



Nishat Mills Limited

Interim Financial Report for the Nine Months Ended  
March 31, 2021

# CONTENTS

## Nishat Mills Limited

Company Information.....	02
Directors' Report .....	04
Unconsolidated Condensed Interim Statement of Financial Position.....	10
Unconsolidated Condensed Interim Statement of Profit or Loss.....	12
Unconsolidated Condensed Interim Statement of Comprehensive Income.....	13
Unconsolidated Condensed Interim Statement of Changes in Equity .....	14
Unconsolidated Condensed Interim Statement of Cash Flows.....	15
Selected Notes to the Unconsolidated Condensed Interim Financial Statements .....	16

## Nishat Mills Limited and its Subsidiary Companies

Consolidated Condensed Interim Statement of Financial Position .....	32
Consolidated Condensed Interim Statement of Profit or Loss .....	34
Consolidated Condensed Interim Statement of Comprehensive Income .....	35
Consolidated Condensed Interim Statement of Changes in Equity .....	36
Consolidated Condensed Interim Statement of Cash Flows .....	37
Selected Notes to the Consolidated Condensed Interim Financial Statements .....	38
Directors' Report in Urdu .....	62

## COMPANY INFORMATION

### Board of Directors

Mian Umer Mansha  
*Chief Executive Officer*

Mian Hassan Mansha  
*Chairman*

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

### Audit Committee

Mrs. Mehak Adil  
Chairperson / Member

Syed Zahid Hussain  
Member

Mr. Mahmood Akhtar  
Member

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

Mrs. Sara Aqeel  
Chairperson / Member

Mian Umer Mansha  
Member

Mr. Mahmood Akhtar  
Member

### Chief Financial Officer

Mr. Muhammad Azam

### Company Secretary

Mr. Khalid Mahmood Chohan

### Auditors

Riaz Ahmad & Company  
Chartered Accountants

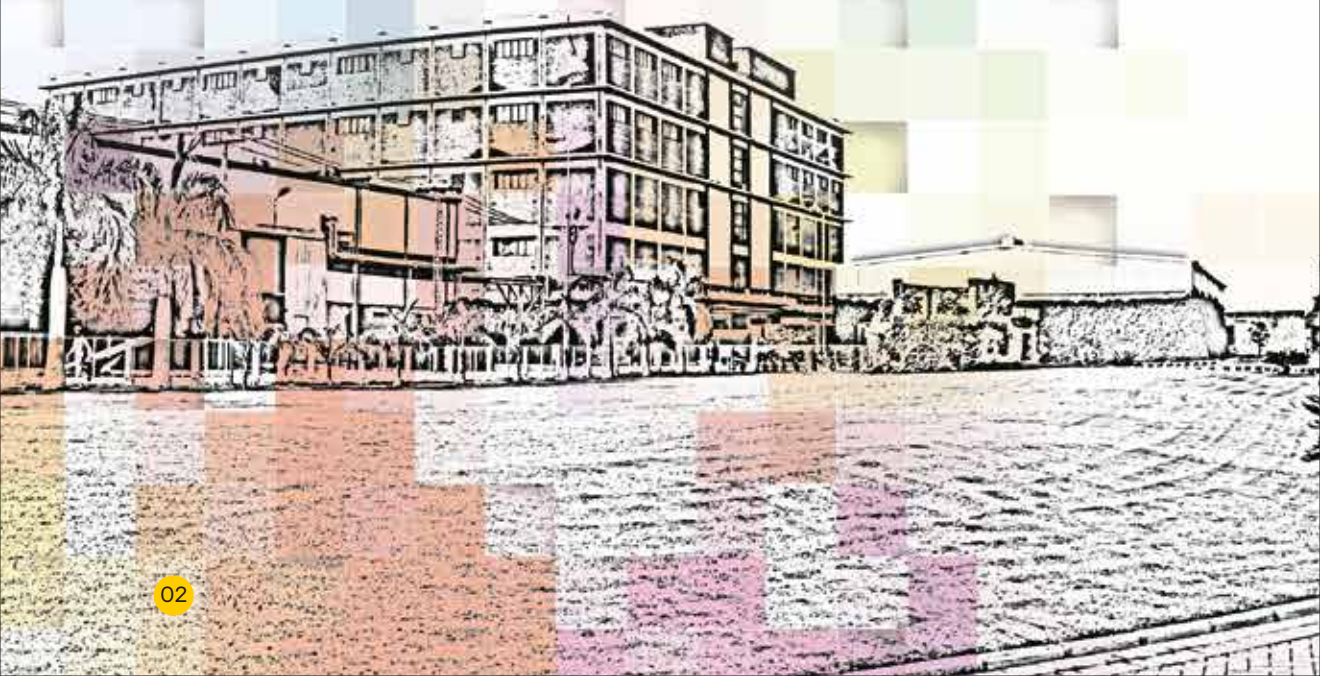
### Legal Advisor

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

### Bankers to the Company

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

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



## Mills

### Spinning units, Yarn Dyeing & Power plant

Nishatabad, Faisalabad.

### Spinning units & Power plant

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

### Spinning units & Power plant

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

### Weaving units & Power plant

12 K.M. Faisalabad Road,  
Sheikhpura.

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

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

### Terry Unit

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

### Apparel Unit

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

### Registered office

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

### Shares Registrar

THK Associates (Private) Limited

Head Office, Karachi  
Plot No. 32-C Jami Commercial  
Street 2, DHA Phase VII,  
Karachi 75500.  
Tel: 021-111 000 322  
Fax: 021-35310191

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

Tel: 042-35781682

### Head Office

7, Main Gulberg, Lahore.  
Tel: 042-35716351-59, 042-111 332 200  
Fax: 042-35716349-50  
E-mail: nishat@nishatmills.com  
Website: www.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 nine months ended 31 March 2021.

### Operating Financial Results

Financial performance of the Company was remarkable during the current nine months ended 31 March 2021 in comparison with the corresponding nine months of the last year. Profit after tax of the Company increased by Rs. 729.514 million (25.02%) despite unprecedented rise in raw material cost and adverse impact of coronavirus pandemic. The main reasons were increase in sales and better cost management. Dividend income was also a great source of support to the profitability which increased by Rs. 509.679 million from Rs. 1.578 billion in the corresponding nine months of the last year to Rs. 2.088 billion in the current nine months. Finance cost also decreased by Rs. 164.408 million in the current nine months as compared to the corresponding nine months because of better working capital management and reduction in borrowing rates.

Financial Highlights	Nine months ended 31 March		Increase / (decrease) %
	2021	2020	
Revenue (Rs. '000')	51,507,344	50,052,054	2.91
Gross Profit (Rs. '000')	6,092,841	5,998,881	1.57
Profit after tax (Rs. '000')	3,644,929	2,915,415	25.02
Gross Profit (%)	11.83	11.99	
Profit after tax (%)	7.08	5.82	
Earnings per share – (Rs.)	10.37	8.29	

### General Market Review and Future Prospects

First nine months of the current financial year were very tough for the textile sector because coronavirus outbreak severely affected the world economy. During this time, second and third wave of the pandemic hit the world, which, once again, led to lockdowns and restrictions all over the world. Now vaccination process has started, we hope vaccination of people in USA and Europe will be completed by the end of this financial year which will enable millions of Americans and Europeans to move freely and work from offices. This is expected to stimulate demand.

Despite optimism and positive future outlook, textile industry is currently under tremendous pressure because of skyrocketing raw material cost. We have been facing an unprecedented rise in the price of cotton and synthetic fiber since the beginning of the second quarter of current financial year. Apart from that, adverse exchange rate movement and sharp increase in ocean freight are going to seriously impact in days to come.

### Segment Analysis

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

#### Spinning

Local raw cotton prices consistently increased due to shortage of local cotton output and ban on

imports from India during the financial year 2020-21. The Division had already anticipated it and worked out its strategy to procure mix of local and imported cotton in order to have an optimal raw material consumption cost.

During the first half of financial year 2020-21, when cotton prices were continuously but disproportionately moving upward with regard to yarn prices, it was challenging for Spinning Division to improve business. However, ban on cotton yarn imports from India and sizeable orders received by local fabric manufacturers due to health conditions in neighboring countries impacted by Covid-19 pandemic resulted in rapid hike in local yarn prices.

Yarn prices in international market also followed the local market trends, but impact of expensive cotton on yarn prices in local market was more pervasive as compared to international yarn market. Therefore, by the end of third quarter of financial year, yarn prices in local market increased exceptionally and export market improved reasonably.

Yarn	Nine months ended 31 March		Increase / (Decrease)	
	2021	2020	Value	% age
Sale – (kgs '000')	17,005	15,772	1,233	7.82
Rate / kg	417.72	404.06	13.66	3.38
Sale – (Rs. '000')	7,103,339	6,372,904	730,435	11.46

Anticipating increasing demand of recycled yarn, the Division has planned to increase its production in near future. Expansion of open-end yarn production facility is in progress which is expected to be operational by end of September 2021.

### Weaving

As expected, weaving business did not improve in third quarter, due to the start of third coronavirus wave in Europe. Fashion business, especially, remained slow due to this wave. Customers are still reluctant to place orders due to continued uncertainty. On the contrary, technical fabric business, particularly abrasives, is showing positive trend due to shortage of fabric in the supply chain and increasing demand. Similarly, workwear side also facing depleted stocks with urgency in deliveries. We are expecting increase of business in workwear related fabric.

Sales to Home Textile sector has grown significantly; therefore, acquisition of 130 wider width Airjet looms is under process at Bhikki. We expect first batch of 30 looms will arrive by the end of May 2021. We are also replacing 24 narrow width looms with wider width Airjet looms at Lahore. These state-of-the-art new Airjet looms will give us more flexibility and production advantage.

Grey Cloth	Nine months ended 31 March		Increase / (Decrease)	
	2021	2020	Value	% age
Sale – (meters '000')	65,788	62,950	2,838	4.51
Rate / meter	184.39	182.35	2.04	1.12
Sale – (Rs. '000')	12,130,814	11,479,182	651,632	5.68

## Dyeing

First nine months of the financial year 2020-21 were very difficult for fashion apparel industry because of coronavirus restrictions imposed by the governments all over the world to reduce the spread of virus. Demand for branded fashion apparel decreased significantly in this period people were staying and working from home. Dyeing Division has performed relatively well despite this challenge. Sale of the Division decreased by 30.50% during the nine months as compared to the corresponding nine months and we expect this trend will continue in the last quarter of the current fiscal year.

Processed Cloth	Nine months ended 31 March		Increase / (Decrease)	
	2021	2020	Value	% age
Sale – (meters '000')	23,913	33,956	(10,043)	(29.58)
Rate / meter	360.32	365.11	(4.79)	(1.31)
Sale – (Rs. '000')	8,616,344	12,397,587	(3,781,243)	(30.50)

The last quarter would be more challenging because in these very tough conditions retaining business is our top priority, which has become extremely difficult in the presence of skyrocketing raw material cost and appreciation of Pak Rupee against U.S. Dollar. Generally, raw material cost has increased by 30-35% and customers are not willing to give us more than 6-8% raise in fabric prices.

## Home Textile

Sharp increase in raw material prices added to the existing problems created by Covid-19 pandemic. As a result of unprecedented rise in raw material cost, inflow of new orders has taken a direct hit; therefore, sales order pipeline for upcoming months is shrinking. Buyers in foreign countries, whose economies have not fully recovered, are unable to pay competitive prices; therefore, they have started to reduce order quantities.

Processed Cloth and Made-ups	Nine months ended 31 March		Increase / (Decrease)	
	2021	2020	Value	% age
Sale – (meters '000')	24,272	19,342	4,930	25.49
Rate / meter	450.79	441.81	8.98	2.03
Sale – (Rs. '000')	10,941,597	8,545,465	2,396,132	28.04

Terry unit with the capacity of 10 ton per day was commissioned into production and it is showing promising results. Currently, the unit is operating at more than 75% of its capacity. Considering the future demand of the terry products, management has planned to double the existing capacity.

## Garments

Despite Covid-19 challenges, management of Garments Division resiliently pursued its strategy of providing high quality products during the nine months period. Believing it a time to adapt, management re-evaluated its operations and processes and successfully implemented improvements which are evident from improved financial results. Sales of the Division increased by 11.94% in the current nine months as compared to the corresponding nine months.

Garments	Nine months ended 31 March		Increase / (Decrease)	
	2021	2020	Value	% age
Sale – (garments '000')	6,153	4,686	1,467	31.31
Rate / garment	916.61	1,075.20	(158.59)	(14.75)
Sale – (Rs. '000')	5,639,899	5,038,386	601,513	11.94

Sustainable growth is an important element of long-term strategy of the Division which the management intends to achieve by investing in automated and sustainable technologies, energy optimization, efficiency enhancements and by implementation of new and improved labour incentive systems. The aim of these initiatives is not only increasing profitability but also helping staff and workers to enhance their skillsets.

Garments Division is a vital part in the value chain of the Company. Therefore, management is planning to double the production capacity by increasing it up to 1.2 million garments per month.

### Power Generation

The Company is committed to invest in diversified and sustainable energy projects such as solar power. Existing solar power generation capacity is 4.34 MW. Installation of further 3.85 MW solar power plant at Spinning Division, Feroze Watwan is underway. Management has also finalized the plan for acquisition of 3.53 MW solar power plant for Weaving Division, Bhikki. As energy requirements of Garments Division are expected to grow due to anticipated increase in production, a plan is in process to acquire a 2.5 MW gas engine with waste heat recovery boiler and air compressor.

### 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 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 April 2021  
Lahore

The background of the cover features a close-up of a hand holding a gold-colored pen, poised to write on a document. Below the hand, a portion of a calculator with green and blue buttons is visible. In the foreground, a blurred bar chart with several vertical bars of varying heights is shown. A red rectangular box is overlaid on the right side of the image, containing the title and subtitle text.

Unconsolidated Condensed Interim  
Financial Statements of

**Nishat Mills Limited**

For the nine months ended 31 March 2021

**Unconsolidated Condensed Interim Statement of Financial Position**

As at 31 March 2021


	Note	Un-audited 31 March 2021 (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>		78,921,608	67,911,861
<b>Total equity</b>		82,437,607	71,427,860
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	5	9,040,878	9,222,781
Deferred liabilities		608,560	302,672
		9,649,438	9,525,453
<b>CURRENT LIABILITIES</b>			
Trade and other payables		9,013,606	9,357,977
Accrued mark-up		155,743	226,228
Short term borrowings		15,485,697	19,329,768
Current portion of non-current liabilities		4,064,473	703,032
Unclaimed dividend		98,027	90,596
		28,817,546	29,707,601
<b>TOTAL LIABILITIES</b>		38,466,984	39,233,054
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		120,904,591	110,660,914

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



CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 March 2021 (Rupees in thousand)	Audited 30 June 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	31,788,341	31,292,722
Investment properties		461,191	455,544
Long term investments		46,983,806	37,979,074
Long term loans		428,744	305,264
Long term deposits		154,691	104,783
		79,816,773	70,137,387
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		2,657,907	2,256,569
Stock in trade		17,765,795	20,753,543
Trade debts		6,386,725	4,326,780
Loans and advances		10,258,833	9,427,202
Short term deposits and prepayments		68,136	67,629
Other receivables		3,814,891	3,526,888
Accrued interest		36,444	36,675
Cash and bank balances		99,087	128,241
		41,087,818	40,523,527
<b>TOTAL ASSETS</b>		<b>120,904,591</b>	<b>110,660,914</b>

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

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

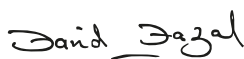
For the nine months ended 31 March 2021 (Un-audited)

	Note	Period ended		Quarter ended	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
		(Rupees in thousand)			
REVENUE		51,507,344	50,052,054	18,371,567	17,184,367
COST OF SALES	8	(45,414,503)	(44,053,173)	(16,053,908)	(15,217,593)
GROSS PROFIT		6,092,841	5,998,881	2,317,659	1,966,774
DISTRIBUTION COST		(2,240,102)	(2,304,914)	(822,827)	(803,898)
ADMINISTRATIVE EXPENSES		(991,411)	(938,086)	(339,586)	(309,847)
OTHER EXPENSES		(273,056)	(282,669)	(98,420)	(31,915)
		(3,504,569)	(3,525,669)	(1,260,833)	(1,145,660)
		2,588,272	2,473,212	1,056,826	821,114
OTHER INCOME		2,826,727	2,342,681	1,556,613	928,742
PROFIT FROM OPERATIONS		5,414,999	4,815,893	2,613,439	1,749,856
FINANCE COST		(955,070)	(1,119,478)	(346,025)	(471,767)
PROFIT BEFORE TAXATION		4,459,929	3,696,415	2,267,414	1,278,089
TAXATION		(815,000)	(781,000)	(396,000)	(254,000)
PROFIT AFTER TAXATION		3,644,929	2,915,415	1,871,414	1,024,089
EARNINGS PER SHARE - BASIC					
AND DILUTED (RUPEES)	9	10.37	8.29	5.32	2.91

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

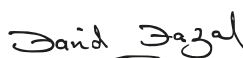
For the nine months ended 31 March 2021 (Un-audited)

	Period ended		Quarter ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	(Rupees in thousand)			
<b>PROFIT AFTER TAXATION</b>	3,644,929	2,915,415	1,871,414	1,024,089
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>				
Items that will not be reclassified to profit or loss:				
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	8,793,404	(2,695,055)	1,389,981	(8,669,488)
Deferred income tax relating to this item	(22,187)	-	-	-
	8,771,217	(2,695,055)	1,389,981	(8,669,488)
Items that may be reclassified subsequently to profit or loss	-	-	-	-
<b>Other comprehensive income / (loss) for the period - net of tax</b>	8,771,217	(2,695,055)	1,389,981	(8,669,488)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	12,416,146	220,360	3,261,395	(7,645,399)

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 Changes in Equity

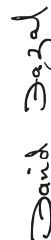
For the nine months ended 31 March 2021 (Un-audited)

	Share Capital	Reserves						Total	Total Equity	
		Capital Reserves			Revenue Reserves					
		Premium on Issue of Right Shares	Fair Value Reserve FY/OCI Investments	Sub Total	General Reserve	Unappropriated Profit	Sub Total			
(Rupees in thousand)										
<b>Balance as at 30 June 2019 - (audited)</b>	3,515,999	5,499,530	11,026,453	16,525,983	40,779,028	5,794,260	46,573,288	63,099,271	66,615,270	
Transaction with owners - Final dividend for the year ended 30 June 2019 @ Rupees 4.00 per share	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)	
Transferred to general reserve	-	-	-	-	4,386,000	(4,386,000)	-	-	-	
Profit for the period	-	-	-	-	-	2,915,415	2,915,415	2,915,415	2,915,415	
Other comprehensive loss for the period	-	-	(2,695,055)	(2,695,055)	-	-	-	(2,695,055)	(2,695,055)	
Total comprehensive (loss) / income for the period	-	-	(2,695,055)	(2,695,055)	-	2,915,415	2,915,415	220,360	220,360	
<b>Balance as at 31 March 2020 - (un-audited)</b>	3,515,999	5,499,530	8,331,398	13,830,928	45,165,028	2,917,276	48,082,304	61,913,232	65,429,231	
Profit for the period	-	-	-	-	-	590,869	590,869	590,869	590,869	
Other comprehensive income for the period	-	-	5,407,760	5,407,760	-	-	-	5,407,760	5,407,760	
Total comprehensive income for the period	-	-	5,407,760	5,407,760	-	590,869	590,869	5,998,629	5,998,629	
<b>Balance as at 30 June 2020 - (audited)</b>	3,515,999	5,499,530	13,739,158	19,238,688	45,165,028	3,508,145	48,673,173	67,911,861	71,427,860	
Transaction with owners - Final dividend for the year ended 30 June 2020 @ Rupees 4.00 per share	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)	
Transferred to general reserve	-	-	-	-	2,101,000	(2,101,000)	-	-	-	
Profit for the period	-	-	-	-	-	3,644,929	3,644,929	3,644,929	3,644,929	
Other comprehensive income for the period	-	-	8,771,217	8,771,217	-	-	-	8,771,217	8,771,217	
Total comprehensive income for the period	-	-	8,771,217	8,771,217	-	3,644,929	3,644,929	12,416,146	12,416,146	
<b>Balance as at 31 March 2021 - (un-audited)</b>	3,515,999	5,499,530	22,510,375	28,009,905	47,266,028	3,645,675	50,911,703	78,921,608	82,437,607	

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

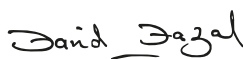
For the nine months ended 31 March 2021 (Un-audited)

		Period ended	
		31 March 2021	31 March 2020
	Note	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	10	6,233,994	2,930,291
Finance cost paid		(967,349)	(1,149,001)
Income tax paid		(750,289)	(683,078)
Net exchange difference on forward exchange contracts received		1,843	124,291
Net increase in long term loans		(153,080)	(54,583)
Net (increase) / decrease in long term deposits		(49,908)	13,726
<b>Net cash generated from operating activities</b>		4,315,211	1,181,646
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(2,622,049)	(3,771,758)
Proceeds from sale of property, plant and equipment		61,950	74,624
Investments made		(211,328)	(642,000)
Loans and advances to subsidiary companies		(34,337,958)	(33,514,297)
Repayment of loans from subsidiary companies		33,451,034	31,253,631
Interest received		250,729	264,604
Dividends received		2,088,057	1,578,378
<b>Net cash used in investing activities</b>		(1,319,565)	(4,756,818)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		2,498,162	2,387,229
Repayment of long term financing		(279,923)	(1,284,764)
Short term borrowings - net		(3,844,071)	3,917,810
Dividend paid		(1,398,968)	(1,408,650)
<b>Net cash (used in) / from financing activities</b>		(3,024,800)	3,611,625
<b>Net (decrease) / increase in cash and cash equivalents</b>		(29,154)	36,453
<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>		99,087	613,078

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 nine months ended 31 March 2021 (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 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. These unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

### 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 the 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.

	Note	Un-audited 31 March 2021 (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		2,498,162	4,245,115
Add: Adjustment due to impact of IFRS-9 during the period / year		72,397	-
		12,496,372	11,289,512
Less: Repaid during the period / year		(279,923)	(1,363,699)
Less: Deferred income - Government grant	5.1	(167,469)	-
		12,048,980	9,925,813
Less: Current portion shown under current liabilities		(3,008,102)	(703,032)
		9,040,878	9,222,781

**5.1** This represents deferred income on initial recognition of loans obtained under SBP Refinance Scheme for payment of wages and salaries to workers.

## **6 CONTINGENCIES AND COMMITMENTS**

### **a) Contingencies**

- i) Guarantees of Rupees 3,142.343 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), Rupees 41.60 million (30 June 2020: Rupees 16.2 million) and Rupees 1,750 million (30 June 2020: Rupees Nil) on behalf of Nishat Linen (Private) Limited - wholly owned subsidiary company, Nishat Hospitality



## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months ended 31 March 2021 (Un-audited)

(Private) Limited - wholly owned subsidiary company and Nishat Sutas Dairy Limited - associated company respectively to secure the obligations of subsidiary companies and associated company towards their lenders.

- ii) Post dated cheques of Rupees 10,173.204 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 5,318.784 million (30 June 2020: Rupees 297.715 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 2,688.589 million (30 June 2020: Rupees 2,146.440 million).
- iii) Outstanding foreign currency forward contracts of Rupees 4,618.186 million (30 June 2020: Rupees 389.348 million).

## 7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 March 2021 (Rupees in thousand)	Audited 30 June 2020
Operating fixed assets - owned	7.1	29,893,429	28,834,861
Capital work-in-progress	7.2	1,894,912	2,457,861
		31,788,341	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	3,195,112	3,209,005
		32,029,973	31,659,904
Less: Book value of assets transferred to investment properties		(9,261)	-
Less: Book value of deletions during the period / year	7.1.2	(42,662)	(73,736)
		31,978,050	31,586,168
Less: Depreciation charged during the period / year		(2,084,621)	(2,751,307)
		29,893,429	28,834,861

	Un-audited 31 March 2021 (Rupees in thousand)	Audited 30 June 2020
<b>7.1.1 Cost of additions</b>		
Freehold land	9,858	26,823
Buildings on freehold land	432,977	393,818
Plant and machinery	2,677,691	2,582,793
Electric installations	31,457	10,379
Factory equipment	15,575	5,686
Furniture, fixtures and office equipment	22,605	18,699
Computer equipment	18,699	24,577
Vehicles	84,778	146,230
	3,293,640	3,209,005
Less: Discount on purchase of Land	(98,528)	-
	3,195,112	3,209,005
<b>7.1.2 Book value of deletions</b>		
Buildings on freehold land	-	998
Plant and machinery	21,116	43,446
Electric installations	-	574
Furniture, fixtures and office equipment	-	147
Computer equipment	311	708
Vehicles	21,235	27,863
	42,662	73,736
<b>7.2 Capital work-in-progress</b>		
Buildings on freehold land	823,261	295,961
Plant and machinery	904,972	2,026,844
Electric installations	21,431	-
Unallocated expenses	34	97,296
Letters of credit against machinery	6,677	8
Advances against purchase of land	35,242	29,447
Advances against furniture, fixtures and office equipment	12,329	2,046
Advances against purchase of vehicles	90,966	6,259
	1,894,912	2,457,861

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months ended 31 March 2021 (Un-audited)

	Period ended		Quarter ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
(Rupees in thousand)				
<b>8 COST OF SALES</b>				
Raw materials consumed	25,278,101	25,645,434	9,579,213	8,426,389
Processing charges	273,141	303,006	95,162	123,505
Salaries, wages and other benefits	5,412,229	4,940,519	2,000,350	1,634,360
Stores, spare parts and loose tools consumed	5,634,021	5,568,290	2,192,203	1,814,399
Packing materials consumed	1,297,303	1,053,443	472,543	351,950
Repair and maintenance	315,791	301,494	103,861	104,400
Fuel and power	4,524,384	5,023,377	1,521,081	1,565,694
Insurance	33,160	36,706	11,630	12,207
Other factory overheads	398,152	459,632	147,321	138,281
Depreciation	2,015,453	1,966,153	702,420	669,829
	45,181,735	45,298,054	16,825,784	14,841,014
Work-in-process				
Opening stock	2,032,268	2,015,512	2,283,358	2,182,193
Closing stock	(2,786,788)	(1,897,604)	(2,786,788)	(1,897,604)
	(754,520)	117,908	(503,430)	284,589
Cost of goods manufactured	44,427,215	45,415,962	16,322,354	15,125,603
Finished goods				
Opening stock	5,899,507	3,857,431	4,643,773	5,312,210
Closing stock	(4,912,219)	(5,220,220)	(4,912,219)	(5,220,220)
	987,288	(1,362,789)	(268,446)	91,990
	45,414,503	44,053,173	16,053,908	15,217,593
			Period ended	
			31 March 2021	31 March 2020
<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)		3,644,929	2,915,415
Weighted average number of ordinary shares	(Numbers)		351,599,848	351,599,848
Earnings per share	(Rupees)		10.37	8.29

		Period ended	
		31 March 2021	31 March 2020
	Note	(Rupees in thousand)	
<b>10 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		4,459,929	3,696,415
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		2,078,121	2,038,988
Gain on sale of property, plant and equipment		(19,288)	(16,676)
Dividend income		(2,088,057)	(1,578,378)
Allowance for expected credit losses		(1,282)	227
Impact of de-recognition of financial instrument carried at amortized cost		-	31,858
Net exchange loss / (gain)		59,388	(63,284)
Interest income on loans and advances to subsidiary companies		(250,514)	(281,687)
Interest income on sales tax refund bonds		-	(27,752)
Finance cost		955,070	1,119,478
Reversal of provision for slow moving, obsolete and damaged store items		(13)	-
Gain on remeasurement of deferred liability		(110,431)	-
Working capital changes	10.1	1,151,071	(1,988,898)
		6,233,994	2,930,291
<b>10.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(401,325)	548,860
- Stock in trade		2,987,748	(1,531,932)
- Trade debts		(2,266,568)	(217,128)
- Loans and advances		20,182	(33,917)
- Short term deposits and prepayments		(507)	43,389
- Other receivables		(142,633)	(1,129,547)
		196,897	(2,320,275)
Increase in trade and other payables		954,174	331,377
		1,151,071	(1,988,898)

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months ended 31 March 2021 (Un-audited)

### 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 and Bath:	Manufacturing of home textile articles using processed fabric produced from greige fabric and 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.



### 11.3 Reconciliation of reportable segment assets and liabilities

\* Figures of these segments include extension / BUR.

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months ended 31 March 2021 (Un-audited)

### 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 31 March 2021 - Un-audited	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
<b>Financial assets</b>				
Fair value through other comprehensive income	38,329,147	-	4,122,655	42,451,802
Derivative financial assets	-	145,700	-	145,700
<b>Total financial assets</b>	<b>38,329,147</b>	<b>145,700</b>	<b>4,122,655</b>	<b>42,597,502</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	4,886	-	4,886
<b>Total financial liabilities</b>	<b>-</b>	<b>4,886</b>	<b>-</b>	<b>4,886</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.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period ended 31 March 2021. 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 31 March 2021:

		Unlisted equity securities (Rupees in thousand)
<b>Balance as on 30 June 2019 - Audited</b>		3,004,950
Add: Surplus recognized in other comprehensive income		-
<b>Balance as on 31 March 2020 - Un-audited</b>		3,004,950
Add: Investment made during the period		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		211,328
Add: Surplus recognized in other comprehensive income		102,009
<b>Balance as on 31 March 2021 - Un-audited</b>		4,122,655

**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
	31 March 2021	30 June 2020		31 March 2021	
	(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	1,088,137	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 + 595.144 million / - 336.804 million.
			Risk adjusted discount rate	9.01%	
Hyundai Nishat Motor (Private) Limited	1,352,160	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 + 421.165 million / - 309.224 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 nine months ended 31 March 2021 (Un-audited)

### 13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, associated undertakings, other related parties, 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

	Period ended		Quarter ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	(Rupees in thousand)			
<b>Subsidiary companies</b>				
Dividend income	232,031	188,213	40	188,213
Investment made	-	405,000	-	-
Short term loans made	34,337,958	33,514,297	6,970,465	8,248,950
Repayment of short term loans made	33,451,034	31,253,631	9,985,935	9,346,943
Interest income	250,514	281,687	112,305	140,373
Rental income	57,538	45,611	19,824	15,882
Sale of goods and services	6,210,158	6,122,560	1,823,823	2,238,343
Purchase of goods and services	537,795	318,094	237,173	117,491
<b>Associated companies</b>				
Investment made	211,328	237,000	-	60,000
Purchase of goods and services	85,949	63,827	64,905	44,912
Sale of goods and services	25,538	11,920	1,625	3,159
Purchase of operating fixed assets	15,129	-	3,000	-
Sale of operating fixed assets	-	819	-	-
Rental income	4,359	868	1,672	240
Dividend income	1,822,737	1,307,441	1,320,229	440,076
Dividend paid	122,105	121,487	-	-
Insurance premium paid	98,020	116,155	15,358	26,818
Insurance claims received	47,123	38,668	11,251	11,539
Interest income	2,270	-	139	-
Finance cost	6,451	11,925	2,119	4,975
<b>Other related parties</b>				
Dividend income	32,689	81,723	-	-
Purchase of goods and services	1,705,129	2,227,335	436,598	792,775
Sale of goods and services	253,341	171,789	162,906	23,661
Company's contribution to provident fund trust	194,263	185,872	69,332	63,605
Remuneration paid to Chief Executive Officer, Director and Executives	837,413	697,359	309,033	221,311

**ii) Period end balances**

	As at 31 March 2021			
	Subsidiary	Associated	Other related	Total
	companies	companies	parties	
	(Rupees in thousand)			
Trade and other payables	17,782	99,042	1,201	118,025
Accrued markup	-	2,119	-	2,119
Short term borrowings	-	132,636	-	132,636
Property, plant and equipment	-	22,318	-	22,318
Long term loans	-	-	276,462	276,462
Trade debts	733,283	250	-	733,533
Loans and advances	9,441,559	-	86,280	9,527,839
Accrued interest	36,444	-	-	36,444
Cash and bank balances	-	2,703	71	2,774

	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 April 2021.



## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months ended 31 March 2021 (Un-audited)

### 16 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

	Un-audited 31 March 2021 (Rupees in thousand)	Audited 30 June 2020
<b>Description</b>		
<b>Loans / advances obtained as per Islamic mode:</b>		
Loans	5,625,481	4,754,667
Advances	833,107	956,879
<b>Shariah compliant bank deposits / bank balances</b>		
Bank balances	2,071	4,336
	<b>Period ended</b> <b>31 March</b> <b>2021</b> (Rupees in thousand)	<b>31 March</b> <b>2020</b> (Rupees in thousand)
<b>Profit earned from shariah compliant bank deposits / bank balances</b>		
Profit on deposits with banks	-	-
<b>Revenue earned from shariah compliant business</b>	51,507,344	50,052,054
<b>Gain / (loss) or dividend earned from shariah complaint investments</b>		
Dividend income	-	-
Unrealized (loss) / gain on remeasurement of investment at FVTOCI	(813,685)	4,711,803
<b>Exchange gain / (loss) earned</b>	75,456	(63,033)
<b>Mark-up paid on Islamic mode of financing</b>	114,233	309,212
<b>Profits earned or interest paid on any conventional loan / advance</b>		
Profit earned on loans to subsidiary companies	250,514	281,687
Interest paid on loans	590,597	576,115
Profit earned on deposits with banks	75,688	97,116
<b>Relationship with shariah compliant banks</b>		
<b>Name</b>	<b>Relationship</b>	
Habib Bank Limited	Bank balance and long term financing	
Standard Chartered Bank (Pakistan) Limited	Bank balance, short term borrowings and long term financing	
Al-Baraka Bank (Pakistan) Limited	Bank balance	
Bank Islami Pakistan Limited	Bank balance and short term borrowings	
Meezan Bank Limited	Bank balance, short term borrowings and long term financing	
Dubai Islamic Bank Pakistan Limited	Bank balance and long term financing	
MCB Islamic Bank Limited	Bank balance	
Faysal Bank Limited (Barkat Islami)	Short term borrowings	
The Bank of Punjab (Taqwa Islamic Banking)	Short term borrowings	

**17 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.

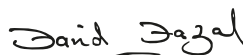
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

**18 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 nine months ended 31 March 2021

**Consolidated Condensed Interim Statement of Financial Position**

As at 31 March 2021


	Note	Un-audited 31 March 2021 (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>		100,448,802	92,836,718
<b>Equity attributable to equity holders of the Holding Company</b>		103,964,801	96,352,717
<b>Non-controlling interest</b>		12,476,713	11,606,574
<b>Total equity</b>		116,441,514	107,959,291
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	6	9,240,116	9,372,451
Lease liabilities		1,487,230	1,765,873
Long term security deposit		244,310	271,133
Retirement benefit obligation		21,407	19,466
Deferred liability - accumulating compensated absences		572	1,540
Deferred liabilities		2,710,486	1,973,011
		13,704,121	13,403,474
<b>CURRENT LIABILITIES</b>			
Trade and other payables		11,475,542	11,184,265
Accrued mark-up		226,800	395,513
Short term borrowings		18,966,808	24,080,517
Current portion of non-current liabilities		5,018,683	1,263,901
Unclaimed dividend		116,024	111,267
		35,803,857	37,035,463
<b>TOTAL LIABILITIES</b>		49,507,978	50,438,937
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		165,949,492	158,398,228

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



CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 March 2021 (Rupees in thousand)	Audited 30 June 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	43,682,976	43,724,143
Intangible assets		126	1,259
Right-of-use assets		1,796,953	2,030,736
Long term investments		54,352,526	50,115,435
Long term loans		488,508	361,635
Long term deposits		274,973	225,882
		100,596,062	96,459,090
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		3,400,814	2,979,540
Stock in trade		28,523,565	28,367,135
Trade debts		26,144,059	23,604,593
Loans and advances		1,501,312	1,372,497
Short term deposits and prepayments		245,232	184,401
Other receivables		4,795,966	4,652,267
Accrued interest		2,340	2,301
Short term investment		-	17,677
Cash and bank balances		740,142	758,727
		65,353,430	61,939,138
<b>TOTAL ASSETS</b>		165,949,492	158,398,228

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

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

For the nine months ended 31 March 2021 (Un-audited)

	Note	Period ended		Quarter ended	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
		(Rupees in thousand)			
REVENUE		75,943,678	73,260,529	25,897,812	23,341,028
COST OF SALES	9	(62,820,617)	(58,873,885)	(21,010,291)	(18,752,771)
GROSS PROFIT		13,123,061	14,386,644	4,887,521	4,588,257
DISTRIBUTION COST		(4,810,443)	(4,799,216)	(1,636,083)	(1,581,120)
ADMINISTRATIVE EXPENSES		(1,603,453)	(1,561,259)	(548,218)	(510,041)
OTHER EXPENSES		(328,034)	(304,174)	(131,009)	(26,088)
		(6,741,930)	(6,664,649)	(2,315,310)	(2,117,249)
		6,381,131	7,721,995	2,572,211	2,471,008
OTHER INCOME		1,990,120	1,713,531	1,467,118	591,093
PROFIT FROM OPERATIONS		8,371,251	9,435,526	4,039,329	3,062,101
FINANCE COST		(1,476,447)	(2,106,854)	(503,025)	(762,366)
		6,894,804	7,328,672	3,536,304	2,299,735
SHARE OF PROFIT FROM ASSOCIATES		2,585,145	481,650	1,289,960	53,389
PROFIT BEFORE TAXATION		9,479,949	7,810,322	4,826,264	2,353,124
TAXATION		(1,286,575)	(1,012,588)	(497,809)	(306,120)
PROFIT AFTER TAXATION		8,193,374	6,797,734	4,328,455	2,047,004
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		7,149,779	4,943,781	4,005,949	1,416,143
NON-CONTROLLING INTEREST		1,043,595	1,853,953	322,506	630,861
		8,193,374	6,797,734	4,328,455	2,047,004
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	10	20.33	14.06	11.39	4.03

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

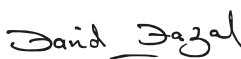
For the nine months ended 31 March 2021 (Un-audited)

	Period ended		Quarter ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	(Rupees in thousand)			
<b>PROFIT AFTER TAXATION</b>	8,193,374	6,797,734	4,328,455	2,047,004
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>				
Items that will not be reclassified to profit or loss:				
Remeasurement of retirement benefits - net of tax	1,792	-	-	-
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	1,336,964	(2,549,966)	(1,026,186)	(5,495,571)
Share of other comprehensive income / (loss) of associates	578,676	(1,254,524)	(505,589)	(2,446,070)
	1,917,432	(3,804,490)	(1,531,775)	(7,941,641)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(48,728)	11,868	(19,917)	48,368
Other comprehensive income / (loss) for the period - net of tax	1,868,704	(3,792,622)	(1,551,692)	(7,893,273)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	10,062,078	3,005,112	2,776,763	(5,846,269)
<b>SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:</b>				
Equity holders of holding company	9,018,483	1,151,159	2,454,257	(6,477,130)
Non-controlling interest	1,043,595	1,853,953	322,506	630,861
	10,062,078	3,005,112	2,776,763	(5,846,269)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



*Uma Marder*  
CHIEF EXECUTIVE OFFICER

*David Dazal*  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

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

## Consolidated Condensed Interim Statement of Cash Flows

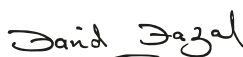
For the nine months ended 31 March 2021 (Un-audited)

		Period ended	
		31 March 2021	31 March 2020
	Note	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	11	8,365,456	4,762,322
Finance cost paid		(1,585,131)	(2,098,232)
Income tax paid		(1,041,544)	(930,130)
Long term security deposits (paid) / received		(26,823)	38,330
Net exchange difference on forward exchange contracts received		1,843	124,291
Net increase / (decrease) in retirement benefit obligation		973	(818)
Net increase in long term loans		(159,876)	(68,747)
Net increase in long term deposits		(49,091)	(10,347)
<b>Net cash generated from operating activities</b>		5,505,807	1,816,669
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(2,860,717)	(4,366,742)
Proceeds from sale of property, plant and equipment		286,560	78,374
Dividends received		1,856,027	1,390,165
Interest received		83,934	106,596
Proceeds from sale of investments		36,979	-
Investments made		(229,672)	(246,500)
<b>Net cash used in investing activities</b>		(826,889)	(3,038,107)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		2,817,626	2,389,281
Repayment of long term financing		(356,919)	(3,040,490)
Repayment of lease liabilities		(423,863)	-
Exchange differences on translation of net investments in foreign subsidiaries		(48,728)	11,868
Short term borrowings - net		(5,113,709)	3,549,158
Dividend paid		(1,571,910)	(1,583,979)
<b>Net cash (used in) / from financing activities</b>		(4,697,503)	1,325,838
<b>Net (decrease) / increase in cash and cash equivalents</b>		(18,585)	104,400
<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>		740,142	1,324,822

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 nine months ended 31 March 2021 (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 nine months ended 31 March 2021 (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 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. These consolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

### **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 nine months ended 31 March 2021 (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 31 March 2021 (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		2,817,826	4,454,967
Add: Adjustment due to impact of IFRS-9 during the period / year		88,806	-
		13,042,786	14,540,988
Less: Repaid during the period / year		(356,919)	(4,404,876)
Less: Deferred income - Government grant	6.1	(201,153)	-
(Less) / Add: Currency translation		(200)	42
		12,484,514	10,136,154
Less: Current portion shown under current liabilities		(3,244,398)	(763,703)
		9,240,116	9,372,451

**6.1** This represents deferred income on initial recognition of loans obtained under SBP Refinance Scheme for payment of wages and salaries to workers.

## 7 CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- i) Guarantees of Rupees 3,142.343 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) and Rs. 1,750 million (30 June 2020: Rupee Nil) on behalf of Nishat Linen (Private) Limited - wholly owned subsidiary company, Nishat Hospitality (Private) Limited - wholly owned subsidiary company and Nishat Sutas Dairy Limited - associated company respectively to secure the obligations of subsidiary companies and associated company towards their lenders.
- ii) Post dated cheques of Rupees 10,173.204 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 3,870 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 nine months ended 31 March 2021 (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) On March 16, 2020, Government of Pakistan ('GoP') issued a report, through which, it was alleged that savings were made by the Independent Power Producers ('IPPs'), including Nishat Power Limited – Subsidiary Company, in the tariff components in violation of applicable GoP Policies, tariff determined by National Electric Power Regulatory Authority ('NEPRA') and the relevant Project Agreements. The Subsidiary Company rejected such claims, and discussions were made with the GoP to resolve the dispute.

On February 12, 2021, the Subsidiary Company signed a "Master Agreement" and a "PPA Amendment Agreement" with Power Purchaser wherein it has been agreed that the

above-mentioned dispute will be resolved through arbitration under the Arbitration Submission Agreement between the Subsidiary Company and GoP.

Management of the Subsidiary Company believes that there are strong grounds that the matter will ultimately be decided in the Subsidiary Company's favor. Furthermore, its financial impact cannot be reasonably estimated at this stage, hence, no provision in this respect has been made in these consolidated condensed interim financial statements.

- viii)** 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.
- ix)** 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.
- x)** 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.
- xi)** 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.

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended 31 March 2021 (Un-audited)

- xii) 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.

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 has filed the final award in Lahore High Court for enforcement on 13 January 2021. Furthermore, as mentioned in note 7 (a) vii), the Subsidiary Company has also signed the "Master Agreement" entered into with "Central Power Purchasing Agency" ('CPPA') on 12 February 2021 wherein CPPA shall ensure that all invoices shall follow the Power Purchase Agreement's mandated "First In First Out" ('FIFO') payment principle at the time of payment by CPPA. As long as this principle is followed by the Power Purchaser in relation to past and future payments, the Subsidiary Company in consideration thereof has agreed to forgo and waive all of its claims of delayed payment charges on delayed payment invoices and it shall withdraw all such invoices. However, this will have no impact on the existing revenue and receivables of the group, as the group has not recognized the income and corresponding receivable for the said amounts on prudence basis.

**c) Commitments**

- i) Contracts for capital expenditure of the Group are approximately of Rupees 5,318.784 million (30 June 2020: Rupees 322.818 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 2,888.057 million (30 June 2020: Rupees 2,381.289 million).
- iii) Outstanding foreign currency forward contracts of Rupees 4,618.186 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 31 March 2021 (Rupees in thousand)	Audited 30 June 2020
Not later than one year		3,894	3,894
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets - owned	8.1	41,542,591	41,076,157
Capital work in progress	8.2	2,036,823	2,542,740
Major spare parts and standby equipment		103,562	105,246
		43,682,976	43,724,143
<b>8.1 Operating fixed assets - Owned</b>			
Opening book value		41,076,157	40,835,226
Add: Cost of additions during the period / year	8.1.1	3,411,376	4,016,514
		44,487,533	44,851,740
Less: Book value of deletions during the period / year	8.1.2	(115,631)	(76,998)
		44,371,902	44,774,742
Less: Depreciation charged for the period / year		(2,818,565)	(3,700,508)
(Less) / Add: Currency translation		(10,746)	1,923
		41,542,591	41,076,157

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

For the nine months ended 31 March 2021 (Un-audited)

	Un-audited 31 March 2021 (Rupees in thousand)	Audited 30 June 2020
<b>8.1.1 Cost of additions</b>		
Freehold land	9,858	26,823
Buildings on freehold land	480,965	722,042
Plant and machinery	2,687,865	2,725,766
Electric installations	35,395	133,747
Factory equipment	16,341	10,344
Furniture, fixtures and office equipment	36,923	160,117
Computer equipment	29,848	59,401
Vehicles	212,651	177,140
Kitchen equipment and crockery items	58	1,134
	3,509,904	4,016,514
Less: Discount on purchase of Land	(98,528)	-
	3,411,376	4,016,514
<b>8.1.2 Book value of deletions</b>		
Freehold land	45,721	-
Buildings on freehold land	20,656	998
Plant and machinery	21,116	44,132
Electric installations	-	574
Furniture, fixtures and office equipment	257	147
Computer equipment	506	708
Vehicles	27,375	30,439
	115,631	76,998
<b>8.2 Capital work-in-progress</b>		
Buildings on freehold land	865,472	320,429
Plant and machinery	936,302	2,030,943
Electric installations	21,431	-
Unallocated expenses	34	102,070
Letters of credit against machinery	6,677	8
Advance against purchase of land	56,553	50,758
Advances against furniture and office equipment	12,424	2,046
Advances against vehicles	137,930	41,259
	2,036,823	2,547,513
Less: Impairment loss	-	(4,773)
	2,036,823	2,542,740

	Period ended		Quarter ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
(Rupees in thousand)				
<b>9 COST OF SALES</b>				
Raw materials consumed	40,009,444	38,646,369	13,855,639	11,900,103
Processing charges	548,454	584,295	186,248	206,169
Salaries, wages and other benefits	6,132,757	5,616,680	2,257,245	1,871,830
Stores, spare parts and loose tools consumed	5,718,710	5,730,442	2,217,613	1,841,333
Packing materials consumed	1,388,035	1,158,914	505,309	384,404
Repair and maintenance	345,584	344,689	114,629	112,678
Fuel and power	4,569,878	5,062,472	1,538,490	1,580,666
Insurance	255,571	244,244	86,145	81,468
Royalty	6,565	7,291	1,171	3,557
Other factory overheads	557,196	637,494	207,561	201,131
Depreciation and amortization	2,633,939	2,564,327	907,232	854,883
	62,166,133	60,597,217	21,877,282	19,038,222
Work-in-process				
Opening stock	2,244,439	2,218,560	2,555,569	2,301,385
Closing stock	(3,052,745)	(2,195,505)	(3,052,745)	(2,195,505)
	(808,306)	23,055	(497,176)	105,880
Cost of goods manufactured	61,357,827	60,620,272	21,380,106	19,144,102
Finished goods				
Opening stock	9,393,252	6,909,811	7,560,647	8,264,867
Closing stock	(7,930,462)	(8,656,198)	(7,930,462)	(8,656,198)
	1,462,790	(1,746,387)	(369,815)	(391,331)
	62,820,617	58,873,885	21,010,291	18,752,771

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended 31 March 2021 (Un-audited)

		Period ended	
		31 March 2021	31 March 2020
<b>10 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 of Holding Company	(Rupees in thousand)	7,149,779	4,943,781
Weighted average number of ordinary shares of Holding Company	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	20.33	14.06

		Period ended	
		31 March 2021	31 March 2020
	Note	(Rupees in thousand)	
<b>11 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		9,479,949	7,810,322
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation and amortization		3,368,703	2,734,493
Gain on sale of property, plant and equipment		(170,929)	(17,445)
Dividend income		(1,379,213)	(1,252,591)
Allowance for expected credit losses		(1,283)	227
Impact of de-recognition of financial instrument carried at amortized cost		-	31,858
Profit on deposits with banks		(88,119)	(106,288)
Share of profit from associates		(2,585,145)	(481,650)
Net exchange loss / (gain)		60,301	(62,797)
Interest income on sales tax refund bonds		-	(27,752)
Finance cost		1,476,447	2,106,854
Reversal of provision for slow moving, obsolete and damaged store items		(13)	-
Gain on remeasurement of deferred liability		(110,431)	-
Working capital changes	11.1	(1,684,811)	(5,972,909)
		8,365,456	4,762,322

### 11.1 Working capital changes

(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(421,261)	616,296
- Stock in trade		(156,430)	(3,010,427)
- Trade debts		(2,747,001)	(3,380,226)
- Loans and advances		109,234	71,934
- Short term deposits and prepayments		(60,831)	(39,446)
- Other receivables		1,655	(1,340,780)
		(3,274,634)	(7,082,649)
Increase in trade and other payables		1,589,823	1,109,740
		(1,684,811)	(5,972,909)

## 12 SEGMENT INFORMATION

**12.1** 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 and Bath:	Manufacturing of home textile articles using processed fabric produced from greige fabric and 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.



## 2.3 Reconciliation of reportable segment assets and liabilities

Figures of these sonnets include extensions / BUR.

### 13 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 31 March 2021 - Un-audited	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
<b>Financial assets</b>				
Fair value through other comprehensive income	17,753,749	-	590,974	18,344,723
Derivative financial assets	-	145,700	-	145,700
<b>Total financial assets</b>	17,753,749	145,700	590,974	18,490,423
<b>Financial liabilities</b>				
Derivative financial liabilities	-	4,886	-	4,886
<b>Total financial liabilities</b>	-	4,886	-	4,886

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 nine months ended 31 March 2021 (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 31 March 2021:

	Unlisted equity securities (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 31 March 2020 - Un-audited</b>	676,364
Less: Deficit recognized in other comprehensive income	(85,389)
<b>Balance as on 30 June 2020 - Audited</b>	590,975
Add: Surplus recognized in other comprehensive income	-
<b>Balance as on 31 March 2021 - Un-audited</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
	31 March 2021	30 June 2020			
	(Rupees in thousand)			31 March 2021	

#### 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.

#### 14 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related parties, 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

	Period ended		Quarter ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	(Rupees in thousand)			
<b>Associated companies</b>				
Investment made	211,328	246,500	-	60,000
Short term loans made	51,300	45,000	-	-
Repayment of short term loans made	10,000	-	-	-
Purchase of goods and services	273,075	242,840	101,831	145,886
Sharing of expenses	6,926	11,449	166	6,585
Sale of goods and services	29,228	73,035	3,286	9,296
Purchase of operating fixed assets	15,129	8,113	3,000	8,113
Sale of operating fixed assets	270	819	-	-
Rental income	4,359	868	1,672	240
Rent paid	62,491	60,565	21,991	20,552
Dividend Paid	122,105	121,487	-	-
Insurance premium paid	344,966	334,810	90,807	95,886
Insurance claims received	57,427	42,434	12,745	12,422
Interest income	9,150	6,268	2,871	5,029
Finance cost	24,209	30,639	8,563	10,074
<b>Other related parties</b>				
Purchase of goods and services	1,977,329	2,453,138	589,761	851,258
Sale of goods and services	483,623	307,298	194,034	81,634
Finance cost	361	616	34	129
Group's contribution to provident fund trust	248,061	236,578	87,621	80,744
Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company	837,413	697,359	309,033	221,311

##### ii) Period end balances

	As at 31 March 2021		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	133,034	39,631	172,665
Accrued markup	2,119	-	2,119
Short term borrowings	132,636	-	132,636
Long term loans	-	297,490	297,490
Property, plant and equipment	34,069	-	34,069
Trade debts	9,975	270	10,245
Loans and advances	86,300	90,695	176,995
Accrued interest	2,192	-	2,192
Cash and bank balances	95,506	280	95,786

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended 31 March 2021 (Un-audited)

	As at 30 June 2020 (Audited)		
	Associated	Other related	Total
	companies	parties	
	(Rupees in thousand)		
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

### 15 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.

### 16 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial information were approved by the Board of Directors and authorized for issue on 28 April 2021.

### 17 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.

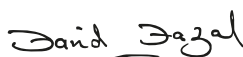
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangement have been made.

### 18 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	نام ڈائریکٹرز
1	مسز مہک عادل (چیئر پرسن / رکن)
2	سید زاہد حسین (رکن)
3	جناب محمود اختر (رکن)

ہیومن ریسورس اور مشاہرہ (HR&R) کمیٹی:

نمبر شمار	نام ڈائریکٹرز
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 معاوضہ پالیسی کا جائزہ اور اس کی منظوری دے گا۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

David Iqbal

فرید نور علی فضل  
ڈائریکٹر

Uma Mansha

میاں عمر منشا  
چیف ایگزیکٹو آفیسر

28 اپریل 2021ء

لاہور

گارمنٹس ڈویژن کمپنی کی ویلیو چین کا اہم حصہ ہے۔ اس لئے مینجمنٹ اس کی پیداواری صلاحیت کو دوگنا کر کے 1.2 ملین گارمنٹس فی ماہ تک لے جانے کا پلان کر رہی ہے۔

### پاور جنریشن:

کمپنی شمسی توانائی جیسے متنوع اور پائیدار منصوبوں میں سرمایہ کاری کرنے کے لئے پرعزم ہے۔ اس وقت شمسی توانائی سے بجلی پیدا کرنے کی گنجائش 4.34 میگا واٹ ہے۔ اسپننگ ڈویژن، فیروز واٹواں میں مزید 3.85 میگا واٹ کا سولر پاور پلانٹ لگانے کا کام جاری ہے۔ مینجمنٹ نے ویوٹک ڈویژن، بھگی میں 3.53 میگا واٹ کے سولر پاور پلانٹ کے حصول کے منصوبے کو حتمی شکل دے دی ہے۔ گارمنٹس ڈویژن کی پیداوار میں اضافے کی توقع ہے جس کے باعث ڈویژن کی انرجی کی ضروریات بھی بڑھیں گی۔ اس لیے 2.5MW گیس انجن بماء ویسٹ ہیٹ ریکوری بوائلر اور ایئر کمپریسر کے حصول کا پلان بھی زیر غور ہے۔

### ذیلی کمپنیاں اور کنسولیڈیٹد مالی حسابات:

نشاط پاور لمیٹڈ، نشاط لیٹن (پرائیویٹ لمیٹڈ)، نشاط ہاسٹیلٹی (پرائیویٹ لمیٹڈ)، نشاط کموڈیٹیز (پرائیویٹ لمیٹڈ)، لال پیر سولر پاور (پرائیویٹ لمیٹڈ)، نشاط یو ایس اے انکارپوریٹڈ، نشاط لینن ٹریڈنگ ایل ایل سی، نشاط انٹرنیشنل FZE اور نشاط گلوبل چائنا کمپنی لمیٹڈ کمپنی کی ذیلی کمپنیاں ہیں۔ اس لیے کمپنی نے انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی مطابقت سے علیحدہ جامع فنانشل اسٹیٹمنٹس کے ساتھ، یکجا جامع فنانشل اسٹیٹمنٹس کو بھی منسلک کر دیا ہے۔

### بورڈ آف ڈائریکٹرز کی ساخت:

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے:

#### ڈائریکٹرز کی کل تعداد

(ا) مرد	5
(ب) خواتین	2

#### تفصیل

(i) آزاد ڈائریکٹرز	2
(ii) نان ایگزیکٹو ڈائریکٹرز	4
(iii) ایگزیکٹو ڈائریکٹر	1

### گھریلو ٹیکسٹائل (Hometextile):

خام مال کی قیمتوں میں تیزی سے اضافے نے Covid-19 وبا سے پیدا ہونے والے پہلے سے موجود مسائل میں اضافہ کیا۔ خام مال کی قیمت میں غیر معمولی اضافے کے نتیجے میں، نئے آرڈرز کی آمد متاثر ہوئی۔ لہذا، آنے والے مہینوں میں سیلز آرڈر کم ہو سکتے ہیں۔ بیرونی ممالک میں خریدار، جن کی معیشتیں پوری طرح سے بحال نہیں ہوئی ہیں، مسابقتی قیمتیں ادا کرنے سے قاصر ہیں۔ لہذا، انہوں نے آرڈر کی مقدار کو کم کرنا شروع کر دیا ہے۔

پروسیڈر کا تھائی لینڈ میڈ ایس	31 مارچ کو اختتام شدہ نو ماہی		اضافہ/(کی)	
	2020	2021	قدر	فیصد
فروخت - (میٹرز '000)	19,342	24,272	4,930	25.49
قیمت فی میٹر	441.81	450.79	8.98	2.03
فروخت - ('000 روپے)	8,545,465	10,941,597	2,396,132	28.04

ٹیری یونٹ جو کہ دس ٹن یومیہ کی پیداوار کی استطاعت رکھتا ہے اس نے پروڈکشن شروع کر دی ہے اور نتائج حوصلہ افزا ہیں۔ فی الحال، یونٹ اپنی صلاحیت کے 75 فیصد پر کام کر رہا ہے۔ ٹیری مصنوعات کی مستقبل کی طلب کو مد نظر رکھتے ہوئے، انتظامیہ نے موجودہ صلاحیت کو دوگنا کرنے کا منصوبہ بنایا ہے۔

### گارمنٹس:

Covid-19 کے چیلنجز کے باوجود، گارمنٹس ڈویژن کی انتظامیہ نے نو ماہ کے عرصے کے دوران اعلیٰ معیار کی مصنوعات کی فراہمی جاری رکھی۔ اس بات کا ادراک کرتے ہوئے کہ نئے حالات کے ساتھ مطابقت پیدا کرنے کی ضرورت ہے، مینجمنٹ نے اپنے طریقہ کار پر نظر ثانی کی ہے اور کامیابی سے اصلاحات رائج کی ہیں جس کا ثبوت فائنل نتائج کی بہتری کی صورت میں نظر آ رہا ہے۔ ڈویژن کی سیل میں مطابقتی نو ماہ کی نسبت موجودہ نو ماہ میں 11.94 فیصد اضافہ ہوا ہے۔

گارمنٹس	31 مارچ کو اختتام شدہ نو ماہی		اضافہ/(کی)	
	2020	2021	قدر	فیصد
فروخت - (گارمنٹس '000)	4,686	6,153	1,467	31.31
قیمت فی گارمنٹ	1,075.20	916.61	(158.59)	(14.75)
فروخت - ('000 روپے)	5,038,386	5,639,899	601,513	11.94

ڈویژن کی طویل مدتی حکمت عملی میں پائیدار ترقی ایک اہم جز ہے۔ جس کو حاصل کرنے کے لیے مینجمنٹ ارادہ رکھتی ہے کہ آٹومیٹڈ اور پائیدار ٹیکنالوجی میں سرمایہ کاری کی جائے، توانائی کی اصلاحات کی جائیں، کارکردگی میں اضافہ کیا جائے، اور مزدوروں کو محرک کرنے والے نئے اور بہتر سسٹم کو رائج کیا جائے۔ ان اقدامات کا مقصد صرف منافع میں اضافہ نہیں بلکہ ان کے ذریعے اسٹاف اور ورکرز کے بہتر بنایا جانا بھی مقصود ہے۔



ویر کپڑے کا اسٹاک بھی مارکیٹ میں کم ہو گیا ہے۔ ہم ورک ویر سے متعلقہ کپڑے کے کاروبار میں اضافے کی توقع کر رہے ہیں۔

ہوم ٹیکسٹائل شعبے کو سیل میں نمایاں اضافہ ہوا ہے۔ لہذا، ابھی میں 130 بڑی چوڑائی والی ایئر جیٹ لومز کے حصول کا عمل جاری ہے۔ ہم توقع کرتے ہیں کہ مئی 2021 کے آخر تک 30 لومز کی پہلی کھیپ آجائے گی۔ ہم لاہور میں 24 تنگ چوڑائی والی لومز کو بڑی چوڑائی والی ایئر جیٹ لومز کے ساتھ تبدیل کر رہے ہیں۔ یہ جدید ترین ایئر جیٹ لومز ہمیں کپڑے کی پیداوار سے متعلق فیصلہ کرنے میں نلک اور فائدہ دیں گی۔

گرے کلاتھ	31 مارچ کو اختتام شدہ نو ماہی		اضافہ/(کی)	
	2020	2021	قدر	فیصد
فروخت - (میٹر 000)	62,950	65,788	2,838	4.51
قیمت فی میٹر	182.35	184.39	2.04	1.12
فروخت - (000 روپے)	11,479,182	12,130,814	651,632	5.68

### رنگائی (Dyeing):

فیشن ملبوسات کی صنعت کے لئے مالی سال 2020-21 کے پہلے نو ماہ بہت مشکل تھے کیونکہ پوری دنیا کی حکومتوں نے کرونا وائرس کے پھیلاؤ کو کم کرنے کے لئے پابندیاں عائد کر دیں تھیں۔ اس عرصے میں لوگ گھر سے کام کر رہے تھے جس وجہ سے برانڈڈ فیشن ملبوسات کی مانگ میں نمایاں کمی آئی۔ رنگائی ڈویژن نے اس چیلنج کے باوجود بہتر کارکردگی کا مظاہرہ کیا۔ پچھلے نو ماہ کے مقابلے میں اس نو ماہ کے دوران ڈویژن کی فروخت میں 30.50 فیصد کمی واقع ہوئی ہے اور ہمیں امید ہے کہ رواں مالی سال کی آخری سہ ماہی میں بھی یہ رجحان برقرار رہے گا۔

پروسیسڈ کلاتھ	31 مارچ کو اختتام شدہ نو ماہی		اضافہ/(کی)	
	2020	2021	قدر	فیصد
فروخت - (میٹر 000)	33,956	23,913	(10,043)	(29.58)
قیمت فی میٹر	365.11	360.32	(4.79)	(1.31)
فروخت - (000 روپے)	12,397,587	8,616,344	(3,781,243)	(30.50)

رواں مالی سال کی آخری سہ ماہی میں زیادہ چیلنجز کا سامنا ہوگا کیونکہ ان مشکل حالات میں کاروبار کو برقرار رکھنا ہماری اولین ترجیح ہے، جو خام مال کی آسمان کو چھوئی ہوئی قیمتوں اور امریکی ڈالر کے مقابلے میں پاک روپیہ کی قدر میں اضافہ کی وجہ سے انتہائی مشکل ہو چکا ہے۔ عام طور پر، خام مال کی لاگت میں 30-35 فیصد کا اضافہ ہوا ہے اور صارفین ہمیں کپڑے کی قیمتوں میں 6-8 فیصد سے زیادہ دینے کو تیار نہیں ہیں۔

## طبقاتی تجربہ:

درج ذیل کمپنی کی طبقاتی پر فارمنس کا مختصر جائزہ ہے:

## کٹائی (Spinning):

مالی سال 2020-21 کے دوران مقامی کپاس کی پیداوار میں کمی اور ہندوستان سے درآمدات پر پابندی کی وجہ سے مقامی کپاس کی قیمتوں میں مستقل اضافہ ہوا۔ اسپننگ ڈویژن کو پہلے ہی اس کی توقع تھی اس لئے خام مال کی لاگت کو کم کرنے کے لیے، مقامی اور درآمد شدہ کپاس کا آمیزہ خرید کر اپنی حکمت عملی پر عمل کیا۔

مالی سال 2020-21 کی پہلی ششماہی کے دوران، جب کپاس کی قیمتیں مسلسل لیکن یارن کی قیمتوں کے حوالے سے غیر متناسب طور پر بڑھ رہی تھیں، اسپننگ ڈویژن کے لئے کاروبار کو بہتر بنانا مشکل تھا۔ تاہم، ہندوستان سے دھماگے کی درآمد پر پابندی اور Covid-19 کے وبائی امراض سے متاثر پڑوسی ممالک میں صحت کی بری صورتحال کی وجہ سے مقامی کپڑے کے مینوفیکچررز کو موصولہ بڑے آؤرز کے نتیجے میں مقامی یارن کی قیمتوں میں تیزی سے اضافہ ہوا۔

بین الاقوامی منڈی میں یارن کی قیمتوں نے مقامی مارکیٹ کے رجحانات کی پیروی کی، لیکن یارن کی قیمتوں پر مہنگے کپاس کا اثر مقامی منڈی میں بین الاقوامی منڈی کے مقابلے میں زیادہ ہوا۔ لہذا، مالی سال کی تیسری سہ ماہی کے اختتام تک مقامی مارکیٹ میں یارن کی قیمتوں میں غیر معمولی اضافہ ہوا اور برآمدی منڈی میں معقول حد تک بہتری آئی۔

یارن	31 مارچ کو اختتام شدہ نو ماہی				اضافہ/(کمی)	
	2020	2021	قدر	فیصد		
فروخت - (کلوگرام '000)	15,772	17,005	1,233	7.82		
قیمت فی کلوگرام	404.06	417.72	13.66	3.38		
فروخت - ('000 روپے)	6,372,904	7,103,339	730,435	11.46		

دی سائیڈ کلاڈ یارن کی بروہتی طلب کی توقع کرتے ہوئے ڈویژن نے مستقبل میں اپنی پیداوار میں اضافہ کرنے کا منصوبہ بنایا ہے۔ اوپن اینڈ یارن کی تیاری کی استطاعت (capacity) میں اضافے کا کام جاری ہے، توقع ہے کہ ستمبر 2021 کے آخر تک دھماگے کی پیداوار شروع ہو جائے گی۔

## بائی (Weaving):

یورپ میں تیسری کرونا وائرس لہر کے آغاز کی وجہ سے، توقع کے مطابق، تیسری سہ ماہی میں بنائی کے کاروبار میں بہتری نہیں آئی۔ اس لہر کی وجہ سے خاص طور پر فیشن کا کاروبار سست رہا۔ عدم استحکام کی وجہ سے صارفین اب بھی آرڈرز دینے سے گریز میں ہیں۔ اس کے برعکس، سپلائی چین میں کپڑے کی کمی اور مانگ میں اضافے کے سبب تکٹکی کپڑے کا کاروبار، خاص طور پر (abrasive cloth)، مثبت رجحان دکھا رہا ہے۔ اسی طرح، ورک

## ڈائریکٹرز رپورٹ:

تشاطہ ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 31 مارچ 2021ء کو اختتام شدہ نو ماہی کے لئے ڈائریکٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

## آپریٹنگ مالی نتائج:

گذشتہ سال کی اسی نو ماہی کے مقابل میں 31 مارچ 2021ء کو اختتام شدہ موجودہ نو ماہی کے دوران کمپنی کی مالی کارکردگی قابل ذکر رہی۔ کمپنی نے ٹیکس کٹوتی کے بعد 729.514 ملین روپے (25.02 فیصد) کا منافع کیا۔ خام مال کی قیمتوں میں غیر معمولی اضافے اور کورونا وائرس وبا کے منفی اثرات کے باوجود کمپنی منافع میں رہی۔ اس کی بنیادی وجوہات فروخت میں اضافہ اور لاگت کا بہتر انتظام تھا۔ منافع میں ڈیویڈنڈ آمدنی کا بھی ایک بہت بڑا حصہ تھا جس میں پچھلی نو ماہی کے مقابلے اس نو ماہی میں 509.679 ملین روپے کا اضافہ ہوا۔ ڈیویڈنڈ آمدنی موجودہ نو ماہی میں 1.578 ملین روپے سے بڑھ کر 2.088 ملین روپے تک جا پہنچی۔ گذشتہ سال کی اسی نو ماہی کے مقابل میں موجودہ نو ماہی کے دوران فنانس کی لاگت میں بھی 164.408 ملین روپے کی کمی ہوئی۔ بہتر ورکنگ کیپٹل مینجمنٹ اور قرض لینے کی شرح میں کمی کے باعث فنانس کی لاگت میں کمی واقع ہوئی۔

مالی جملکیاں	31 مارچ کو اختتام شدہ نو ماہی		اضافہ/(کمی) فیصد
	2020	2021	
آمدنی (روپے '000)	50,052,054	51,507,344	2.91
مجموعی منافع (روپے '000)	5,998,881	6,092,841	1.57
بعد از ٹیکس منافع (روپے '000)	2,915,415	3,644,929	25.02
مجموعی منافع (فیصد)	11.99	11.83	
بعد از ٹیکس منافع (فیصد)	5.82	7.08	
منافع فی حصص - (روپے)	8.29	10.37	

## مارکیٹ کا عمومی جائزہ اور مستقبل کے امکانات:

رواں مالی سال کے پہلے نو ماہ ٹیکسٹائل شعبے کے لئے بہت سخت تھے کیونکہ کورونا وائرس پھیلنے کی وجہ سے عالمی معیشت بری طرح متاثر ہوئی۔ اس دوران، وبائی بیماری کی دوسری اور تیسری لہر نے دنیا کو متاثر کیا، جس نے ایک بار پھر پوری دنیا میں لاک ڈاؤن اور پابندیوں کا سلسلہ شروع کر دیا۔ اب ویکسینیشن (vaccination) کا عمل شروع ہو چکا ہے، ہمیں امید ہے کہ اس مالی سال کے اختتام تک امریکہ اور یورپ میں لوگوں کی ویکسینیشن (vaccination) مکمل ہو جائے گی جس سے لاکھوں امریکی اور یورپی شہری آزادانہ طور پر نقل و حرکت اور دفاتر میں کام کر سکیں گے۔ اس سے طلب کے تیز ہونے کی توقع ہے۔

پر امید اور مستقبل کے مثبت نقطہ نظر کے باوجود، خام مال کی آسمان کو چھوتی ہوئی قیمتوں کی وجہ سے ٹیکسٹائل صنعت اس وقت زبردست دباؤ میں ہے۔ ہمیں رواں مالی سال کی دوسری سہ ماہی کے آغاز سے روکی اور مصنوعی فابریکی قیمتوں میں غیر معمولی اضافے کا سامنا ہے۔ اس کے علاوہ، آنے والے دنوں میں ناموافق شرح تبادلہ (adverse exchange rate) اور سمندری فریٹ (freight) میں تیزی سے اضافے کے باعث مالی حالات پر سنگین اثر پڑنے والا ہے۔



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