سماجی ذمہ داری

انتظامیہ کو یقین ہے کہ کمپنی کی منافع یابی اور نمو کا سماجی ذمہ داریاں نبھانے سے گہرا تعلق ہے۔ لہذا، کمپنی ٹیکسٹائل انڈسٹری میں کارپوریٹ سماجی ذمہ داری (CSR) کے بہترین طریقوں کو لاگو کرنے میں سب سے پیش پیش ہے۔

### ماحولیات کا تحفظ

ماحول کا تحفظ ہم توجہ کا شعبہ ہے اور کمپنی ماحول کی حفاظت اور تحفظ پر باقاعدگی سے سرمایہ کاری کرتی ہے۔ کمپنی نے تمام ڈانگ، پرنٹنگ اور گارمنٹس پروڈکشن سہولیات میں پانی کی صفائی کے لئے ایف لووٹ ٹریٹمنٹ پلانٹس (ETPs) نصب کئے ہیں جہاں ٹیکسٹائل کیمیکلز کے استعمال کے باعث پانی کے آلودہ ہونے کا خطرہ پایا جاتا ہے۔ یہ پلانٹس کئی سالوں سے کام کر رہے ہیں۔ یہ پلانٹس پروڈکشن پرائس میں استعمال شدہ پانی کے حتمی اخراج سے قبل گندگی اور دیگر آلودگی سے پاک کرتے ہیں۔ کمپنی اپنے دفاتر اور فیکٹریوں میں باقاعدگی سے درختوں کی پلانٹیشن کرتی ہے۔

### توانائی کا تحفظ

سستی بجلی کی دستیابی ٹیکسٹائل انڈسٹری کے لئے بہت بڑا چیلنج ہے۔ چائنا، بھارت اور بنگلہ دیش میں حریفوں کے مقابلے بجلی کے زیادہ اخراجات نے بین الاقوامی مارکیٹ میں ہمارے مقابلے کو بہت زیادہ متاثر کیا ہے۔ لہذا، بجلی کا تحفظ اولین ترجیح ہے اور کمپنی نے موجودہ روایتی ٹیوب لائٹس کی جگہ ایل ای ڈی لائٹس تبدیل کرنے، گیس انجن کے اخراج سے پیدا ہونے والی بھاپ کے لئے ویسٹ اینڈ ہیٹ ریکوری پلانٹس کی تنصیب جیسی تکنیکیں اپنانے اور توانائی کے تحفظ کو فروغ دینے کے لئے ملازمین کے لئے ایک ضابطہء اخلاق نافذ کرنے کے ذریعے توانائی کو بچانے کا عزم کیا ہے۔

### فضلے کے ری سائیکلنگ

نئی ماحول دوست ٹیکنالوجیز کے حصول کے علاوہ، کمپنی اپنے آپریشنز سے خارج ہونے والے فضلے کی ری سائیکلنگ میں بھی سرمایہ کاری کرتی ہے جو نہ صرف ضیاع کا خاتمہ بلکہ اخراجات کو بھی کم کرتی ہے۔ کاسٹک سوڈا ریکوری پلانٹ ہمارے ڈانگ اور فینٹنگ پلانٹ میں گزشتہ 18 سالوں سے کام کر رہے ہیں۔ کمپنی نے قدرتی ذرائع کو زیادہ سے زیادہ بچانے کی خاطر ویسٹ واٹر، ویسٹ کپاس اور تیل کی ری سائیکلنگ کے لئے مختلف مقامات پر واٹر ٹریٹمنٹ پلانٹس، کاسٹن ری سائیکلنگ پلانٹس اور اسل ری سائیکلنگ مشینیں نصب کی ہیں۔

### کاروباری تحفظ اور صحت

کمپنی اپنے کارکنوں کی صحت اور حفاظت کے بارے میں بہت تشویش رکھتی ہے۔ کارکنوں کی بہتر صحت کو یقینی بنانے کی خاطر، کمپنی ملیریا، ٹائیفائیڈ ڈینگی اور آنکھوں کی نظر کے لئے باقاعدگی سے میڈیکل کیسپس کا انعقاد کرتی ہے۔ اس کے علاوہ فوگنگ مشینیں استعمال کر کے تمام میٹو فیکچرنگ سہولیات کے احاطہ میں باقاعدہ ڈیو میکیشن کی جاتی ہے جو کارکنوں کو ڈینگی سے محفوظ اور صحت مند ماحول کو یقینی بناتی ہے۔

کمپنی نے اپنی پیداواری تنصیبات پر کو ایف ایف ڈاکٹرز کی زیر نگرانی ڈسپنسریاں بھی قائم کی ہیں جو ایبویولنس کی سہولت بھی رکھتی ہیں۔

### ملازمت کے مساوی مواقع

کمپنی ایک مساوی مواقع آجر ہے اور کسی جنس اور کلاس کے امتیاز کے بغیر ملازمت کی پیشکش کرتی ہے۔ کمپنی کے سٹنگ اور گارمنٹس سیکٹرز میں خواتین کی ایک بڑی تعداد افرادی قوت کا حصہ ہے۔

#### 4- نشاط کموڈیٹیز (پرائیویٹ) لمیٹڈ

یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت ادارے کا مقصد، ایندھن، کونڈ، کسی بھی شکل یا صورت میں تیار تعمیراتی مواد، نیم تیار، خام مال اور پاکستان میں ان کی درآمد اور فروخت کرنے کی تجارت کے کاروبار کو چلانا ہے۔ ذیلی ادارہ نے مارچ 2016 میں اپنے آپریشنز کا آغاز کیا۔

#### 5- لال پیرسولر پاور (پرائیویٹ) لمیٹڈ

لال پیرسولر پاور (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ کمپنی ہے جو پاکستان میں 09 نومبر 2015 کو قائم ہوئی۔ یہ نشاط ملز لمیٹڈ کے ذیلی ادارہ نشاط پاور لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے۔ ذیلی ادارے نے ابھی تک اپنا تجارتی آپریشن شروع نہیں کیا ہے۔ کمپنی کی اصل سرگرمی سولر پاور پراجیکٹ کی تعمیر، ذاتی، چلانا اور برقرار رکھنا یا سرمایہ کاری ہوگی۔

#### 6- نشاط لینن ٹریڈنگ LLC

یہ ذیلی ادارہ ایک محدود ذمہ دار کمپنی دہی، متحدہ عرب امارات میں قائم کیا گیا ہے۔ یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ذیلی ادارہ بنیادی طور پر متحدہ عرب امارات بھر میں ریٹیل آؤٹ لیٹس اور ویرہاؤسز کے ذریعے ٹیکسٹائل، کمبل، تولیے، چادریں، ریڈی میڈ گارمنٹس، گارمنٹس کی اشیاء اور چمچے کی مصنوعات کی ٹریڈنگ میں مصروف ہے۔ ذیلی ادارہ نے مئی 2011 میں اپنا تجارتی آپریشن شروع کر دیا اور اس وقت متحدہ عرب امارات میں 12 ریٹیل آؤٹ لیٹس کام کر رہے ہیں۔

#### 7- نشاط انٹرنیشنل FZE

یہ بھی نشاط ملز لمیٹڈ کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ یہ متحدہ عرب امارات (یو اے ای) کے قوانین کے مطابق جمیل علی فری زون دہی میں فری زون اسٹیمپلڈ کمپنی لمیٹڈ ذمہ داری کمپنی کے طور پر قائم کیا گیا ہے۔ یہ 7 فروری 2013 کو FZE رجسٹر میں رجسٹرڈ ہوا ہے۔ ذیلی کمپنی کی بنیادی سرگرمی ٹیکسٹائل مصنوعات مثلاً کمبل، تولیے اور عمومی چادریں، ریڈی میڈ گارمنٹس، گارمنٹس کی اشیاء اور چمچے کی مصنوعات مثلاً جوتے، ہینڈ بیگ وغیرہ میں ٹریڈنگ ہے۔

#### 8- نشاط گلوبل چائنا کمپنی لمیٹڈ

نشاط گلوبل چائنا کمپنی لمیٹڈ فارن کسٹمپل انٹرنیشنل اور دیگر متعلقہ قوانین و ضوابط پر پینچلز جمہوریہ چین کے قانون کے مطابق، فارن انویسٹڈ کمرشل انٹرنیشنل "FICE" کے طور پر، Yuexi ضلع، گوانگ، چین میں قائم کی گئی ہے۔ نشاط گلوبل چائنا کمپنی لمیٹڈ نشاط انٹرنیشنل FZE کا ایک مکمل ملکیتی ماتحت ادارہ جو نشاط ملز لمیٹڈ کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ کمپنی کا بنیادی کاروبار ہول سیل، کمیشن ایجنسی (نیلامی کے علاوہ)، ٹیکسٹائل اشیاء اور عورتوں کے فیشن کی اشیاء کی درآمد اور برآمد ہے۔ ماتحت ادارے نے جنوری 2014 میں اپنا تجارتی آپریشن شروع کر دیا۔

#### 9- نشاط یو ایس اے انکارپوریٹڈ

ذیلی ادارہ نیویارک کی ریاست میں قائم ایک کارپوریشن سروس کمپنی ہے۔ یہ ایک مکمل ملکیتی ماتحت ادارہ یکم اکتوبر 2008 کو کمپنی نے حاصل کیا۔ کارپوریشن کمپنی کی مارکیٹنگ کے شعبہ رسائی، معلومات اور امریکی مارکیٹ سے متعلق دیگر خدمات فراہم کرنے کا ایک رابطہ دفتر ہے۔

#### 10- نشاط یو کے (پرائیویٹ) لمیٹڈ

نشاط یو کے (پرائیویٹ) لمیٹڈ 8 جون 2015 کو انگلینڈ اور ویلز میں قائم کی گئی ایک پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ نشاط انٹرنیشنل FZE کا ایک مکمل ملکیتی ماتحت ادارہ جو نشاط ملز لمیٹڈ کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ نشاط یو کے (پرائیویٹ) لمیٹڈ کا ابتدائی کام ریٹیل آؤٹ لیٹس اور ہول سیل آپریشن کے ذریعے انگلینڈ اور ویلز میں ٹیکسٹائل کی مصنوعات فروخت کرنا ہے۔ بورڈ آف ڈائریکٹرز نے اپنے 26 فروری 2019 کے اجلاس میں اس کمپنی کو بریگیٹ کی وجہ سے طلب میں مکمل کی وجہ سے بند کرنے کا فیصلہ کیا۔ ذیلی کمپنی 23 جولائی 2019 کو تحلیل کر دی گئی ہے۔

#### 11- کنسپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE

کنسپٹ گارمنٹس اور ٹیکسٹائل ٹریڈنگ FZE کو ایک فری زون کے قیام کے طور پر قانون نمبر: 9 آف 1992 کے مطابق لمیٹڈ لائیوٹی کے ساتھ قائم کیا گیا جو جبل علی فری زون اتھارٹی

## ڈائریکٹرز کی رپورٹ (جاری ہے)

• ملک میں کپاس کی کافی فراہمی؛

• ملک کی اعلیٰ آبادی میں اضافہ مناسب افرادی قوت کا ایک ذریعہ اور ٹیکسٹائل کی مصنوعات کے لئے مقامی طلب کو بڑھانے میں ایک محرک ہے۔

### ٹیکسٹائل کی صنعت کا مجموعی جائزہ

مالی سال 2018-19 کے دوران ٹیکسٹائل انڈسٹری کے منظر نامے پر معاشی غیر یقینی صورتحال اور مشکلات نے غلبہ حاصل کیا۔ عالمی معاشی سست روی، بے نتیجہ بریکزٹ، امریکہ اور چین کے مابین ٹریف پالیسی کے معاملے پر تجارتی تنازعہ، امریکی ڈالر کے مقابلے میں پاکستانی روپیہ کی بڑے پیمانے پر گراؤ اور شرح سود میں مسلسل اضافہ، کچھ ایسے عوامل ہیں جنہوں نے پاکستانی ٹیکسٹائل کی صنعت کے مسائل کو جنم دیا ہے۔

کرنسی کی قدر میں کمی کے بعد ٹیکسٹائل کی برآمد میں اضافہ متوقع تھا، لیکن سخت مقابلہ اور پیداوار کے زیادہ اخراجات کی وجہ سے قیمت کے لحاظ سے برآمدات میں اضافہ نہیں ہوا۔ دوسری طرف، درآمد شدہ خام مال، پلانٹ اور مشینری کی قیمت میں بھی کئی گنا اضافہ ہوا ہے۔ تاہم، حکومت پاکستان نے برآمدی شعبوں کو پیداواری اخراجات کو کم کر کے برآمدات کو فروغ دینے کی کوشش میں 27 ستمبر 2018 اور یکم جنوری 2019 سے بالترتیب 6.5 امریکی ڈالر فی mmbtu اور 7.5 سینٹس فی KWH کی اعانتی شرح پر گیس اور بجلی فراہم کر کے کچھ ریلیف دیا، جن میں ٹیکسٹائل بھی شامل ہے۔ ان اقدامات سے برآمد کنندگان کو کافی حد تک فائدہ ملا ہے اور بین الاقوامی مارکیٹ میں ان کی مسابقت بڑھی ہے۔

ٹیکسٹائل انڈسٹری کے لئے مالی سال 2019-20 بھی کافی مشکل ہوگا کیونکہ حکومت نے یکم جولائی 2019 سے ٹیکسٹائل کے شعبے پر 17 فیصد جی ایس ٹی نافذ کیا ہے جبکہ اس سے قبل اس کی شرح صفر تھی۔ اس نے ٹیکسٹائل یونٹوں کے لئے لیکویڈیٹی بھران پیدا کیا ہے۔ مزید یہ کہ سبز ٹیکس اور انکم ٹیکس کی واپسی زیر التوا ہے۔ ایف بی آر نے سبز ٹیکس کی واپسی کا آغاز کیا ہے لیکن سبز ٹیکس ریفنڈ ہانڈ کے ذریعے جن کی میچورٹی کی مدت تین سال ہے۔ فی الحال، ان ہانڈز کے لئے کوئی فعال ثانوی مارکیٹ موجود نہیں ہے جہاں ایسے ہانڈز رکھنے والے تجارت کر سکتے ہیں۔

### ذیلی کمپنیاں

کمپنی نے بین الاقوامی مالی رپورٹنگ معیارات اور کمیونیز ایکٹ، 2017 کی ضروریات کے مطابق اپنے الگ الگ مالی حسابات اور مجموعی مالیاتی حسابات بھی منسلک کئے ہیں۔ نشاط ملز لمیٹڈ کی تمام ذیلی کمپنیوں کی مختصر وضاحت حسب ذیل ہے:

#### 1- نشاط پاور لمیٹڈ

کمپنی اس ماتحت ادارے کے 51.01 فیصد حصص کی مالک اور کنٹرول رکھتی ہے۔ ماتحت ادارہ پاکستان اسٹاک ایکچینج لمیٹڈ پر درج ہے۔ ماتحت ادارے کا بنیادی کاروبار جمہور کلاں، تحصیل پٹوکی، ضلع قلعہ، پنجاب، پاکستان میں 200 میگا واٹ کی مجموعی صلاحیت رکھنے والا ایندھن سے چلنے والا بجلی گھر تعمیر، چلانا اور برقرار رکھنا ہے۔ ذیلی ادارہ نے 09 جون 2010 کو اپنی تجارتی پیداوار شروع کی۔

#### 2- نشاط لیٹن (پرائیویٹ) لمیٹڈ

یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ کمپنی کے بنیادی مقاصد ٹیکسٹائل اور دیگر مصنوعات کی فروخت کے لئے ریٹیل آؤٹ لیٹس چلانا اور مینوفیکچرنگ کی سہولیات کے باہر ٹیکسٹائل سامان کی پروسسنگ کر کے ٹیکسٹائل مصنوعات فروخت کرنا ہیں۔ ذیلی ادارہ نے جولائی 2011 میں اپنے آپریشنز شروع کر دیئے اور اس وقت پاکستان میں 101 ریٹیل آؤٹ لیٹس کام کر رہے ہیں۔

#### 3- نشاط ہاسٹیلٹی (پرائیویٹ) لمیٹڈ

یہ کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت ادارے کے مقاصد ملک بھر میں ہوٹلوں کے ایک سلسلہ کو چلانے کا ہے۔ فی الحال یہ "نشاط سینٹ جیمز ہوٹل" کے نام سے بین الاقوامی معیار پر لاہور میں ایک چار ستارہ ہوٹل چلا رہا ہے۔ ذیلی ادارہ نے یکم مارچ 2014 کو اپنے آپریشنز کا آغاز کیا۔

کرنے کا نا اہل بنا سکتا ہے۔ کمپنی نے کوئٹہ، فرانس آئل، بائیو ماس، ڈیزل اور سولر انرجی جیسے متبادل ایندھن کے انتخاب سے توانائی کے اخراجات بڑھنے کے خطرہ کو کم کر دیا ہے۔ کمپنی کی تمام مینوفیکچرنگ سہولیات پر توانائی کے تحفظ کے لیے بھی اقدامات کئے گئے ہیں۔ اسی طرح، توانائی کی عدم دستیابی کے خطرہ کو واپڈ اسے بجلی کے کنکشن کی حفاظت کے ساتھ ساتھ کمپنی کے تقریباً تمام مقامات پر بجلی پیدا کرنے کے لئے پاور پلانٹس نصب کر کے کم سے کم کیا جا چکا ہے۔

### مالی خطرات

کمپنی کی مجلسِ نفع کمپنی کے محکمہ خزانہ کی طرف سے لاگو کی گئی مالیاتی خطرات کے انتظام کی پالیسیاں وضع کرنے کی ذمہ دار ہے۔ کمپنی کو مندرجہ ذیل مالیاتی خطرات کا سامنا ہے:

### کرنسی رسک

کمپنی کو بنیادی طور پر امریکی ڈالر (USD)، عرب امارات درہم (AED)، یورو اور جاپانی ین (JPY) کے لحاظ سے مختلف کرنسی کی سرمایہ کاری سے پیدا ہونے والے کرنسی خطرات کا سامنا ہے۔ کمپنی کے زرمبادلہ کے خطرہ کی سرمایہ کاری بینک بیننس اور غیر ملکی اداروں کو/ سے وصولی/ قابل ادائیگی رقم تک محدود ہے۔

### سوڈی شرح کا خطرہ

کمپنی کو سوڈی شرح کا خطرہ اکاؤنٹس کی بچت میں طویل مدتی فنڈنگ، لیز کی مالی اعانت کے لحاظ سے اثاثوں، مختصر مدتی قرض گیری، ذیلی کمپنیوں کو قرضوں اور پیٹنگی رقم، ٹرم ڈیپازٹ رسیدیں اور بینک بیننس کے عوض واجبات سے پیدا ہوتا ہے۔ مناسب قدر اور نقد بہاؤ کی حساسیت کا تجزیہ ظاہر کرتا ہے کہ کمپنی کے منافع کو سوڈی شرح کے خطرہ کا سامنا نہیں ہے۔

### کریڈٹ رسک

کمپنی کا کریڈٹ، کریڈٹ رسک اور اس کے تجارتی قرضوں سے متعلق نقصانات کے خطرہ کو کم کرتا ہے۔ یہ خطرہ اس حقیقت سے کم کیا جاتا ہے کہ ہمارے صارفین کی اکثریت ایک مضبوط مالی حیثیت رکھتی ہے اور ہمارا اپنے تمام گاہکوں کے ساتھ ایک طویل عرصے سے کاروباری تعلق ہے۔ ہمیں اپنے صارفین سے غیر کارکردگی کی توقع نہیں ہے، اس وجہ سے، کریڈٹ رسک کم سے کم ہے۔

### لیکویڈیٹی رسک

بینکوں اور مالیاتی اداروں سے تقویض کریڈٹ کی سہولیات کے ذریعے کافی فنڈز کی دستیابی کی وجہ سے یہ خطرہ کم از کم ہے۔

### سرمایہ کا خطرہ

سرمایہ کے انتظام کے وقت، حصص یافتگان اور دیگر حصہ داران کے لئے ریٹرنز مہیا کرنے اور سرمایہ کی ساخت کو برقرار رکھنے اور سرمایہ کے اخراجات کو کم کرنے کے لئے کمپنی کی صلاحیت کی حفاظت ہمارا اہم مقصد ہوتا ہے۔ کمپنی کم لیورجیڈ سرمایہ کی ساخت کو برقرار رکھتی ہے۔ ہم گنیر بیگ تناسب کی بنیاد پر سرمایہ کی ساخت کی نگرانی کرتے ہیں۔ ہماری حکمت عملی زیادہ سے زیادہ 40 فیصد لیکویڈیٹی اور 60 فیصد قرض پر گنیر بیگ تناسب رکھنے کی ہے۔

### مواقع

ملک کی معروف یٹیکسٹائل کمپنی کے طور پر، کمپنی کئی موقعوں سے فائدہ اٹھانے اور استحصال کرنے کی پوزیشن میں ہے۔

چند شاندار مواقع کا خلاصہ مندرجہ ذیل ہے:-

- دنیا بھر میں علاقوں کے لحاظ سے متنوع کسٹمر کی بنیاد پر برآمدات فروخت کرنے کے لئے ایک پائیدار ترقی فراہم کرتا ہے؛
- متحرک مقامی اور بین الاقوامی ذیلی کمپنیاں ہماری مصنوعات کی طلب پیدا کرتی ہیں؛
- عمودی انضمام آپریشنل تعاون کا استحصال کرنے کو ممکن بناتا ہے؛

### بجلی کی پیداوار

کمپنی نے ذاتی بجلی پیدا کرنے کی سہولیات قائم کی ہیں جو اپنی فیبرک میڈیوٹیکسٹائل سہولیات کو بلا تعطل اور مسلسل بجلی اور بھاپ مہیا کرتی ہیں۔ فی الحال، ڈویژن کی کل گنجائش تقریباً 123 میگا واٹ ہے۔ کمپنی کے آپریشنز کو چلانے کے لئے توانائی کی اہمیت کو مد نظر رکھتے ہوئے، انتظامیہ اپنی بجلی کی پیداواری صلاحیت کو اپ گریڈ اور بڑھانے کے لئے باقاعدہ طور پر جدید ٹیکنالوجی کو جدید بنانے میں سرمایہ کاری کرتی ہے۔ فی الحال، ساہیاں والا، فیصل آباد میں 3 میگا واٹ وارٹھسلا سولر پاور پلانٹ کی تنصیب کا عمل جاری ہے۔ بجلی اور فیروز ڈوٹاں میں واقع پاور ڈویژنوں کے لئے بھی دو سولر پاور پلانٹس حاصل کرنے کا منصوبہ جاری ہے۔

لاہور میں واقع پاور پلانٹ کے لئے 3.2 میگا واٹ اسٹیم ٹربائن کی تنصیب کا منصوبہ مکمل ہونے کے قریب ہے۔ ٹربائن دسمبر 2019 میں پیداوار کی جائے گی جو 9 میگا واٹ کول پاور پلانٹ کے ذریعہ پیدا شدہ ہائی پریشر/ٹمبر پچر بھاپ سے بجلی پیدا کرے گی اس سے قبل کہ اس بھاپ کو کم پریشر/درجہ حرارت پر ڈائینگ اور ہوم ٹیکسٹائل ڈویژنوں کے پروڈکشن ہالوں میں منتقل کیا جائے۔ اس پروجیکٹ کی تکمیل سے بھاپ کے ہائی پریشر/درجہ حرارت سے اضافی فائدہ ملے گا جو فی الحال استعمال نہیں کی جاتی کیونکہ فیبرک ڈائنگ اور فنشنگ کے عمل میں کم دباؤ/درجہ حرارت پر بھاپ کی ضرورت ہوتی ہے۔

### خطرات اور مواقع

نشاط ملز لمیٹڈ کاروبار کے معمول کے کورس میں خطرات مول لیتا ہے اور مواقع پیدا کرتا ہے۔ مقابلہ میں رہنے اور پائیدار کامیابی کو یقینی بنانے کے لئے خطرہ مول لینا ضروری ہے۔ ہماری خطرہ اور مواقع کی انتظامیہ اچھی طرح سے کنٹرول ماحول میں کاروبار کرنے کے لئے ایک موثر فریم ورک کا احاطہ کرتی ہے جہاں خطرہ کم سے کم اور مواقع زیادہ سے زیادہ دستیاب ہوں۔ کسی انتخاب سے پہلے ہر خطرہ اور موقع کی مناسب طریقے سے جانچ بھی کی جاتی ہے۔ فیصلے صرف اس صورت میں تیار کئے جاتے ہیں اگر مواقع خطرات سے خالی ہوں۔

خطرات اور ان خطرات کو کم کرنے کی حکمت عملی کا خلاصہ مندرجہ ذیل ہے:

### کلیدی خطرات

ہم جدت طرازی، معیار اور قیمت کے معاملات کے ایک مسابقتی ماحول میں سرگرم ہیں۔ یہ خطرہ مسلسل تحقیق اور ترقی اور BMR کے تحت مسلسل نئی ٹیکنالوجی متعارف کرانے کے ذریعے کم سے کم کیا جاتا ہے۔ کلیدی خطرہ تمام خطرات میں سے سب سے زیادہ اہم سمجھا جاتا ہے۔ تمام کاروباری ڈویژنوں کے سربراہ بین الاقوامی اور قومی سطح کے دونوں خطرات سے نمٹنے کی بابت ایک مربوط حکمت عملی تشکیل دینے کے لئے باقاعدہ بنیاد پر باہم ملتے رہتے ہیں۔

### کاروباری خطرات

کمپنی کو بڑی تعداد کے مندرجہ ذیل کاروباری خطرات کا سامنا ہے:

### کپاس کی فراہمی اور قیمت

کپاس کی فراہمی اور قیمتیں مقامی اور بین الاقوامی کاٹن مارکیٹوں کی نوعیت اور طلب کے محرکات کے تحت ہیں۔ مقامی اور بین الاقوامی مارکیٹ میں کپاس کی قیمتوں میں اضافہ اور کپاس کی عدم دستیابی کا خطرہ ہمیشہ رہتا ہے۔ کمپنی کپاس کی چنائی کے موسم کے آغاز ہی میں بڑی مقدار میں کپاس خرید کر اس خطرے کو کم کرتی ہے۔

### برآمدی طلب اور قیمت

برآمدات ہماری فروخت کا اہم حصہ ہیں۔ ہمیں بین الاقوامی مارکیٹ میں اپنی مصنوعات کی طلب میں کمی اور مقابلہ کے خطرے کا سامنا ہے۔ ہم معیار پر سمجھوتہ کیے بغیر صارفین کے ساتھ مضبوط تعلقات استوار کر کے، اپنے گاہکوں کی بنیاد کو وسعت دے کر، جدید مصنوعات کو ترقی دے کر، صارفین کو بروقت ترسیل فراہم کر کے اس خطرے کو کم کرتے ہیں۔

### توانائی کی دستیابی اور اخراجات

بڑھتے ہوئے اخراجات اور انرجی یعنی بجلی کی غیر دستیابی اور گیس کی قلت میڈیوٹیکسٹائل کی صنعت کے لئے ایک بڑا خطرہ ہے۔ یہ خطرہ، اگر کم نہ ہوا، تو ہمیں بین الاقوامی مارکیٹ میں مقابلہ

## ویونگ

عالمی اقتصادی صورتحال کی وجہ سے طلب میں سست روی کے باوجود گذشتہ سال کے مقابلہ میں مالی سال 2018-19 کے دوران ڈویژن کے منافع میں نمایاں اضافہ ہوا ہے۔ ہماری متنوع پروڈکٹ پورٹ فولیو اور خصوصی فیبرک (ٹیکنیکی فیبرک) کی فروخت شیئرز میں اضافہ اس قابل ذکر نمو کی بنیادی وجوہات ہیں۔ بروقت یارن کی خریداری نے بھی ہمارے منافع میں نمایاں کردار ادا کیا حالانکہ خام مال کی قیمتوں میں غیر یقینی صورتحال نے ہمارے خریداروں میں کافی الجھن پیدا کر دی تھی۔

ڈویژن نے موجودہ سال کے دوران ہماری مصنوعات کی حد کو وسعت دینے اور متنوع بنانے کے لئے بی ایم آر میں بھاری سرمایہ کاری کی۔ جدید ترین سائزنگ اور وارپنگ مشینوں کے ساتھ 22 خصوصی مومز کے حصول نے ہمارے صارفین کی ضروریات کو پورا کرنے کے لئے آپریشنل چلک میں اضافہ کیا ہے۔

## ڈائینگ

ڈائینگ ڈویژن مالی سال 2018-19 کے دوران کمپنی کا کمائی کرنے والا صاف اول کا شعبہ تھا۔ گذشتہ مالی سال کے مقابلے میں ڈویژن نے بھی موجودہ مالی سال کے دوران غیر معمولی کارکردگی کا مظاہرہ کیا۔ پہلی سہ ماہی میں نسبتاً سست آغاز کے باوجود، سال کے باقی حصے کے دوران ڈویژن کی کارکردگی میں نمایاں بہتری آئی۔ مارچ 2001 میں ڈائنگ اور فنشنگ پلانٹ لگنے کے بعد سے مالی سال 2018-19 میں ڈویژن کا منافع سب سے زیادہ رہا۔

ہم دیکھتے ہیں کہ ملک میں غیر یقینی معاشی حالات اور عالمی معیشتوں کی نمو میں کمی کی وجہ سے آئندہ مالی سال چیلنجنگ ہوگا۔ افراط زر اور امریکی ڈالر کے مقابلے میں پاکستانی روپیہ کی قدر میں کمی کی وجہ سے آئندہ مہینوں میں خام مال کی قیمتوں میں بھی اضافے کی توقع ہے۔ خام مال کی قیمتوں میں متوقع اضافے کے اثرات کو کم کرنے کے لئے ہم نے اپنے تمام بڑے پروڈکشن پروگراموں کے لئے کورے کپڑے، ڈویژن کے بڑے خام مال کی خریداری کر لی ہے جس میں اگلے میزن کے لئے صارفین ہمیں پروڈیکشنز دے چکے ہیں۔ ہمیں امید ہے کہ اس طرح کے تمام اقدامات ہمیں مالی سال 2019-20 میں بھی مثبت کارکردگی کا مظاہرہ کرنے کے اہل بنائیں گے۔

## ہوم ٹیکسٹائل

مضبوط آرڈر بک اور ملک کے معاشی ماحول میں پائے جانے والے مسائل کو بروقت ہینڈل کرنے کی وجہ سے ڈویژن نے مالی سال 2018-19 کے دوران عمدہ کارکردگی کا مظاہرہ کیا۔

یونیفارم کے کاروبار کو فروغ ملا ہے اور ڈویژن نے مقامی مسلح افواج کو یونیفارم فروخت کرنے کے علاوہ غیر ملکی مسلح افواج کو بھی یونیفارم برآمد کرنا شروع کر دیا ہے۔ سال کے دوران، ڈویژن نے ایک اور ڈیجیٹل پرنٹنگ مشین شامل کر کے ڈیجیٹل پرنٹنگ کی صلاحیت میں بھی اضافہ کیا ہے۔ اب ہم اس خطے کے سب سے بڑے ڈیجیٹل پرنٹنگ پروڈکشن ہاؤسز میں سے ایک ہیں۔ اس صلاحیت میں اضافہ براہ راست ہمارے اعلیٰ کاروبار سے وابستہ ہے جس کی مانگ ایک تیز اور بڑھتی ہوئی ہے۔

ایک بار پھر 30 جون 2019 کو ختم ہونے والے مالی سال کے دوران یورپ ہماری مصنوعات کی سب سے بڑی منڈی رہا۔ تاہم، بریگزٹ کی وجہ سے غیر یقینی صورتحال، بریگزٹ کے نتائج پر منحصر، برطانیہ میں ہمارے مستقبل کے کاروبار کو متاثر کر سکتی ہے۔

## گارمنٹس

گذشتہ سال کے اسی مالی نتائج کے مقابلہ میں مالی سال 2018-19 کے دوران گارمنٹس ڈویژن نے مالی نتائج میں بہتری کا مظاہرہ کیا ہے۔ اس بہتری کی بنیادی وجہ صارفین کی ضروریات کے مطابق جدید ترین رجحانات کے مطابق معیاری مصنوعات کی پیش کرنے کا انتظامیہ کا عزم ہے۔ مؤثر لاگت کے انتظام کے ساتھ ساتھ پیداواری صلاحیت اور تیار کی عمل کی کارکردگی کو بہتر بنانے کی وجہ سے بھی اس ڈویژن کی آپریشنل کارکردگی بہتر ہوئی ہے۔

ڈویژن کی انتظامیہ، فی الحال، پائیدار منافع کے لئے کام کے بہاؤ کے ڈھانچے کو بہتر بنانے کے لئے Lean Management کے تصور کو متعارف کراتے ہوئے ڈویژن کے آپریشنز کی تنظیم نو کر رہی ہے۔ مالی سال 2019-20 کے دوران اس اقدام کی وجہ سے ڈویژن کے مالی نتائج میں مزید بہتری متوقع ہے۔

## ڈائریکٹرز کی رپورٹ (جاری ہے)

کمپنی کا بعد از ٹیکس منافع 1.762 بلین روپے زیادہ ہوا جو گزشتہ تین سالوں کے دوران سب سے زیادہ ہے۔ بعد از ٹیکس منافع کی فروخت سے شرح منافع 7.63% سے بڑھ کر 9.23% ہو گیا جو 1.60% کا غیر معمولی اضافہ ظاہر کر رہا ہے۔

### متعین سرمایہ کاری

کمپنی کی مالی استحکام کا انحصار ہماری صنعتی پیداواری سہولیات کی آپریشنل صلاحیتوں پر ہے جو ہمارے گاہکوں کے لئے جدید رجحانات کے مطابق اعلیٰ کوالٹی مصنوعات تیار کر سکتی ہیں۔ کمپنی مذکورہ بالا مقصد کو پورا کرنے کے لئے نئی اور جدید ٹیکنالوجیز میں بھاری سرمایہ کاری کرتی ہے۔ کمپنی نے مالی سال 19-2018 کے دوران BMR پر 3.558 بلین روپے کی سرمایہ کاری کی ہے جو گزشتہ سال سے 20.89% زیادہ ہے۔

### ورکنگ کیپٹل مینجمنٹ

کمپنی کی لیکویڈیٹی اس سال بھی گزشتہ پانچ سالوں کے رجحانات کے مطابق مستحکم رہی ہے۔ یہ اس سال کے بہت بڑے سیلز حجم کی فنڈنگ ضروریات کے باوجود محتاط ورکنگ کیپٹل مینجمنٹ سے واضح عیاں ہے۔

### سرمایہ کی ساخت

کمپنی کی گیسٹنگ شرح سب مندرجہ کمپنیوں کے شیئرز کی مارکیٹ قدر میں کمی اور غیر مندرجہ کمپنیوں کے شیئرز کی فیئر قیمت میں کمی کے نتیجے کے طور پر ایکویٹی سرمایہ کاریوں پر 13.573 بلین روپے کے غیر حقیقی نقصان کے باعث 20.77% سے بڑھ کر 27.31% ہو گیا۔ کمپنی انتظامیہ کو یقین ہے کہ جیسے ہی ملک کے معاشی اشاریوں میں بہتری آئے گی ان سرمایہ کاریوں کی شیئر ویلیو بہتر ہو جائے گی۔

### فی شیئر آمدنی (EPS)

کمپنی کی فی شیئر آمدنی ایک بہت اہم کارکردگی کا اشارہ ہے جو کہ 11.65 روپے فی شیئر سے 43 فیصد بڑھ کر 16.66 روپے فی شیئر ہوئی جو ایک قابل ذکر اضافہ ہے۔

### تصرفات

کمپنی کے بورڈ آف ڈائریکٹرز نے 40% نقد منافع منقسمہ (2018: 47.50 فیصد) اور عام ذخائر میں 4,386 بلین روپے (2018: 2,427 بلین روپے) منتقلی کی سفارش کی ہے۔

### محکمہ تجزیہ

### سپینگ

سال بھر میں کاسٹن یارن کی طلب اور قیمتوں میں اتار چڑھاؤ نے غیر یقینی صورتحال پیدا کر دی اور کمپنی کے مالی نتائج کو متاثر کیا۔ مزید یہ کہ بین الاقوامی منڈی میں یارن کی قیمتوں میں اضافہ مقامی کپاس کی قیمتوں میں اضافے کے مساوی نہیں ہوا۔ تاہم، بین الاقوامی مارکیٹ میں روئی کی قیمتوں میں اضافے کی بدولت سال کے آخر میں یارن کی قیمت اضافہ مقامی کاسٹن کی لاگت کو پورا کرنے کے لئے کافی نہیں تھا۔ امریکہ چین تجارتی جنگ اور کمزور چینی کرنسی نے یارن کے کاروبار پر بھی منفی اثر ڈالا ہے۔ بین الاقوامی منڈیوں سے منسلک چین کے کاروباری محرکات کے نتیجے میں تیار شدہ مصنوعات کی طلب میں کمی واقع ہوئی لہذا اس نے آخر کار چین میں یارن کی طلب کو کم کر دیا جو ہماری بڑی منڈی ہے۔ کمپنی کی انتظامیہ نے صورتحال پر گہری نظر رکھی اور دانشمندانہ فیصلے کیے جس کی وجہ سے گزشتہ سال کے مقابلہ میں مالی سال 19-2018ء کے دوران اسپینگ ڈویژن کے منافع میں اضافہ ہوا۔

فیروز واٹواں میں واقع اوپن اینڈ یارن مینوفیکچرنگ یونٹ کو یکم فروری 2019 کو پیداوار میں شامل کر دیا گیا ہے جس کے اُمید افزا نتائج برآمد ہوئے ہیں۔

کپاس کی فراہمی اور خریداری کے خطرے کو کم کرنے کے لئے کمپنی نے اپنی رسک مینجمنٹ پالیسی کے مطابق بڑے پیمانے پر میں خام کپاس کی خریداری کی 31 مارچ 2019 کے اختتام تک مکمل کر لیا۔

## ڈائریکٹرز کی رپورٹ

### ڈائریکٹرز کی رپورٹ

نشاط ملز لمیٹڈ ("کمپنی") کی مجلس نظماً 30 جون 2019 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ مع مالیاتی حسابات اور اس پر بیرونی محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

### مالیاتی جائزہ مالیاتی کارکردگی

گزشتہ 30 جون 2018 مختتمہ سال کے مقابلے 30 جون 2019 مختتمہ مالی سال کے دوران کمپنی کی مالی کارکردگی غیر معمولی رہی۔ آمدنی میں نمایاں اضافہ، مؤثر لاگت مینجمنٹ اور کمال سرمایہ کاری پورٹ فولیو کی بدولت بعد از ٹیکس منافع 43 فیصد تک زیادہ ہوا۔ کلیدی منافع کی پیمائش کا خلاصہ حسب ذیل میں پیش کیا جاتا ہے۔

مالی جھلکیاں	2019 روپے (000)	2018 روپے (000)
آمدنی	63,499,029	53,729,124
مجموعی منافع	7,656,601	5,550,446
EBITDA	11,211,441	8,395,775
فرسودگی (Depreciation)	2,646,227	2,444,824
مالی لاگت	1,668,166	993,824
منقسمہ آمدن (Dividend Income)	3,029,845	3,391,397
قبل از ٹیکس منافع	6,897,048	4,957,127
بعد از ٹیکس منافع	5,859,048	4,097,127

گزشتہ سال کی اسی مدت کے مقابلے موجودہ سال کے دوران کمپنی کی فروخت 18.18 فیصد بڑھ گئی۔ ہماری مارکیٹنگ اسٹریٹیجی کے مطابق برآمدی فروخت 8,935.693 ملین روپے تک بڑھ گئی جو اعلیٰ کوالٹی مصنوعات فراہم کر کے ہمارے گاہکوں کے ساتھ طویل مدتی تعلقات استوار کرنے کی بنیاد ہے۔ تمام ڈویژنز کی سیلز کارکردگی قابل ذکر رہی خاص طور پر پوٹنگ، ڈائنگ اور ہوم ٹیکسٹائل ڈویژنز کی برآمدی فروخت نے نمایاں اضافہ درج کیا۔

بہتر لاگت مینجمنٹ اور پیداوار میں اچھی کارکردگی کے باعث آمدنی میں اضافہ (18.18 فیصد) کے مقابلے فروخت کی لاگت (15.91 فیصد) میں نسبتاً کم اضافہ کی وجہ سے مجموعی منافع 37.95 فیصد زیادہ رہا۔ مجموعی منافع میں اضافہ کی دیگر وجوہات امریکی ڈالر کے برعکس پاکستانی روپیہ کی قدر میں تقریباً 35 فیصد کی غیر متوقع کمی اور 27 ستمبر 2018 اور یکم جنوری 2019 سے مؤثر بالترتیب 6.5 امریکی ڈالر فی mmBtu اور 7.5 سینٹس فی KWH کی اعانتی شرحوں پر گیس اور بجلی کی دستیابی ہیں۔

غیر معمولی مالی کارکردگی کا دوسرا ثبوت EBITDA میں 8,395.775 ملین روپے سے 11,211.441 ملین روپے تک 2,815.666 ملین روپے کا اضافہ ہے۔ EBITDA کی فروخت کی شرح سے میں 2.03 فیصد اضافہ ہوا جو کمپنی کی آپریشنل کارکردگی کی عکاس ہے۔

کمپنی صحت مند سرمایہ کاری پورٹ فولیو برقرار رکھتی ہے جس میں پاکستانی معیشت کے اہم شعبوں سے متعلقہ تمام کمپنیوں کے شیئرز میں سرمایہ کاری شامل ہے۔ ڈیویڈنڈ آمدنی 3,029.845 ملین روپے رہی جس نے کمپنی کے بعد از ٹیکس منافع میں نمایاں حصہ شامل کیا ہے۔

یکم جولائی 2018 تا 30 جون 2019 بیچ مارک شرح سود میں 575 بیسس پوائنٹس کے غیر متوقع اضافہ کے اثرات کی وجہ سے کمپنی کے مالیاتی اخراجات میں 674.342 ملین روپے (67.85 فیصد) کا اضافہ ہوا۔ کمپنی کے قرضے بھی ورکنگ کیپٹل ضروریات میں اضافہ اور ڈیوٹی ڈرائیگ مراعات کی ادائیگی اور سیلز ٹیکس اور انکم ٹیکس کی واپسی میں تاخیر کے باعث بڑھ گئے۔



## 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, 2019 (Monday), 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 \_\_\_\_\_ 2019

Signed by the said member \_\_\_\_\_

in presence of \_\_\_\_\_

Please  
affix  
revenue  
stamp  
Rs. 5

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 / ہم / مسماۃ / مسماۃ ساکن ..... ضلع .....

بحیثیت ممبر / ممبر / مسماۃ / مسماۃ ساکن ..... کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں

مسماۃ / مسماۃ ساکن ..... کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ

اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ ۲۸ اکتوبر ۲۰۱۹ء بوقت دوپہر 03:30 بجے اپوریم مال، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپورسٹنر، عبدالحق روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

پانچ روپے کی ریونیو سٹپ  
چسپاں کریں

دستخط بتاریخ ..... دن ..... 2019ء

گواہ کوائف

دستخط: .....

نام: .....

پتہ: .....

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: .....

دستخط: .....

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

گواہ کوائف

دستخط: .....

نام: .....

پتہ: .....

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: .....

فولیو نمبر: .....

سی ڈی سی کھاتہ نمبر: .....

حصص کی تعداد: .....

اہم:

پراکسی فارم، کمپنی 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

**NISHAT MILLS LIMITED**

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



**REGISTERED OFFICE:**

Nishat House, 53-A, Lawrence Road, Lahore

Tel: 042-36360154, 042-111 113 333

[nishat@nishatmills.com](mailto:nishat@nishatmills.com)

[www.nishatmillsltd.com](http://www.nishatmillsltd.com)