



Nishat Mills Limited

Interim Financial Report for the Quarter Ended  
September 30, 2020

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## COMPANY INFORMATION

### Board of Directors

Mian Umer Mansha  
*Chief Executive Officer*

Mian Hassan Mansha  
*Chairman*

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

### Audit Committee

Mrs. Mehak Adil  
Chairperson / Member

Syed Zahid Hussain  
Member

Mr. Mahmood Akhtar  
Member

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

Mrs. Sara Aqeel  
Chairperson / Member

Mian Umer Mansha  
Member

Mr. Mahmood Akhtar  
Member

### Chief Financial Officer

Mr. Muhammad Azam

### Company Secretary

Mr. Khalid Mahmood Chohan

### Auditors

Riaz Ahmad & Company  
Chartered Accountants

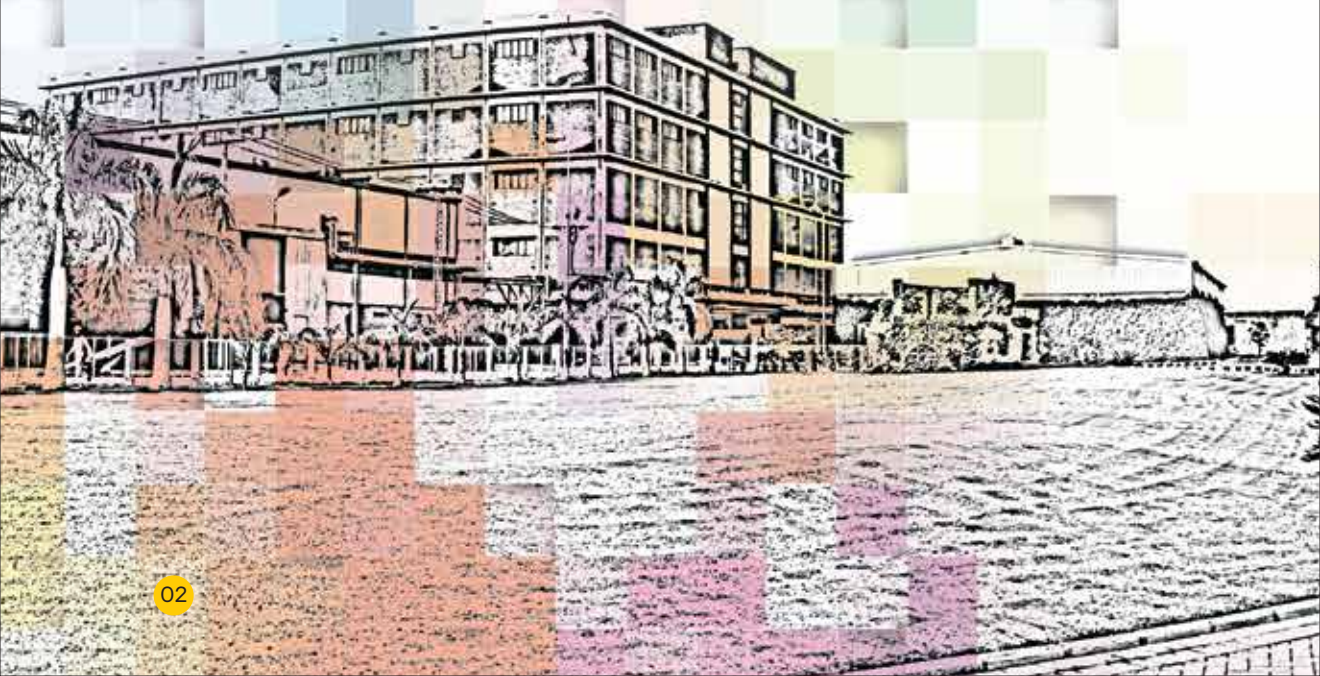
### Legal Advisor

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

### Bankers to the Company

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

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





## Mills

### Spinning units, Yarn Dyeing & Power plant

Nishatabad, Faisalabad.

### Spinning units & Power plant

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

### Spinning units & Power plant

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

### Weaving units & Power plant

12 K.M. Faisalabad Road,  
Sheikhupura.

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

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

### Terry Unit

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

### Apparel Unit

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

### Registered office

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

### Shares Registrar

THK Associates (Private) Limited

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

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

Tel: 042-35781682

### Head Office

7, Main Gulberg, Lahore.  
Tel: 042-35716351-59, 042-111 332 200

Fax: 042-35716349-50

E-mail: [nishat@nishatmills.com](mailto:nishat@nishatmills.com)

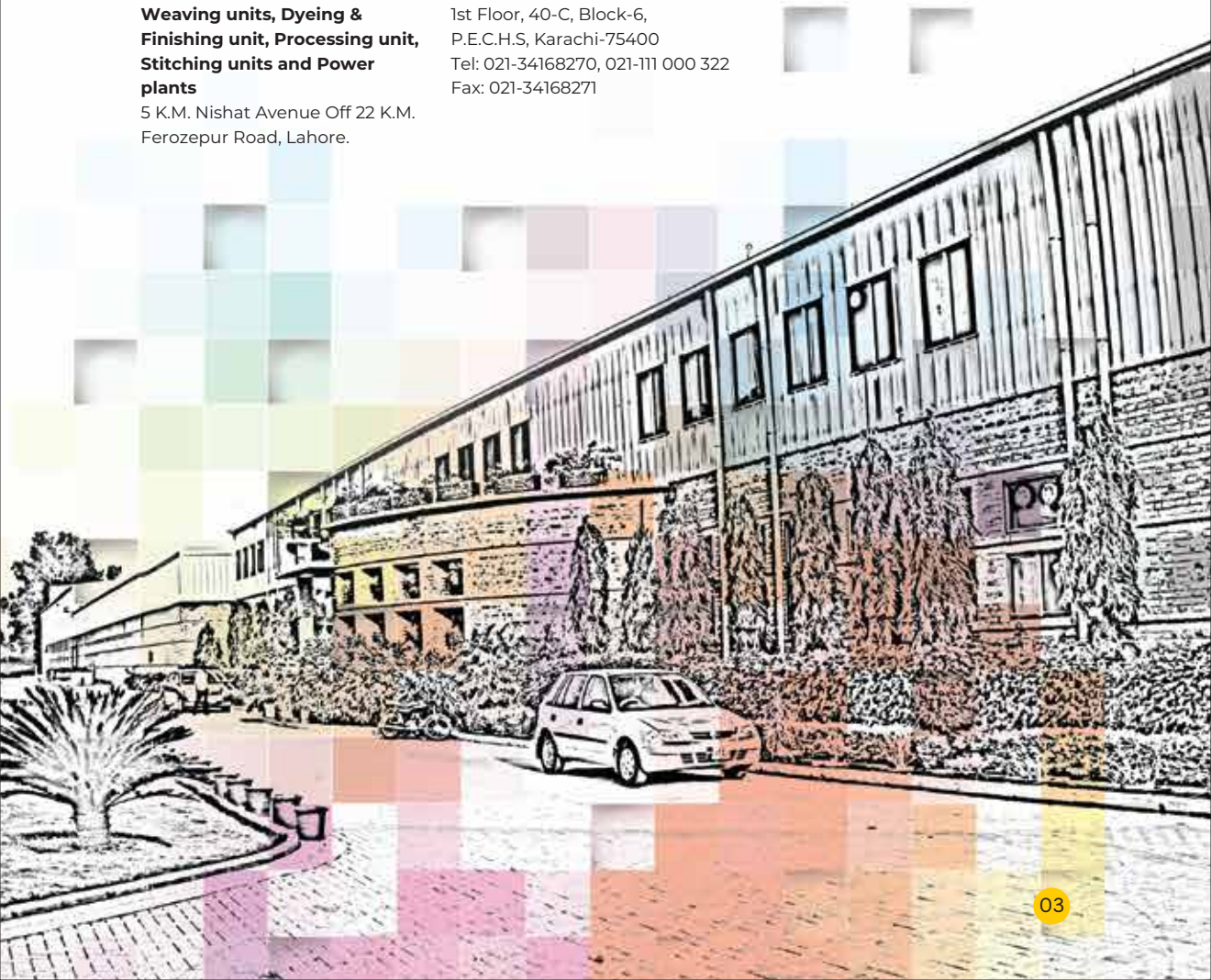
Website: [www.nishatmillsLtd.com](http://www.nishatmillsLtd.com)

### Liaison Office

1st Floor, Karachi Chambers,  
Hasrat Mohani Road, Karachi.

Tel: 021-32414721-23

Fax: 021-32412936



## DIRECTORS' REPORT

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the quarter ended 30 September 2020.

### Operating Financial Results

Profit after tax of the Company remained steady for the first quarter ended 30 September 2020 as compared to the corresponding quarter of the last year. Timely change in the marketing and operational strategy was the main reason for sustenance of profitability despite adverse economic environment due to coronavirus pandemic. Management modified its product mix and took measures to improve efficiency and reduce cost. Even though gross profit margin dropped from 13.54% to 11.43%, decrease in distribution and finance cost by Rs. 72.614 million and Rs. 25.503 million was an important factor to maintain the profitability. Exchange loss on foreign currency also decreased by Rs. 133.748 million in the current quarter as compared to the corresponding quarter ended 30 September 2019. Also, other income remained a significant contributor towards profitability and increased by Rs. 76.922 million.

Financial Highlights	Quarter ended 30 September		Increase / (decrease) %
	2020	2019	
Revenue (Rs. '000')	15,979,214	15,933,130	0.29
Gross Profit (Rs. '000')	1,826,010	2,157,282	(15.36)
Profit after tax (Rs. '000')	946,346	923,702	2.45
Gross Profit (%)	11.43	13.54	
Profit after tax (%)	5.92	5.80	
Earnings per share – (Rs.)	2.69	2.63	

### General Market Review and Future Prospects

Financial year 2020-21 started under the affects of Covid-19 pandemic, therefore, business activity in both the local and international markets remained under stress. Since retail sector, all over the world, was either facing closures or low consumer demand, this was a challenging period for the textile industry, especially, in export-oriented units. The quarter started with a sense of some relief as many of the customer nations had partially opened up or had plans to relax lockdown. The risk is still not over. Second wave of the disease is expected in the next quarter which may cause another lockdown.

While the high cost of production always remained one of the main issues for Pakistani exporters, surprisingly electricity tariff has been increased from prevailing rate of 7.5 US cents per kWh to 9 US cents per kWh with effect from 1st September 2020. Further, local cotton crop is reported to be short in this season so rising raw material prices will be another challenge for the industry. In the current environment, it is impossible to pass on cost increases to customers.

### Segment Analysis

Following is the brief overview on segmental performance of the Company.

## Spinning

During the quarter ended 30 September 2020, management of the Division remained busy to sustain the business activity in the post Covid-19 world. While international yarn markets were in stress, favourable dynamics in local market helped in reduction of losses. International buyers were having excess stocks and did not find any reason to buy further in the lockdown when business activity was at the lowest. Moreover, yarn exporters from India and Vietnam gave us stiff competition by offering low priced yarn. However, by end of the first quarter, prices in international markets have significantly improved whose impact would come in the coming months. China was the only main international yarn market which was active during the first quarter, whereas other markets, Korea, Malaysia, Japan, Taiwan, Vietnam and Bangladesh were under immense impact of COVID-19 pandemic.

Financial year 2020-21 started with persistent rise in raw cotton prices due to the expectations of shortage of local cotton crop output. The management is observing the dynamics of the local and foreign cotton markets and its effects on the profitability of the Division.

Yarn	Quarter ended 30 September		Increase / (Decrease)	
	2020	2019	Value	% age
Sale – (kgs '000')	4,781	6,172	(1,391)	(22.54)
Rate / kg	336.49	402.95	(66.46)	(16.49)
Sale – (Rs. '000')	1,608,750	2,487,031	(878,281)	(35.31)

## Weaving

Overall business of Weaving Division suffered due to Covid-19 pandemic during the first quarter ended 30 September 2020. Production of narrow width looms comprising mainly of fashion wear / workwear showed major decline, but sales of technical fabric consisting of abrasives, sun protection and other industrial use cloth remained stable. However, growth was witnessed in sales to home textile sector. Therefore, our wider width looms are booked for next four months and future prospects look positive. Since the trend of sales growth to home textile sector is expected to continue, the management is planning to invest in a new wider width unit comprising of 55 looms in Bhikki. At Lahore, another plan is underway to replace 24 narrow width looms with wider width looms. This investment shall give us more flexibility and options to produced greige fabric for both home textile / women wear lawn business.

Grey Cloth	Quarter ended 30 September		Increase / (Decrease)	
	2020	2019	Value	% age
Sale – (meters '000')	23,299	20,416	2,883	14.12
Rate / meter	172.79	186.08	(13.29)	(7.14)
Sale – (Rs. '000')	4,025,922	3,798,967	226,955	5.97

## Dyeing

After the outbreak of coronavirus, demand for fashions industry was hit hard which resulted in significant decrease in sale of the Division. Despite an unprecedented tough business environment, the Division was able to sustain its business. Sales volume dropped by around 23% in the current quarter as compared to the corresponding quarter of the last year. This trend may continue in the coming months as well.

Processed Cloth	Quarter ended 30 September		Increase / (Decrease)	
	2020	2019	Value	% age
Sale – (meters '000')	7,080	9,214	(2,134)	(23.16)
Rate / meter	351.28	375.02	(23.74)	(6.33)
Sale – (Rs. '000')	2,487,095	3,455,437	(968,342)	(28.02)

We anticipate more challenges ahead in remaining part of the current fiscal year. Besides significant drop in business, skyrocketing raw material cost is posing serious threat to survival and viability of textile sector.

## Home Textile

While business activity at other Divisions slowed down, Home Textile Division saw an unprecedented rise in demand and flow of orders during the first quarter. Since we had been expecting and already planning the recovery in demand by our customers for some weeks, we were able to respond to the increased demand very well. Therefore, the Division had been working at full capacity throughout the quarter. The orders are still coming but we are unable to cater the fast deliveries that are being demanded. However, it is pertinent to note that these are not pipeline orders. Demand from all of our major markets like North America, Europe and Australia / New Zealand areas has been slowly increasing but we are still not seeing the long booking pipelines that was the norm in the past.

Processed Cloth and Made-ups	Quarter ended 30 September		Increase / (Decrease)	
	2020	2019	Value	% age
Sale – (meters '000')	8,457	6,415	2,042	31.83
Rate / meter	450.33	445.82	4.51	1.01
Sale – (Rs. '000')	3,808,452	2,859,944	948,508	33.17

Overall, sale share of health care related products has reduced as COVID-19 cases eased worldwide, but Home Textile products' demand has gone up. People are spending more time indoors which is reason for substantial decrease in local fashion products demand as the local market recovery is still very slow.

## Garments

Profitability of Garments Division significantly improved during the first quarter ended 30 September 2020 as compared to the corresponding quarter of the last year. Measures taken to reduce per unit cost during the financial year 2019-20 were the key to enhance the competitiveness of our products in local and international markets. This is reflected in around 7% increase in the sales of the Division. Now, the

management is engaged in research and development to offer innovative products produced in a sustainable way which is the demand of our customers, in the post-Covid world.

Garments	Quarter ended 30 September		Increase / (Decrease)	
	2020	2019	Value	% age
Sale – (garments '000')	1,367	1,363	4	0.29
Rate / garment	1,148.04	1,072.24	75.80	7.07
Sale – (Rs. '000')	1,569,369	1,461,463	107,906	7.38

### Power Generation

The Company is committed to invest in environmentally friendly energy projects to reduce its carbon footprint. Existing power generation capacity of solar power plants is 4.34 MW. Management has finalized the plan for installation of 3.85 MW solar power plant for its Spinning Division located at Ferozwatwan. Another project for acquisition of solar plant at Bhikki is also under consideration.

### Subsidiary Companies and Consolidated Financial Statements

Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat Commodities (Private) Limited, Lalpir Solar Power (Private) Limited, Nishat USA Inc., Nishat Linen Trading LLC, Nishat International FZE and Nishat Global China Company Limited form portfolio of subsidiary companies of the Company. Therefore, the Company has annexed consolidated condensed interim financial statements in addition to its separate condensed interim financial statements, in accordance with the requirements of International Financial Reporting Standards.

### Composition of Board of the Directors

The composition of the Board is as follows:

#### Total number of Directors:

- |    |        |   |
|----|--------|---|
| a) | Male   | 5 |
| b) | Female | 2 |

#### Composition

- |      |                         |   |
|------|-------------------------|---|
| i)   | Independent Directors   | 2 |
| ii)  | Non-executive Directors | 4 |
| iii) | Executive Director      | 1 |

### Committees of the Board

#### Audit Committee of the Board:

#### Sr. No. Name of Directors

- |   |                    |                      |
|---|--------------------|----------------------|
| 1 | Mrs. Mehak Adil    | Chairperson / Member |
| 2 | Syed Zahid Hussain | Member               |
| 3 | Mr. Mahmood Akhtar | Member               |



### Human Resource and Remuneration Committee:

#### Sr. No. Name of Directors

1	Mrs. Sara Aqeel	Chairperson / Member
2	Mian Umer Mansha	Member
3	Mr. Mahmood Akhtar	Member

### 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 meetings of Board and its Committees.
- The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending meeting of the Board and its Committees.
- The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time.

### Acknowledgement

The Board is pleased about the efforts of the management, staff and workers.

### For and on behalf of the Board of Directors



**Mian Umer Mansha**  
Chief Executive Officer



**Farid Noor Ali Fazal**  
Director

28 October 2020  
Lahore

A hand holding a gold pen points towards a calculator. A bar chart with white bars of varying heights is overlaid on the bottom half of the image. A red rectangular box contains white text.

Unconsolidated Condensed Interim  
Financial Statements of

**Nishat Mills Limited**

For the quarter ended 30 September 2020

**Unconsolidated Condensed Interim Statement of Financial Position**

As at 30 September 2020

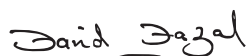
	Note	Un-audited 30 September 2020 (Rupees in thousand)	Audited 30 June 2020
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (30 June 2020: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
<b>Issued, subscribed and paid-up share capital</b>			
351,599,848 (30 June 2020: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
<b>Reserves</b>		73,366,687	67,911,861
<b>Total equity</b>		76,882,686	71,427,860
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	5	9,107,517	9,222,781
Deferred income tax liability		308,456	302,672
		9,415,973	9,525,453
<b>CURRENT LIABILITIES</b>			
Trade and other payables		9,152,207	9,357,977
Accrued mark-up		147,330	226,228
Short term borrowings		17,292,746	19,329,768
Current portion of non-current liabilities		1,328,404	703,032
Unclaimed dividend		90,237	90,596
		28,010,924	29,707,601
<b>TOTAL LIABILITIES</b>		37,426,897	39,233,054
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		114,309,583	110,660,914

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



CHIEF EXECUTIVE OFFICER

	Note	Un-audited 30 September 2020 (Rupees in thousand)	Audited 30 June 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	31,216,596	31,292,722
Investment properties		454,539	455,544
Long term investments		42,614,224	37,979,074
Long term loans		357,039	305,264
Long term deposits		104,254	104,783
		74,746,652	70,137,387
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		2,275,372	2,256,569
Stock in trade		18,155,313	20,753,543
Trade debts		3,957,110	4,326,780
Loans and advances		8,745,539	9,427,202
Short term deposits and prepayments		80,651	67,629
Other receivables		3,020,131	3,526,888
Accrued interest		25,245	36,675
Cash and bank balances		3,303,570	128,241
		39,562,931	40,523,527
<b>TOTAL ASSETS</b>		<b>114,309,583</b>	<b>110,660,914</b>



DIRECTOR



CHIEF FINANCIAL OFFICER

## Unconsolidated Condensed Interim Statement of Profit or Loss


For the quarter ended 30 September 2020 (Un-audited)

		Quarter ended	
		30 September 2020	30 September 2019
	Note	(Rupees in thousand)	
REVENUE		15,979,214	15,933,130
COST OF SALES	8	(14,153,204)	(13,775,848)
GROSS PROFIT		1,826,010	2,157,282
DISTRIBUTION COST		(665,702)	(738,316)
ADMINISTRATIVE EXPENSES		(324,538)	(306,662)
OTHER EXPENSES		(78,504)	(215,257)
		(1,068,744)	(1,260,235)
		757,266	897,047
OTHER INCOME		673,639	596,717
PROFIT FROM OPERATIONS		1,430,905	1,493,764
FINANCE COST		(298,559)	(324,062)
PROFIT BEFORE TAXATION		1,132,346	1,169,702
TAXATION		(186,000)	(246,000)
<b>PROFIT AFTER TAXATION</b>		946,346	923,702
<b>EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)</b>	9	2.69	2.63

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



## Unconsolidated Condensed Interim Statement of Comprehensive Income

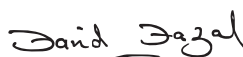
For the quarter ended 30 September 2020 (Un-audited)

	Quarter ended	
	30 September 2020	30 September 2019
	(Rupees in thousand)	
<b>PROFIT AFTER TAXATION</b>	946,346	923,702
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Surplus / (Deficit) arising on remeasurement of investments at fair value through other comprehensive income	4,514,264	(2,035,768)
Deferred income tax relating to this item	(5,784)	-
	4,508,480	(2,035,768)
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-
Other comprehensive income / (loss) for the period - net of tax	4,508,480	(2,035,768)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	5,454,826	(1,112,066)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

## Unconsolidated Condensed Interim Statement of Cash Flows

For the quarter ended 30 September 2020 (Un-audited)

		Quarter ended	
		30 September 2020	30 September 2019
	Note	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	10	4,722,380	4,409,601
Finance cost paid		(377,457)	(432,620)
Income tax paid		(182,666)	(177,468)
Net exchange difference on forward exchange contracts (paid) / received		(765)	1,832
Net increase in long term loans		(66,080)	(13,641)
Net decrease in long term deposits		529	20,649
<b>Net cash generated from operating activities</b>		4,095,941	3,808,353
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(617,731)	(1,185,515)
Proceeds from sale of property, plant and equipment		29,402	16,419
Investments made		(120,886)	(230,000)
Loans and advances to subsidiary companies		(9,619,266)	(8,648,519)
Repayment of loans from subsidiary companies		10,384,648	8,799,651
Interest received		79,399	77,876
Dividends received		471,095	377,627
<b>Net cash from / (used in) investing activities</b>		606,661	(792,461)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		522,993	591,894
Repayment of long term financing		(12,885)	(415,427)
Short term borrowings - net		(2,037,022)	145,814
Dividend paid		(359)	(227)
<b>Net cash (used in) / from financing activities</b>		(1,527,273)	322,054
<b>Net increase in cash and cash equivalents</b>		3,175,329	3,337,946
<b>Cash and cash equivalents at the beginning of the period</b>		128,241	576,625
<b>Cash and cash equivalents at the end of the period</b>		3,303,570	3,914,571

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

### 1 THE COMPANY AND ITS OPERATIONS

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.

### 2 BASIS OF PREPARATION

**2.1** These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These unconsolidated condensed interim financial statements are unaudited and do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2020.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated condensed interim 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.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

	Un-audited 30 September 2020 (Rupees in thousand)	Audited 30 June 2020
<b>5 LONG TERM FINANCING - SECURED</b>		
Opening balance	9,925,813	7,044,397
Add: Obtained during the period / year	522,993	4,245,115
Less: Repaid during the period / year	(12,885)	(1,363,699)
	10,435,921	9,925,813
Less: Current portion shown under current liabilities	(1,328,404)	(703,032)
	9,107,517	9,222,781

## 6 CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- i) Guarantees of Rupees 3,087.035 million (30 June 2020: Rupees 2,941.607 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Directorate of Cotton Cess Management against cotton cess, Collector of Customs against regulatory duty, Model Customs Collectorate Lahore against imported coal, State Bank of Pakistan against mark-up subsidy, Inspector General Frontier Corps KP (South) and The President of Islamic Republic of Pakistan through the Controller of Military Accounts (Defence Purchase) against fulfillment of sales orders, High Court of Sindh, Karachi against the matter of importation of LED lights and to the bank of Hyundai Nishat Motor (Private) Limited (associated company) to secure financial assistance to the associated company. Further, the Company has issued cross corporate guarantees of Rupees 1,173.333 million (30 June 2020: Rupees 266.667 million) and Rupees 41.60 million (30 June 2020: Rupees 16.2 million) on behalf of Nishat Linen (Private) Limited - wholly owned subsidiary company and Nishat Hospitality (Private) Limited - wholly owned subsidiary company to secure the obligations of subsidiary companies towards their lenders.
- ii) Post dated cheques of Rupees 9,094.848 million (30 June 2020: Rupees 8,223.314 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

### b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 732.663 million (30 June 2020: Rupees 297.715 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 2,041.751 million (30 June 2020: Rupees 2,146.440 million).
- iii) Outstanding foreign currency forward contracts of Rupees 306.604 million (30 June 2020: Rupees 389.348 million).



## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

### 7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 30 September 2020 (Rupees in thousand)	Audited 30 June 2020
Operating fixed assets - owned	7.1	28,310,965	28,834,861
Capital work-in-progress	7.2	2,905,631	2,457,861
		31,216,596	31,292,722
<b>7.1 Operating fixed assets - Owned</b>			
Opening book value		28,834,861	28,450,899
Add: Cost of additions during the period / year	7.1.1	174,859	3,209,005
		29,009,720	31,659,904
Less: Book value of deletions during the period / year	7.1.2	(22,422)	(73,736)
		28,987,298	31,586,168
Less: Depreciation charged during the period / year		(676,333)	(2,751,307)
		28,310,965	28,834,861
<b>7.1.1 Cost of additions</b>			
Freehold land		50	26,823
Buildings on freehold land		-	393,818
Plant and machinery		148,138	2,582,793
Electric installations		240	10,379
Factory equipment		1,634	5,686
Furniture, fixtures and office equipment		4,750	18,699
Computer equipment		4,440	24,577
Vehicles		15,607	146,230
		174,859	3,209,005
<b>7.1.2 Book value of deletions</b>			
Buildings on freehold land		-	998
Plant and machinery		15,983	43,446
Electric installations		-	574
Furniture, fixtures and office equipment		-	147
Computer equipment		42	708
Vehicles		6,397	27,863
		22,422	73,736

	Un-audited 30 September 2020 (Rupees in thousand)	Audited 30 June 2020
<b>7.2 Capital work-in-progress</b>		
Buildings on freehold land	449,213	295,961
Plant and machinery	2,081,610	2,026,844
Unallocated expenses	294,761	97,296
Letters of credit against machinery	534	8
Advances against purchase of land	32,366	29,447
Advances against furniture, fixtures and office equipment	1,286	2,046
Advances against purchase of vehicles	45,861	6,259
	2,905,631	2,457,861

	Quarter ended 30 September 2020 (Rupees in thousand)	30 September 2019
<b>8 COST OF SALES</b>		
Raw materials consumed	7,221,586	8,115,876
Processing charges	86,263	71,349
Salaries, wages and other benefits	1,612,117	1,629,534
Staff retirement benefits	46,330	44,748
Stores, spare parts and loose tools consumed	1,522,124	1,726,922
Packing materials consumed	386,969	326,624
Repair and maintenance	99,835	96,987
Fuel and power	1,482,152	1,704,022
Insurance	10,553	12,303
Other factory overheads	119,137	156,417
Depreciation	652,539	643,342
	13,239,605	14,528,124
Work-in-process		
Opening stock	2,032,268	2,015,512
Closing stock	(2,163,479)	(2,129,956)
	(131,211)	(114,444)
Cost of goods manufactured	13,108,394	14,413,680
Finished goods		
Opening stock	5,899,507	3,857,431
Closing stock	(4,854,697)	(4,495,263)
	1,044,810	(637,832)
	14,153,204	13,775,848

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

		Quarter ended	
		30 September 2020	30 September 2019
<b>9 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders	(Rupees in thousand)	946,346	923,702
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	2.69	2.63

		Quarter ended	
		30 September 2020	30 September 2019
		(Rupees in thousand)	
	<b>Note</b>		
<b>10 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		1,132,346	1,169,702
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		672,440	666,252
Gain on sale of property, plant and equipment		(6,980)	(4,965)
Dividend income		(471,095)	(377,627)
Net exchange loss		26,552	160,300
Interest income on loans and advances to subsidiary companies		(59,635)	(66,828)
Interest income on sales tax refund bonds		-	(14,814)
Finance cost		298,559	324,062
Reversal of provision for slow moving, obsolete and damaged store items		(13)	-
Working capital changes	10.1	3,130,206	2,553,519
		4,722,380	4,409,601

**10.1 Working capital changes**

(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(18,790)	72,625
- Stock in trade		2,598,230	2,391,611
- Trade debts		351,834	306,888
- Loans and advances		(72,748)	21,635
- Short term deposits and prepayments		(13,022)	7,958
- Other receivables		498,092	(891,554)
		3,343,596	1,909,163
(Decrease) / Increase in trade and other payables		(213,390)	644,356
		3,130,206	2,553,519

## 11 SEGMENT INFORMATION

**11.1** The Company has following reportable business segments. The following summary describes the operation in each of the Company's reportable segments:

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

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

# Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

(Rupees in thousand)

	Spinning				Weaving				Dyeing *	Home Textile *		Terry	Garments		Power Generation	Elimination of inter-segment transactions	Total - Company
	Faisalabad I	Faisalabad II	Feroze Wattohan I	Feroze Wattohan II	Bhikhi	Lahore *			Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended
Sep 2020	Sep 2019	Sep 2020	Sep 2019	Sep 2020	Sep 2019	Sep 2020	Sep 2019	Sep 2020	Sep 2019	Sep 2020	Sep 2019	Sep 2020	Sep 2019	Sep 2020	Sep 2019	Sep 2020	Sep 2019
Revenue	1,292,834	1,397,365	761,611	1,102,289	654,628	1,037,440	576,615	3,483,730	3,103,034	897,694	754,666	2,614,705	5,328,042	4,316,260	3,389,991	17,145	15,583,130
Cost of sales	790,282	728,014	278,146	192,071	94,828	1,278,443	492,701	1,486,366	1,564,672	984,176	1,251,615	118,615	140,137	31,154	138,253	1,751,689	-
Gross profit / (loss)	2,053,276	2,126,089	1,033,757	1,290,360	1,426,366	1,330,141	471,443	98,776	4,793,596	1,561,570	2,063,131	2,733,520	3,863,179	4,353,434	3,527,948	1,760,033	15,583,130
Administrative expenses	(2,043,077)	(1,914,086)	(1,144,975)	(1,334,173)	(1,386,078)	(1,473,066)	(492,225)	(86,173)	(4,593,046)	(1,592,640)	(1,852,978)	(2,580,860)	(3,702,253)	(5,147,869)	(3,147,869)	(5,361,861)	(14,133,204)
Profit/(loss) before taxation and unallocated income and expenses	10,199	211,993	(105,218)	68,613	64,688	57,425	66,211	3,025	384,970	592,423	69,270	133,228	394,262	887,271	643,311	7,759	1,828,070
Other income	(46,507)	(53,380)	(3,111)	(4,220)	(26,420)	(41,897)	(1,232)	(170)	(13,800)	(24,898)	(30,383)	(128,157)	(133,194)	(187,560)	(173,674)	-	(865,702)
Finance cost	(53,763)	(45,300)	(14,800)	(15,973)	(22,273)	(23,991)	(3,130)	(915)	(32,334)	(44,584)	(22,831)	(41,866)	(44,118)	(68,091)	(61,128)	-	(24,438)
Taxation	(100,364)	(69,188)	(18,019)	(20,193)	(49,696)	(65,288)	(4,382)	(625)	(153,837)	(190,109)	(47,247)	(54,943)	(171,156)	(207,300)	(255,659)	-	(890,242)
Profit/(loss) before taxation and unallocated income and expenses	(90,125)	(114,113)	(123,227)	(57,000)	(10,792)	(13,853)	61,826	2,400	211,033	312,214	22,823	99,163	223,106	479,911	362,522	144,962	833,770
Unallocated income and expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## 11.3 Reconciliation of reportable segment assets and liabilities

	Spinning				Weaving				Dyeing *	Home Textile *	Terry	Garments	Power Generation	Total - Company			
	Faisalabad I		Faisalabad II		Feroze Wattohan I		Feroze Wattohan II								Bhikki	Lahore *	
	Un-audited Sep 2020	Audited June 2020	Un-audited Sep 2020	Audited June 2020	Un-audited Sep 2020	Audited June 2020	Un-audited Sep 2020	Audited June 2020								Un-audited Sep 2020	Audited June 2020
(Rupees in thousand)																	
Total assets for reportable segments	7,493,279	8,434,886	4,597,141	4,101,500	6,296,286	6,833,108	1,973,372	1,816,633	6,265,215	1,000,686	964,656	7,790,770	8,330,346	8,315,231	8,824,833	2,071,997	56,367,556
Unallocated assets:																	
Long term investments																	42,614,224
Other receivables																	3,526,686
Call and bank balances																	3,303,370
Other corporate assets																	128,241
Total assets as per recommended condensed interim statement of financial position																	8,984,302
																	9,703,981
																	114,939,583
																	110,660,914
Total liabilities for reportable segments																	8,465,172
Unallocated liabilities:																	3,082,256
Deferred income tax liability																	308,455
Other corporate liabilities																	28,633,269
Total liabilities as per recommended condensed interim statement of financial position																	37,426,897
																	39,233,054



## 12 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 September 2020	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
<b>Financial assets</b>				
Fair value through other comprehensive income	34,125,423	-	3,956,798	38,082,221
Derivative financial assets	-	14	-	14
<b>Total financial assets</b>	<b>34,125,423</b>	<b>14</b>	<b>3,956,798</b>	<b>38,082,235</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	13,826	-	13,826
<b>Total financial liabilities</b>	<b>-</b>	<b>13,826</b>	<b>-</b>	<b>13,826</b>

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

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

There were no transfers between levels 1 and 2 for recurring fair value measurements during the quarter ended 30 September 2020. 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.

**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 Company is the current bid price. These instruments are included in level 1.

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

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

### ii) Valuation techniques used to determine fair values

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

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

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

	Unlisted equity securities (Rupees in thousand)
<b>Balance as on 30 June 2019 - Audited</b>	3,004,950
Less: Deficit recognized in other comprehensive income	-
<b>Balance as on 30 September 2019 - Unaudited</b>	3,004,950
Add: Investment made during the year	403,300
Add: Surplus recognized in other comprehensive income	401,068
<b>Balance as on 30 June 2020 - Audited</b>	3,809,318
Add: Investment made during the period	120,886
Add: Surplus recognized in other comprehensive income	26,594
<b>Balance as on 30 September 2020 - Unaudited</b>	3,956,798

**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 September 2020	30 June 2020		30 September 2020	
	(Rupees in thousand)				

**Fair value through other comprehensive income**

Nishat Paper Products Company Limited	549,483	549,483	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +165.089 million / - 120.647 million.
			Risk adjusted discount rate	14.25%	
Nishat Dairy (Private) Limited	375,600	375,600	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 55.800 million / - 40.800 million.
			Risk adjusted discount rate	14.43%	
Security General Insurance Company Limited	590,975	590,975	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +108.296 million / - 77.208 million.
			Risk adjusted discount rate	13.37%	
Nishat Hotels and Properties Limited	1,032,620	1,032,620	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 592.924 million / - 327.922 million.
			Risk adjusted discount rate	8.74%	
Hyundai Nishat Motor (Private) Limited	1,241,820	1,094,340	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 386.797 million / - 283.990 million.
			Risk adjusted discount rate	14.87%	

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

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

### 13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, associated undertakings, other related companies, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

#### i) Transactions

	Quarter ended	
	30 September 2020	30 September 2019
	(Rupees in thousand)	
<b>Subsidiary companies</b>		
Dividend income	180,633	-
Investment made	-	230,000
Short term loans made	9,619,266	8,648,519
Repayment of short term loans made	10,384,648	8,799,651
Interest income	59,635	66,828
Rental income	18,690	14,574
Sale of goods and services	2,244,440	1,749,063
Purchase of goods and services	109,428	57,186
<b>Associated companies</b>		
Investment made	120,886	-
Purchase of goods and services	11,044	6,347
Sale of goods and services	18,221	3,956
Purchase of operating fixed assets	5,612	-
Sale of operating fixed assets	-	819
Rental income	1,156	10,081
Dividend income	290,462	377,627
Insurance premium paid	50,616	37,591
Insurance claims received	10,954	11,819
Interest income	861	-
Finance cost	1,846	3,436
<b>Other related parties</b>		
Purchase of goods and services	788,667	616,619
Sale of goods and services	16,399	104,369
Company's contribution to provident fund trust	63,067	59,850
Remuneration paid to Chief Executive Officer, Director and Executives	279,473	245,894

**ii) Period end balances**

	As at 30 September 2020			
	Subsidiary	Associated	Other related	Total
	companies	companies	parties	
	(Rupees in thousand)			
Trade and other payables	45,261	34,689	110,159	190,109
Accrued markup	-	1,836	-	1,836
Short term borrowings	-	191,154	-	191,154
Long term loans	-	-	186,396	186,396
Trade debts	758,270	5,681	-	763,951
Loans and advances	7,788,160	2,471	65,563	7,856,194
Accrued interest	16,895	-	-	16,895
Cash and bank balances	-	96,411	70	96,481

	As at 30 June 2020 (Audited)			
	Subsidiary	Associated	Other related	Total
	companies	companies	parties	
	(Rupees in thousand)			
Trade and other payables	106,865	50,315	173,798	330,978
Accrued markup	-	2,803	-	2,803
Short term borrowings	-	76,206	-	76,206
Long term loans	-	-	166,802	166,802
Trade debts	552,119	2,147	-	554,266
Loans and advances	8,553,542	-	59,934	8,613,476
Accrued interest	36,659	-	-	36,659
Cash and bank balances	-	3,649	74	3,723

**14 FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

**15 DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 28 October 2020.



## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

### 16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the unconsolidated condensed interim financial position and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

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

### 17 GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



Consolidated Condensed Interim  
Financial Statements of

**Nishat Mills Limited  
and its Subsidiaries**

For the quarter ended 30 September 2020

**Consolidated Condensed Interim Statement of Financial Position**

As at 30 September 2020

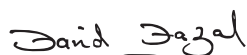
	Note	Un-audited 30 September 2020 (Rupees in thousand)	Audited 30 June 2020
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (30 June 2020: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
<b>Issued, subscribed and paid-up share capital</b>			
351,599,848 (30 June 2020: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
<b>Reserves</b>		96,018,238	92,836,718
<b>Equity attributable to equity holders of the Holding Company</b>		99,534,237	96,352,717
<b>Non-controlling interest</b>		11,886,793	11,606,574
<b>Total equity</b>		111,421,030	107,959,291
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	6	9,450,908	9,372,451
Lease liabilities		1,880,050	1,765,873
Long term security deposits		243,310	271,133
Retirement benefit obligation		20,485	19,466
Deferred liability - accumulating compensated absences		1,502	1,540
Deferred income tax liability		2,023,067	1,973,011
		13,619,322	13,403,474
<b>CURRENT LIABILITIES</b>			
Trade and other payables		11,626,809	11,184,265
Accrued mark-up		252,586	395,513
Short term borrowings		22,637,840	24,080,517
Current portion of non-current liabilities	7	1,950,316	1,263,901
Unclaimed dividend		111,646	111,267
		36,579,197	37,035,463
<b>TOTAL LIABILITIES</b>		50,198,519	50,438,937
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		161,619,549	158,398,228

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



CHIEF EXECUTIVE OFFICER

	Note	Un-audited 30 September 2020 (Rupees in thousand)	Audited 30 June 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	43,516,299	43,724,143
Intangible assets		880	1,259
Right-of-use assets		2,118,796	2,030,736
Long term investments		52,279,427	50,115,435
Long term loans		413,648	361,635
Long term deposits		223,760	225,882
		98,552,810	96,459,090
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		2,977,626	2,979,540
Stock-in-trade		25,046,012	28,367,135
Trade debts		25,515,996	23,604,593
Loans and advances		1,381,005	1,372,497
Short term deposits and prepayments		199,065	184,401
Other receivables		3,869,144	4,652,267
Accrued interest		11,162	2,301
Short term investment		18,366	17,677
Cash and bank balances		4,048,363	758,727
		63,066,739	61,939,138
<b>TOTAL ASSETS</b>		<b>161,619,549</b>	<b>158,398,228</b>



DIRECTOR



CHIEF FINANCIAL OFFICER

**Consolidated Condensed Interim Statement of Profit or Loss**


For the quarter ended 30 September 2020 (Un-audited)

		Quarter ended	
		30 September 2020	30 September 2019
	Note	(Rupees in thousand)	
REVENUE		25,554,947	25,477,386
COST OF SALES	10	(21,546,236)	(20,316,100)
GROSS PROFIT		4,008,711	5,161,286
DISTRIBUTION COST		(1,446,472)	(1,548,121)
ADMINISTRATIVE EXPENSES		(522,771)	(502,624)
OTHER EXPENSES		(81,764)	(237,655)
		(2,051,007)	(2,288,400)
		1,957,704	2,872,886
OTHER INCOME		157,398	521,367
PROFIT FROM OPERATIONS		2,115,102	3,394,253
FINANCE COST		(485,466)	(673,640)
		1,629,636	2,720,613
SHARE OF PROFIT / (LOSS) FROM ASSOCIATES		355,902	(118,447)
PROFIT BEFORE TAXATION		1,985,538	2,602,166
TAXATION		(294,467)	(304,526)
<b>PROFIT AFTER TAXATION</b>		1,691,071	2,297,640
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		1,237,396	1,642,154
NON-CONTROLLING INTEREST		453,675	655,486
		1,691,071	2,297,640
<b>EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)</b>	11	3.52	4.67

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## Consolidated Condensed Interim Statement of Comprehensive Income

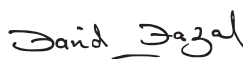
For the quarter ended 30 September 2020 (Un-audited)

	Quarter ended	
	30 September 2020	30 September 2019
	(Rupees in thousand)	
<b>PROFIT AFTER TAXATION</b>	1,691,071	2,297,640
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Surplus / (Deficit) arising on remeasurement of investments at fair value through other comprehensive income	1,266,668	(486,096)
Share of other comprehensive income / (loss) of associates	685,432	(315,326)
	1,952,100	(801,422)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	(7,976)	(31,391)
Other comprehensive income / (loss) for the period	1,944,124	(832,813)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	3,635,195	1,464,827
<b>SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Equity holders of holding company	3,181,520	809,341
Non-controlling interest	453,675	655,486
	3,635,195	1,464,827

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# Consolidated Condensed Interim Statement of Changes in Equity

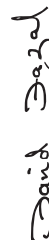
For the quarter ended 30 September 2020 (Un-audited)

Attributable to Equity Holders of the Holding Company													
	Share Capital	Capital Reserves					Revenue Reserves				Shareholders' Equity	Non-controlling Interest	Total Equity
		Premium on Issue of Right Shares	Fair Value Reserve (PTOC) Investments	Exchange Translation Reserve	Statutory Reserve	Capital Redemption Reserve Fund	Maintenance Reserve	Total Reserves					
								Sub Total	General Reserve	Unappropriated Profit			
(Rupees in thousand)													
Balance as at 30 June 2019 - (Audited)	3,515,999	5,499,530	9,727,048	219,168	835	111,002	1,608,668	17,166,251	64,764,214	7,915,002	72,579,216	99,251,466	102,622,494
Profit for the period	-	-	-	-	-	-	-	-	-	1,642,154	1,642,154	1,642,154	655,486
Other comprehensive loss for the period	-	-	(801,422)	(31,391)	-	-	-	(832,813)	-	-	-	(832,813)	(832,813)
Total comprehensive (loss) / income for the period	-	-	(801,422)	(31,391)	-	-	-	(832,813)	-	1,642,154	1,642,154	809,341	1,464,827
Balance as at 30 September 2019 - (Un-audited)	3,515,999	5,499,530	8,925,626	187,777	835	111,002	1,608,668	16,333,438	64,764,214	9,457,156	74,221,370	94,070,807	104,087,321
Transaction with owners - Final dividend for the year ended 30 June 2019 @ Rupees 4.00 per share	-	-	-	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
Transferred to general reserve	-	-	-	-	-	-	-	-	6,399,000	(6,399,000)	-	-	-
Transaction with owners - Dividend relating to year 2019 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(173,456)
Profit for the period	-	-	-	-	-	-	-	-	-	4,710,599	4,710,599	4,710,599	1,763,516
Other comprehensive (loss) / income for the period	-	-	(994,962)	36,882	-	-	-	(959,080)	-	2,140	(955,940)	(955,940)	(955,940)
Total comprehensive (loss) / income for the period	-	-	(994,962)	36,882	-	-	-	(959,080)	-	4,712,739	4,712,739	3,754,659	1,763,516
Net movement	-	-	-	-	-	-	-	-	-	(66,350)	(66,350)	(66,350)	-
Balance as at 30 June 2020 - (Audited)	3,515,999	5,499,530	7,930,664	224,659	835	111,002	1,608,668	15,375,358	71,163,214	6,298,146	77,461,360	96,332,717	107,959,291
Profit for the period	-	-	-	-	-	-	-	-	-	1,237,396	1,237,396	1,237,396	453,675
Other comprehensive income / (loss) for the period	-	-	1,952,100	(7,976)	-	-	-	1,944,124	-	-	-	1,944,124	1,944,124
Total comprehensive income / (loss) for the period	-	-	1,952,100	(7,976)	-	-	-	1,944,124	-	1,237,396	1,237,396	3,181,520	453,675
Transaction with owners - Dividend relating to year 2020 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(173,456)
Balance as at 30 September 2020 - (Un-audited)	3,515,999	5,499,530	9,882,764	216,683	835	111,002	1,608,668	17,319,482	71,183,214	7,535,542	78,686,756	99,534,237	111,421,030

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## Consolidated Condensed Interim Statement of Cash Flows


For the quarter ended 30 September 2020 (Un-audited)

		Quarter ended	
		30 September 2020	30 September 2019
	Note	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	12	5,806,557	5,530,682
Finance cost paid		(628,393)	(677,292)
Income tax paid		(255,252)	(245,563)
Long term security deposits (paid) / received		(27,823)	11,475
Net exchange difference on forward exchange contracts (paid) / received		(765)	1,832
Net increase / (decrease) in retirement benefit obligation		981	(1,881)
Net increase in long term loans		(67,725)	(15,320)
Net decrease / (increase) in long term deposits		2,122	(288)
<b>Net cash generated from operating activities</b>		4,829,702	4,603,645
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(748,653)	(1,360,806)
Proceeds from sale of property, plant and equipment		31,399	18,305
Dividends received		290,462	377,627
Loans and advances to associated company		(16,300)	-
Repayment of loan from associated company		10,000	-
Interest received		23,730	13,773
Proceeds from sale of investments		17,655	-
Investments made		(139,230)	(9,500)
<b>Net cash used in investing activities</b>		(530,937)	(960,601)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		834,116	591,829
Repayment of long term financing		(24,998)	(978,738)
Repayment of lease liabilities		(200,003)	-
Exchange differences on translation of net investments in foreign subsidiaries		(2,442)	(31,391)
Short term borrowings - net		(1,442,677)	82,702
Dividend paid		(173,125)	(3,170)
<b>Net cash used in financing activities</b>		(1,009,129)	(338,768)
<b>Net increase in cash and cash equivalents</b>		3,289,636	3,304,276
<b>Cash and cash equivalents at the beginning of the period</b>		758,727	1,220,422
<b>Cash and cash equivalents at the end of the period</b>		4,048,363	4,524,698

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

### 1 THE GROUP AND ITS OPERATIONS

The Group consists of:

#### **Holding Company**

-Nishat Mills Limited

#### **Subsidiary Companies**

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

#### **NISHAT MILLS LIMITED**

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

#### **NISHAT POWER LIMITED**

Nishat Power Limited is a public limited Company incorporated in Pakistan under the 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% (30 June 2020: 48.99%).

#### **NISHAT LINEN (PRIVATE) LIMITED**

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

#### **NISHAT HOSPITALITY (PRIVATE) LIMITED**

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

houses, bakers and confectioners in Pakistan and outside Pakistan.

#### **NISHAT USA, INC.**

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

#### **NISHAT LINEN TRADING LLC**

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

#### **NISHAT INTERNATIONAL FZE**

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

#### **NISHAT GLOBAL CHINA COMPANY LIMITED**

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

#### **NISHAT COMMODITIES (PRIVATE) LIMITED**

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

#### **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

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

to build, own, operate and maintain or invest in a solar PV power project having gross capacity upto 20 MWp. The Company achieved various milestones like approval of feasibility study, No Objection Certificate (NOC) from Environmental Protection Agency (EPA), approval of Grid Interconnection Study (GIS) from Multan Electric Power Company Limited (MEPCO) and from National Transmission and Despatch Company Limited (NTDCL). Further, consent for purchasing power from the project have also been provided by MEPCO. Generation Licence No. SPGL/26/2018 has been granted by National Electric Power Regulatory Authority (NEPRA) to the Company for its 11.120 MW Solar PV Power Project located at Mauza Verar, Sipra Mehmood Kot, District Muzaffargarh, in the province of Punjab, pursuant to Section 14(B) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 / Amendment Act, 2018. The upfront solar tariff announced by NEPRA expired on 30 June 2016.

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

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

## 2 BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These consolidated condensed interim financial statements are unaudited and do not include all the information and disclosures required in annual financial statements and should be read

in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2020.

### **3 ACCOUNTING POLICIES**

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2020.

### **4 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.

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

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'.

### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim 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 Group'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.

During preparation of these consolidated condensed interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2020.

	Note	Un-audited 30 September 2020 (Rupees in thousand)	Audited 30 June 2020
<b>6 LONG TERM FINANCING - SECURED</b>			
Opening balance		10,136,154	10,086,021
Add: Obtained during the period / year		834,116	4,454,967
Less: Repaid during the period / year		(24,952)	(4,404,876)
(Less) / Add: Currency translation		(46)	42
		10,945,272	10,136,154
Less: Current portion shown under current liabilities	7	(1,494,364)	(763,703)
		9,450,908	9,372,451
<b>7 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Current portion of long term financing	6	1,494,364	763,703
Current portion of lease liabilities		455,952	500,198
		1,950,316	1,263,901

## 8 CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- i) Guarantees of Rupees 3,087.035 million (30 June 2020: Rupees 2,941.607 million) are given by the banks of Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Directorate of Cotton Cess Management against cotton cess, Collector of Customs against regulatory duty, Model Customs Collectorate Lahore against imported coal, State Bank of Pakistan against mark-up subsidy, Inspector General Frontier Corps KP (South) and The President of Islamic Republic of Pakistan through the Controller of Military Accounts (Defence Purchase) against fulfillment of sales orders, High Court of Sindh, Karachi against the matter of importation of LED lights and to the bank of Hyundai Nishat Motor (Private) Limited (associated company) to secure financial assistance to the associated company. Further, the Holding Company has issued cross corporate guarantees of Rupees 1,173.333 million (30 June 2020: Rupees 266.667 million) and Rupees 41.60 million (30 June 2020: Rupees 16.2 million) on behalf of Nishat Linen (Private) Limited - wholly owned subsidiary company and Nishat Hospitality (Private) Limited - wholly owned subsidiary company to secure the obligations of subsidiary companies towards their lenders.
- ii) Post dated cheques of Rupees 9,094.848 million (30 June 2020: Rupees 8,223.314 million) are issued by Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iii) Holding Company's share in contingencies of associates accounted for under equity method is Rupees 5,239 million (30 June 2020: Rupees 5,203 million).
- iv) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against Nishat Power Limited - Subsidiary Company through order dated 11 December 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was primarily made on the grounds that since revenue derived by the Subsidiary Company on account of 'capacity revenue' was not chargeable to sales tax, input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy revenue' admissible to the Subsidiary Company. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in Subsidiary Company's favour, however, certain other issues agitated by the Subsidiary Company were not adjudicated. Both the Subsidiary Company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which have not been adjudicated.

Subsequently, the above explained issue was taken up by department for tax periods of July 2009 to June 2013 (involving input sales tax of Rupees 1,722.811 million), however, the Subsidiary Company assailed the underlying proceedings before Lahore High Court

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

('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 previous year, LHC has dismissed the petition in favour of the department, by allowing the department to complete the audit proceedings that are pending completion.

Since, the issue has already been decided in Subsidiary Company's favour on merits by LHC and based on advice of the Subsidiary Company's legal counsel, no provision on these accounts have been made in these consolidated financial statements.

- v) During the year 2019, the Commissioner Inland Revenue has raised a demand of Rupees 179.046 million against Nishat Power Limited - Subsidiary Company through his order dated April 16, 2019, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the tax periods of July 2014 to June 2017 and sales tax default on account of suppression of sales related to tax period June 2016. The Subsidiary Company filed application for grant of stay before the ATIR against recovery of the aforesaid demand that was duly granted. Further, the Subsidiary Company has filed appeals before CIR(A) and ATIR against the order which is pending adjudication. Management has strong grounds to believe that the case will be decided in Subsidiary Company's favour. Therefore, no provision has been made on this account in these consolidated financial statements.
- vi) During the year 2019, National Electric Power Regulatory Authority (NEPRA) issued a show cause notice dated February 13, 2019, to Nishat Power Limited - Subsidiary Company along with other Independent Power Producers to provide rationale of abnormal profits earned since commercial operation date (COD) that eventually led to initiation of proceedings against the Subsidiary Company by NEPRA on March 18, 2019. The Subsidiary Company has challenged the authority of NEPRA to take suo moto action before the Islamabad High Court (IHC) wherein IHC has provided interim relief by suspending the suo moto proceedings. The case is currently pending adjudication before IHC. Management of the Subsidiary Company is confident that based on the facts and law, there will be no adverse implications for the Subsidiary Company.
- vii) The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
  - a) Letter of guarantee of Rupees 11.50 million (30 June 2020: Rupees 11.50 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 (30 June 2020: Rupees 100 million) in favour of fuel suppliers.

- c) Letter of guarantee of Rupees 1.5 million (30 June 2020: Rupees 1.5 million) in favour of Punjab Revenue Authority, Lahore.
- viii) Guarantees of Rupees 100.350 million (30 June 2020: Rupees 100.350 million) are given by Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Collectors of Customs against import consignments.
- ix) Through orders, the deemed assessments for tax years 2016, 2015, 2014, 2013 and 2012 were amended by Additional Commissioner Inland Revenue (ACIR) and Commissioner Inland Revenue (CIR) under section 122(5A) of the Income Tax Ordinance, 2001. Nishat Linen (Private) Limited - Subsidiary Company's appeals before Commissioner Inland Revenue (Appeals) [CIR(A)] were successful except for the legal issue of treating the Subsidiary Company as a manufacturer with relation to toll-manufactured goods. Appeals on this point have been filed before the Appellate Tribunal Inland Revenue which are pending adjudication. The Subsidiary Company is confident of favorable outcome of its appeals based on advice of the tax advisor and has carry forward minimum tax paid in tax years 2016, 2015 and 2014.
- x) Through notice dated 25 January 2018, issued by the Deputy Commissioner Inland Revenue (DCIR) under sections 161/205 of the Ordinance, Nishat Linen (Private) Limited - Subsidiary Company had been called upon to demonstrate its compliance with various withholding provisions of the Income Tax Ordinance, 2001. The subject proceedings have been finalized through order dated 03 August 2018, whereby, aggregate default amounting to Rupees 2.551 million has been adjudged against the Subsidiary Company. The Subsidiary Company's appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] was successful except for the legal issue amounting to Rupees 1.419 million. Appeal on this point has been filed before the Appellate Tribunal Inland Revenue which is pending adjudication. The Subsidiary Company is confident of favorable outcome of its appeal based on advice of the tax advisor.
- xi) Bank guarantee of Rupees 1.9 million (30 June 2020: 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.



## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

The LCIA appointed a sole Arbitrator and a hearing was also held in March 2018. During the year 2020, 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 condensed interim financial statements.

In April 2019, a final hearing was held and final decision was given in July 2020, in favour of the Subsidiary Company. According to the final award, Arbitrator has accepted Subsidiary Company's request and directed NTDC to pay (i) interest at the Delayed Payment Rate (DPR) on Delayed Payment (DP) invoices, which is estimated at Rupees 1,422 million upto 30 June 2020 and may vary as per legal advice (ii) DP invoices submitted pursuant to Section 9.6 of the PPA in consistent with the first-in-first-out principle (iii) pay legal costs in the sum of Rupees 12,771,207 (iv) hearing expenses in the sum of GBP 17,393 and (v) Arbitration cost in the sum of GBP 44,136.

The Subsidiary Company is in the process of filing the final award in LHC for enforcement purposes. On prudence basis, the Subsidiary Company has not recognized the income and corresponding receivable for the above mentioned amounts in these consolidated condensed interim financial statements due to its uncertainty on account of pendency of enforcement proceedings of the final award. Such amounts as per final award would be recognized when it attains finality and its collectability is certain.

### c) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 732.663 million (30 June 2020: Rupees 322.818 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 2,241.037 million (30 June 2020: Rupees 2,381.289 million).
- iii) Outstanding foreign currency forward contracts of Rupees 306.604 million (30 June 2020: Rupees 389.348 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 are as follows:

	Note	Un-audited 30 September 2020 (Rupees in thousand)	Audited 30 June 2020
Not later than one year		3,894	3,894
<b>9 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets - owned	9.1	40,421,096	41,076,157
Capital work in progress	9.2	2,990,222	2,542,740
Major spare parts and standby equipments		104,981	105,246
		43,516,299	43,724,143
<b>9.1 Operating fixed assets - Owned</b>			
Opening book value		41,076,157	40,835,226
Add: Cost of additions during the period / year	9.1.1	307,954	4,016,514
		41,384,111	44,851,740
Less: Book value of deletions during the period / year	9.1.2	(23,946)	(76,998)
		41,360,165	44,774,742
Less: Depreciation charged for the period / year		(937,449)	(3,700,508)
(Less) / Add: Currency translation		(1,620)	1,923
		40,421,096	41,076,157
<b>9.1.1 Cost of additions</b>			
Freehold land		50	26,823
Buildings on freehold land		20,415	722,042
Plant and machinery		149,659	2,725,766
Electric installations		2,812	133,747
Factory equipment		1,650	10,344
Furniture, fixtures and office equipment		11,514	160,117
Computer equipment		7,627	59,401
Vehicles		114,227	177,140
Kitchen equipment and crockery items		-	1,134
		307,954	4,016,514

**Selected Notes to the Consolidated Condensed Interim Financial Statements**

For the quarter ended 30 September 2020 (Un-audited)

	<b>Un-audited 30 September 2020 (Rupees in thousand)</b>	<b>Audited 30 June 2020</b>
<b>9.1.2 Book value of deletions</b>		
Buildings on freehold land	-	998
Plant and machinery	15,983	44,132
Electric installations	-	574
Furniture, fixtures and office equipment	257	147
Computer equipment	237	708
Vehicles	7,469	30,439
	<b>23,946</b>	<b>76,998</b>
<b>9.2 Capital work-in-progress</b>		
Buildings on freehold land	478,637	320,429
Plant and machinery	2,081,610	2,030,943
Unallocated expenses	294,761	102,070
Letters of credit against machinery	534	8
Advance against purchase of land	53,677	50,758
Advances against furniture and office equipment	2,280	2,046
Advances against computer equipment	2,170	-
Advances against vehicles	76,553	41,259
	<b>2,990,222</b>	<b>2,547,513</b>
Less: Impairment loss	-	(4,773)
	<b>2,990,222</b>	<b>2,542,740</b>

	Quarter ended	
	30 September 2020	30 September 2019
	(Rupees in thousand)	
<b>10 COST OF SALES</b>		
Raw materials consumed	13,730,244	13,540,586
Processing charges	169,328	214,729
Salaries, wages and other benefits	1,839,254	1,831,057
Staff retirement benefits	46,330	48,308
Stores, spare parts and loose tools consumed	1,555,292	1,827,095
Packing materials consumed	410,444	354,099
Repair and maintenance	107,330	118,193
Fuel and power	1,495,605	1,712,115
Insurance	84,414	81,551
Royalty	1,978	-
Other factory overheads	157,566	196,228
Depreciation and amortization	877,190	867,403
	20,474,975	20,791,364
Work-in-process		
Opening stock	2,244,439	2,218,560
Closing stock	(2,375,526)	(2,380,194)
	(131,087)	(161,634)
Cost of goods manufactured	20,343,888	20,629,730
Finished goods		
Opening stock	9,393,252	6,909,811
Closing stock	(8,190,904)	(7,223,441)
	1,202,348	(313,630)
	21,546,236	20,316,100

## 11 EARNINGS PER SHARE - BASIC AND DILUTED

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

	Quarter ended	
	30 September 2020	30 September 2019
Profit attributable to ordinary shareholders of Holding Company (Rupees in thousand)	1,237,396	1,642,154
Weighted average number of ordinary shares of Holding Company (Numbers)	351,599,848	351,599,848
Earnings per share (Rupees)	3.52	4.67

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

		Quarter ended	
	Note	30 September 2020	30 September 2019
<b>12 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		1,985,538	2,602,166
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation and amortization		932,930	921,445
Depreciation on right-of-use assets		176,340	-
Gain on sale of property, plant and equipment		(7,453)	(5,077)
Dividend income		(25,566)	(377,627)
Profit on deposits with banks		(32,543)	(39,333)
Share of (profit) / loss from associates		(355,902)	118,447
Net exchange loss		29,129	160,250
Interest income on sales tax refund bonds		-	(14,814)
Finance cost		485,466	673,640
Reversal of provision for slow moving, obsolete and damaged store items		(13)	-
Working capital changes	12.1	2,618,631	1,491,585
		5,806,557	5,530,682
<b>12.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		1,927	128,179
- Stock in trade		3,321,123	3,845,927
- Trade debts		(1,931,816)	(2,910,337)
- Loans and advances		24,345	83,920
- Short term deposits and prepayments		(14,664)	(57,921)
- Other receivables		782,792	(495,326)
		2,183,707	594,442
Increase in trade and other payables		434,924	897,143
		2,618,631	1,491,585

## 13 SEGMENT INFORMATION

**13.1** The Group has following reportable business segments. The following summary describes the operation in each of the Group's reportable segments:

Spinning Faisalabad (I and II) Feroze Wattwan (I and II) and Lahore:	Producing different qualities of yarn including dyed yarn and sewing thread using natural and artificial fibers.
Weaving Bhikki and Lahore:	Producing different qualities of greige fabric using yarn.
Dyeing:	Producing dyed fabric using different qualities of grey fabric.
Home Textile:	Manufacturing of home textile articles using processed fabric produced from greige fabric.
Terry:	Manufacturing of terry and bath products.
Garments:	Manufacturing of garments using processed fabric.
Power Generation:	Generation, transmission and distribution of power using gas, oil, steam, coal, solar and biomass.
Hotel:	Carrying on the business of hotel and allied services.

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

	Accounting	Finance	Marketing	Management	General	Overall
Accounting	100%	100%	100%	100%	100%	100%
Finance	100%	100%	100%	100%	100%	100%
Marketing	100%	100%	100%	100%	100%	100%
Management	100%	100%	100%	100%	100%	100%
General	100%	100%	100%	100%	100%	100%
Overall	100%	100%	100%	100%	100%	100%

Figure 1. The figure shows the percentage of respondents who selected each of the five options for each of the five categories. The overall percentage for each category is shown in the last row. The overall percentage for each category is shown in the last row.

### 3.3 Reconciliation of reportable segment assets and liabilities

Figures of the appendiments include extension / BUR.

Figures of the appendiments include extension / BUR.

#### 14 RECOGNIZED 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 September 2020	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
<b>Financial assets</b>				
Fair value through other comprehensive income	16,657,267	-	590,974	17,248,241
Derivative financial assets	-	14	-	14
<b>Total financial assets</b>	16,657,267	14	590,974	17,248,255
<b>Financial liabilities</b>				
Derivative financial liabilities	-	13,826	-	13,826
<b>Total financial liabilities</b>	-	13,826	-	13,826

Recurring fair value measurements At 30 June 2020 - Audited	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
<b>Financial assets</b>				
Fair value through other comprehensive income	15,390,599	-	590,974	15,981,573
Derivative financial assets	-	345	-	345
<b>Total financial assets</b>	15,390,599	345	590,974	15,981,918
<b>Financial liabilities</b>				
Derivative financial liabilities	-	6,206	-	6,206
<b>Total financial liabilities</b>	-	6,206	-	6,206

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.



## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

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

### ii) Valuation techniques used to determine fair values

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

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

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

	Unlisted equity security (Rupees in thousand)
<b>Balance as on 30 June 2019 - Audited</b>	676,364
Less: Deficit recognized in other comprehensive income	-
<b>Balance as on 30 September 2019 - Unaudited</b>	676,364
Less: Deficit recognized in other comprehensive income	(85,389)
<b>Balance as on 30 June 2020 - Audited</b>	590,975
Less: Deficit recognized in other comprehensive income	-
<b>Balance as on 30 September 2020 - Unaudited</b>	590,975

### iv) Valuation inputs and relationships to fair value

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

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30 September 2020	30 June 2020			
				30 September 2020	
(Rupees in thousand)					

#### Investment:

Security General Insurance Company Limited	590,975	590,975	Terminal growth factor	2.00%	Increase / decrease in net premium revenue growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +108.296 million / - 77.208 million.
			Risk adjusted discount rate	13.37%	

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

## 15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies, key management personnel and provident fund trust. The Group In the normal course of business carries out transactions with various related parties. Detail of transactions with related parties is as follows:

### i) Transactions

	Quarter ended	
	30 September 2020	30 September 2019
	(Rupees in thousand)	
<b>Associated companies</b>		
Investment made	120,886	9,500
Short term loans made	16,300	-
Repayment of short term loans made	10,000	-
Purchase of goods and services	49,866	47,438
Sharing of expenses	4,052	414
Sale of goods and services	18,861	22,140
Purchase of operating fixed assets	5,612	-
Sale of operating fixed assets	270	819
Rental income	1,156	10,081
Rent paid	18,535	19,987
Insurance premium paid	138,845	112,342
Insurance claims received	16,444	12,550
Interest income	2,809	162
Finance cost	6,620	8,563
<b>Other related parties</b>		
Purchase of goods and services	851,680	636,733
Sale of goods and services	131,130	149,274
Finance cost	232	170
Group's contribution to provident fund trust	81,199	75,784
Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company	279,473	245,894

**Selected Notes to the Consolidated Condensed Interim Financial Statements**

For the quarter ended 30 September 2020 (Un-audited)

**ii) Period end balances**

	<b>As at 30 September 2020</b>		
	<b>Associated</b>	<b>Other related</b>	<b>Total</b>
	<b>companies</b>	<b>parties</b>	
	<b>(Rupees in thousand)</b>		
Trade and other payables	74,458	121,958	196,416
Accrued markup	1,836	-	1,836
Short term borrowings	191,154	-	191,154
Property, plant and equipment	20,651	-	20,651
Long term loans	-	209,095	209,095
Trade debts	6,565	22,558	29,123
Loans and advances	56,091	69,518	125,609
Accrued interest	2,573	-	2,573
Cash and bank balances	164,333	537	164,870

	<b>As at 30 June 2020 (Audited)</b>		
	<b>Associated</b>	<b>Other related</b>	<b>Total</b>
	<b>companies</b>	<b>parties</b>	
	<b>(Rupees in thousand)</b>		
Trade and other payables	100,314	194,584	294,898
Accrued markup	2,803	-	2,803
Short term borrowings	76,206	-	76,206
Long term loans	-	190,069	190,069
Trade debts	7,538	40,586	48,124
Loans and advances	-	64,011	64,011
Accrued interest	1,526	-	1,526
Cash and bank balances	31,700	77	31,777

**16 FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2020.

**17 DATE OF AUTHORIZATION FOR ISSUE**

These consolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 28 October 2020.

## 18 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the consolidated condensed interim statement of financial position and consolidated condensed interim statement of changes in equity have been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

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

## 19 GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**بورڈ کی کمیٹیاں:**  
**بورڈ کی آڈٹ کمیٹی:**

نمبر شمار	ڈائریکٹرز کے نام
1	مسز مہک عادل ---- چیئر پرسن / رکن
2	سید زاہد حسین ---- رکن
3	جناب محمود اختر ---- رکن

**ہیومن ریسورس اور مشاہرہ کمیٹی:**

نمبر شمار	ڈائریکٹرز کے نام
1	مسز سارہ عقیل ---- چیئر پرسن / رکن
2	میاں عمر منشا ---- رکن
3	جناب محمود اختر ---- رکن

**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 وقتاً فوقتاً، ڈائریکٹرز مشاہرہ پالیسی کا جائزہ لے گا اور اس کی منظوری دے گا۔

**اظہار تشکر**

بورڈ انتظامیہ، عملہ اور کارکنوں کی کوششوں کو سراہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

David Jozal

فرید نور علی فضل  
ڈائریکٹر

Uma marshar

میاں عمر منشا  
چیف ایگزیکٹو آفیسر  
28 اکتوبر 2020ء

لاہور

## گارمنٹس

30 ستمبر 2020 کو اختتام شدہ پہلی سہ ماہی کے دوران گزشتہ سال کی اسی سہ ماہی کے مقابلے میں گارمنٹس ڈویژن کے منافع میں نمایاں بہتری آئی ہے۔ مالی سال 2019-20 میں فی یونٹ لاگت کو کم کرنے کیلئے اٹھائے گئے اقدامات مقامی اور بین الاقوامی مارکیٹوں میں ہماری پروڈکٹس کی طلب میں اضافے کی اہم وجہ ہیں۔ اس کا عکس ڈویژن ہذا کی سائز میں 7 فیصد اضافے کی شکل میں نظر آتا ہے۔ اب انتظامیہ COVID-19 کے بعد کی دنیا میں کسٹمرز کی ڈیمانڈ کے مطابق بہتر اور محفوظ انداز میں جدید مصنوعات کی ریسرچ و ڈیولپمنٹ میں مصروف ہے۔

گارمنٹس	30 ستمبر کو اختتام شدہ سہ ماہی		اضافہ/(کمی)	
	2019	2020	قدر	فیصد
فروخت - (گارمنٹس '000)	1,363	1,367	4	0.29
قیمت فی گارمنٹ	1,148.04	1,072.24	75.80	7.07
فروخت - ('000 روپے)	1,569,369	1,461,463	107,906	7.38

## پاور جنریشن

کمپنی کاربن کے مضر اثرات کو کم کرنے کیلئے ماحول دوست انرجی پراجیکٹس میں سرمایہ کاری کیلئے پرعزم ہے۔ سولر پاور پلانٹس سے اس وقت پاور جنریشن کی استعداد 4.34 میگا واٹ ہے۔ انتظامیہ نے فیروز وٹوال میں واقع سپنگ ڈویژن کیلئے 3.85 میگا واٹ کے سولر پاور پلانٹ کی تنصیب کے فیصلے کو تہی شکل دے دی ہے۔ بجلی پرائیک اور سولر پاور پلانٹ کا منصوبہ بھی زیر غور ہے۔

## ذیلی کمپنیاں اور مستحکم مالی گوشوارے

کمپنی کی ذیلی کمپنیوں کے پورٹ فولیو میں نشاط پاور لمیٹڈ، نشاط لینن (پرائیویٹ) لمیٹڈ، نشاط ہاسٹیلٹی (پرائیویٹ) لمیٹڈ، نشاط کموڈیٹیز (پرائیویٹ) لمیٹڈ، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ، نشاط پوائس اے انکارپوریٹڈ، نشاط لینن ٹریڈنگ LLC، نشاط انٹرنیشنل FZE اور نشاط گلوبل چائنا کمپنی لمیٹڈ شامل ہیں۔ اس لئے، کمپنی نے انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کے مطابق اپنے علیحدہ علیحدہ عبوری اقتصادی گوشواروں کے ساتھ مجموعی مالی گوشواروں کی معلومات کو بھی منسلک کیا ہے۔

## بورڈ کی تشکیل:

### بورڈ کی تشکیل حسب ذیل ہے:

ڈائریکٹرز کی کل تعداد

(ا) مرد 5

(ب) خواتین 2

تشکیل

(i) آزاد ڈائریکٹرز 2

(ii) نان ایگزیکٹو ڈائریکٹرز 4

(iii) ایگزیکٹو ڈائریکٹرز 1

## ڈانگل

کورونا وائرس کے پھیلاؤ کے دوران فیشن انڈسٹری کی طلب کا بری طرح متاثر ہونا ڈویژن ہذا کی فروخت میں نمایاں کمی کی وجہ بنا۔ کاروباری ماحول میں غیر متوقع سختی کے باوجود ڈویژن ہذا نے اپنے کاروبار کو مستحکم رکھا۔ موجودہ سہ ماہی کے دوران گزشتہ سال کی متعلقہ سہ ماہی کے مقابل سبز کے حجم میں 23 فیصد کمی واقع ہوئی ہے۔ یہ رجحان آنے والے مہینوں میں بھی جاری رہ سکتا ہے۔

پروسیڈر کلا تھ	30 ستمبر کو اختتام شدہ سہ ماہی		اضافہ / (کمی)	
	2019	2020	قدر	فیصد
فروخت - (میٹرز '000)	9,214	7,080	(2,134)	(23.16)
قیمت فی میٹر	375.02	351.28	(23.74)	(6.33)
فروخت - ('000 روپے)	3,455,437	2,487,095	(968,342)	(28.02)

موجودہ مالی سال کے ہفتہ دورانیے میں مزید چیلنجز متوقع ہیں۔ کاروبار میں نمایاں کمی کے علاوہ خام مال کی آسمان سے باتیں کرتی قیمتیں ٹیکسٹائل سیکٹر کی بقا کیلئے سنجیدہ خطرات ہیں۔

## ہوم ٹیکسٹائل

پہلی سہ ماہی کے دوران جس وقت دیگر ڈویژنوں میں کاروباری سرگرمی سست روی کا شکار تھی، ہوم ٹیکسٹائل ڈویژن میں آرڈرز کی ڈیمانڈ اور فراہمی میں اضافہ رہا۔ چونکہ ہم پہلے ہی کچھ ہفتوں میں کسٹمرز سے طلب میں ریکوری کی توقع سے متعلق منصوبہ بندی کر رہے تھے لہذا ڈیمانڈ میں اضافے کے حوالے سے بہتر رد عمل دینے کے قابل رہے۔ اس لئے ڈویژن ہذا نے پہلی سہ ماہی کے دوران مکمل استعداد پر کام کیا ہے۔ آرڈرز ابھی بھی موصول ہو رہے ہیں لیکن طلب کے مطابق تیز رفتار فراہمی ممکن نہیں۔ یہاں یہ باور کرنا ضروری ہے کہ یہ پائپ لائن آرڈرز نہیں ہیں۔ شمالی امریکہ، یورپ اور آسٹریلیا/ نیوزی لینڈ جیسی تمام بڑی مارکیٹوں میں ڈیمانڈ میں اضافہ ہو رہا ہے لیکن ماضی کی سرگرمیوں کے مقابل پائپ لائن میں زیادہ بنگ نظر نہیں آ رہی ہے۔

پروسیڈر کلا تھ اینڈ میڈ ایپس	30 ستمبر کو اختتام شدہ سہ ماہی		اضافہ / (کمی)	
	2019	2020	قدر	فیصد
فروخت - (میٹرز '000)	6,415	8,457	2,042	31.83
قیمت فی میٹر	445.82	450.33	4.51	1.01
فروخت - ('000 روپے)	2,859,944	3,808,452	948,508	33.17

مجموعی طور پر COVID-19 کیسز میں دنیا بھر میں کمی کی وجہ سے ہیلتھ کیئر سے متعلقہ پروڈکٹس کا سیلز شیڈر کم ہوا ہے لیکن ہوم ٹیکسٹائل پروڈکٹس کی ڈیمانڈ بڑھی ہے۔ لوگوں کا زیادہ تر وقت "ان ڈور" گزرنے کی وجہ سے مقامی مارکیٹوں سے فیشن مصنوعات کی طلب میں کم ہونے کی وجہ سے نمایاں کمی آئی ہے۔

## شعبہ وار تجزیہ

کمپنی کی شعبہ وار کارکردگی کا مختصر جائزہ مندرجہ ذیل ہے:

## سپننگ

30 ستمبر 2020 کو اختتام شدہ سہ ماہی کے دوران ڈویژن ہذا کی انتظامیہ COVID-19 کے بعد والی دنیا میں کاروباری سرگرمی کی بحالی کیلئے کوشاں رہی ہے۔ جس وقت یارن کی بین الاقوامی مارکیٹوں پر دباؤ تھا اس دوران مقامی مارکیٹ سے معاونت ملی جس کے نتیجے میں نقصان میں کمی واقع ہوئی ہے۔ بین الاقوامی خریداروں کو اضافی شک خریدنے کی ضرورت نہ تھی کیونکہ لاک ڈاؤن کے دوران کاروباری سرگرمیاں کم ترین سطح پر تھیں۔ انڈیا اور ویتنام کے ایکسپورٹرز نے کم قیمت پر یارن کی پیشکش میں سخت مقابلہ کیا تاہم پہلی سہ ماہی کے اختتام پر بین الاقوامی مارکیٹ میں قیمتوں میں نمایاں بہتری آئی ہے جس کے ثمرات آنے والے مہینوں میں ملیں گے۔ پہلی سہ ماہی کے دوران بین الاقوامی یارن مارکیٹ میں صرف چین مکمل طور پر متحرک تھا جبکہ دوسری مارکیٹیں کوریا، ملائیشیا، جاپان، تائیوان، بنگلہ دیش COVID-19 وبا کے بدترین اثرات کے تحت تھیں۔

مقامی کپاس کی پیداوار میں متوقع کمی کی وجہ سے مالی سال 2020-21 کا آغاز خام کٹن کی قیمتوں میں تسلسل سے اضافے کے ساتھ ہوا ہے۔ انتظامیہ مقامی اور بین الاقوامی کپاس کی مارکیٹوں کی حرکیات اور ڈویژن ہذا کے منافع پر اس کے اثرات کا بغور مشاہدہ کر رہی ہے۔

یارن	30 ستمبر کو اختتام شدہ سہ ماہی		اضافہ / (کمی)	
	2020	2019	قدر	فیصد
فروخت - (کلوگرام '000)	4,781	6,172	(1,391)	(22.54)
قیمت فی کلوگرام	336.49	402.95	(66.46)	(16.49)
فروخت - ('000 روپے)	1,608,750	2,487,031	(878,281)	(35.31)

## ویونگ

30 ستمبر 2020 کو اختتام شدہ پہلی سہ ماہی کے دوران COVID-19 وبا کے باعث ویونگ ڈویژن کا کاروبار بطور مجموعی متاثر ہوا۔ Narrow-width لومز کی پروڈکشن، جو زیادہ تر فیشن ویئر / ورک ویئر پر مشتمل ہے، میں نمایاں کمی آئی لیکن Abrasives، سورج سے حفاظتی اور دیگر صنعتی استعمال پر مشتمل ٹیکسٹائل فیبرک کی فروخت متوازن رہی ہے۔ تاہم، ہوم ٹیکسٹائل سیکٹر کو سباز میں بہتری دیکھی گئی۔ لہذا ہماری Wider-width لومز آئندہ 4 ماہ کیلئے بک ہیں اور آئندہ کے حالات بہتر نظر آ رہے ہیں۔ ہوم ٹیکسٹائل سیکٹر کو سباز میں اضافے کا رجحان جاری رہنے کی وجہ سے انتظامیہ بجلی میں 55 لومز پر مشتمل نئے Wider-width یونٹ پر سرمایہ کاری کی منصوبہ بندی کر رہی ہے۔ لاہور میں 24 عدد Narrow-width لومز کو Wider-width لومز کے ساتھ تبدیل کرنے کا منصوبہ بھی زیر غور ہے۔ اس سرمایہ کاری سے ہوم ٹیکسٹائل / ویمن ویئر لان دونوں کے کاروبار کیلئے گرتن فیبرک کی تیاری کے حوالے سے آسانی ہوگی اور مزید مواقع میسر آئیں گے۔

گرے کلاتھ	30 ستمبر کو اختتام شدہ سہ ماہی		اضافہ / (کمی)	
	2020	2019	قدر	فیصد
فروخت - (میٹر '000)	23,299	20,416	2,883	14.12
قیمت فی میٹر	172.79	186.08	(13.29)	(7.14)
فروخت - ('000 روپے)	4,025,922	3,798,967	226,955	5.97



## ڈائریکٹرز رپورٹ

نشاط ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 30 ستمبر 2020 کو اختتام شدہ سہ ماہی کیلئے ڈائریکٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

## آپریٹنگ مالی نتائج

30 ستمبر 2020 کو اختتام شدہ پہلی سہ ماہی کے دوران کمپنی کا منافع بعد از ٹیکس گزشتہ سال کی اسی سہ ماہی کے مقابلے میں مستحکم رہا۔ کورونا وائرس عالمی وبا کے بدترین مالی بحران کے باوجود مارکیٹنگ اور آپریشنل حکمت عملی میں بروقت تبدیلی منافع کی بحالی میں بنیادی وجہ رہی۔ انتظامیہ نے اپنے پروڈکٹس میں تبدیلی کی ہے اور کارکردگی میں بہتری اور لاگت میں کمی کیلئے اقدامات اٹھائے ہیں۔ منافع کے مجموعی مارجن میں 13.54 فیصد سے 11.43 فیصد تک کمی ہونے کے باوجود، ڈسٹری بیوشن اور سرمائے کی لاگت میں 72.614 ملین روپے اور 25.503 ملین روپے کی کمی نے بھی منافع کو برقرار رکھنے میں کلیدی کردار ادا کیا ہے۔ 30 ستمبر 2019 کو اختتام شدہ سہ ماہی کے مقابلے میں موجودہ سہ ماہی کے دوران فارن کرنی کے آپریٹنگ سے متعلق نقصان 133.748 ملین روپے کم ہوا ہے۔ مزید یہ کہ منافع کے سلسلے میں "دیگر آمدن" نے اہم کردار ادا کیا ہے جس سے 76.922 ملین روپے کا اضافہ ہوا۔

مالی جملکیاں	30 ستمبر کو اختتام شدہ سہ ماہی		اضافہ / (کمی) فیصد
	2019	2020	
آمدنی (روپے '000)	15,933,130	15,979,214	0.29
مجموعی منافع (روپے '000)	2,157,282	1,826,010	(15.36)
بعد از ٹیکس منافع (روپے '000)	923,702	946,346	2.45
مجموعی منافع (فیصد)	13.54	11.43	
بعد از ٹیکس منافع (فیصد)	5.80	5.92	
منافع فی حصص - (روپے)	2.63	2.69	

## عام مارکیٹ کا جائزہ اور مستقبل کے امکانات

مالی سال 2020-21 کا آغاز COVID-19 وبا کے اثرات کے تحت ہوا لہذا مقامی اور بین الاقوامی مارکیٹوں میں کاروباری سرگرمیوں پر دباؤ رہا۔ دنیا بھر میں ریٹیل کے شعبہ کی بندش یا کسٹمرز کی کم ڈیمانڈ کی وجہ سے ٹیکسٹائل انڈسٹری بالخصوص برآمدات سے وابستہ پونٹس کیلئے یہ صورتحال چیلنج تھی۔ موجودہ سہ ماہی کا آغاز کسی حد تک بہتری کے ساتھ ہوا کیونکہ زیادہ تر کسٹمر ممالک نے لاک ڈاؤن کو یا تو کسی حد تک کھول دیا یا وہاں پر لاک ڈاؤن میں نرمی کی باتیں ہو رہی تھیں۔ یہ خطرہ ابھی ختم نہیں ہوا۔ اگلی سہ ماہی کے دوران وبا کے پھیلاؤ کی دوسری لہر متوقع ہے جس کی وجہ سے دوبارہ لاک ڈاؤن ہو سکتا ہے۔

حالانکہ پاکستانی برآمد کنندگان کیلئے پروڈکشن کی زیادہ قیمت اہم مسائل میں شامل رہی ہے لیکن حیرت انگیز طور پر یکم ستمبر 2020 سے بجلی کے ریٹس میں 7.5 امریکی سینٹ فی کلو واٹ آور سے 19 امریکی سینٹ فی کلو واٹ آور تک اضافہ کر دیا گیا ہے۔ مزید برآں، موجودہ سیزن میں بھی مقامی کپاس کی پیداوار میں کمی متوقع ہے اس لئے صنعت ہذا کیلئے خام مال کی قیمتوں میں اضافہ ایک اور چیلنج ہوگا۔ موجودہ ماحول میں کسٹمرز سے لاگت کے اضافے میں حصہ ڈالنا ناممکن ہے۔



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