NISHAT

Nishat Mills Limited

Annual Report | 2021

Growing Inclusively

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Board of Directors
Mian Umer Mansha
Chief Executive Officer

Mian Hassan Mansha
Chairman

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

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. Mohammad Azam

Company Secretary
Mr. Khalid Mahmood Chohan

Auditors
Riaz Ahmad & Company
Chartered Accountants

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

Bankers to the Company
Albaraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Citibank N.A.
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Faysal Bank Limited - Islamic Banking
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
JS Bank Limited
Meezan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company Limited
Pakistan Kuwait Investment Company (Private) Limited
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Summit Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
The Bank of Punjab - Taqwa Islamic Banking
The Bank of Khyber
United Bank Limited

Mills

Spinning units, Yarn Dyeing & Power plant
Nishatabad, Faisalabad.

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

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

Weaving units & Power plant
12 K.M. Faisalabad Road, Sheikhupura.

Weaving units, Dyeing & Finishing unit, Processing unit, Stitching units and Power plants
5 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.

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

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

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

Shares Registrar
THK Associates (Private) Limited

Head Office, Karachi
Plot No. 32-C Jami Commercial Street No. 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' PROFILE

Mian Umer Mansha
Chief Executive Officer

Mian Hassan Mansha
Chairman

Syed Zahid Hussain
Non-Executive Director

Mr. Farid Noor Ali Fazal
Non-Executive Director

Mian Umer Mansha received his Bachelors degree from Babson College, Boston, USA. He has been serving on the Board of Directors of various listed companies for more than 26 years.

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

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

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

Mr. Farid Noor Ali Fazal is a Bachelor of Commerce, Bachelor of Laws and Bachelor of Management. He has more than 48 years' experience of marketing. He worked on various positions in Middle East and USA. He is associated with cement industry in one form or the other and was the acting chairman of All Pakistan Cement Manufacturers Association in 2002. He also serves on the Board of D. G. Khan Cement Company Limited and Nishat Paper Products Company Limited.

Mr. Mahmood Akhtar
Non-Executive Director

Mrs. Sara Aqeel
Independent Director

Mrs. Mehak Adil
Independent Director

Mr. Mahmood Akhtar holds an MBA degree from Punjab University and has over 38 years of managerial experience spread across various industries. He also serves on the Board of D. G. Khan Cement Company Limited, Lalpir Power Limited, Nishat Power Limited, Security General Insurance Company Limited, Nishat Hospitality (Private) Limited, Nishat Paper Products Company Limited, and Nishat Commodities (Private) Limited.

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

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

VISION, MISSION & CORE VALUES

VISION STATEMENT:

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

MISSION STATEMENT:

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

CORE VALUES:

Value	Slogan	Connotation
Novelty	Be Open to Newness	Nishat is open to innovation & creativity at organization level, systems level and individual level.
Integrity	Be Honest	Nishat operates through lawful means and fulfils its legal, moral and ethical responsibilities.
Sustainability	Be Sensitive to Environment	Nishat ensures best use of environmental resources by adopting benchmark process and bringing continuous improvement in the same.
Humbleness	Be Empathic	Nishat encourages culture of mutual respect, support and develops congenial environment for people at workplace.
Accountability	Be Responsible	Nishat believes in 'participative decision making' and assures that everyone should take responsibility for all decisions at all levels.
Trust	Trust the People	Nishat trusts its employees the most and believes in attaining sustainable competitive advantage through its Human Capital.

CHAIRMAN'S REVIEW REPORT

I am pleased to present you the annual report of Nishat Mills Limited (the "Company") for the year ended 30 June 2021. I congratulate all shareholders and other stakeholders about the exceptional financial performance of the Company during the year. The Board of Directors (the "Board") expects the Company will maintain this spectacular growth trajectory in the coming years considering bright future prospects of textile sector.

The Company has a seven-member Board which comprises of individuals with diverse and multi-generational background having core competencies, knowledge, skills and experience relevant to the business of the Company. The Company follows the best practices relating to corporate governance and complies with all the relevant requirements of Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Code") with respect to composition, meetings and procedures of the Board of Directors (the "Board") and its Committees. During the year, Mrs. Sara Aqeel obtained Certificate of Directors Education from Pakistan Institute of Corporate Governance in accordance with the requirements of the Code.

The Board has developed a mechanism for annual evaluation of Board's own performance, Members of the Board and its Committees in compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations, 2019. The performance evaluation mechanism ensures that all statutory and legal requirements are fulfilled with regard to procedures, meetings and oversight role of the Board. The Board carried out annual evaluation of Board's own performance, Members of the Board and its Committees on 28 April 2021. The performance of the Board, its Members and Committees was satisfactory.

During the financial year 2020-21, the Board successfully achieved targets and objectives set for the growth of the Company by performing the following functions:

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

Mian Hassan Mansha
Chairman

Lahore
20 September 2021

Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the annual report of the Company for the year ended 30 June 2021 along with the financial statements and auditors' report thereon.

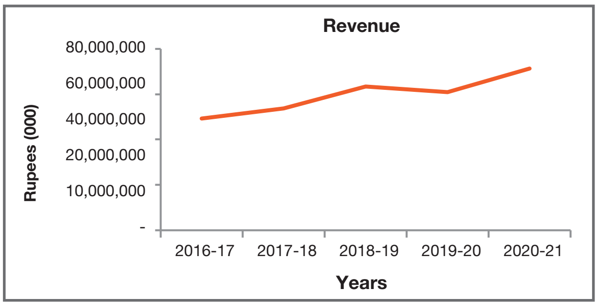
FINANCIAL REVIEW

Financial Performance

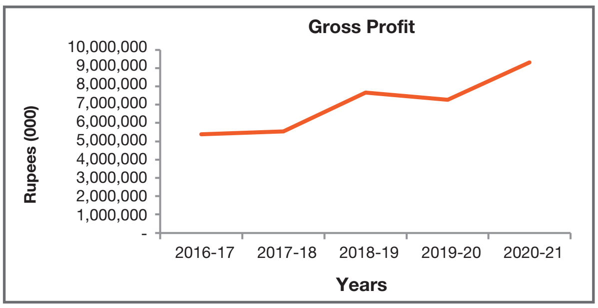
Profit after tax of the Company increased exponentially by Rs. 2,416.186 million (68.91%) in the current financial year as compared to the corresponding last year. The Company achieved such unprecedented growth in profitability despite significant increase in raw material cost and adverse impact of coronavirus pandemic.

Financial highlights	2021 Rupees (000)	2020 Rupees (000)
Revenue	71,431,010	60,904,096
Gross profit	9,317,855	7,276,126
EBITDA	11,137,991	8,719,892
Depreciation	2,838,310	2,738,196
Finance cost	1,229,179	1,502,412
Dividend Income	2,722,637	2,044,302
Pre-tax profit	7,070,502	4,479,284
After tax profit	5,922,470	3,506,284

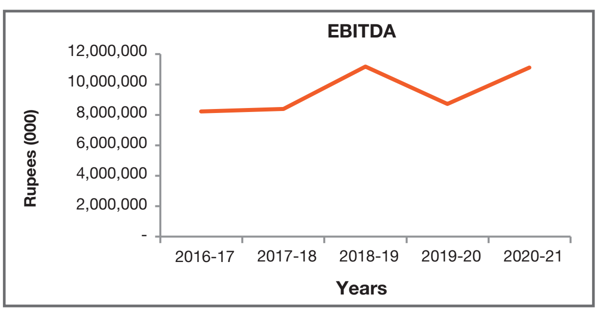
Topline of the Company grew to Rs. 71,431.010 million which is historically the highest ever revenue. Its main reason was remarkable increase in local sales by Rs. 8,229.101 million on account of both quantity and rate variances. Export sales also increased by Rs. 1,018.229 million mainly due to quantity variance. Duty drawback incentive on export sales also contributed to increase in revenue by Rs. 388.220 million in the current year as compared to the corresponding last year. The Company also achieved 10% growth in garments and home textile exports in terms of US Dollars in the current year as compared to the corresponding last year which made it eligible to avail the remaining 50% duty drawback incentive available on achievement of 10% growth in exports as stipulated in “Duty Drawback on Taxes Order 2018-21”.



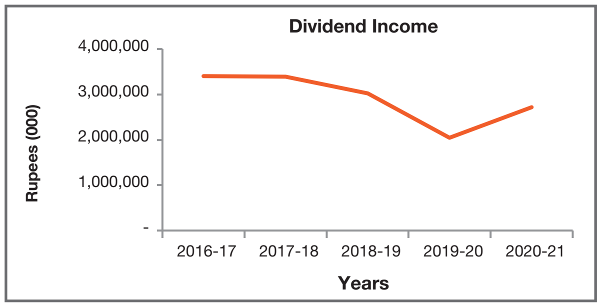
Last five years’ review of gross profit shows that it has increased steadily over the period. It increased by 2,041.729 million (28.06%) from Rs. 7,276.126 million in the last corresponding year to Rs. 9,317.855 million in the current year. The Company achieved this unprecedented increase due to better cost management, otherwise raw material cost had increased significantly during the financial year under review.



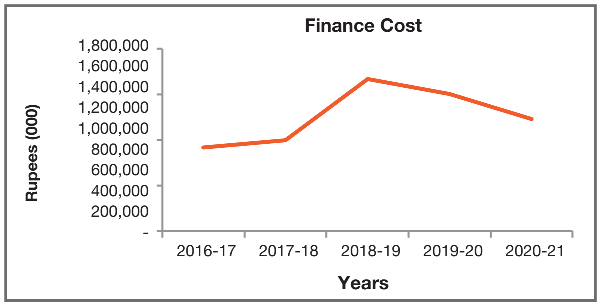
EBITDA of the Company impressively increased by Rs. 2,418.099 million (27.73%) in the current financial year as compared to the corresponding last year. This shows a strong liquidity, as a result of exceptional profits which has enabled the Company to easily finance its working capital needs.



Once again, well-diversified portfolio of long-term equity investments contributed fairly in the profitability of the Company. Dividend income increased by 33.18% from Rs. 2,044.302 million to Rs. 2,722.637 million.

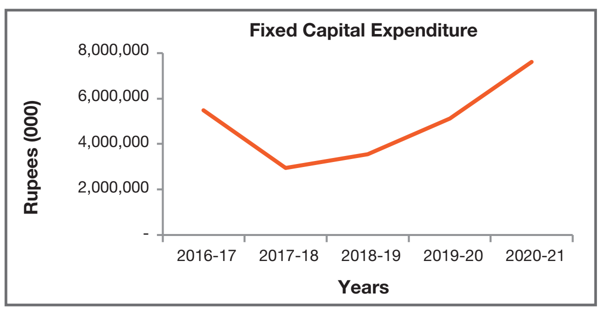


Finance cost of the Company decreased by 18.19% from Rs. 1,502.412 million to Rs. 1,229.179 million in the current year as compared to the corresponding last year. The main reasons for decrease in finance cost was reduction in average borrowing cost of the Company and increased cash inflows.



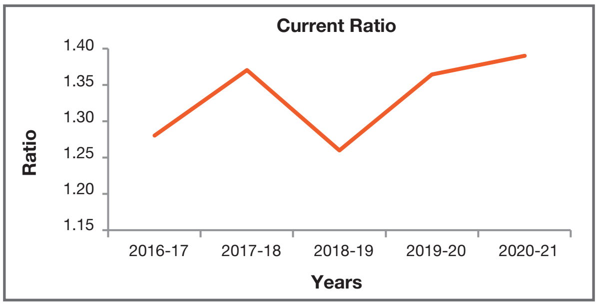
Fixed Capital Expenditure

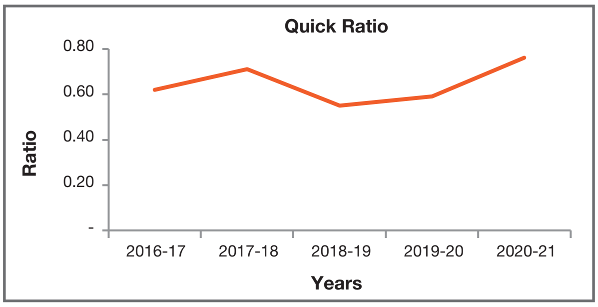
Acquisition of innovative technologies and continuous BMR is pivot to the long-term investment strategy of the Company in order to meet present and future demands of the customers. The Company invested Rs. 7,615.598 million into new projects as compared to the last year when we expended Rs. 5,132.005 million.



Working Capital Management

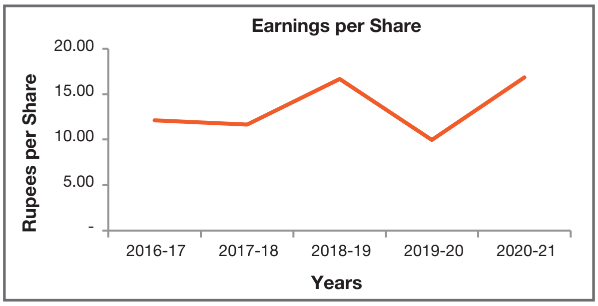
As a result of remarkable profitability, cash flow position of the Company has further improved in this year. Current and quick ratios have increased from 1.36 to 1.39 and 0.59 to 0.76 respectivley.





Earnings per share

Earnings per share (EPS) of the Company increased from Rs. 9.97 in the corresponding last year to Rs. 16.84 in the current year which is a remarkable increase of Rs. 6.87 (68.91%). This unprecedented growth in earnings is reflective of management's commitment to enhance shareholders' wealth.



Appropriations

The Board of Directors of the Company has recommended 40% cash dividend (2020: 40%) and transferring of Rupees 4,516 million (2020: Rupees 2,101 million) to general reserve.

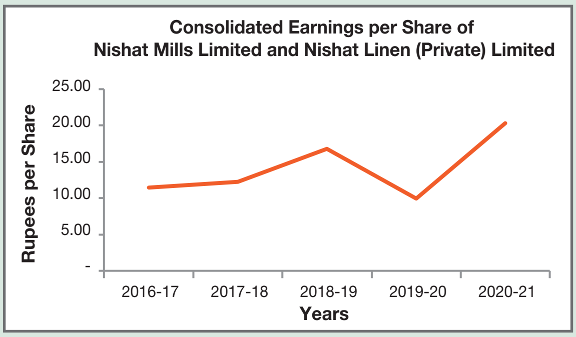
SEGMENT ANALYSIS

Spinning

Raw cotton prices increased consistently during the financial year 2020-21 due to shortage of local cotton, ban on imports from India and increase in the rates of imported cotton mainly as a result of buying of US cotton by China under a trade deal with US.

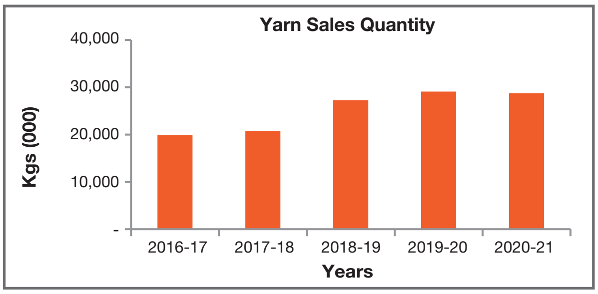
Nishat Group ("the Group") is one of the largest and leading business houses in Pakistan. It operates in 12 sectors of national economy. The Group has 2 textile companies: Nishat Mills Limited and Nishat Linen (Private) Limited. Nishat Mills Limited is the parent company while Nishat Linen (Private) Limited is its wholly owned subsidiary. The principal objects of the Subsidiary are to operate retail outlets for sale of textile and other products and to sell the textile products by processing the textile goods in own and outside manufacturing facilities.

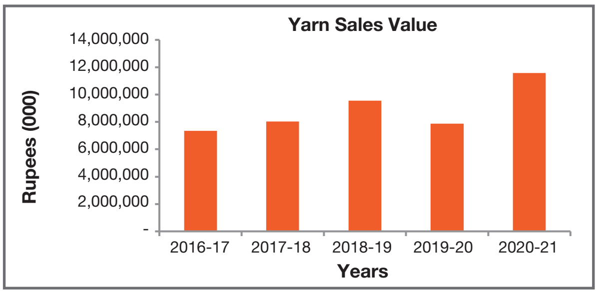
Financial performance of both of these textile companies was exceptional during the year. Consolidated Earnings per Share (EPS) recorded an exponential growth of Rs. 10.34 (104.02%) from Rs. 9.94 in the corresponding last year to Rs. 20.28 in the current year. The review of last five years indicates that consolidated EPS was the highest during financial year 2021.

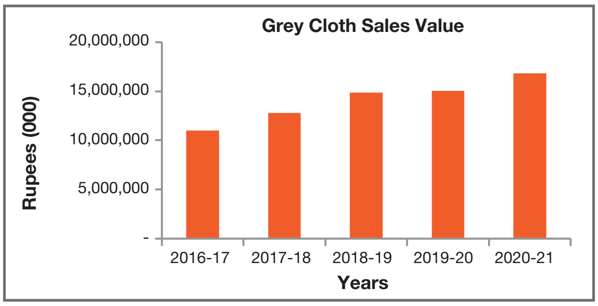


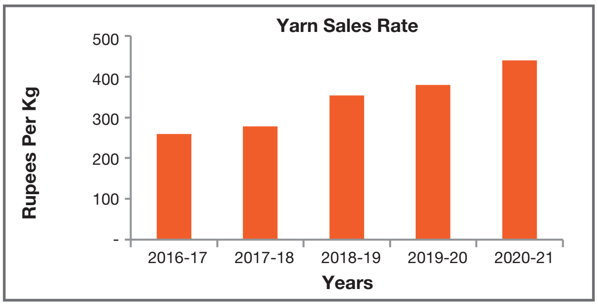
The management successfully mitigated the risk of hike in cotton prices by procuring major portion of its required cotton stocks by the end of October 2020.

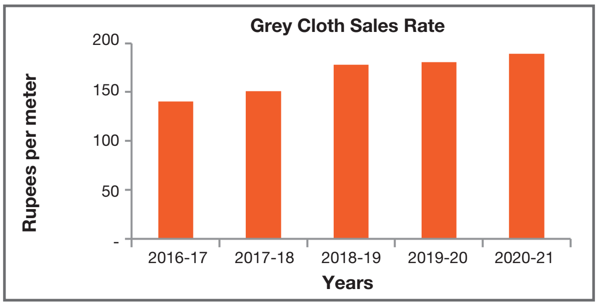
Apart from adverse impact of Covid-19 pandemic on demand of textile products, cotton prices continuously and disproportionately increased as compared to yarn prices during the first half of the financial year 2020-21 which caused severe business challenge for Spinning Division. However, ban on cotton yarn imports from India and sizeable orders received by local fabric manufacturers due to health conditions in neighboring countries impacted by Covid-19 pandemic, subsequently, 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, during the second half of financial year, yarn prices in local market increased exceptionally and in export market improved reasonably.











Weaving

During the financial year 2020-21, Weaving Division could not perform to its potential due to multiple waves of coronavirus in Europe where its main customer base is located. It severely affected retail sector; therefore, fashion business remained slow throughout the year. However, technical fabric business, particularly abrasives, showed positive trend due to shortage of fabric in the supply chain and increasing demand. Similarly, sale of workwear cloth also increased because of increase in demand soon after softening of lockdown restrictions world over.

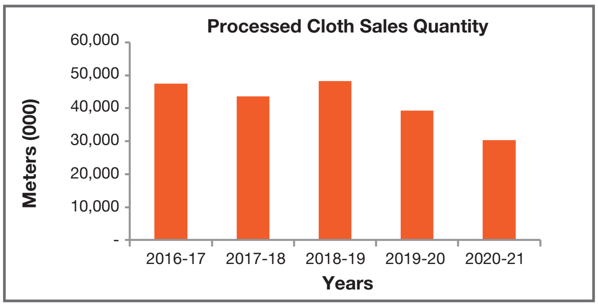
A new weaving unit comprising 130 wider width Airjet looms will be commissioned into production in October, 2021 which will enable us to produce a wide range of greige cloth and fulfill increased demand of home textile sector.

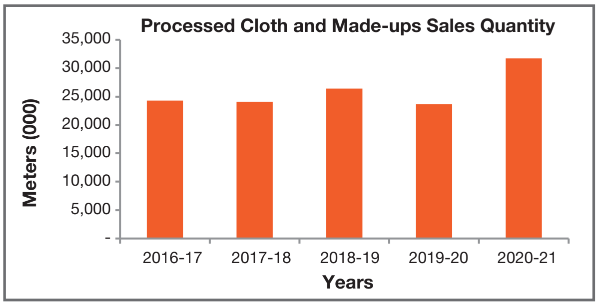
In future, key part of our strategy is to increase our share in export of high value products. The Division expects a growth in profitability due to market driven exchange rate and rise in greige cloth prices during the next year.

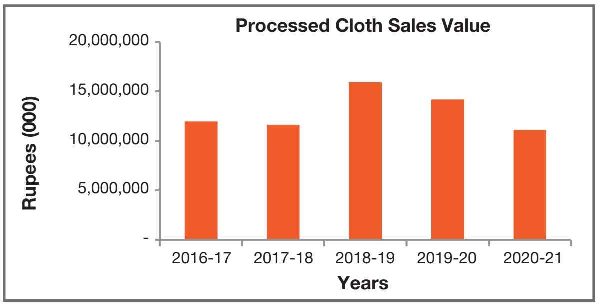
Dyeing

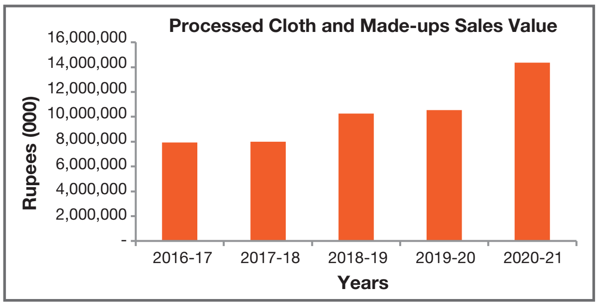
Dyeing Division faced unprecedented difficulties due to imposition of coronavirus restrictions all over the world in order to reduce spread of disease. Since the people have to work and stay at home, demand for branded fashion apparel decreased significantly. But Dyeing Division performed well and sustained under these unparalleled circumstances despite decrease in sales of processing cloth by 21.87% in current financial year as compared to the corresponding last financial year.

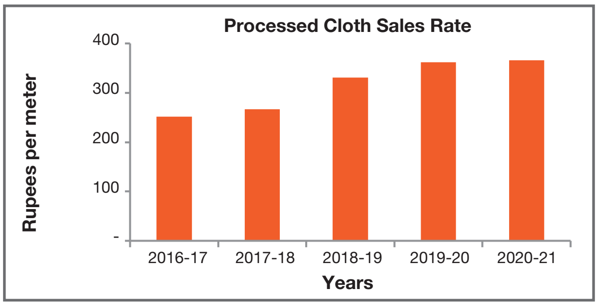
Vaccination process, which was rolled out in the world at the end of the second quarter of the current financial year, has started showing positive results. Lots of Covid-19 restrictions have been lifted in U.S. and Europe. Due to significant improvement in Covid-19 situation, brands and retailers in U.S. and Europe are anticipating substantial growth in demand of apparel in Spring / Summer seasons of financial year 2021-22. This is the reason that almost all of our customers have increased their order quantities for these seasons as compared to previous year.

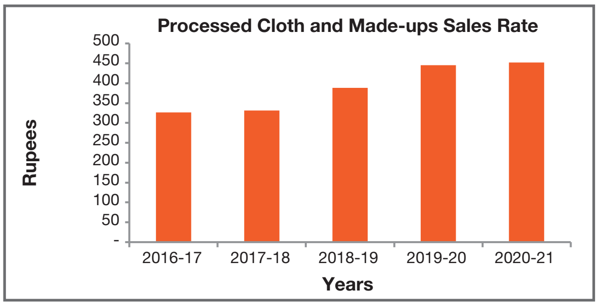












Home Textile

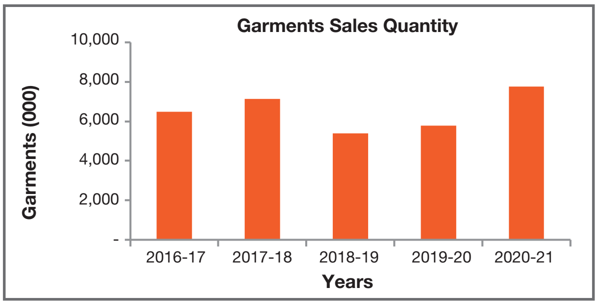
Financial year 2020-21 started with an extraordinary demand for home textile products because people were spending most of their time at homes due to extended lockdowns which induced people for home improvements. As physical stores were closed, online stores satisfied this increased demand. This positive demand continued all through half year till December 2020 producing exclusive growth and extraordinary margins. However, despite continued demand during the last six months of the financial year, home textile sector faced serious problems due to drastic currency revaluation, increase in raw material prices and rise in freight lines charges which squeezed margins.

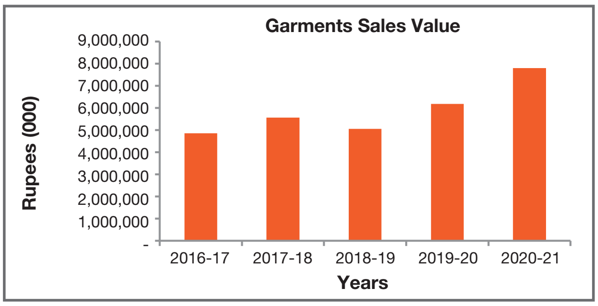
Terry unit was commissioned into production during the financial year and it is showing promising results. Considering the future demand of the terry products, management has planned to double the existing capacity.

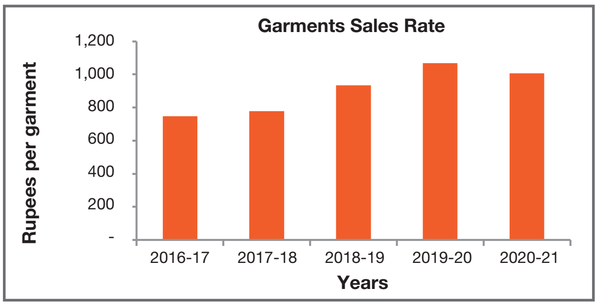
Garments

Despite Covid-19 challenges, management of Garments Division resiliently pursued its strategy of providing high quality products during the financial year. Believing it a time to adapt, management re-evaluated its operations and processes, and successfully implemented improvements which are evident from improved financial results. Garments sales of the Division increased by 26.26% in the current year as compared to the corresponding year.

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 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 has planned 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 3.54 MW. Installation of further 3.20 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. Another 900 KWh solar power plant will be installed on the roof top of new factory building of Garments Division, Lahore in order to enhance existing solar power capacity of the Division to 2.10 MW.

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.

RISKS AND OPPORTUNITIES

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

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

STRATEGIC RISKS

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

BUSINESS RISKS

The Company faces a number of following business risks:

Cotton Supply and Price

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

Export Demand and Price

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

Energy Availability and Cost

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

FINANCIAL RISKS

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

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

Capital risk

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

OPPORTUNITIES

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

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

TEXTILE INDUSTRY OVERVIEW

Financial year 2020-21 was very tough for the textile sector because coronavirus outbreak severely affected the world economy. The year was marred by repeated lockdowns and restrictions because second and third waves of pandemic hit the world. As vaccination process has already been started, hopefully, coronavirus restrictions will be lifted soon in the export market.

Textile industry remained 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. While the total requirement of Pakistan textile industry is 15 million bales per year, country could produce only half of the required quantity as indicated by following chart:

Year	Hectare (000)	% Change	Bales (000)	% Change	(kgs / Hec)	% Change
2016-17	2,489	-	10,671	-	729	-
2017-18	2,700	8.5	11,946	11.9	753	3.3
2018-19	2,373	(12.1)	9,861	(17.5)	707	(6.1)
2019-20	2,517	6.1	9,148	(7.2)	618	(12.6)
2020-21 (P)	2,079	(17.4)	7,064	(22.8)	578	(6.5)

Source: Pakistan Bureau of Statistics.

SUBSIDIARY COMPANIES

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

1. Nishat Power Limited

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

2. Nishat Linen (Private) Limited

This is a wholly owned subsidiary of the Company. The principle objects of the Subsidiary are to operate retail outlets for sale of textile and other products and to sell the textile products by processing the textile goods in own and outside manufacturing facilities. The subsidiary started its operations in July 2011 and is presently operating 109 retail outlets including e-stores in Pakistan.

3. Nishat Hospitality (Private) Limited

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

4. Nishat Commodities (Private) Limited

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

5. Lalpir Solar Power (Private) Limited

Lalpir Solar Power (Private) Limited is a Private Limited Company incorporated in Pakistan on 09 November 2015. It is a wholly owned subsidiary of Nishat Power Limited which is a subsidiary of Nishat Mills Limited. The subsidiary did not started its commercial operations because it did not get Power Acquisition Request and Consent from Central Power Purchasing Agency. Therefore, voluntary winding up of the company under the Companies Act, 2017 is being considered.

6. Nishat Linen Trading LLC

Nishat Linen Trading LLC is a Limited Liability Company incorporated in Dubai, UAE. It is a wholly owned subsidiary of the Company. The subsidiary is principally engaged in trading of textile, blankets, towels, linens, ready-made garments, garments accessories and leather products along with ancillaries thereto through retail outlets and warehouses across United Arab Emirates. The subsidiary started its commercial operations in May 2011 and is presently operating 14 retail outlets in UAE.

7. Nishat International FZE

This is also a wholly owned subsidiary of Nishat Mills Limited. It was incorporated as a Free Zone Establishment Limited Liability Company in Jebel Ali Free Zone, Dubai according to the laws of United Arab Emirates (UAE). It has been

registered in the FZE register on February 07, 2013. The principal activity of the Subsidiary Company is trading in textile products such as blankets, towels & linens, ready-made garments, garments accessories and leather products such as shoes, handbags and all such ancillaries thereto.

8. China Guangzhou Nishat Global Co., Ltd.

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

9. Nishat USA Inc.

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

CORPORATE SOCIAL RESPONSIBILITY

The Company spends a lot of resources and undertakes efforts for the welfare of society. Following is the brief snapshot of corporate social responsibility:

Occupational Safety and Health

The Company is committed to provide a safe and healthy workplace by complying with the relevant safety and health regulations. Therefore, management has taken appropriate steps during Covid-19 pandemic to protect health of its employees and restrict the spread of virus. The Company has taken a number of steps such as arrangement of awareness sessions about the virus, installation of sanitizing walk through gates, checking of temperature at all entry points, provision of hand sanitizers, implementation of emergency response plan and installation of face scans attendance system in order to avoid physical contact with objects. Management has continuously encouraged its employees to get themselves and their families vaccinated. The Company also arranged vaccination facilities at its factory locations. We have also prepared a database where the information about vaccinated people is stores along with “Immunization Certificate for Covid-19” number issued by Ministry of National Health Services Regulations and Coordination.

Community Welfare Schemes

General public welfare is one of the top priorities of the Company; therefore, management has taken a number of initiatives to help society. We supported CARE Foundation, an NGO, to establish a school of 1,000 children at Bhikki in 2011. CARE foundation works to educate and empower underprivileged children and has established such schools across Pakistan. The Company is also pivotal in providing trained manpower to the nation by arranging training of thousands of young people each year.

We arrange medical camps for malaria, typhoid, dengue, eye sight and polio vaccination for workers, their families and general public living near manufacturing facilities. The Company has also established dispensaries under the supervision of qualified doctors at its mills which are equipped with ambulances.

Equal Opportunity Employer

Diversity and inclusion are ingrained in our values and culture. Therefore, we provide equal opportunity for employment and career progression to women, disabled and minorities. There is fair representation of women at the Board of Directors of the Company. All Board committees are headed by female directors. Women also occupies senior management positions who actively formulate and control strategic direction of the Company. Since recognition of women rights is a social matter, we celebrate women’s achievements in the social, economic, cultural, and political spheres on 8th March of every year.

Environment Protection

The Company's approach towards environment includes both preservation of natural resources and procurement of alternative technologies to ensure environmental sustainability. Every year the Company arranges plantation of thousands of trees at its manufacturing facilities and nearby localities with the objective to curtail pollution. Waste water is treated in Effluent Water Treatment Plants before discharge. The Company is investing heavily in solar energy. At present, 3.54 MW of electricity is generated from solar power plants and projects of 7.63 MW are under acquisition and installation phase.

Waste Recycling

Waste recycling is another way to protect environment and discharge our responsibility towards society. The Company has installed water treatment plants, cotton recycling plants and oil recycling machines at different sites to recycle the water, waste cloth and oil for maximum saving of natural resources.

Energy Conservation

The Company is committed to reduce use of fossil fuels for electricity generation and decrease in emission of CO_2 in environment. We have installed LED lights, powerless ventilators, solar power plants, natural lights (solatubes), solar water heating systems and waste heat recovery units at our production facilities.

Consumer Protection Measures

The Company observes international safety standards during manufacturing and shipment of its goods to the customers. We installed metal detectors for prevention and detection of any harmful substance in the products.

The Company meets the Oeko Tex Standards 100 which is an independent testing and certification system for textile raw materials, intermediate and end products at all stages of production. The Company has also acquired C-TPAT Certification (Customs-Trade Partnership against Terrorism) for all of its production facilities. C-TPAT is a voluntary supply chain security program aimed at improving the security of private companies' supply chains with respect to terrorism. Further, the Company has obtained SA-8000, WRAP and SEDEX certifications.

CORPORATE GOVERNANCE

Best Corporate Practices

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

The statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 is enclosed.

Board Committees:

Audit Committee

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

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

Human Resource & Remuneration (HR&R) Committee

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

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

Meetings of the Board of Directors

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

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

Directors' Statement

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

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of account of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the Company's ability to continue as a going concern.

7. There has been no material departure from the best practices of corporate governance.

8. Value of investments in respect of retirement benefits fund: Provident Fund: 30th June, 2021: Rs. 4,407.174 million Un-audited, (2020: Rs. 3,765.537 million Audited).

Transactions with related parties

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

1. Further investment of up to Rs. 2 billion as loan and advances in Nishat Linen (Private) Limited, a wholly owned subsidiary, in accordance with our investment policy to earn higher interest rate as compared to other investment opportunities available to the Company.

2. The issuance of corporate guarantees up to Rs. 2,250 million to the lenders of Nishat Sutas Dairy (Private) Limited, an associated company, to ensure smooth availability of the credit facilities to the associated from Banks / financial institutions.

3. Sale of land to Nishat Sutas Dairy (Private) Limited, an associated company, to earn capital gain.

Auditors

Riaz Ahmad & Company, Chartered Accountants, current auditors will retire on the conclusion of Annual General Meeting of the Company. Being eligible, they have offered themselves for reappointment for the year ending 30 June 2022. As suggested by Audit Committee, the Board of Directors has recommended reappointment of Riaz Ahmad & Company, Chartered Accountants for approval of shareholders in forth coming Annual General Meeting.

SUBSEQUENT EVENTS

The Board of Directors of the Company has proposed a cash dividend of Rupees 4 per share in their meeting held on 20 September 2021.

No other material changes and commitments affecting the financial position of the Company occurred between 30 June 2021 and 20 September 2021.

FUTURE PROSPECTS

Major challenge affecting the Company in the financial year 2021-22 is continuously rising prices of cotton which will have negative impact on the dynamics of international textile markets and, resultantly, on profitability of the Company. On the other hand, appreciation of USD against PKR determined by interaction of the market forces would have a positive effect on the earnings.

Expansion projects initiated by the Company under Temporary Economic Refinance Facility (TERF) are underway and expected to be completed as per schedule. The new open-end yarn unit having production capacity of 700 bags per day is expected to be commissioned in the second quarter of the financial year 2021-22. Other major project of 130 wider width looms is expected to start its commercial production in October 2021.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

DIRECTORS' REMUNERATION

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

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

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding as at June 30, 2021, which is required to be disclosed under the reporting framework, is annexed to this report.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors.

Mian Umer Mansha
Chief Executive Officer

Farid Noor Ali Fazal
Director

Lahore
20 September 2021

FINANCIAL HIGHLIGHTS

Rupees in thousand

		2021	2020	2019	2018	2017	2016
Summarized Statement of Financial Position							
Non-Current Assets							
Property, Plant and Equipment		35,926,594	31,292,722	28,968,219	28,180,049	27,767,699	24,715,095
Long Term Investments		48,620,695	37,979,074	34,930,333	44,757,279	60,008,322	55,399,080
Other Non-Current Assets		1,104,867	865,591	849,580	756,020	756,107	634,214
Current Assets							
Stores, Spares and Loose Tools		2,605,602	2,256,569	3,102,988	1,714,031	2,106,878	1,269,509
Stock in Trade		17,972,691	20,753,543	17,008,459	12,243,652	12,722,712	9,933,736
Short Term Investments		-	-	-	2,581,520	2,535,973	2,065,217
Other Current Assets		24,881,925	17,513,415	15,685,813	12,503,482	11,632,584	12,582,368
Total Assets		131,112,374	110,660,914	100,545,392	102,736,033	117,530,275	106,599,219
Shareholders' Equity		85,747,779	71,427,860	66,615,270	75,713,145	88,762,796	82,155,155
Non-Current liabilities							
Long Term Financing		11,577,915	9,222,781	5,259,927	5,190,839	5,245,629	4,629,456
Deferred Liabilities		1,055,992	302,672	215,440	571,833	783,292	261,567
Current Liabilities							
Short Term Borrowings		18,718,262	19,329,768	17,982,262	12,507,590	14,697,393	10,475,657
Current Portion of Non-Current Liabilities		4,206,123	703,032	1,784,470	2,144,900	2,093,024	1,980,768
Other Current Liabilities		9,806,303	9,674,801	8,688,023	6,607,726	5,948,141	7,096,616
Total Equity and Liabilities		131,112,374	110,660,914	100,545,392	102,736,033	117,530,275	106,599,219
Statement of Profit or Loss							
Revenue		71,431,010	60,904,096	63,499,029	53,729,124	49,247,657	47,999,179
Gross Profit		9,317,855	7,276,126	7,656,601	5,550,446	5,379,838	6,239,391
EBITDA		11,137,991	8,719,892	11,211,441	8,395,775	8,233,100	8,937,616
Other Income		3,750,188	3,032,390	5,158,380	4,102,639	4,259,666	4,079,054
Profit Before Tax		7,070,502	4,479,284	6,897,048	4,957,127	5,020,342	5,725,038
Profit After Tax		5,922,470	3,506,284	5,859,048	4,097,127	4,262,342	4,923,038
Cash Flows							
Operating Activities		5,722,435	1,560,005	905,102	2,153,808	(1,381,006)	4,704,482
Cash Flow from Investing Activities		(3,378,461)	(4,828,502)	(3,957,796)	1,851,315	(3,890,837)	735,980
Cash Flow from Financing Activities		2,800,130	2,820,113	3,524,492	(3,944,241)	3,200,620	(3,377,513)
Changes in Cash & Cash Equivalents		5,144,104	(448,384)	471,798	60,882	(2,071,223)	2,062,949
Cash and Cash Equivalents at Year End		5,272,345	128,241	576,625	104,827	43,945	2,115,168
Ratios							
Profitability Ratios							
Gross profit	%	13.04	11.95	12.06	10.33	10.92	13.00
EBITDA to sales	%	15.59	14.32	17.66	15.63	16.72	18.62
Pre tax Profit	%	9.90	7.35	10.86	9.23	10.19	11.93
After tax Profit	%	8.29	5.76	9.23	7.63	8.65	10.26
Return on Equity	%	7.54	5.08	8.23	4.98	4.99	6.22
Return on Capital Employed	%	9.26	7.82	11.16	6.75	6.53	8.01
Operating Leverage Ratio		2.24	7.38	2.42	0.03	(4.75)	(1.66)

		2021	2020	2019	2018	2017	2016
Liquidity Ratios							
Current Ratio		1.39	1.36	1.26	1.37	1.28	1.32
Quick Ratio		0.76	0.59	0.55	0.71	0.62	0.75
Cash to Current Liabilities	Times	0.16	0.00	0.02	0.00	0.00	0.11
Cash Flows from Operations to Sales	Times	0.08	0.03	0.01	0.04	(0.03)	0.10
Activity / Turnover Ratios							
Inventory Turnover Ratio	Times	3.21	2.84	3.82	3.86	3.87	4.12
No. of Days in Inventory	Days	113.71	128.87	95.55	94.56	94.32	88.83
Debtors Turnover Ratio	Times	13.19	13.54	14.53	17.12	21.89	18.22
No. of Days in Receivables	Days	27.67	27.03	25.12	21.32	16.67	20.09
Creditors Turnover Ratio	Times	3.75	3.49	4.39	4.46	4.30	4.65
No. of Days in Creditors	Days	97.33	104.87	83.14	81.84	84.88	78.71
Operating Cycle	Days	44.05	51.03	37.53	34.04	26.11	30.21
Total Assets Turnover Ratio	Times	0.54	0.55	0.63	0.52	0.42	0.45
Fixed Assets turnover Ratio	Times	1.99	1.95	2.19	1.91	1.77	1.94
Investment / Market Ratios							
Earnings Per Share	Rs.	16.84	9.97	16.66	11.65	12.12	14.00
Price Earning Ratio	Times	5.54	7.82	5.60	12.10	13.09	7.71
Dividend Yield Ratio	%	4.29	5.13	4.29	3.37	3.15	4.63
Dividend Payout Ratio	%	23.75	40.12	24.01	40.77	41.24	35.71
Dividend Cover Ratio	Times	4.21	2.49	4.17	2.45	2.42	2.80
Dividend Per Share	Rs.	4.00	4.00	4.00	4.75	5.00	5.00
Break-up Value	Rs.	243.88	203.15	189.46	215.34	252.45	233.66
Proposed Dividend	%	40.00	40.00	40.00	47.50	50	50
Market value per share							
Closing	Rs.	93.30	78.01	93.34	140.92	158.68	107.90
High	Rs.	124.89	119.75	153.73	171.56	185.63	86.83
Low	Rs.	79.73	53.00	91.69	130.03	110.65	122.05
Capital Structure Ratios							
Financial Leverage Ratio	%	38.83	40.96	37.57	26.21	24.83	20.80
Weighted Average Cost of Debt	%	3.93	5.54	7.44	4.75	4.68	5.82
Debt to Equity Ratio	%	13.50	12.91	7.90	6.86	5.91	5.64
Interest Cover Ratio	Times	6.75	3.98	5.13	5.99	6.49	6.47
Gearing Ratio	%	27.97	29.06	27.31	20.77	19.89	17.22
Production machines							
No. of Spindles		263,832	262,035	247,968	238,032	230,736	227,640
No. of Looms		790	790	790	794	795	805
No. of Thermosole Dyeing Machines		5	5	5	5	5	6
No. of Rotary Printing Machines		4	4	4	4	4	4
No. of Digital Printing Machines		10	10	9	8	7	2
No. of Stitching Machines		4,489	3,592	4,149	4,239	3,757	3,400

STATEMENT OF COMPLIANCE

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

Name of company : Nishat Mills Limited
Year ended : June 30, 2021

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

1. The total number of directors are Seven (7) as per the following:

   a. Male: 5
   b. Female: 2

2. The composition of board is as follows:

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

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has arranged Director's Training Program for the following:

   Names of Directors
   Mr. Mahmood Akhtar
   Mr. Farid Noor Ali Fazal
   Mrs. Sara Aqeel

   Following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Director's Training Program.

   Names of Directors
   Mian Umer Mansha
   Syed Zahid Hussain

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

    a) Audit Committee:

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

    b) HR and Remuneration Committee:

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

    a) Audit Committee:

    Four quarterly meetings were held during the financial year ended June 30, 2021.

    b) HR and Remuneration Committee:

    Two meetings of HR and Remuneration Committee were held during the financial year ended June 30, 2021.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	**Nomination Committee** The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee.	29
2	**Risk Management Committee** The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and a senior officer of the Company performs the requisite functions and apprise the Board accordingly.	30
3	**Disclosure of significant policies on website** The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35
4	**Directors' Training** It is encouraged that by June 30, 2021 at least 75% of the directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	5 out of 7 directors of the Company have either acquired Directors' Training Program certification or are exempt from Director's Training Program. The Company has planned to arrange Directors' Training Program certification for remaining two directors before June 30, 2022.	19(1)
5	**Directors' Training** Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020.	The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.	19(3)
6	**Responsibilities of the Board and its members** The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)

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

Mian Hassan Mansha
Chairman

Lahore
20 September 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nishat Mills Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Nishat Mills Limited (the Company) for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2021.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
September 24, 2021

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the Members of Nishat Mills Limited (the "Company") will be held on October 28, 2021 (Thursday) at 03:30 p.m. at Emporium Mall, the Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore, to transact the following business:

1. To receive, consider and adopt the Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2021 together with the Chairman Review, Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 40% [i.e. Rs. 4/- (Rupees Four Only) Per Ordinary Share] as recommended by the Board of Directors.

3. To appoint statutory Auditors for the year ending June 30, 2022 and fix their remuneration.

By order of the Board

Lahore
September 20, 2021

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

NOTES:

BOOK CLOSURE NOTICE:

The Ordinary Shares Transfer Books of the Company will remain closed from **21-10-2021 to 28-10-2021 (both days inclusive)** for entitlement of 40% **Final Cash Dividend [i.e. Rs.4/- (Rupees Four Only) Per Ordinary Share**] for the year ended June 30, 2021 and attending and voting at Annual General Meeting. Physical transfers / CDS Transactions IDs received in order in all respects up to 1:00 p.m. on 20-10-2021 at the office of Share Registrar, THK Associates (Private) Limited, **Karachi Office:** 32-C, Jami Commercial Street No. 2, DHA Phase VII, Karachi, **Lahore Office:** Siddique Trade Centre, Office No. PL-29, PL Floor, 72 Main Boulevard, Gulberg II, Lahore, shall be considered in time for entitlement of above said 40% Final Cash Dividend and attending of AGM.

PROXIES:

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

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

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

A. For Attending the Meeting

a. In case of Individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his / her identity by showing his / her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

DEDUCTION OF WITHHOLDING TAX ON DIVIDEND:

Pursuant to the provisions of the Finance Act, 2020 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:

- Filer 15%
- Non-Filer 30%

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

DEDUCTION OF WITHHOLDING TAX ON DIVIDEND IN CASE OF JOINT ACCOUNT HOLDERS:

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar THK Associates (Private) Limited, **Karachi Office:** 32-C, Jami Commercial Street No. 2, DHA Phase VII, Karachi, **Lahore Office:** Siddique Trade Centre, Office No. PL-29, PL Floor, 72 Main Boulevard, Gulberg II, Lahore, latest by October 20, 2021, otherwise each joint holder shall be assumed to have an equal number of shares.

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

Signature of Primary Shareholder______________________________

EXEMPTION OF WITHHOLDING TAX:

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, Share Registrar THK Associates (Private) Limited, **Karachi Office:** 32-C, Jami Commercial Street No. 2, DHA Phase VII, Karachi, **Lahore Office:** Siddique Trade Centre, Office No.PL-29, PL Floor, 72 Main Boulevard, Gulberg II, Lahore, up to October 20, 2021.

SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC if not already provided to the Company or our Share Registrar, THK Associates (Private) Limited, **Karachi Office:** 32-C, Jami Commercial Street No. 2, DHA Phase VII, Karachi, **Lahore Office:** Siddique Trade Centre, Office No.PL-29, PL Floor, 72 Main Boulevard, Gulberg II, Lahore. The Shareholders while sending CNIC must quote their respective folio numbers.

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

ZAKAT DECLARATION (CZ-50):

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDC-Sub Account or CDC Investor Account) or to our Share Registrar, THK Associates (Private) Limited, **Karachi Office:** 32-C, Jami Commercial Street No. 2, DHA Phase VII, Karachi, **Lahore Office:** Siddique Trade Centre, Office No. PL-29, PL Floor, 72 Main Boulevard, Gulberg II, Lahore. The Shareholders while sending the Zakat Declarations, as the case may be must quote company name and their respective folio numbers.

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

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

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

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

Signature of Shareholder_______________________________

TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

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

CIRCULATION OF ANNUAL REPORTS THROUGH DIGITAL STORAGE:

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

UNCLAIMED DIVIDEND / SHARES:

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

VIDEO CONFERENCE FACILITY:

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

VIDEO LINK FACILITY FOR MEETING:

In light of COVID-19 situation, the Securities and Exchange Commission of Pakistan ("SECP") has advised vide Circular No. 4 of 2021 dated 15 February, 2021 to provide participation of the members through electronic means. The members can attend the AGM via video link using smart phones / tablets. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides) / passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at kchohan@nishatmills.com or smahmood@dgcement.com by October 23, 2021.

Name of Member / Proxyholder	CNIC No.	Folio No. / CDC Account No.	Cell No. / Whatsapp No.	Email ID

CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM:

As per Section 72 of the Companies Act, 2017, all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the Companies Act, 2017.

The Securities & Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book-entry form.

We hereby request all members who are holding shares in physical form to convert their shares into book-entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any active member / stock broker of the Pakistan Stock Exchange to open an account in the Central Depository System and to facilitate conversion of physical shares into book-entry form. Members are informed that holding shares in book-entry form has several benefits including but not limited to secure and convenient custody of shares, conveniently tradeable and transferable, no risk of the loss, damage or theft, no stamp duty on transfer of shares in book-entry form and hassle free credit of bonus or right shares.

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at earliest.

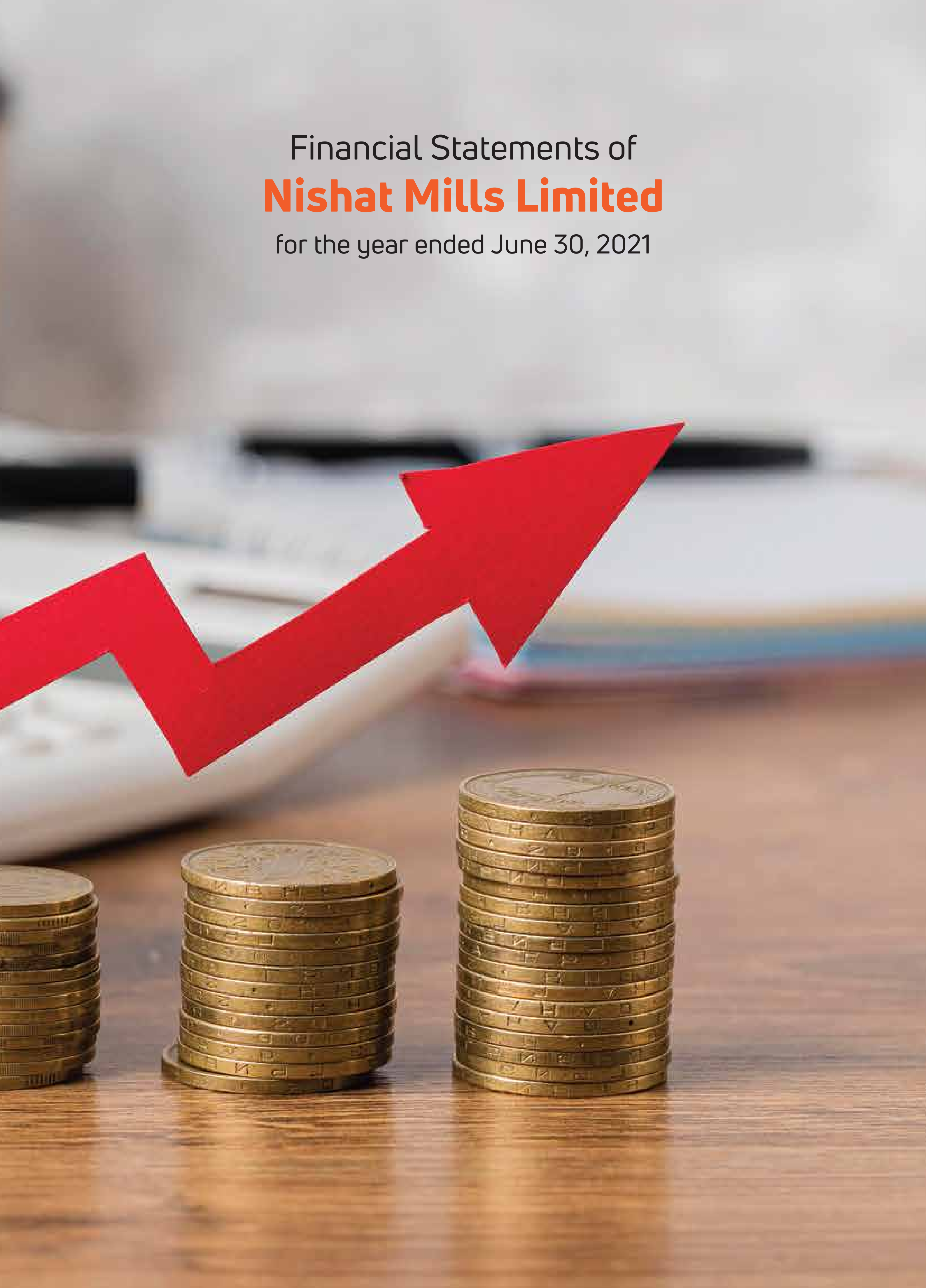
Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	MCB Bank Limited	Hyundai Nishat Motor (Private) Limited		Nishat Hotels and Properties Limited		Nishat Sutas Dairy Limited
Total Investment Approved:	Equity investment up to Rupees 2.144 billion for the period of three (3) years was approved by members in EOGM held on March 31, 2020.	Equity investment up to Rupees 960 million was approved by members in EOGM held on March 28, 2018 which was subsequently enhanced up to Rs. 1,267.680 million for a period of four (4) years by members in AGM held on October 28, 2019.	Guarantee / continuing Stand by Letter(s) of Credit (SBLC) for an amount of up to Rupees 1,200 million was approved by members in EOGM held on March 28, 2018 which was subsequently enhanced up to Rupees 1,532.544 million for a tenure of 7.5 years by members in AGM held on October 28, 2019.	Equity investment up to Rupees 200 million was approved for the period of three (3) years by members in EOGM held on April 17, 2019.	Investment of Rs. 1 billion by way of working capital loan was approved for the period of one year by members in AGM held on October 28, 2019.	Equity investment up to Rupees 950 million was approved for the period of three (3) years by members in AGM held on October 28, 2019.
Amount of Investment Made to date:	Nil	Investment of Rupees 1,078.476 million has been made against this approval to date.	Bank guarantees of up to Rs. 1,532.520 million have been issued against this approval to date.	Investment of Rupees 29.61 million has been made against this approval to date.	Nil	Investment of Rupees 523.525 million has been made against this approval to date.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	No investment has been made in investee company after the approval. Investment will be made depending on market conditions at appropriate time.	Partial investment has been made in investee company. Further investment will be made depending on the financial need of investee company.	Eight bank guarantees from different banks have been extended after the approval. Further guarantees will be arranged on requirement of investee company.	Partial investment has been made in investee company. Further investment will be made depending on the financial need of investee company.	No loan was extended after the approval because fund request was not made by the investee company. Further, approval has been expired because it was valid for the period of only one year till 27 October 2020.	Partial investment has been made in investee company. Further investment will be made depending on the financial need of investee company.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of Approval, as per latest available audited financial statements for the year ended December 31, 2019 the basic earnings per share was Rs. 20.23 and breakup value per share was Rs. 142.54. As per latest available audited financial statements for the year ended December 31, 2020 the basic earnings per share was Rs. 24.50 and breakup value per share was Rs. 160.42. As per latest available un-audited half yearly financial statements for the half year ended June 30, 2021 the basic earnings per share is Rs. 12.44 and breakup value per share is Rs. 150.73.	At the time of Approval, as per latest available audited financial statements for the year ended December 31, 2018 the basic loss per share was Rs. 1.44 and breakup value per share was Rs. 9.03. As per latest available audited financial statements for the year ended December 31, 2020 the basic loss per share is Rs. 2.65 and breakup value per share is Rs. 6.97. As per latest available un-audited half yearly financial statements for the half year ended June 30, 2021 the basic earnings per share is Re. 0.06 and breakup value per share is Rs. 7.11.	At the time of Approval, as per latest available audited financial statements for the year ended December 31, 2018 the basic loss per share was Rs. 1.44 and breakup value per share was Rs. 9.03. As per latest available audited financial statements for the year ended December 31, 2020 the basic loss per share is Rs. 2.65 and breakup value per share is Rs. 6.97. As per latest un-audited available half yearly financial statements for the half year ended June 30, 2021 the basic earnings per share is Re. 0.06 and breakup value per share is Rs. 7.11.	At the time of approval, as per latest available audited financial statements for the year ended June 30, 2018, the basic loss per share was Re.0.30 and breakup value per share was Rs. 12.65. As per latest available un-audited financial statements for the year ended June 30, 2021 the basic earnings per share is Re. 0.34 and breakup value per share is Rs. 18.92.	At the time of approval, as per latest available audited financial statements for the year ended June 30, 2019 the basic profit per share was Rs. 1.42 and breakup value per share was Rs. 18.09. As per latest available un-audited financial statements for the year ended June 30, 2021 the basic earnings per share is Re. 0.34 and breakup value per share is Rs. 18.92.	At the time of approval, the investee company had not commenced its operations, therefore EPS and breakup value of share was not available. As per latest available audited financial statements for the year ended December 31, 2020 the basic loss per share is Rs. 1.19 and breakup value per share is Rs. 8.10. As per latest available un-audited half yearly financial statements for the half year ended 30 June 2021, the basic loss per share is Rs. 1.03 and breakup value per share is Rs. 7.08.

Financial Statements of

Nishat Mills Limited

for the year ended June 30, 2021



INDEPENDENT AUDITOR'S REPORT

To the members of Nishat Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Nishat Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	**Inventory existence and valuation** Inventory as at 30 June 2021 amounted to Rupees 20,578.293 million, break up of which is as follows: - Stores, spare parts and loose tools Rupees 2,605.602 million - Stock-in-trade Rupees 17,972.691 million Inventory is measured at the lower of cost	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.

Sr. No.	Key audit matters	How the matters were addressed in our audit
	and net realizable value. We identified existence and valuation of inventory as a key audit matter due to its size, representing 15.70% of the total assets of the Company as at 30 June 2021, and the judgment involved in valuation. For further information on inventory, refer to the following: - Summary of significant accounting policies, Inventories note 2.17 to the financial statements. - Stores, spares parts and loose tools note 18 and Stock-in-trade note 19 to the financial statements.	• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
2.	**Investments in equity securities** Quoted investments: The Company's portfolio of quoted investments, except for investment in quoted subsidiary company, makes up 27.83% of total assets. Due to materiality of quoted investments in the context of the financial statements as a whole and the requirements of applicable accounting and reporting standards relating to classification, measurement and disclosures of investments in related parties, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included, but were not limited to: • We documented and assessed the processes and controls in place to record investment transactions and to value the portfolio. • We agreed the valuation of all of quoted investments from prices quoted on Pakistan Stock Exchange Limited and redemption price in case of open-end mutual fund except for investment in subsidiary company measured at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'. • We agreed the holding of all quoted investments from the Account Balance Report of Central Depository Company of Pakistan Limited, Statement of Account, in case of open-end mutual fund and physical share certificates in hand. • We verified the accuracy of management's

Sr. No.	Key audit matters	How the matters were addressed in our audit
	Un-quoted investments: Investments in unquoted equity securities except for investments in unquoted subsidiary companies are accounted for as financial assets at fair value through other comprehensive income and are subject to fair valuation at each reporting date. Investments in unquoted subsidiary companies are stated at cost less impairment loss, if any. The investments as at 30 June 2021 are valued by an independent professional valuer. With reference to the valuation, management estimated the fair value of the investments at Rupees 7,603.461 million at year end. Investee companies are operating in Insurance, Packaging, Dairy, Hotel and Shopping Mall, Automobile and Energy sectors and therefore, fair values are highly dependent on their expansion plans and significant management judgements. Accordingly, the valuation of the investments was considered as one of the key audit matters. The fair values were determined based on the present value technique. The valuations involved significant judgements and estimates from management, including future business growth driven by future expansion plans, future products selling prices and operating costs of the investee, discount rate, etc. For further information, refer to the following: - Summary of significant accounting policies, Investments note 2.10 to the financial statements. - Long term investments note 15 to the financial statements.	judgement used in classification of quoted investments in related parties. Our procedures included, but were not limited to: • We evaluated the independent professional valuer's competence, capabilities and objectivity. • We assessed the valuation methodology used by the independent professional valuer to estimate the fair value of the investments. • We checked, on a sample basis, the accuracy and reasonableness of the input data provided by management to the independent professional valuer, to supporting evidence, such as approved budgets and considering the reasonableness of these budgets by comparing the budgets to the historical results and market data. • We assessed the reasonableness of cash flows projection, challenging and performing audit procedures on management's assumptions such as the future business growth driven by future expansion plan, future products selling prices and operating costs, discount rate by comparing the assumptions to historical results and published market and industry data and comparing the current year's results with the prior year forecast and other relevant information. Our internal valuation expert has been engaged to assist the review on valuation methodology and discount rate. In addition, we had discussed with the management of the investee companies to understand the business and assessed if there was any inconsistency in the assumptions used in the cash flows projection. • We agreed holding of all un-quoted investments from physical share certificates in hand. • We performed sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in these key assumptions. • We verified the accuracy of management calculation used for the impairment testing, in case of subsidiary companies carried at cost less impairment loss, if any.
3.	**Capital expenditures** The Company is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of	Our procedures included, but were not limited to: • We tested operating effectiveness of controls in place over the property, plant and equipment

Sr. No.	Key audit matters	How the matters were addressed in our audit
	property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy. We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters. For further information, refer to the following: - Summary of significant accounting policies, property, plant, equipment and deprecation note 2.6 to the financial statements. - Property, plant and equipment note 13 to the financial statements.	cycle including the controls over whether costs incurred on activities is capital or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing.
4.	**Revenue recognition** The Company recognized net revenue of Rupees 71,431.010 million for the year ended 30 June 2021. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Summary of significant accounting policies, Revenue recognition note 2.24 to the financial statements. - Revenue note 27 to the financial statements.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: 24 September 2021

Statement of Financial Position

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2020: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital	3	3,515,999	3,515,999
Reserves	4	82,231,780	67,911,861
Total equity		85,747,779	71,427,860
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing - secured	5	11,577,915	9,222,781
Deferred liabilities	6	1,055,992	302,672
		12,633,907	9,525,453
CURRENT LIABILITIES			
Trade and other payables	7	9,512,304	9,357,977
Accrued mark-up	8	196,382	226,228
Short term borrowings	9	18,718,262	19,329,768
Current portion of non-current liabilities	10	4,206,123	703,032
Unclaimed dividend	11	97,617	90,596
		32,730,688	29,707,601
TOTAL LIABILITIES		45,364,595	39,233,054
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		131,112,374	110,660,914

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

CHIEF EXECUTIVE OFFICER

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	35,926,594	31,292,722
Investment properties	14	479,506	455,544
Long term investments	15	48,620,695	37,979,074
Long term loans	16	468,377	305,264
Long term deposits	17	156,984	104,783
		85,652,156	70,137,387
CURRENT ASSETS			
Stores, spare parts and loose tools	18	2,605,602	2,256,569
Stock-in-trade	19	17,972,691	20,753,543
Trade debts	20	6,549,252	4,285,103
Loans and advances	21	7,675,599	8,868,122
Advance income tax - net	22	572,307	559,080
Short term deposits and prepayments	23	80,828	67,629
Other receivables	24	4,702,709	3,568,565
Accrued interest	25	28,885	36,675
Cash and bank balances	26	5,272,345	128,241
		45,460,218	40,523,527
TOTAL ASSETS		131,112,374	110,660,914

DIRECTOR

CHIEF FINANCIAL OFFICER

Statement of Profit or Loss

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
REVENUE	27	71,431,010	60,904,096
COST OF SALES	28	(62,113,155)	(53,627,970)
GROSS PROFIT		9,317,855	7,276,126
DISTRIBUTION COST	29	(3,096,473)	(2,875,340)
ADMINISTRATIVE EXPENSES	30	(1,340,093)	(1,238,301)
OTHER EXPENSES	31	(331,796)	(213,179)
		(4,768,362)	(4,326,820)
		4,549,493	2,949,306
OTHER INCOME	32	3,750,188	3,032,390
PROFIT FROM OPERATIONS		8,299,681	5,981,696
FINANCE COST	33	(1,229,179)	(1,502,412)
PROFIT BEFORE TAXATION		7,070,502	4,479,284
TAXATION	34	(1,148,032)	(973,000)
PROFIT AFTER TAXATION		5,922,470	3,506,284
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	35	16.84	9.97

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income

For the year ended June 30, 2021

	2021	2020
	(Rupees in thousand)	
PROFIT AFTER TAXATION	5,922,470	3,506,284
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Surplus arising on remeasurement of investments at fair value through other comprehensive income	10,400,145	2,799,937
Deferred income tax relating to this item	(596,297)	(87,232)
	9,803,848	2,712,705
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of tax	9,803,848	2,712,705
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	15,726,318	6,218,989

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Statement of Changes In Equity

For the year ended June 30, 2021

(Rupees in thousand)

	Share Capital	Reserves							Total Equity
		Capital Reserves			Revenue Reserves			Total	
		Premium on Issue of Right Shares	Fair value reserve FVTOCI investments	Sub Total	General Reserve	Unapprop-riated Profit	Sub Total		
Balance as at 01 July 2019	3,515,999	5,499,530	11,026,453	16,525,983	40,779,028	5,794,260	46,573,288	63,099,271	66,615,270
Transaction with owners - Final dividend for the year ended 30 June 2019 @ Rupees 4.00 per share	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
Transferred to general reserve	-	-	-	-	4,386,000	(4,386,000)	-	-	-
Profit for the year	-	-	-	-	-	3,506,284	3,506,284	3,506,284	3,506,284
Other comprehensive income for the year	-	-	2,712,705	2,712,705	-	-	-	2,712,705	2,712,705
Total comprehensive income for the year	-	-	2,712,705	2,712,705	-	3,506,284	3,506,284	6,218,989	6,218,989
Balance as at 30 June 2020	3,515,999	5,499,530	13,739,158	19,238,688	45,165,028	3,508,145	48,673,173	67,911,861	71,427,860
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 year	-	-	-	-	-	5,922,470	5,922,470	5,922,470	5,922,470
Other comprehensive income for the year	-	-	9,803,848	9,803,848	-	-	-	9,803,848	9,803,848
Total comprehensive income for the year	-	-	9,803,848	9,803,848	-	5,922,470	5,922,470	15,726,318	15,726,318
Balance as at 30 June 2021	3,515,999	5,499,530	23,543,006	29,042,536	47,266,028	5,923,216	53,189,244	82,231,780	85,747,779

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Statement of Cash Flows

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	8,488,377	4,014,282
Finance cost paid		(1,185,463)	(1,511,521)
Income tax paid		(1,161,259)	(1,009,748)
Exchange gain on forward exchange contracts received		1,237	107,279
Gas infrastructure development cess paid		(168,369)	-
Net increase in long term loans		(199,887)	(49,864)
Net (Increase) / decrease in long term deposits		(52,201)	9,577
Net cash generated from operating activities		5,722,435	1,560,005
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(7,615,598)	(5,132,005)
Proceeds from sale of property, plant and equipment		172,056	91,403
Investments made		(241,476)	(808,410)
Loans and advances to subsidiary companies		(41,838,370)	(39,353,653)
Repayment of loans from subsidiary companies		43,089,828	37,941,748
Interest received		332,462	388,113
Dividends received		2,722,637	2,044,302
Net cash used in investing activities		(3,378,461)	(4,828,502)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		6,421,187	4,245,115
Repayment of long term financing		(1,610,173)	(1,363,699)
Short term borrowings - net		(611,506)	1,347,506
Dividend paid		(1,399,378)	(1,408,809)
Net cash from financing activities		2,800,130	2,820,113
Net increase / (decrease) in cash and cash equivalents		5,144,104	(448,384)
Cash and cash equivalents at the beginning of the year		128,241	576,625
Cash and cash equivalents at the end of the year		5,272,345	128,241

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Notes to the Financial Statements

For the year ended June 30, 2021

1 THE COMPANY AND ITS OPERATIONS

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

Financial instruments – fair value

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

Useful lives, patterns of economic benefits and impairment

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

Inventories

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

Income tax

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

Allowance for expected credit losses

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

Provisions

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

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect

Notes to the Financial Statements

For the year ended June 30, 2021

on the carrying amounts of the liabilities recognized at the statement of financial position date.

Impairment of investments in subsidiaries

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

Revenue from contracts with customers involving sale of goods

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

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2020:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
- International Accounting Standards Board's revised Conceptual Framework – March 2018
- IFRS 3 (Amendments) 'Business Combination';
- IFRS 16 (Amendments) 'Leases';
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'.

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

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

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

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

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2021 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

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

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

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help

Notes to the Financial Statements

For the year ended June 30, 2021

entities to distinguish between accounting policies and accounting estimates.

The International Accounting Standards Board (IASB) has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 ‘Financial Instruments’, IAS 39 ‘Financial Instruments: Recognition and Measurement’, IFRS 4 ‘Insurance Contracts’ and IFRS 7 ‘Financial Instruments: Disclosures’ is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements are likely to have no significant impact on the financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company’s financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

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

2.3 Taxation

Current

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

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.4 Functional and presentation currency

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

2.5 Foreign currency transactions and translation

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

2.6 Property, plant, equipment and depreciation

Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land is stated at cost less any recognized impairment loss.

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

Depreciation

Depreciation on operating fixed assets is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in note 13.1. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

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

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

Notes to the Financial Statements

For the year ended June 30, 2021

2.7 Investment properties

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

2.8 Right-of-use assets

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

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

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

2.9 Lease liabilities

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

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

2.10 Investments and other financial assets

a) Classification

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

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

- those to be measured at amortized cost

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which

Notes to the Financial Statements

For the year ended June 30, 2021

are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

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

2.11 Financial liabilities – classification and measurement

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

2.12 Impairment of financial assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.13 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.14 Offsetting of financial instruments

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

Notes to the Financial Statements

For the year ended June 30, 2021

2.15 Investment in subsidiaries

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

2.16 Investment in associates - (with significant influence)

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

2.17 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

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

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

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

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

2.18 Trade debts and other receivables

Trade debts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

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

2.19 Non–current assets (or disposal groups) held for sale

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

2.20 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.21 Borrowing cost

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

2.22 Share capital

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

2.23 Trade and other payables

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

2.24 Revenue recognition

Sale of goods

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

Processing services

The Company provides processing services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

Interest

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

Rent

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

Sale of electricity

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

Dividend

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

Other revenue

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

Notes to the Financial Statements

For the year ended June 30, 2021

2.25 Contract assets

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

2.26 Customer acquisition costs

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

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

2.27 Customer fulfilment costs

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

2.28 Right of return assets

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

2.29 Contract liabilities

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

2.30 Refund liabilities

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

2.31 Provisions

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

2.32 Earnings per share

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

2.33 Contingent assets

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

2.34 Contingent liabilities

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

2.35 Impairment of non-financial assets

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

2.36 Derivative financial instruments

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

2.37 Cash and cash equivalents

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

2.38 Ijara contracts

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

2.39 Segment reporting

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

Notes to the Financial Statements

For the year ended June 30, 2021

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

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

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

2.40 Government grants

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

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

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

2.41 Dividend and other appropriations

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

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2021	2020		Note	2021	2020
(Number of Shares)				(Rupees in thousand)	
270,446,606	270,446,606	Ordinary shares of Rupees 10 each fully paid-up in cash		2,704,466	2,704,466
2,804,079	2,804,079	Ordinary shares of Rupees 10 each issued to shareholders of Nishat Apparel Limited under the Scheme of Amalgamation		28,041	28,041
23,577,990	23,577,990	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	3.1	235,780	235,780
54,771,173	54,771,173	Ordinary shares of Rupees 10 each issued as fully paid bonus shares		547,712	547,712
351,599,848	351,599,848			3,515,999	3,515,999

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

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

	2021	2020
	(Number of Shares)	
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	2,050	2,050
MCB Bank Limited	227	227
Adamjee Life Assurance Company Limited	400	400
Nishat (Aziz Avenue) Hotels and Properties Limited	275,000	-
	30,567,178	30,292,178

	Note	2021	2020
		(Rupees in thousand)	
4 RESERVES			
Composition of reserves is as follows:			
Capital reserves			
Premium on issue of right shares	4.1	5,499,530	5,499,530
Fair value reserve FVTOCI investments - net of deferred income tax	4.2	23,543,006	13,739,158
		29,042,536	19,238,688
Revenue reserves			
General reserve		47,266,028	45,165,028
Unappropriated profit		5,923,216	3,508,145
		53,189,244	48,673,173
		82,231,780	67,911,861

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

4.2 This represents the unrealized gain on re-measurement of investments at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve - net of deferred tax is as under:

	Note	2021	2020
		(Rupees in thousand)	
Balance as on 01 July		14,041,830	11,241,893
Less: Fair value adjustment during the year		10,400,145	2,799,937
		24,441,975	14,041,830
Less: Deferred income tax liability		(898,969)	(302,672)
Balance as on 30 June		23,543,006	13,739,158

	Note	2021	2020
5 LONG TERM FINANCING - SECURED			
Long term loans	5.1	12,802,915	9,210,417
Long term musharika	5.2	1,773,910	715,396
		14,576,825	9,925,813
Less: Current portion shown under current liabilities	10	(2,998,910)	(703,032)
		11,577,915	9,222,781

Notes to the Financial Statements

For the year ended June 30, 2021

	Lender	2021	2020	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
		(Rupees in thousand)						
5.1	**Long term loans**							
	Allied Bank Limited	-	16,060	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly installments commenced on 24 August 2014 and ended on 24 May 2021 (Note 5.4).	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
	Allied Bank Limited	571,582	609,478	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 27 March 2018 and ending on 05 June 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,333 million (inclusive of 25% margin on all present and future plant and machinery of the Company).
	Allied Bank Limited	739,561	772,933	SBP rate for LTFF + 0.25%	Four hundred and eighty four unequal installments commenced on 28 December 2018 and ending on 13 July 2025 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
	Allied Bank Limited	869,087	908,011	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 26 January 2020 and ending on 17 September 2026 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,267 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
	Allied Bank Limited	222,715	222,715	SBP rate for LTFF + 0.35%	Sixty unequal installments commencing on 24 January 2022 and ending on 28 October 2026.	-	Quarterly	First pari passu charge of Rupees 1,267 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing charge holders / creditors).
		545,572	546,274	SBP rate for LTFF + 0.50%	Four hundred and forty three unequal installments commenced on 18 May 2021 and ending on 11 February 2027.	-	Quarterly	
		95,000	100,000	SBP rate for financing power plants using renewable energy + 0.50%	Twenty equal quarterly installments commenced on 14 May 2021 and ending on 14 February 2026.	-	Quarterly	
		863,287	868,989					

Lender	2021	2020	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Allied Bank Limited	716,713	891,696	SBP rate for refinance scheme for payment of salaries and wages + 0.50%	Sixteen unequal installments commenced on 01 January 2021 and ending on 16 November 2022 (Note 5.6).	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all the present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing creditors).
Askari Bank Limited	315,989	-	SBP rate for LTFF + 0.65%	Two hundred twenty unequal installments commencing on 23 February 2022 and ending on 05 April 2027.	-	Quarterly	Ranking charge of Rupees 467 million over all present and future plant, machinery and equipment (excluding all exclusive charges over plant and machinery) of the Company.
Bank Alfalah Limited	548,500	596,935	SBP rate for LTFF + 0.35%	Four hundred and sixty unequal installments commenced on 02 February 2018 and ending on 25 May 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).
Bank Alfalah Limited	168,547	182,592	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commenced on 31 August 2018 and ending on 31 May 2024 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 400 million over all present and future plant and machinery of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of existing charge holders).
Bank Alfalah Limited	218,714	218,714	SBP rate for LTFF + 0.50%	One hundred unequal installments commencing on 23 December 2021 and ending on 21 October 2026.	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing charge holders).
Bank Alfalah Limited	761,853	-	SBP rate for TERF + 1.00%	Forty unequal installments commencing on 28 August 2022 and ending on 09 June 2027 (Note 5.8).	-	Quarterly	
Faysal Bank Limited	119,156	139,016	SBP rate for LTFF + 0.30%	Twenty unequal installments commenced on 22 November 2018 and ending on 24 May 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Company (excluding those on which charge has already been created).
Faysal Bank Limited	266,725	267,338	SBP rate for LTFF + 0.30%	Eighty unequal installments commenced on 18 January 2020 and ending on 05 November 2025 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of existing creditors).

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For the year ended June 30, 2021

Lender	2021	2020	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Habib Bank Limited	424,904	461,591	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commenced on 17 September 2017 and ending on 25 November 2023 (Note 5.4).	-	Quarterly	Note 5.3
Habib Bank Limited	668,592	705,753	SBP rate for LTFF + 0.25%	Twenty equal quarterly installments commenced on 27 February 2020 and ending on 27 November 2025 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 4,084 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
	192,827	231,392	SBP rate for financing power plants using renewable energy + 0.25%	Twenty equal quarterly installments commenced on 27 February 2020 and ending on 27 November 2024.	-	Quarterly	
	861,419	937,145					
Habib Metropolitan Bank Limited	997,499	866,900	SBP rate for LTFF + 0.65%	One hundred unequal installments commencing on 24 September 2021 and ending on 22 July 2026.	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing charge holders).
Habib Metropolitan Bank Limited	842,390	-	SBP rate for TERF + 0.85%	Ninety six unequal installments commencing on 19 July 2023 and ending on 11 June 2031 (Note 5.8).	-	Quarterly	Ranking charge of Rupees 1,334 million over plant and machinery of the Company.
National Bank of Pakistan	39,028	44,466	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ending on 03 June 2023 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 534 million on all present and future plant and machinery (excluding plant and machinery which is under exclusive charges in favour of creditors).
National Bank of Pakistan	139,545	-	3 Month offer KIBOR + 1.50%	Sixty four unequal installments commencing on 17 September 2023 and ending on 23 June 2031 (Note. 5.5).	Quarterly	Quarterly	Ranking charge of Rupees 1,334 million on present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing charges holders / creditors).

Lender	2021	2020	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Pak Brunei Investment Company Limited	188,286	202,474	SBP rate for LTFF + 0.25%	Three hundred and twenty unequal installments commenced on 30 August 2018 and ending on 28 December 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million over all the present and future plant and machinery of the Company with 25% margin excluding those assets (part of the plant and machinery) on which the Company has created exclusive charges in favour of existing creditors.
Pakistan Kuwait Investment Company (Private) Limited	35,679	42,174	SBP rate for LTFF + 1.00%	One hundred and sixty unequal installments commenced on 11 June 2016 and ending on 26 January 2023 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
	14,807	16,440	SBP rate for LTFF + 0.75%	Two hundred and fifty eight unequal installments commenced on 15 September 2016 and ending on 29 September 2023 (Note 5.4).	-	Quarterly	Ranking hypothecation charge of Rupees 267 million on plant and machinery of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing charge holders / creditors).
	50,486	58,614					
Pakistan Kuwait Investment Company (Private) Limited	981,040	998,210	SBP rate for LTFF + 0.65%	Seventy two unequal installments commenced on 10 May 2021 and ending on 13 January 2028.	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing charge holders / creditors) of the Company with 25% margin.
The Bank of Punjab	146,755	169,255	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced on 30 January 2017 and ending on 07 April 2023 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 667 million on all present and future plant and machinery (other than the specific machinery against which exclusive charges have already been created in favour of existing charge holders) of the Company.
United Bank Limited	110,980	-	3 Month offer KIBOR + 1.25%	Thirty two equal installments commencing on 28 September 2023 and ending on 28 June 2031 (Note. 5.5).	Quarterly	Quarterly	Ranking charge of Rupees 3,000 million over all present and future plant and machinery (excluding those assets over which exclusive charges have already been created in favour of existing creditors) of the Company.
	1,860,869	-	SBP rate for TERF + 1.25%	Four hundred eighty unequal installments commencing on 08 July 2023 and ending on 11 June 2031 (Note 5.8).	-	Quarterly	
	1,971,849	-					
	12,802,915	9,210,417					

Notes to the Financial Statements

For the year ended June 30, 2021

Lender	2021	2020	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
5.2 Long term musharika							
Habib Bank Limited	-	27,896	3 Month offer KIBOR + 0.35%	Fifty six unequal installments commenced on 19 May 2016 and ended on 01 June 2021 (Note 5.4).	Quarterly	Quarterly	Note 5.3
Standard Chartered Bank (Pakistan) Limited	-	687,500	3 Month offer KIBOR	Seventeen unequal installments commenced on 14 February 2019 and ended on 25 May 2021.	Quarterly	Quarterly	Specific charge of Rupees 1,339 million over fixed assets of the Company inclusive of 25% margin.
Faysal Bank Limited	707,633	-	SBP rate for Islamic refinance scheme for payment of salaries and wages + 0.50%	Eight equal quarterly installments commenced on 30 March 2021 and ending on 30 December 2022 (Note 5.7).	-	Quarterly	First pari passu charge of Rupees 1,333 million over all the present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing creditors).
Faysal Bank Limited	803,328	-	SBP rate for ILTFF + 0.70%	Two hundred unequal installments commencing on 24 March 2022 and ending on 25 June 2027.	-	Quarterly	First pari passu charge of Rupees 2,200 million over present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of its existing charge holders / creditors).
	262,949	-	SBP rate for Islamic renewable energy financing scheme + 0.70%	Forty unequal installments commencing on 07 July 2022 and ending on 26 February 2027.	-	Quarterly	
	1,066,277	-					
	1,773,910	715,396					
	14,576,825	9,925,813					

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

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

5.5 During the year, these long term loans did not carry rate of interest of State Bank of Pakistan Temporary Economic Refinance Facility (TERF). Hence, does not contain any element of government grant.

5.6 This long term loan is obtained by the Company under SBP Refinance Scheme for payment of salaries and wages . This is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate ranging from 6.87% to 7.36% per annum.

5.7 This long term musharika is obtained by the Company under SBP Islamic Refinance Scheme for payment of salaries and wages . This is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate ranging from 7.45% to 7.49% per annum.

5.8 These loans are obtained by the Company under SBP Temporary Economic Refinance Facility (TERF). These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 2.60% per annum.

	Note	2021	2020
		(Rupees in thousand)	

6 DEFERRED LIABILITIES

	Note	2021	2020
Deferred income tax	6.1	898,969	302,672
Gas Infrastructure Development Cess (GIDC) payable	6.2	78,039	-
Deferred income - Government grant	6.3	78,984	-
		1,055,992	302,672

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

6.2 Gas Infrastructure Development Cess (GIDC) Payable

	Note	2021	2020
		(Rupees in thousand)	
Gas Infrastructure Development Cess payable at amortized cost		1,299,041	-
Add: Adjustment due to impact of IFRS 9	33	73,562	-
Less: Payments made during the year		(168,369)	-
Balance as on 30 June		1,204,234	-
Less: Current portion shown under current liabilities	10	(1,126,195)	-
		78,039	-

6.2.1 This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. During the year, Honourable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. The Company has filed a review petition in Honourable Sindh High Court, Karachi which is pending adjudication. GIDC payable has been recognized at amortized cost in accordance with IFRS 9.

	Note	2021	2020
		(Rupees in thousand)	
6.3 Deferred income - Government grant			
Government grant recognized during the year		253,819	-
Less: Amortized during the year		(93,817)	-
		160,002	-
Less: Current portion shown under current liabilities	10	(81,018)	-
		78,984	-

6.3.1 The State Bank of Pakistan (SBP), through its Circular No. 01 and 02 of 2020 dated 17 March 2020 and Circular No. 09 of 2020 dated 08 May 2020 introduced a Temporary Economic Refinance Facility (TERF) for setting of new industrial units and for undertaking Balancing, Modernization and Replacement and / or expansion of projects / businesses and through Circular No. 06 of 2020 dated 10 April 2020 introduced a Refinance Scheme for payment of wages and salaries to the workers and employees of business concerns. These refinances were available through Banks / DFIs. One of the key feature of these refinance facilities is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance', the benefit of a Government loan at a below-market rate of interest is treated as a Government grant. The Company has obtained these loans as disclosed in note 5 to the financial statements. In accordance with IFRS 9 'Financial Instruments', loans obtained under the refinance

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For the year ended June 30, 2021

facilities were initially recognized at fair value which is the present value of loans proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to this grant.

	Note	2021	2020
		(Rupees in thousand)	
7 TRADE AND OTHER PAYABLES			
Creditors	7.1	5,637,086	6,167,454
Sindh infrastructure cess payable	7.2	614,314	521,840
Accrued liabilities		1,627,183	1,415,195
Contract liabilities - unsecured	7.1	1,173,749	956,879
Securities from contractors - Interest free and repayable on completion of contracts	7.3	13,940	13,561
Retention money payable		64,126	32,156
Payable to Employees' Provident Fund Trust		33	39,988
Income tax deducted at source		846	782
Fair value of forward exchange contracts		57,429	6,206
Workers' profit participation fund	7.4	318,505	203,916
Workers' welfare fund		5,093	-
		9,512,304	9,357,977

7.1 These include amounts due to following related parties:

Creditors

	2021	2020
Nishat Linen (Private) Limited - subsidiary company	165,768	103,068
Nishat USA Inc. - subsidiary company	3,502	3,665
Nishat Hospitality (Private) Limited - subsidiary company	-	132
Hyundai Nishat Motor (Private) Limited - associated company	-	37
D.G. Khan Cement Company Limited - associated company	-	8,376
Security General Insurance Company Limited - associated company	10,489	25,008
Adamjee Insurance Company Limited - associated company	20,626	15,382
Nishat Hotels and Properties Limited - associated company	17	289
Sanifa Agri Services Limited - associated company	-	403
Nishat (Chunian) Limited - related party	46,530	173,798
	246,932	330,158

Contract liabilities - unsecured

	2021	2020
Nishat Hotels and Properties Limited - associated company	-	820
Nishat (Chunian) Limited - related party	10	-
	10	820

		2021	2020
		(Rupees in thousand)	
7.2	**Sindh infrastructure cess payable**		
	Balance as on 01 July	521,840	432,106
	Add: Provision made during the year	92,474	89,734
	Balance as on 30 June	614,314	521,840

7.2.1 This represents provision for infrastructure cess imposed by the Province of Sindh through Sindh Finance Act, 1994 and its subsequent versions including the final version i.e. Sindh Development and Maintenance of Infrastructure Cess Act, 2017. The Company filed writ petition in Honourable Sindh High Court, Karachi whereby stay was granted and directions were given to provide bank guarantees in favor of Director Excise and Taxation, Karachi. The Honourable Sindh High Court, Karachi passed order dated 04 June 2021 against the Company and directed that bank guarantees should be encashed. Being aggrieved by the order, the Company along with others filed petitions for leave to appeal before Honourable Supreme Court of Pakistan against the Sindh High Court's judgment in relation to Sindh infrastructure development cess. On 01 September 2021, after hearing the petitioners, the Honourable Supreme Court dictated the order in open court granting leave to appeal to the petitioners and restraining the Sindh Government from encashing the bank guarantees furnished in pursuance of the interim orders passed by the Sindh High Court. The Honourable Supreme Court also direct the release of future consignments subject to furnishing of bank guarantees for the disputed amount.

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

		Note	2021	2020
			(Rupees in thousand)	
7.4	**Workers' profit participation fund**			
	Balance as on 01 July		203,916	311,682
	Add: Provision for the year	31	318,505	204,045
	Add: Interest for the year	33	179	3,826
			522,600	519,553
	Less: Payments during the year		(204,095)	(315,637)
	Balance as on 30 June		318,505	203,916

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

		Note	2021	2020
			(Rupees in thousand)	
8	**ACCRUED MARK-UP**			
	Long term financing		73,458	49,687
	Short term borrowings	8.1	122,924	176,541
			196,382	226,228

8.1 This includes mark-up of Rupees 1.637 million (2020: Rupees 2.803 million) payable to MCB Bank Limited - associated company.

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
9 SHORT TERM BORROWINGS			
From banking companies - secured			
State Bank of Pakistan (SBP) refinance	9.1 & 9.3	17,503,652	14,184,868
Other short term finances	9.1 & 9.4	-	2,743,549
Temporary bank overdrafts	9.1, 9.2 & 9.5	1,214,610	2,401,351
		18,718,262	19,329,768

9.1 These finances are obtained from banking companies under mark up arrangements and are secured against joint pari passu hypothecation charge on all present and future current assets, other instruments and ranking hypothecation charge on plant and machinery of the Company.

9.2 These finances include Rupees 278.182 million (2020: Rupees 76.206 million) from MCB Bank Limited - associated company, which has been utilized for working capital requirements.

9.3 The rates of mark-up range from 2.20% to 3.00% (2020: 2.15% to 3.00%) per annum during the year on the balance outstanding.

9.4 The rates of mark-up range from 1.87% to 8.52% (2020: 1.87% to 14.01%) per annum during the year on the balance outstanding.

9.5 The rates of mark-up range from 7.05% to 9.28% (2020: 8.75% to 15.56%) per annum during the year on the balance outstanding.

	Note	2021	2020
		(Rupees in thousand)	
10 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing - secured	5	2,998,910	703,032
Current portion of GIDC payable	6.2	1,126,195	-
Current portion of deferred income - Government grant	6.3	81,018	-
		4,206,123	703,032
11 UNCLAIMED DIVIDEND			
		97,617	90,596

12 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Guarantees of Rupees 3,438.360 million (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, 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 (2020: Rupees 266.667 million), Rupees 41.600 million (2020: Rupees 21.600 million) and Rupees 1,750 million (2020: Rupees 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 10,758.912 million (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 3,469.028 million (2020: Rupees 297.715 million).

ii) Letters of credit other than for capital expenditure are of Rupees 4,219.586 million (2020: Rupees 2,146.440 million).

iii) Outstanding foreign currency forward contracts of Rupees 6,400.041 million (2020: Rupees 389.348 million).

	Note	2021	2020
		(Rupees in thousand)	
13 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	29,713,681	28,834,861
Capital work-in-progress	13.2	6,212,913	2,457,861
		35,926,594	31,292,722

Notes to the Financial Statements

For the year ended June 30, 2021

13.1 Operating fixed assets

	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Factory equipment	Furniture, fixtures and office equipment	Computer equipment	Vehicles	Total
	(Rupees in thousand)								
At 30 June 2019									
Cost	1,810,233	11,496,248	35,828,163	1,008,932	425,869	436,140	235,063	657,474	51,898,122
Accumulated depreciation	-	(4,924,129)	(16,875,970)	(612,922)	(243,526)	(255,210)	(193,228)	(342,238)	(23,447,223)
Net book value	1,810,233	6,572,119	18,952,193	396,010	182,343	180,930	41,835	315,236	28,450,899
Year ended 30 June 2020									
Opening net book value	1,810,233	6,572,119	18,952,193	396,010	182,343	180,930	41,835	315,236	28,450,899
Additions	26,823	393,818	2,582,793	10,379	5,686	18,699	24,577	146,230	3,209,005
Disposals:									
Cost	-	(4,300)	(143,885)	(1,575)	-	(230)	(2,395)	(82,596)	(234,981)
Accumulated depreciation	-	3,302	100,439	1,001	-	83	1,687	54,733	161,245
	-	(998)	(43,446)	(574)	-	(147)	(708)	(27,863)	(73,736)
Depreciation charge	-	(660,111)	(1,927,042)	(40,130)	(18,538)	(19,574)	(15,942)	(69,970)	(2,751,307)
Closing net book value	1,837,056	6,304,828	19,564,498	365,685	169,491	179,908	49,762	363,633	28,834,861
At 30 June 2020									
Cost	1,837,056	11,885,766	38,267,071	1,017,736	431,555	454,609	257,245	721,108	54,872,146
Accumulated depreciation	-	(5,580,938)	(18,702,573)	(652,051)	(262,064)	(274,701)	(207,483)	(357,475)	(26,037,285)
Net book value	1,837,056	6,304,828	19,564,498	365,685	169,491	179,908	49,762	363,633	28,834,861
Year ended 30 June 2021									
Opening net book value	1,837,056	6,304,828	19,564,498	365,685	169,491	179,908	49,762	363,633	28,834,861
Additions	20,823	515,129	3,135,514	31,570	17,196	38,765	23,453	186,739	3,969,189
Reversal of provision	(98,528)	-	-	-	-	-	-	-	(98,528)
Transferred to investment properties:									
Cost	(19,541)	(99,410)	-	-	-	-	-	-	(118,951)
Accumulated depreciation	-	90,155	-	-	-	-	-	-	90,155
	(19,541)	(9,255)	-	-	-	-	-	-	(28,796)
Disposals:									
Cost	(62,001)	-	(142,994)	-	-	-	(1,986)	(78,346)	(285,327)
Accumulated depreciation	-	-	118,234	-	-	-	1,583	46,056	165,873
	(62,001)	-	(24,760)	-	-	-	(403)	(32,290)	(119,454)
Depreciation charge	-	(651,571)	(2,020,417)	(38,031)	(17,857)	(19,816)	(18,358)	(77,541)	(2,843,591)
Closing net book value	1,677,809	6,159,131	20,654,835	359,224	168,830	198,857	54,454	440,541	29,713,681
At 30 June 2021									
Cost	1,677,809	12,301,485	41,259,591	1,049,306	448,751	493,374	278,712	829,501	58,338,529
Accumulated depreciation	-	(6,142,354)	(20,604,756)	(690,082)	(279,921)	(294,517)	(224,258)	(388,960)	(28,624,848)
Net book value	1,677,809	6,159,131	20,654,835	359,224	168,830	198,857	54,454	440,541	29,713,681
Annual rate of depreciation (%)	-	10	10	10	10	10	30	20	

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

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Freehold Land								
Land 68K-1/2S	-	61,984	-	61,984	67,000	5,016	Negotiation	Nishat Sutas Dairy Limited - associated company, Lahore.
		61,984	-	61,984	67,000	5,016		
Plant and Machinery								
Picanol Optimax (Dobby) Loom	4	24,540	17,475	7,065	9,000	1,935	Negotiation	Union Denim Mills, Karachi.
Rotary Printing Machine Stork	1	56,794	47,877	8,917	9,000	83	Negotiation	Lahore Dyeing & Printing Mills Limited, Lahore.
Savio Cone Winder	1	9,394	7,812	1,582	1,581	(1)	Negotiation	Venus Industries (Private) Limited, Faisalabad.
Air Compressor & Air Dryer	6	20,183	18,804	1,379	3,500	2,121	Negotiation	Gagan Textile, Karachi.
Toyota Air Jet Looms	3	7,174	5,939	1,235	4,350	3,115	Negotiation	Gagan Textile, Karachi.
Toyota Air Jet Looms	3	9,566	7,923	1,643	5,800	4,157	Negotiation	Gagan Textile, Karachi.
Stitching Machines	125	3,525	2,759	766	583	(183)	Negotiation	Mr. Habib-ur-Rehman, Faisalabad.
Chiller LG Double Steam	1	5,329	4,369	960	1,455	495	Negotiation	Iceberg Industries (Private) Limited, Lahore.
		136,505	112,958	23,547	35,269	11,722		
Vehicles								
Honda Civic LE-16A-1745	1	3,072	1,706	1,366	2,700	1,334	Negotiation	Mr. Abdullah Khalid, Lahore.
Toyota Corolla LEC-15-6451	1	1,683	1,110	573	851	278	Company's Policy	Mr. Mateen Javaid, Company's employee, Faisalabad.
Toyota Corolla LEC-15-2519	1	1,693	1,137	556	903	347	Company's Policy	Mr. Sardar Mahmood Akhtar, Company's employee, Lahore.
Honda City LEB-16-1269	1	1,706	1,074	632	910	278	Company's Policy	Mr. Mumtaz Hassan, Company's employee, Lahore.
Suzuki Swift LEF-16-2702	1	1,332	809	523	709	186	Company's Policy	Mr. Kamran Shafique Hashmi, Company's employee, Lahore.
Hyundai Tucson AAC-254	1	5,809	702	5,107	5,500	393	Negotiation	Mr. Musa Ayub Khan, Lahore.
Suzuki Swift LED-16-3239	1	1,328	807	521	708	187	Company's Policy	Mr. Ikhlaq Ahmad, Company's employee, Lahore.
Toyota Corolla LEB-18A-4941	1	2,927	1,014	1,913	2,927	1,014	Negotiation	Mr. Najam Yousaf, Company's employee, Lahore.
Honda Civic LEH-16-6047	1	2,436	1,463	973	1,312	339	Company's Policy	Mr. Najam Yousaf, Company's employee, Lahore.
Toyota Corolla LEF-15-5460	1	1,684	1,073	611	899	288	Company's Policy	Mr. Rana Hammad Latif Khan, Company's employee, Lahore.
Suzuki Cultus LEH-17-3801	1	1,276	630	646	875	229	Negotiation	Mr. Kashif Nazir, Company's ex-employee, Faisalabad.
Honda City LEB-18A-4424	1	1,348	490	858	1,183	325	Negotiation	Mr. Rashid Ali, Company's ex-employee, Faisalabad.
Suzuki Swift LEC-16-1538	1	1,468	923	545	783	238	Company's Policy	Mr. Rahat Ali, Company's employee, Faisalabad.
Toyota Corolla LEF-15-1831	1	1,695	1,152	543	905	362	Company's Policy	Mr. Mukhtar Ahmad, Company's employee, Lahore.
Toyota Corolla LED-18-2590	1	1,825	705	1,120	1,750	630	Insurance Claim	Security General Insurance Company Limited - associated company, Lahore.
		31,282	14,795	16,487	22,915	6,428		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000		55,556	38,120	17,436	46,872	29,436		
		285,327	165,873	119,454	172,056	52,602		

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
13.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of sales	28	2,751,106	2,642,450
Distribution cost	29	10,415	8,322
Administrative expenses	30	71,955	82,994
Capital work-in-progress		10,115	17,541
		2,843,591	2,751,307

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

Manufacturing units and office	Address	Area of land Acres
Manufacturing units		
Spinning units and Yarn dyeing unit	Nishatabad, Faisalabad.	86.56
Spinning units and Power plant	Plot No. 172-180 & 188-197, M-3 Industrial City, Sahianwala, FIEDMC, 2 K.M., Jhumra Chiniot Road, Chak Jhumra, Faisalabad.	90.45
Spinning units and Power plant	20 K.M., Sheikhupura Road, Feroze Wattwan.	67.12
Weaving units and Power plant	12 K.M., Faisalabad Road, Sheikhupura.	85.53
Weaving units, Dyeing and finishing units, Processing unit, Stitching units and Power plants	5 K.M., Nishat Avenue, Off 22 K.M., Ferozepur Road, Lahore.	115.64
Terry unit	7 K.M., Nishat Avenue, Off 22 K.M., Ferozepur Road, Lahore.	12.54
Apparel unit	2 K.M., Nishat Avenue, Off 22 K.M., Ferozepur Road, Lahore.	16.32
Office	7-Main Gulberg, Lahore.	1.12
		475.28

13.2 Capital-work-in-progress

	Advances for purchase of freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Furniture, fixtures and office equipment	Vehicles	Unallocated capital expenditures	Total
	(Rupees in thousand)							
At 30 June 2019	23,658	86,916	370,471	1,163	1,948	11,283	21,881	517,320
Add: Additions during the year	32,612	598,310	3,716,773	5,321	11,730	141,206	99,195	4,605,147
Less: Transferred to operating fixed assets during the year	(26,823)	(389,265)	(2,062,056)	(4,820)	(11,632)	(146,230)	(23,780)	(2,664,606)
At 30 June 2020	29,447	295,961	2,025,188	1,664	2,046	6,259	97,296	2,457,861
Add: Additions during the year	12,054	1,679,455	5,225,387	34,017	29,629	215,262	36,263	7,232,067
Less: Transferred to operating fixed assets during the year	(15,008)	(484,796)	(2,623,730)	(18,113)	(19,056)	(186,739)	(129,573)	(3,477,015)
At 30 June 2021	26,493	1,490,620	4,626,845	17,568	12,619	34,782	3,986	6,212,913

13.2.1 Vehicles include advance of Rupees 2.878 million given to Hyundai Nishat Motor (Private) Limited.

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For the year ended June 30, 2021

14 INVESTMENT PROPERTIES

	Note	Land	Buildings	Total
			(Rupees in thousand)	
At 30 June 2019				
Cost		415,672	175,034	590,706
Accumulated depreciation		-	(130,732)	(130,732)
Net book value		415,672	44,302	459,974
Year ended 30 June 2020				
Opening net book value		415,672	44,302	459,974
Depreciation charge	31	-	(4,430)	(4,430)
Closing net book value		415,672	39,872	455,544
At 30 June 2020				
Cost		415,672	175,034	590,706
Accumulated depreciation		-	(135,162)	(135,162)
Net book value		415,672	39,872	455,544
Year ended 30 June 2021				
Opening net book value		415,672	39,872	455,544
Transferred from operating fixed assets:				
Cost		19,541	99,410	118,951
Accumulated depreciation		-	(90,155)	(90,155)
		19,541	9,255	28,796
Depreciation charge	31	-	(4,834)	(4,834)
Closing net book value		435,213	44,293	479,506
At 30 June 2021				
Cost		435,213	274,444	709,657
Accumulated depreciation		-	(230,151)	(230,151)
Net book value		435,213	44,293	479,506

14.1 Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 4.834 million (2020: Rupees 4.430 million) charged during the year is allocated to other expenses. No expenses directly related to investment properties were incurred during the year. The market value of land and buildings is estimated at Rupees 4,887.528 million (2020: Rupees 4,622.255 million). Forced sale value of investment properties as on the reporting date is Rupees 4,151.557 million (2020: Rupees 3,925.883 million). The valuation has been carried out by an independent valuer.

14.2 Land and buildings having book value of Rupees 309.108 million (2020: Rupees 309.108 million) and Rupees 28.167 million (2020: Rupees 31.296 million) respectively have been given on operating lease to Nishat Hospitality (Private) Limited - subsidiary company.

14.3 Land having book value of Rupees 99.693 million (2020: Rupees 99.693 million) has been given on operating lease to Nishat Linen (Private) Limited - subsidiary company.

14.4 Land and buildings having book value of Rupees 0.006 million (2020: Rupees Nil) and Rupees 8.408 million (2020: Rupees Nil) respectively have been given on operating lease to Hyundai Nishat Motor (Private) Limited - associated company.

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

Description	Address	Area of land Kanal
Factory land	21 K.M., Ferozepur Road, Lahore.	33.65
Commercial building	Mian Mehmood Kasuri Road, Gulberg III, Lahore.	6.04
Factory land and building	Nishatabad, Faisalabad.	44.00

	Note	2021	2020
		(Rupees in thousand)	
15 LONG TERM INVESTMENTS			
Equity instruments	15.1	48,620,695	37,979,074
15.1 Equity instruments			
Subsidiary companies			
Nishat Power Limited - quoted 180,632,955 (2020: 180,632,955) fully paid ordinary shares of Rupees 10 each. Equity held 51.01% (2020: 51.01%)		1,806,329	1,806,329
Nishat USA Inc. - unquoted 200 (2020: 200) fully paid shares with no par value per share. Equity held 100% (2020: 100%)	40	3,547	3,547
Nishat Linen (Private) Limited - unquoted 1,067,913 (2020: 1,067,913) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2020: 100%)	15.1.1	261,603	261,603
Nishat Linen Trading LLC - unquoted 4,900 (2020: 4,900) fully paid shares of UAE Dirhams 1,000 each.	15.1.2 & 40	259,403	259,403
Nishat Hospitality (Private) Limited - unquoted 169,999,901 (2020: 169,999,901) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2020: 100%)		1,699,999	1,699,999
Nishat International FZE - unquoted 18 (2020: 18) fully paid shares of UAE Dirhams 1,000,000 each. Equity held 100% (2020: 100%)	40	492,042	492,042
Advance for purchase of shares		9,070	9,070
		501,112	501,112
Nishat Commodities (Private) Limited - unquoted 1,000 (2020: 1,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2020: 100%)	15.1.3	10	10

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Equity instruments			
Fair value through other comprehensive income			
Associated companies (with significant influence)			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2020: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2020: 31.40%)		3,418,145	3,418,145
Nishat Paper Products Company Limited - unquoted 11,634,199 (2020: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2020: 25%)	15.1.4	106,802	106,802
Lalpir Power Limited - quoted 109,393,555 (2020: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2020: 28.80%)	15.1.5	1,640,306	1,640,306
Pakgen Power Limited - quoted 102,524,728 (2020: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2020: 27.55%)	15.1.5	1,272,194	1,272,194
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2020: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2020: 12.24%)	15.1.6	496,200	496,200
Nishat Energy Limited - unquoted 250,000 (2020: 250,000) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2020: 25%)	15.1.7	-	-
Nishat Hotels and Properties Limited - unquoted 74,022,917 (2020: 74,022,917) fully paid ordinary shares of Rupees 10 each. Equity held 6.08% (2020: 7.40%)	15.1.8	740,229	740,229
Hyundai Nishat Motor (Private) Limited - unquoted 113,847,600 (2020: 89,700,000) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2020: 12%)	15.1.9 & 15.1.10	1,138,476	897,000
Security General Insurance Company Limited - unquoted 10,226,244 (2020: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2020: 15.02%)	15.1.11	11,188	11,188
Nishat Sutas Dairy Limited - unquoted 16,630,000 (2020: 16,630,000) fully paid ordinary shares of Rupees 10 each. Equity held 34.46% (2020: 34.46%)	15.1.12	166,300	166,300
Equity instruments			
Fair value through other comprehensive income			
Associated companies (others)			
MCB Bank Limited - quoted 88,015,291 (2020: 88,015,291) fully paid ordinary shares of Rupees 10 each. Equity held 7.43% (2020: 7.43%)		10,208,262	10,208,262
Adamjee Insurance Company Limited - quoted 102,809 (2020: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2020: 0.03%)		2,116	2,116

	2021	2020
	(Rupees in thousand)	
Equity instruments		
Fair value through other comprehensive income		
Related party		
Nishat (Chunian) Limited - quoted 32,689,338 (2020: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2020: 13.61%)	378,955	378,955
Others		
Alhamra Islamic Stock Fund - quoted 1,121,410 (2020: 1,121,410) units.	3,135	3,135
Pakistan Petroleum Limited - quoted 599,998 (2020: 599,998) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2020: 0.02%)	64,409	64,409
	24,178,720	23,937,244
Add: Fair value adjustment	24,441,975	14,041,830
	48,620,695	37,979,074

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

15.1.2 The Company is also the beneficial owner of remaining 5,100 (2020: 5,100) shares of UAE Dirham 1,000 each of Nishat Linen Trading LLC held under Nominee Agreement dated 30 December 2010, whereby the Company has right over all dividends, interests, benefits and other distributions on liquidation. The Company through the powers given to it under Article 11 of the Memorandum of Association of the investee company, exercises full control on the management of Nishat Linen Trading LLC.

15.1.3 Investment in Nishat Commodities (Private) Limited includes 2 shares held in the name of nominee directors of the Company.

15.1.4 Fair value per ordinary share of Nishat Paper Products Company Limited is determined at Rupees 42.26 (2020: Rupees 47.23) by an independent valuer using present value technique.

15.1.5 Investments in Lalpir Power Limited and Pakgen Power Limited include 550 and 500 shares respectively, held in the name of ex-nominee director of the Company.

15.1.6 Fair value per ordinary share of Nishat Dairy (Private) Limited is determined at Rupees 7.29 (2020: Rupees 6.26) by an independent valuer using present value technique.

15.1.7 Investment in Nishat Energy Limited has been fully provided during the year ended 30 June 2017, being no more a going concern.

15.1.8 Fair value per ordinary share of Nishat Hotels and Properties Limited is determined at Rupees 19.73 (2020: Rupees 13.95) by an independent valuer using present value technique.

Notes to the Financial Statements

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

15.1.10 Fair value per ordinary share of Hyundai Nishat Motor (Private) Limited is determined at Rupees 38.42 (2020: Rupees 12.20) by an independent valuer using present value technique.

15.1.11 Fair value per ordinary share of Security General Insurance Company Limited is determined at Rupees 65.87 (2020: Rupees 57.79) by an independent valuer using present value technique.

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

	Note	2021	2020
		(Rupees in thousand)	
16 LONG TERM LOANS			
Considered good:			
Executives - secured	16.1 & 16.2	408,852	226,090
Other employees - secured	16.2	217,059	199,934
		625,911	426,024
Less: Current portion shown under current assets	21		
Executives		93,079	59,288
Other employees		64,455	61,472
		157,534	120,760
		468,377	305,264

16.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 408.852 million (2020: Rupees 226.809 million).

16.2 These represent loans given to executives and other employees as per the Company's policy for house construction and general purposes. These are secured against balance to the credit of employees in the provident fund trust and are recoverable in equal monthly installments. Interest charged during the year range from 0% to 4% (2020: 0% to 4%) per annum on the balance outstanding.

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

	Note	2021	2020
17 LONG TERM DEPOSITS			
Security deposits		156,984	104,783
18 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	18.1	1,761,183	1,549,127
Spare parts		842,338	707,508
Loose tools		6,222	4,152
		2,609,743	2,260,787
Less: Provision for slow moving, obsolete and damaged store items	18.2	(4,141)	(4,218)
		2,605,602	2,256,569

18.1 These include stores in transit of Rupees 274.334 million (2020: Rupees 215.818 million).

18.2 Provision for slow moving, obsolete and damaged store items

	Note	2021	2020
		(Rupees in thousand)	
Balance as on 01 July		4,218	4,224
Less: Provision reversed during the year	32	(77)	(6)
Balance as on 30 June		4,141	4,218

19 STOCK IN TRADE

	Note	2021	2020
Raw materials		9,283,755	12,821,768
Work-in-process	19.2	2,814,471	2,032,268
Finished goods	19.3	5,874,465	5,899,507
		17,972,691	20,753,543

19.1 Stock in trade of Rupees 503.811 million (2020: Rupees 564.159 million) is being carried at net realizable value.

19.2 This includes stock of Rupees 17.961 million (2020: Rupees 11.612 million) sent to outside parties for processing.

19.3 Finished goods include stock in transit of Rupees 1,888.392 million (2020: Rupees 1,296.236 million).

19.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 22.161 million (2020: Rupees 20.298 million).

	Note	2021	2020
		(Rupees in thousand)	

20 TRADE DEBTS

Considered good:

	Note	2021	2020
Secured (against letters of credit)		1,048,918	1,004,826
Unsecured:			
- Related parties	20.3 & 20.4	365,157	512,589
- Others		5,150,837	2,783,184
		6,564,912	4,300,599
Less: Allowance for expected credit losses	20.5	(15,660)	(15,496)
		6,549,252	4,285,103

20.1 Foreign jurisdictions of trade debts

	2021	2020
Europe	1,826,134	1,315,838
Asia, Africa and Australia	1,061,145	702,049
United States of America and Canada	1,178,982	559,675
	4,066,261	2,577,562

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		2021	2020
		(Rupees in thousand)	
20.2	**Types of counterparties**		
	Export		
	Corporate	1,026,393	775,849
	Other	3,039,868	1,801,713
		4,066,261	2,577,562
	Local		
	Corporate	2,060,122	1,160,034
	Other	438,529	563,003
		2,498,651	1,723,037
		6,564,912	4,300,599

20.3 This represents amounts due from following related parties. These are neither past due nor impaired:

	2021	2020
	(Rupees in thousand)	
Nishat Linen (Private) Limited - subsidiary company	115,437	453,458
Nishat Hotels and Properties (Private) Limited - associated company	72	-
Hyundai Nishat Motor (Private) Limited - associated company	547	2,110
MCB Bank Limited - associated company	-	37
Nishat International FZE - subsidiary company	249,101	56,984
	365,157	512,589

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

	Note	2021	2020
		(Rupees in thousand)	
Nishat Linen (Private) Limited - subsidiary company		1,819,892	1,038,652
Nishat Hotels and Properties (Private) Limited - associated company		1,042	-
Hyundai Nishat Motor (Private) Limited - associated company		4,833	7,071
MCB Bank Limited - associated company		-	37
Nishat International FZE - subsidiary company		249,101	61,533
20.5 Allowance for expected credit losses			
Balance as on 01 July		15,496	15,219
Add: Recognized during the year	31	164	277
Balance as on 30 June		15,660	15,496

	Note	2021	2020
		(Rupees in thousand)	

21 LOANS AND ADVANCES

	Note	2021	2020
Considered good:			
Employees - interest free:			
– Executives		990	646
– Other employees		1,645	1,687
		2,635	2,333
Current portion of long term loans	16	157,534	120,760
Advances to suppliers	21.1	96,187	102,234
Letters of credit		4,331	2,329
Other advances	21.1	7,414,912	8,640,466
		7,675,599	8,868,122
Considered doubtful:			
Others		108	108
Less: Provision for doubtful debts		108	108
		-	-
		7,675,599	8,868,122

21.1 These include amounts due from following related parties. These are neither past due nor impaired:

	2021	2020
	(Rupees in thousand)	
Advances to suppliers		
D.G. Khan Cement Company Limited - associated company	3,533	-
Other advances		
Nishat Linen (Private) Limited - subsidiary company	7,301,984	8,553,442
Nishat Commodities (Private) Limited - subsidiary company	105	100
	7,302,089	8,553,542

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

	2021	2020
	(Rupees in thousand)	
Nishat Linen (Private) Limited - subsidiary company	12,459,012	10,480,819
D.G. Khan Cement Company Limited - associated company	3,533	-
Nishat Commodities (Private) Limited - subsidiary company	105	100

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
22 ADVANCE INCOME TAX - NET			
Advance income tax		1,720,339	1,532,080
Provision for taxation		(1,148,032)	(973,000)
		572,307	559,080
23 SHORT TERM DEPOSITS AND PREPAYMENTS			
Deposits		486	486
Prepayments		80,342	67,143
		80,828	67,629
24 OTHER RECEIVABLES			
Considered good:			
Export rebate and claims		124,772	167,730
Duty draw back		1,218,043	576,897
Sales tax refundable		3,274,640	2,745,670
Fair value of forward exchange contracts		8,672	345
Miscellaneous receivables	24.1	76,582	77,923
		4,702,709	3,568,565

24.1 These include Rupees 41.677 million (2020: Rupees 41 million) receivable from Nishat Hospitality (Private) Limited - subsidiary company. It is in the ordinary course of business, interest free and past due. The maximum aggregate amount receivable from Nishat Hospitality (Private) Limited - subsidiary company at the end of any month during the year was Rupees 62.253 million (2020: Rupees 41 million). The age analysis of this balance is more than 6 months (2020: 1 to 6 months).

25 ACCRUED INTEREST

	Note	2021	2020
		(Rupees in thousand)	
On short term loans and advances to:			
Nishat Linen (Private) Limited - subsidiary company	25.1	17,642	36,659
Profit receivable on bank deposits	25.2	11,243	16
		28,885	36,675

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

	2021	2020
Nishat Linen (Private) Limited - subsidiary company	41,855	51,544
Nishat Hospitality (Private) Limited - subsidiary company	-	56

25.2 Profit on bank deposits of Rupees 11.243 million (2020: Rupees Nil) is receivable from MCB Bank Limited - associated company. These are neither past due nor impaired. The maximum aggregate amount receivable from MCB Bank Limited - associated company at the end of any month during the year was Rs 11.243 million.

	Note	2021	2020
		(Rupees in thousand)	
26 CASH AND BANK BALANCES			
With banks:			
On current accounts Including US$ 195,575 (2020: US$ 37,817)	26.1 & 26.2	178,051	20,870
Term deposit receipts	26.3 & 26.4	5,075,000	90,596
On PLS saving accounts Including US$ 117 (2020: US$ 117)	26.5	242	20
		5,253,293	111,486
Cash in hand		19,052	16,755
		5,272,345	128,241

26.1 Cash at banks includes balance of Rupees 3.906 million (2020: Rupees 3.649 million) with MCB Bank Limited - associated company.

26.2 Cash at banks includes balance of Rupees 0.443 million (2020: Rupees 0.074 million) with MCB Islamic Bank Limited - related party.

26.3 The term deposits with banking companies having maturity period upto one month carried rate of profit ranging from 6.35% to 7.20% (2020: 6.40% to 14%) per annum.

26.4 This represents term deposit receipt of Rupees 5,075 million (2020: Rupees Nil) having maturity period of 30 days and carry profit at the rate ranging from 6.70% to 6.80% (2020: Nil) per annum with MCB Bank Limited - associated company.

26.5 Rate of profit on bank deposits range from 5.50% to 5.55% (2020: 8% to 8.75%) per annum.

	Note	2021	2020
		(Rupees in thousand)	
27 REVENUE			
Revenue from contracts with customers:			
Export sales		46,364,366	45,346,137
Local sales	27.1	18,021,220	9,792,119
Processing income		6,021,237	5,159,573
		70,406,823	60,297,829
Export rebate		228,790	199,090
Duty draw back		795,397	407,177
		71,431,010	60,904,096
27.1 Local sales			
Sales	27.1.1	21,902,683	12,336,152
Less: Sales tax		(3,881,463)	(2,544,033)
		18,021,220	9,792,119

27.1.1 These include sales of Rupees 10,063.857 million (2020: Rupees 2,977.374 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales include waste sales of Rupees 2,055.750 million (2020: Rupees 1,329.396 million).

Notes to the Financial Statements
For the year ended June 30, 2021

27.2 The amount of Rupees 507.198 million included in contract liabilities (Note 7) at 30 June 2020 has been recognised as revenue in 2021 (2020: Rupees 206.547 million).

27.3 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition:

Description	Spinning		Weaving		Dyeing		Home Textile and Terry		Garments		Power Generation		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)													
Region														
Europe	280,073	417,371	8,297,897	8,546,070	407,566	379,909	9,163,902	6,796,648	4,259,144	4,254,270	-	-	22,408,582	20,394,268
United States of America and Canada	111,351	174,340	666,998	950,993	14,967	19,056	3,272,902	1,942,770	3,552,638	1,777,276	-	-	7,618,856	4,864,435
Asia, Africa, Australia	5,418,179	5,840,160	2,045,855	2,059,456	7,717,403	11,339,362	1,794,530	1,108,864	385,148	345,859	-	-	17,361,115	20,693,701
Pakistan	10,863,279	5,101,420	6,279,483	3,848,734	3,504,263	2,948,002	3,173,668	2,880,932	167,945	129,377	53,819	43,227	24,042,457	14,951,692
	16,672,882	11,533,291	17,290,233	15,405,253	11,644,199	14,686,329	17,405,002	12,729,214	8,364,875	6,506,782	53,819	43,227	71,431,010	60,904,096
Timing of revenue recognition														
Products and services transferred at a point in time	16,672,882	11,533,291	17,290,233	15,405,253	11,644,199	14,686,329	17,405,002	12,729,214	8,364,875	6,506,782	53,819	43,227	71,431,010	60,904,096
Products and services transferred over time	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	16,672,882	11,533,291	17,290,233	15,405,253	11,644,199	14,686,329	17,405,002	12,729,214	8,364,875	6,506,782	53,819	43,227	71,431,010	60,904,096
Major products / service lines														
Yarn	16,439,073	11,217,597	-	-	-	-	-	-	-	-	-	-	16,439,073	11,217,597
Comber Noil	233,809	315,694	-	-	-	-	-	-	-	-	-	-	233,809	315,694
Grey Cloth	-	-	17,290,233	15,405,253	-	-	-	-	-	-	-	-	17,290,233	15,405,253
Process Cloth	-	-	-	-	11,644,199	14,686,329	-	-	-	-	-	-	11,644,199	14,686,329
Made Ups	-	-	-	-	-	-	16,381,568	12,729,214	-	-	-	-	16,381,568	12,729,214
Garments	-	-	-	-	-	-	-	-	8,364,875	6,506,782	-	-	8,364,875	6,506,782
Towels and Bath Robe	-	-	-	-	-	-	1,023,434	-	-	-	-	-	1,023,434	-
Electricity	-	-	-	-	-	-	-	-	-	-	53,819	43,227	53,819	43,227
	16,672,882	11,533,291	17,290,233	15,405,253	11,644,199	14,686,329	17,405,002	12,729,214	8,364,875	6,506,782	53,819	43,227	71,431,010	60,904,096

27.4 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

	Note	2021	2020
		(Rupees in thousand)	
28 COST OF SALES			
Raw materials consumed	28.1	35,741,113	31,278,042
Processing charges		368,169	368,437
Salaries, wages and other benefits	28.2	7,396,591	6,363,510
Stores, spare parts and loose tools consumed		7,683,252	6,797,584
Packing materials consumed		1,817,735	1,320,633
Repair and maintenance		451,401	367,026
Fuel and power		6,071,039	5,990,329
Insurance		45,340	50,123
Other factory overheads		544,570	508,668
Depreciation	13.1.2	2,751,106	2,642,450
		62,870,316	55,686,802
Work-in-process			
Opening stock		2,032,268	2,015,512
Closing stock		(2,814,471)	(2,032,268)
		(782,203)	(16,756)
Cost of goods manufactured		62,088,113	55,670,046
Finished goods			
Opening stock		5,899,507	3,857,431
Closing stock		(5,874,465)	(5,899,507)
		25,042	(2,042,076)
		62,113,155	53,627,970

28.1 Raw materials consumed

	2021	2020
Opening stock	12,821,768	11,135,516
Add: Purchased during the year	32,203,100	32,964,294
	45,024,868	44,099,810
Less: Closing stock	(9,283,755)	(12,821,768)
	35,741,113	31,278,042

28.2 Salaries, wages and other benefits include provident fund contribution of Rupees 197.258 million (2020: Rupees 185.766 million) by the Company.

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
29 DISTRIBUTION COST			
Salaries and other benefits	29.1	536,995	500,062
Outward freight and handling		1,442,292	1,218,212
Commission to selling agents		774,117	666,384
Royalty	29.2	9,103	11,591
Fuel cost		139,261	177,148
Travelling and conveyance		23,604	126,211
Rent, rates and taxes		11,932	17,085
Postage and telephone		92,383	95,856
Insurance		16,802	18,932
Vehicles' running		21,090	17,695
Entertainment		7,350	7,223
Printing and stationery		3,526	2,794
Repair and maintenance		5,571	7,603
Fee and subscription		2,032	222
Depreciation	13.1.2	10,415	8,322
		3,096,473	2,875,340

29.1 Salaries and other benefits include provident fund contribution of Rupees 27.278 million (2020: Rupees 25.794 million) by the Company.

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

Name of the company	Registered address	Relationship with the Company or directors Related / Other	2021 (Rupees in thousand)	2020 (Rupees in thousand)
American and Efird LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	5,967	6,299

	Note	2021	2020
		(Rupees in thousand)	
30 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	30.1	987,202	883,755
Vehicles' running		47,109	42,813
Travelling and conveyance		14,880	30,456
Rent, rates and taxes		2,489	2,787
Insurance		8,715	8,916
Entertainment		29,416	24,082
Legal and professional		21,110	23,114
Auditor's remuneration	30.2	6,380	5,807
Advertisement		346	1,488
Postage and telephone		7,340	6,900
Electricity and gas		12,281	10,525
Printing and stationery		23,532	20,540
Repair and maintenance		48,084	38,514
Fee and subscription		8,851	7,253
Depreciation	13.1.2	71,955	82,994
Miscellaneous		50,403	48,357
		1,340,093	1,238,301

30.1 Salaries and other benefits include provident fund contribution of Rupees 40.529 million (2020: Rupees 36.635 million) by the Company.

	Note	2021	2020
		(Rupees in thousand)	
30.2 Auditor's remuneration			
Audit fee		5,053	4,594
Half yearly review		1,057	961
Other certifications		75	75
Reimbursable expenses		195	177
		6,380	5,807

31 OTHER EXPENSES

	Note	2021	2020
Workers' profit participation fund	7.4	318,505	204,045
Workers' welfare fund		5,093	-
Allowance for expected credit losses	20.5	164	277
Impact of de-recognition of financial instrument carried at amortized cost		-	4,106
Depreciation on investment properties	14	4,834	4,430
Donations	31.1 & 31.2	3,200	321
		331,796	213,179

31.1 The name of donee to whom donation amount exceeded Rupees 1 million (2020: Nill) is as follows:

	Note	2021	2020
Pakistan Textile Council	31.3	2,500	-

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

31.3 The Company is a member of Pakistan Textile Council (a company set up under Section 42 of the Companies Act, 2017).

	Note	2021	2020
		(Rupees in thousand)	
32 OTHER INCOME			
Income from financial assets			
Dividend income	32.1	2,722,637	2,044,302
Profit on deposits with banks		119,182	97,132
Net exchange gain		26,275	122,843
Interest income on loans and advances to subsidiary companies		313,445	396,814
Gain on initial recognition of GIDC payable at amortized cost		52,766	-
Other		10,002	9,602
		3,244,307	2,670,693
Income from non-financial assets			
Gain on sale of property, plant and equipment		52,602	17,667
Scrap sales		286,786	198,198
Rental income		166,416	145,826
Reversal of provision for slow moving, obsolete and damaged store items	18.2	77	6
		505,881	361,697
		3,750,188	3,032,390

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
32.1 Dividend income			
From related party / associated companies / subsidiary companies			
Nishat (Chunian) Limited - related party		32,689	81,723
Nishat International FZE - subsidiary company		-	7,580
D.G. Khan Cement Company Limited - associated company		-	137,574
MCB Bank Limited - associated company		1,716,298	1,584,275
Adamjee Insurance Company Limited - associated company		257	257
Security General Insurance Company Limited - associated company		51,131	51,131
Pakgen Power Limited - associated company		333,204	-
Nishat Commodities (Private) Limited - subsidiary company		30,000	-
Nishat Linen (Private) Limited - subsidiary company		21,358	-
Nishat USA Inc. - subsidiary company		40	-
Lalpir Power Limited - associated company		355,527	-
Nishat Power Limited - subsidiary company		180,633	180,633
		2,721,137	2,043,173
Others			
Pakistan Petroleum Limited		1,500	1,000
Alhamra Islamic Stock Fund		-	129
		2,722,637	2,044,302

33 FINANCE COST

	Note	2021	2020
Mark-up on:			
Long term financing		284,817	294,601
Short term borrowings		611,549	928,695
Interest on workers' profit participation fund	7.4	179	3,826
Adjustment due to impact of IFRS 9 on GIDC	6.2	73,562	-
Bank charges and commission		259,072	275,290
		1,229,179	1,502,412

34 TAXATION

		2021	2020
Current		1,148,032	973,000

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

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

	2021	2020
	(Rupees in thousand)	
34.3 Reconciliation between tax expense and accounting profit		
Accounting profit before taxation	7,070,502	4,479,284
Applicable tax rate	29%	29%
Tax on accounting profit	2,050,446	1,298,992
Tax effect of dividend income taxed at a lower rate	(446,372)	(299,732)
Tax effect of final tax regime income taxed at a lower rate	(160,505)	150,236
Tax effect of income that are not considered in determining taxable liability	(297,014)	(175,818)
Others	1,477	(678)
	1,148,032	973,000

35 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2021	2020
Profit attributable to ordinary shareholders	(Rupees in thousand)	5,922,470	3,506,284
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	16.84	9.97

	Note	2021	2020
		(Rupees in thousand)	
36 CASH GENERATED FROM OPERATIONS			
Profit before taxation		7,070,502	4,479,284
Adjustments for non-cash charges and other items:			
Depreciation		2,838,310	2,738,196
Gain on sale of property, plant and equipment		(52,602)	(17,667)
Dividend income		(2,722,637)	(2,044,302)
Allowance for expected credit losses		164	277
Net exchange gain		(26,275)	(122,843)
Interest income on loans and advances to subsidiary companies		(313,445)	(396,814)
Impact of de-recognition of financial instrument carried at amortized cost		-	4,106
Finance cost		1,229,179	1,502,412
Reversal of provision for slow moving, obsolete and damaged store items		(77)	(6)
Gain on initial recognition of GIDC payable at amortised cost		(110,431)	-
Working capital changes	36.1	575,689	(2,128,361)
		8,488,377	4,014,282

Notes to the Financial Statements

For the year ended June 30, 2021

	2021	2020
	(Rupees in thousand)	
36.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(348,956)	846,425
- Stock in trade	2,780,852	(3,745,084)
- Trade debts	(2,196,379)	398,804
- Loans and advances	(22,161)	81,997
- Short term deposits and prepayments	(13,199)	7,340
- Other receivables	(1,137,043)	(717,517)
	(936,886)	(3,128,035)
Increase in trade and other payables	1,512,575	999,674
	575,689	(2,128,361)

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

	2021			
	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	(Rupees in thousand)			
Balance as at 01 July 2020	9,925,813	19,329,768	90,596	29,346,177
Long term financing obtained	6,421,187	-	-	6,421,187
Repayment of long term financing	(1,610,173)	-	-	(1,610,173)
Short term borrowings - net	-	(611,506)	-	(611,506)
Dividend declared	-	-	1,406,399	1,406,399
Dividend paid	-	-	(1,399,378)	(1,399,378)
Other changes - non-cash movement	(160,002)	-	-	(160,002)
Balance as at 30 June 2021	14,576,825	18,718,262	97,617	33,392,704

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

37 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2021 of Rupees 4 per share (2020: Rupees 4 per share) at their meeting held on 20 September, 2021. The Board of Directors also proposed to transfer Rupees 4,516 million (2020: Rupees 2,101 million) from un-appropriated profit to general reserve. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these financial statements.

38 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

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

	Chief Executive Officer		Director		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)					
Managerial remuneration	37,189	32,503	-	11,163	683,563	554,058
Allowances						
Cost of living allowance	-	-	-	1	1,023	781
House rent	13,521	13,001	-	216	174,176	148,293
Conveyance	-	-	-	-	904	880
Medical	3,380	3,250	-	912	57,482	47,939
Utilities	-	-	-	3,385	75,673	61,649
Special allowance	-	-	-	2	646	529
Contribution to provident fund trust	-	-	-	871	56,650	47,016
Leave encashment	-	-	-	-	18,091	12,867
	54,090	48,754	-	16,550	1,068,208	874,012
Number of persons	1	1	Note 38.4	Note 38.4	261	222

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

38.2 Aggregate amount charged in the financial statements for meeting fee to five directors (2020: five directors) was Rupees 1.490 million (2020: Rupees 1.080 million).

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

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

Notes to the Financial Statements
For the year ended June 30, 2021

39 TRANSACTIONS WITH RELATED PARTIES

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

	2021	2020
	(Rupees in thousand)	
Subsidiary companies		
Investment made	-	405,000
Dividend income	232,031	188,213
Purchase of goods and services	963,962	472,165
Sale of goods and services	8,069,801	7,303,323
Interest income	313,445	396,814
Rental income	77,710	61,810
Short term loans given	41,838,370	39,353,653
Repayment of short term loans	43,089,828	37,941,748
Associated companies		
Investment made	241,476	403,300
Purchase of goods and services	155,859	76,595
Sale of goods and services	37,912	12,181
Interest income	28,572	-
Rental income	6,035	1,228
Purchase of operating fixed assets	44,434	-
Sale of operating fixed assets	67,000	819
Dividend income	2,456,417	1,773,237
Dividend paid	122,105	121,487
Insurance premium paid	160,090	144,897
Insurance claims received	59,983	50,440
Finance cost	8,230	14,811
Other related parties		
Dividend income	32,689	81,723
Purchase of goods and services	2,440,916	2,699,390
Sale of goods and services	536,703	176,937
Company’s contribution to provident fund trust	266,667	249,304

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

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

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of shareholding
		2021	2020	
Nishat USA Inc.	Wholly owned subsidiary company	Yes	Yes	100
Nishat Agriculture Farming (Private) Limited	Common directorship	No	Yes	None
Nishat Dairy (Private) Limited	Common directorship and shareholding	Yes	No	12.24
Nishat Sutas Dairy Limited	Common directorship and shareholding	Yes	Yes	31.46
Nishat Hotels and Properties Limited	Common directorship and shareholding	Yes	Yes	6.08
Nishat (Raiwind) Hotels and Properties Limited	Common directorship	No	No	None
Nishat (Aziz Avenue) Hotels and Properties Limited	Common directorship	No	No	None
Security General Insurance Company Limited	Common directorship and shareholding	Yes	Yes	15.02
Nishat Commodities (Private) Limited	Wholly owned subsidiary company and common directorship	Yes	Yes	100
Nishat Hospitality (Private) Limited	Wholly owned subsidiary company	Yes	Yes	100
Nishat Power Limited	Common directorship and subsidiary company	Yes	Yes	51.01
Nishat Energy Limited	Shareholding	No	No	25
Pakgen Power Limited	Common directorship and shareholding	Yes	No	27.55
Lalpir Power Limited	Common directorship and shareholding	Yes	No	28.80
Nishat Paper Products Company Limited	Common directorship and shareholding	No	No	25
Nishat Linen (Private) Limited	Wholly owned subsidiary company	Yes	Yes	100
Nishat Linen Trading LLC	Wholly owned subsidiary company	No	No	100
Nishat International FZE	Wholly owned subsidiary company	Yes	Yes	100
China Guangzhou Nishat Global Co., Ltd.	Wholly owned subsidiary of Nishat International FZE (subsidiary company)	No	No	100
Pakistan Aviators and Aviation (Private) Limited	Common directorship	No	No	None
Nishat Developers (Private) Limited	Common directorship	No	No	None
Nishat Real Estates Development Company (Private) Limited	Common directorship	No	No	None
Hyundai Nishat Motor (Private) Limited	Common directorship and shareholding	Yes	Yes	12
D.G. Khan Cement Company Limited	Common directorship and shareholding	Yes	Yes	31.40
Adamjee Life Assurance Company Limited	Common directorship	Yes	Yes	None
Adamjee Insurance Company Limited	Common directorship and shareholding	Yes	Yes	0.03
MCB Bank Limited	Common directorship and shareholding	Yes	Yes	7.43
MCB Islamic Bank Limited	Wholly owned subsidiary of associated company	No	Yes	None
Nishat (Chunian) Limited	Shareholding	Yes	Yes	13.61
Lalpir Solar Power (Private) Limited	Wholly owned subsidiary of Nishat Power Limited (subsidiary company)	No	No	51.01
Nishat Agrotech Farms Supplies (Private) Limited	Common directorship	No	No	None
Nishat Chunian Power Limited (NCPL)	Executive of the Company is appointed as Director on the Board of NCPL	No	No	None
Sanifa Agri Services Limited	Associate of wholly owned subsidiary company	No	Yes	None
Nishat Mills Employees Provident Fund Trust	Post-employment benefit plan	Yes	Yes	None

Notes to the Financial Statements

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

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

40 As on 30 June 2021, disclosures relating to investments and advance made in foreign companies are as follows:

Name of the company	Jurisdiction	Beneficial owner	Amount of investment / advance			Terms and conditions of investment / advance	Amount of returns received	Litigations against investee company	Default / breach relating to foreign company	Gain / (loss) on disposal of foreign investment
			Made during the year ended 30 June	Rupees in thousand	Foreign currency					
							Rupees in thousand			
Long term investments:										
Nishat USA Inc.	USA	Nishat Mills Limited	2009	3,547	USD 37,500	Investment in shares of subsidiary company	40	None	None	Not applicable
Nishat Linen Trading LLC	UAE	Nishat Mills Limited	2011	259,403	AED 10,000,000	Investment in shares of subsidiary company	None	None	None	Not applicable
Nishat International FZE	UAE	Nishat Mills Limited	2013	492,042	AED 18,000,000	Investment in shares of subsidiary company	None	None	None	Not applicable
Advance:										
Nishat International FZE	UAE	Nishat Mills Limited	2014	9,070	AED 337,500	Advance for purchase of shares of subsidiary company	None	None	None	Not applicable

Notes to the Financial Statements
For the year ended June 30, 2021

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

Name of the company	Jurisdiction	Beneficial owner	Amount of investment / advance			Terms and conditions of investment / advance	Amount of returns received	Litigations against investee company	Default / breach relating to foreign company	Gain / (loss) on disposal of foreign investment
			Made during the year ended 30 June	Rupees in thousand	Foreign currency		Rupees in thousand			
Long term investments:										
Nishat USA Inc.	USA	Nishat Mills Limited	2009	3,547	USD 37,500	Investment in shares of subsidiary company	None	None	None	Not applicable
Nishat Linen Trading LLC	UAE	Nishat Mills Limited	2011	259,403	AED 10,000,000	Investment in shares of subsidiary company	None	None	None	Not applicable
Nishat International FZE	UAE	Nishat Mills Limited	2013	492,042	AED 18,000,000	Investment in shares of subsidiary company	7,580	None	None	Not applicable
Advance:										
Nishat International FZE	UAE	Nishat Mills Limited	2014	9,070	AED 337,500	Advance for purchase of shares of subsidiary company	None	None	None	Not applicable

41 PROVIDENT FUND

As at the reporting date, The Nishat Mills Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

42 NUMBER OF EMPLOYEES

	2021	2020
Number of employees as on 30 June	20,599	18,278
Average number of employees during the year	19,369	18,558

43 SEGMENT INFORMATION

	Spinning								Weaving				Dyeing		Home Textile and Terry				Garments		Power Generation		Elimination of inter-segment transactions		Total - Company	
	Faisalabad I		Faisalabad II		Feroze Wattwan I		Feroze Wattwan II		Bhikki		Lahore				Home Textile		Terry									
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)																									
Revenue from contracts with customers																										
External	7,066,585	4,519,146	3,120,068	2,936,491	5,042,402	3,398,942	1,443,827	678,712	14,152,370	12,376,103	3,137,863	3,029,150	11,644,199	14,686,329	16,381,568	12,729,214	1,023,434	-	8,364,875	6,506,782	53,819	43,227	-	-	71,431,010	60,904,096
Intersegment	3,626,248	3,338,599	1,602,101	1,537,651	2,455,622	1,734,759	518,498	114,000	6,214,599	5,700,935	4,544,798	4,068,903	743,501	541,079	257,754	331,033	34,736	-	4,156	-	6,814,585	6,550,874	(26,816,598)	(23,917,833)	-	-
	10,692,833	7,857,745	4,722,169	4,474,142	7,498,024	5,133,701	1,962,325	792,712	20,366,969	18,077,038	7,682,661	7,098,053	12,387,700	15,227,408	16,639,322	13,060,247	1,058,170	-	8,369,031	6,506,782	6,868,404	6,594,101	(26,816,598)	(23,917,833)	71,431,010	60,904,096
Cost of sales	(9,567,320)	(7,121,048)	(4,308,874)	(4,910,727)	(6,697,955)	(5,280,206)	(1,763,288)	(676,816)	(18,761,629)	(16,392,603)	(7,215,557)	(6,705,384)	(11,019,991)	(13,054,215)	(14,655,885)	(11,230,069)	(959,856)	-	(7,131,640)	(5,593,699)	(6,847,758)	(6,581,036)	26,816,598	23,917,833	(62,113,155)	(53,627,970)
Gross profit / (loss)	1,125,513	736,697	413,295	(436,585)	800,069	(146,505)	199,037	115,896	1,605,340	1,684,435	467,104	392,669	1,367,709	2,173,193	1,983,437	1,830,178	98,314	-	1,237,391	913,083	20,646	13,065	-	-	9,317,855	7,276,126
Distribution cost	(141,307)	(156,547)	(34,163)	(17,274)	(134,076)	(161,175)	(12,070)	(3,291)	(611,043)	(575,548)	(146,563)	(127,170)	(582,011)	(632,048)	(785,091)	(689,171)	(67,069)	-	(583,080)	(513,054)	-	(62)	-	-	(3,096,473)	(2,875,340)
Administrative expenses	(212,639)	(183,681)	(62,454)	(60,007)	(98,288)	(92,947)	(15,785)	(4,890)	(187,392)	(188,415)	(91,536)	(90,368)	(171,847)	(190,242)	(264,579)	(251,184)	(32,023)	-	(148,398)	(129,384)	(55,152)	(47,183)	-	-	(1,340,093)	(1,238,301)
	(353,946)	(340,228)	(96,617)	(77,281)	(232,364)	(254,122)	(27,855)	(8,181)	(798,435)	(763,963)	(238,099)	(217,538)	(753,858)	(822,290)	(1,049,670)	(940,355)	(99,092)	-	(731,478)	(642,438)	(55,152)	(47,245)	-	-	(4,436,566)	(4,113,641)
Profit / (loss) before taxation and unallocated income and expenses	771,567	396,469	316,678	(513,866)	567,705	(400,627)	171,182	107,715	806,905	920,472	229,005	175,131	613,851	1,350,903	933,767	889,823	(778)	-	505,913	270,645	(34,506)	(34,180)	-	-	4,881,289	3,162,485
Unallocated income and expenses:																										
Other expenses																									(331,796)	(213,179)
Other income																									3,750,188	3,032,390
Finance cost																									(1,229,179)	(1,502,412)
Taxation																									(1,148,032)	(973,000)
Profit after taxation																									5,922,470	3,506,284

43.1 Reconciliation of reportable segment assets and liabilities

	Spinning								Weaving				Dyeing		Home Textile and Terry				Garments		Power Generation		Total - Company	
	Faisalabad I		Faisalabad II		Feroze Wattwan I		Feroze Wattwan II		Bhikki		Lahore				Home Textile		Terry							
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)																							
Total assets for reportable segments	6,492,179	9,434,886	6,907,881	4,101,580	5,225,646	6,833,108	1,756,639	1,815,833	8,302,579	6,205,215	1,769,035	964,856	7,884,050	8,308,669	9,410,844	8,824,933	3,223,473	1,745,976	5,885,327	3,905,344	7,156,366	7,140,653	64,014,019	59,281,053
Unallocated assets:																								
Long term investments																							48,620,695	37,979,074
Other receivables																							4,702,709	3,568,565
Cash and bank balances																							5,272,345	128,241
Other corporate assets																							8,502,606	9,703,981
Total assets as per statement of financial position																							131,112,374	110,660,914
Total liabilities for reportable segments	1,114,294	921,782	81,057	208,341	195,930	202,895	13,494	17,232	914,771	908,113	328,338	178,886	1,059,416	851,351	1,893,715	1,359,831	150,375	36,573	1,117,157	729,280	1,575,018	3,092,256	8,443,565	8,506,540
Unallocated liabilities:																								
Deferred liabilities																							1,055,992	302,672
Other corporate liabilities																							35,865,038	30,423,842
Total liabilities as per statement of financial position																							45,364,595	39,233,054

Notes to the Financial Statements

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43.2 Geographical information

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

	2021	2020
	(Rupees in thousand)	
Europe	22,408,582	20,394,268
United States of America and Canada	7,618,856	4,864,435
Asia, Africa and Australia	17,361,115	20,693,701
Pakistan	24,042,457	14,951,692
	71,431,010	60,904,096

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

43.4 Revenue from major customers

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

		2021	2020
		(Figures in thousand)	
44 PLANT CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100% plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Kgs.)	90,821	86,111
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Kgs.)	79,689	65,466
Weaving			
100% plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Sq.Mtr.)	309,458	289,273
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Sq.Mtr.)	295,932	275,483
Dyeing and Finishing			
Production capacity for 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Mtr.)	56,400	52,856
Actual production on 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Mtr.)	33,105	42,912
Power Plant			
Generation capacity	(MWH)	989	932
Actual generation	(MWH)	389	361

Processing, Stitching, Apparel and Terry

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

44.1 Reason for low production

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

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

45 FINANCIAL RISK MANAGEMENT

45.1 Financial risk factors

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

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

a) Market risk

i) Currency risk

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

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

	2021	2020
Cash at banks - USD	195,692	37,934
Trade debts - USD	22,937,415	14,824,462
Trade debts - Euro	1,652,710	994,934
Trade debts - AED	5,840,582	1,244,456
Trade and other payables - USD	(2,094,954)	(1,935,624)
Trade and other payables - Euro	(170,203)	(155,010)
Trade and other payables - JPY	(652,985)	(131,220)
Trade and other payables - CHF	-	(11,835)
Net exposure - USD	21,038,153	12,926,772
Net exposure - Euro	1,482,507	839,924
Net exposure - AED	5,840,582	1,244,456
Net exposure – JPY	(652,985)	(131,220)
Net exposure – CHF	-	(11,835)

Notes to the Financial Statements

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The following significant exchange rates were applied during the year:

	2021	2020
Rupees per US Dollar		
Average rate	159.53	158.82
Reporting date rate	157.60	168.25
Rupees per Euro		
Average rate	189.17	175.53
Reporting date rate	185.80	189.11
Rupees per AED		
Average rate	43.22	43.20
Reporting date rate	42.65	45.79
Rupees per JPY		
Average rate	1.49	1.47
Reporting date rate	1.42	1.57
Rupees per CHF		
Average rate	174.46	163.18
Reporting date rate	168.81	177.43

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED, JPY and CHF with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 180.540 million (2020: Rupees 112.317 million) higher / lower mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) Other price risk

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

Sensitivity analysis

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

Index	Impact on statement of other comprehensive income (fair value reserve)	
	2021	2020
	(Rupees in thousand)	
PSX (5% increase)	1,806,663	1,464,979
PSX (5% decrease)	(1,806,663)	(1,464,979)

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

iii) Interest rate risk

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

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

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

	2021	2020
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	14,326,300	8,302,661
Short term borrowings	17,503,652	14,373,417
Financial assets		
Term deposit receipts	5,075,000	90,596
Loans to employees	265,626	258,590
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	242	20
Advances to subsidiary company	7,301,984	8,553,442
Financial liabilities		
Long term financing	250,525	1,623,152
Short term borrowings	1,214,610	4,956,351

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 54.898 million (2020: Rupees 18.565 million) higher / lower, mainly as a result of higher / lower interest income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

b) Credit risk

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

	2021	2020
	(Rupees in thousand)	
Long term investments	44,088,692	33,447,071
Loans and advances	8,043,458	9,068,823
Deposits	157,470	105,269
Trade debts	6,549,252	4,285,103
Other receivables	85,254	78,268
Accrued interest	28,885	36,675
Bank balances	5,253,293	111,486
	64,206,304	47,132,695

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

	Rating			2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	526	123
Allied Bank Limited	A1+	AAA	PACRA	4,533	376
Askari Bank Limited	A1+	AA+	PACRA	46	441
Bank Alfalah Limited	A1+	AA+	PACRA	356	90,637
Faysal Bank Limited	A1+	AA	PACRA	8	108
Habib Bank Limited	A-1+	AAA	JCR-VIS	18,722	1,268
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	23,163	1,360
JS Bank Limited	A1+	AA-	PACRA	24	66
MCB Bank Limited	A1+	AAA	PACRA	5,078,905	3,649
Samba Bank Limited	A-1	AA	JCR-VIS	274	140
Silk Bank Limited	A-2	A -	JCR-VIS	68	73
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	70,560	5,902
United Bank Limited	A-1+	AAA	JCR-VIS	1,710	1,783
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	268	268
Bank Islami Pakistan Limited	A1	A+	PACRA	190	390
Meezan Bank Limited	A-1+	AAA	JCR-VIS	36,469	2,929
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	352	352
The Bank of Punjab	A1+	AA+	PACRA	285	176
Soneri Bank Limited	A1+	AA-	PACRA	2,470	394
Summit Bank Limited	A-3	BBB-	JCR-VIS	257	257
Industrial and Commercial Bank of China	P-1	A1	Moody’s	97	6
MCB Islamic Bank Limited	A1	A	PACRA	443	74
Bank Al-Habib Limited	A1+	AAA	PACRA	13,412	629
Citi Bank N.A	P-1	Aa3	Moody's	149	79
Bank of Khyber	A1	A	PACRA	6	6
				5,253,293	111,486
Long term investments					
Adamjee Insurance Company Limited		AA+	PACRA	4,263	3,404
Security General Insurance Company Limited		AA	JCR-VIS	673,603	590,975
Alhamra Islamic Stock Fund		AM1	PACRA	12,661	9,723
Nishat (Chunian) Limited	A	A-2	JCR-VIS	1,643,947	1,060,769
MCB Bank Limited	A1+	AAA	PACRA	14,067,484	14,264,638
Pakistan Petroleum Limited		Unknown	-	52,098	52,068
D.G. Khan Cement Company Limited	A1+	AA-	PACRA	16,222,749	11,739,206
Pakgen Power Limited	A1	AA	PACRA	2,528,260	1,231,322
Lalpir Power Limited	A1	AA	PACRA	1,953,769	1,276,623
Nishat Paper Products Company Limited	A1	A	PACRA	491,661	549,483
Nishat Hotels and Properties Limited	A2	A-	PACRA	1,460,472	1,032,620
Hyundai Nishat Motor (Private) Limited		Unknown	-	4,374,025	1,094,340
Nishat Dairy (Private) Limited		Unknown	-	437,400	375,600
Nishat Sutas Dairy Limited		Unknown	-	166,300	166,300
				44,088,692	33,447,071
				49,341,985	33,558,557

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

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

Trade debts

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product, Unemployment, Interest and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows:

At 30 June 2021

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0%	2,477,007	-	0%	4,066,261	-
Up to 30 days	0.20%	109	0.22	0.00%	-	-
31 to 60 days	15.27%	1,984	303	0.00%	-	-
61 to 90 days	30.63%	35	11	0.00%	-	-
91 to 180 days	57.69%	36	21	0.00%	-	-
181 to 360 days	68.48%	13,182	9,027	0.00%	-	-
Above 360 days	100.00%	6,298	6,298	100.00%	-	-
		2,498,651	15,660		4,066,261	-
Trade debts which are not subject to risk of default		-	-		-	-
Total		2,498,651	15,660		4,066,261	-

At 30 June 2020

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0%	1,612,944	-	0%	2,577,562	-
Up to 30 days	0.66%	69,723	460	0.00%	-	-
31 to 60 days	21.12%	24,000	5,069	0.00%	-	-
61 to 90 days	32.15%	8,598	2,283	0.00%	-	-
91 to 180 days	57.64%	40	23	0.00%	-	-
181 to 360 days	75.14%	279	208	0.00%	-	-
Above 360 days	100.00%	7,453	7,453	100.00%	-	-
		1,723,037	15,496		2,577,562	-
Trade debts which are not subject to risk of default		-	-		-	-
Total		1,723,037	15,496		2,577,562	-

Notes to the Financial Statements

For the year ended June 30, 2021

c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2021, the Company had Rupees 38,572.153 million (2020: Rupees 33,658.337 million) available borrowing limits from financial institutions and Rupees 5,272.345 million (2020: Rupees 128.241 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2021

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	(Rupees in thousand)					
Non-derivative financial liabilities:						
Long term financing	14,576,825	15,810,353	1,594,565	1,744,091	3,250,652	9,221,045
Trade and other payables	7,342,335	7,342,335	7,342,335	-	-	-
Unclaimed dividend	97,617	97,617	97,617	-	-	-
Short term borrowings	18,718,262	19,074,836	19,024,948	49,888	-	-
Accrued mark-up	196,382	196,382	196,382	-	-	-
Derivative financial liabilities	57,429	57,429	57,429	-	-	-
	40,988,850	42,578,952	28,313,276	1,793,979	3,250,652	9,221,045

Contractual maturities of financial liabilities as at 30 June 2020

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	(Rupees in thousand)					
Non-derivative financial liabilities:						
Long term financing	9,925,813	10,698,231	158,930	806,388	2,755,819	6,977,094
Trade and other payables	7,628,366	7,628,366	7,628,366	-	-	-
Unclaimed dividend	90,596	90,596	90,596	-	-	-
Short term borrowings	19,329,768	19,885,294	19,771,393	113,901	-	-
Accrued mark-up	226,228	226,228	226,228	-	-	-
Derivative financial liabilities	6,206	6,206	6,206	-	-	-
	37,206,977	38,534,921	27,881,719	920,289	2,755,819	6,977,094

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

45.2 Financial instruments by categories

	FVTPL	Amortised cost	FVTOCI	Total
	(Rupees in thousand)			
As at 30 June 2021				
Assets as per statement of financial position				
Long term investments	-	-	44,088,692	44,088,692
Loans and advances	-	8,043,458	-	8,043,458
Deposits	-	157,470	-	157,470
Trade debts	-	6,549,252	-	6,549,252
Other receivables	8,672	76,582	-	85,254
Accrued interest	-	28,885	-	28,885
Cash and bank balances	-	5,272,345	-	5,272,345
	8,672	20,127,992	44,088,692	64,225,356

	Amortized cost	FVTPL	Total
	(Rupees in thousand)		
Liabilities as per statement of financial position			
Long term financing	14,576,825	-	14,576,825
Accrued mark-up	196,382	-	196,382
Short term borrowings	18,718,262	-	18,718,262
Trade and other payables	7,342,335	57,429	7,399,764
Unclaimed dividend	97,617	-	97,617
	40,931,421	57,429	40,988,850

	FVTPL	Amortised cost	FVTOCI	Total
	(Rupees in thousand)			
As at 30 June 2020				
Assets as per statement of financial position				
Long term investments	-	-	33,447,071	33,447,071
Loans and advances	-	9,068,823	-	9,068,823
Deposits	-	105,269	-	105,269
Trade debts	-	4,285,103	-	4,285,103
Other receivables	345	77,923	-	78,268
Accrued interest	-	36,675	-	36,675
Cash and bank balances	-	128,241	-	128,241
	345	13,702,034	33,447,071	47,149,450

Notes to the Financial Statements

For the year ended June 30, 2021

	Amortized cost	FVTPL	Total
	(Rupees in thousand)		
Liabilities as per statement of financial position			
Long term financing	9,925,813	-	9,925,813
Accrued mark-up	226,228	-	226,228
Short term borrowings	19,329,768	-	19,329,768
Trade and other payables	7,628,366	6,206	7,634,572
Unclaimed dividend	90,596	-	90,596
	37,200,771	6,206	37,206,977

45.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2021		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	(Rupees in thousand)		
Assets			
Long term investments	44,088,692	4,532,003	48,620,695
Loans and advances	8,043,458	100,518	8,143,976
Deposits and prepayments	157,470	80,342	237,812
Trade debts	6,549,252	-	6,549,252
Other receivables	85,254	4,617,455	4,702,709
Accrued interest	28,885	-	28,885
Cash and bank balances	5,272,345	-	5,272,345
	64,225,356	9,330,318	73,555,674

	2021		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	(Rupees in thousand)		
Liabilities			
Long term financing	14,576,825	-	14,576,825
Accrued mark-up	196,382	-	196,382
Short term borrowings	18,718,262	-	18,718,262
Trade and other payables	7,399,764	2,112,540	9,512,304
Unclaimed dividend	97,617	-	97,617
	40,988,850	2,112,540	43,101,390

	2020		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	---------------- (Rupees in thousand) ----------------		
Assets			
Long term investments	33,447,071	4,532,003	37,979,074
Loans and advances	9,068,823	104,563	9,173,386
Deposits and prepayments	105,269	67,143	172,412
Trade debts	4,285,103	-	4,285,103
Other receivables	78,268	3,490,297	3,568,565
Accrued interest	36,675	-	36,675
Cash and bank balances	128,241	-	128,241
	47,149,450	8,194,006	55,343,456

	2020		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	---------------- (Rupees in thousand) ----------------		
Liabilities			
Long term financing	9,925,813	-	9,925,813
Accrued mark-up	226,228	-	226,228
Short term borrowings	19,329,768	-	19,329,768
Trade and other payables	7,634,572	1,723,405	9,357,977
Unclaimed dividend	90,596	-	90,596
	37,206,977	1,723,405	38,930,382

45.4 Offsetting financial assets and financial liabilities

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

45.5 Capital risk management

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

Notes to the Financial Statements

For the year ended June 30, 2021

		2021	2020
Borrowings	Rupees in thousand	33,295,087	29,255,581
Total equity	Rupees in thousand	85,747,779	71,427,860
Total capital employed	Rupees in thousand	119,042,866	100,683,441
Gearing ratio	Percentage	27.97	29.06

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

46 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

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

Recurring fair value measurements At 30 June 2021	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Fair value through other comprehensive income	36,485,231	-	7,603,461	44,088,692
Derivative financial assets	-	8,672	-	8,672
Total financial assets	36,485,231	8,672	7,603,461	44,097,364
Financial liabilities				
Derivative financial liabilities	-	57,429	-	57,429
Total financial liabilities	-	57,429	-	57,429

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

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

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

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

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

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

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

ii) Valuation techniques used to determine fair values

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

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

The following table presents the changes in level 3 items for the year ended 30 June 2021 and 30 June 2020:

	Unlisted equity securities
	(Rupees in thousand)
Balance as on 01 July 2019	3,004,950
Add: Investment made during the year	403,300
Add : Surplus recognized in other comprehensive income	401,068
Balance as on 30 June 2020	3,809,318
Add: Investment made during the year	241,476
Add: Surplus recognized in other comprehensive income	3,552,667
Balance as on 30 June 2021	7,603,461

Notes to the Financial Statements

For the year ended June 30, 2021

iv) Valuation inputs and relationships to fair value

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

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30 June 2021	30 June 2020		30 June 2021	
	(Rupees in thousand)				
Fair value through other comprehensive income					
Nishat Paper Products Company Limited	491,661	549,483	Terminal growth factor Risk adjusted discount rate	4.00% 16.86%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +138.796 million / - 102.381 million.
Nishat Dairy (Private) Limited	437,400	375,600	Terminal growth factor Risk adjusted discount rate	4.00% 15.09%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 84.000 million / - 58.200 million.
Security General Insurance Company Limited	673,603	590,975	Terminal growth factor Risk adjusted discount rate	4.00% 14.20%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +157.075 million / - 106.455 million.
Nishat Hotels and Properties Limited	1,460,472	1,032,620	Terminal growth factor Risk adjusted discount rate	4.00% 8.66%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 1,272.454 million / - 518.901 million.
Hyundai Nishat Motor (Private) Limited	4,374,025	1,094,340	Terminal growth factor Risk adjusted discount rate	4.00% 16.56%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 631.854 million / - 474.745 million.

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

Valuation processes

Independent valuer performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. The independent valuer reports directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the Chief Financial Officer and the valuation team at least once every year, in line with the Company's annual reporting period.

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

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

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

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

47 FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

i) Fair value hierarchy

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

At 30 June 2021	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Investment properties	-	4,887,528	-	4,887,528
Total non-financial assets	-	4,887,528	-	4,887,528

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

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

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

ii) Valuation techniques used to determine level 2 fair values

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

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's investment properties at the end of every financial year. As at 30 June 2021, the fair values of the investment properties have been determined by Al-Hadi Financial & Legal Consultants (an approved valuer).

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

Notes to the Financial Statements

For the year ended June 30, 2021

48 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

	Note	2021	2020
		(Rupees in thousand)	
Description			
Loans / advances obtained as per Islamic mode:			
Loans	5 & 9	6,885,008	4,754,667
Advances	7	1,173,749	956,879
Shariah compliant bank deposits / bank balances			
Bank balances	26	37,722	4,336
Profit earned from shariah compliant bank deposits / bank balances			
Profit on deposits with banks	32	-	-
Revenue earned from shariah compliant business		71,431,010	60,904,096
Gain / (loss) or dividend earned from shariah complaint investments			
Dividend income	32.1	1,500	401,059
Unrealized gain on remeasurement of investment at FVTOCI		4,483,573	3,488,630
Exchange gain earned		47,183	33,752
Mark-up paid on Islamic mode of financing		187,637	566,422
Profits earned or interest paid on any conventional loans / advances			
Profit earned on loans to subsidiary companies		313,445	396,814
Interest paid on loans		744,369	659,533
Profit earned on deposits with banks		119,182	97,132
Interest income on loans to employees		10,002	9,602

Relationship with shariah compliant banks

Name	Relationship
Habib Bank Limited	Bank balance and long term financing
Standard Chartered Bank (Pakistan) Limited (Saadiq Islamic Banking)	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

49 UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2021	2020	2021	2020
	(Rupees in thousand)			
Total facilities	14,975,000	12,220,000	72,455,000	60,822,000
Utilized at the end of the year	8,764,087	5,099,551	40,093,760	34,284,112
Unutilized at the end of the year	6,210,913	7,120,449	32,361,240	26,537,888

50 IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab and Government of Sindh from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID -19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. During the year, the Company has availed SBP's refinance scheme for payment of wages and salaries and Temporary Economic Refinance Facility (TERF) as explained in note 5 to these financial statements. Further, management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of COVID-19, the management has adopted various policies and practices to minimize adverse impact of COVID-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from COVID-19.

51 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 20 September, 2021 by the Board of Directors of the Company.

52 CORRESPONDING FIGURES

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

53 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Financial Statements of

Nishat Mills Limited

and its Subsidiaries
for the year ended June 30, 2021

DIRECTORS' REPORT

The Directors are pleased to present their report together with the consolidated financial statement of Nishat Mills Limited ("the Holding Company") and its Subsidiary Companies (together referred to as Group) for the year ended 30 June 2021. The consolidated results comprise of financial statements of Nishat Mills Limited, Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat USA Inc., Nishat Linen Trading LLC, Nishat International FZE, China Guangzhou Nishat Global Company Limited, Nishat Commodities (Private) Limited and Lalpir Solar Power (Private) Limited.

The Holding Company has annexed its consolidated financial statements along with its separate financial statements, in accordance with the requirements of International Financial Reporting Standards and Companies Act, 2017. The Directors' Report, giving a commentary on the performance of Nishat Mills Limited for the year ended 30 June 2021 has been presented separately. It also includes a brief description of all the subsidiary companies of the Holding Company.

Clarification to Qualifications in Audit Report

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

We would like to draw your attention to emphasis of matter paragraph (c) of the independent auditors' report to the members which refers to Note 1(a) to the consolidated financial statements and states that the Lalpir Solar Power (Private) Limited (LSPPL) is no longer a going concern, therefore, the financial statements of LSPPL have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. LSPPL had fulfilled initialed conditions required for the supply of electricity, but it could not get Power Acquisition Request and Consent from Central Power Purchasing Agency. Accordingly, there does not seem to be any commercial justification to retain this company and incur costs thereon. Therefore, the Board of Directors of the Company has decided to voluntary winding up the Subsidiary, LSPPL, subject to the approval of shareholders through special resolution. The Subsidiary will be wound up voluntary in accordance with the requirement of the Companies Act, 2017. Therefore, financial accounts of LSPPL for year 2021 have been prepared on non-going concern basis.

For and on behalf of the Board of Directors

Mian Umer Mansha
Chief Executive Officer

Farid Noor Ali Fazal
Director

20 September 2021
Lahore

INDEPENDENT AUDITOR'S REPORT

To the members of Nishat Mills Limited

Qualified Opinion

We have audited the annexed consolidated financial statements of Nishat Mills Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

The financial statements of Nishat USA, Inc. (Subsidiary Company) for the year ended 30 June 2021 were unaudited. Hence, total assets of Rupees 15,014,570 as at 30 June 2021 and total turnover and net profit of Rupees 47,951,455 and Rupees 241,638 respectively for the year ended 30 June 2021 pertaining to the aforesaid Company have been incorporated in these consolidated financial statements by the management using un-audited financial statements.

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

Emphasis of Matters

We draw attention to Note 1(a) to the consolidated financial statements, which states that the Lalpir Solar Power (Private) Limited – Subsidiary Company is no longer a going concern, therefore, the financial statements of Lalpir Solar Power (Private) Limited have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following are the key audit matters:

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td>1.</td><td>Accounting for equity accounted associates

Investments in equity-accounted associates amounted to Rupees 39,550 million (22.48% of total assets) as at 30 June 2021.

There is a risk that associates are not accounted for and disclosed properly.

As such, we have identified the impairment assessment, equity accounting and disclosure for the investments in equity accounted associates as representing key audit matters due to the significance of the balance to the consolidated financial statements as a whole.

The Group's management conducts its impairment test to assess the recoverability of the equity accounted associates and considers whether there are indicators of impairment with respect to these investments. Impairment assessments of these investments require significant judgement and there is the risk that valuation of the investments may be incorrect and any potential impairment charge miscalculated.

For further information on investments in equity-accounted associates, refer to the following:

- Summary of significant accounting policies, Consolidation – Associates note 2.2(b) to the consolidated financial statements.

- Critical accounting estimates and judgements note 2.1(c)

- Long term investments note 18 to the consolidated financial statements.</td><td>Our procedures included, but were not limited to:

• We perused the supporting documentation and ensured that they are properly accounted for in accordance with International Accounting Standard (IAS) 28 'Investments in Associates and Joint Ventures'.

• We ensured proper equity accounting was carried out during the year by looking at the post-acquisition change in the Group's share of net assets of the associates. In particular, we have:

- Tested additions of investments made during the year.

- Checked the accuracy for computation of share of dividend income and profit or loss and other comprehensive income of the associates.

• We assessed the adequacy of the disclosures presented within the consolidated financial statements to ensure they are in accordance with International Financial Reporting Standard (IFRS) 12 'Disclosure of Interests in Other Entities'.

• We sent group audit instructions to the respective component auditors to gain comfort on the audit procedures performed by the component auditors over the financial statements of associates.

• We evaluated the reasonableness of management's assumptions and estimates used in determining the recoverable values of material investments. We assessed the assumptions and estimates based on our knowledge of the Group and the industries.</td></tr>
<tr><td>2.</td><td>Assessment of control and significant influence on investments

There is a risk that management has made an error in judgement or may have not fully considered all rules, facts and circumstances in assessing whether the Group has control or significant influence on</td><td>Our procedures included, but were not limited to:

• We tested the design and implementation of key controls around the application of the accounting standards and evaluated the significant</td></tr>
</table>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	its investments which may have significant consequences on the consolidated financial statements. For further information, refer to the following: - Summary of significant accounting policies, Consolidation note 2.2 to the consolidated financial statements. - Note 1 and Note 18 to the consolidated financial statements.	judgements that management exercised in determining whether the Group controls or have significant influence over the investee companies. • We reviewed documents to support any key judgments management has made in determining whether they control or have significant influence over an investee e.g. power over relevant activities. • We have tested the consolidation process to assess whether the conclusions reached have been appropriately applied in the preparation of the consolidated financial statements and adequate disclosures have been made in the consolidated financial statements.
3.	**Inventory existence and valuation** Inventory of the textile business of the Group as at 30 June 2021 represented a material position in the consolidated statement of financial position. Inventory is measured at the lower of cost and net realizable value. We identified existence and valuation of inventory as a key audit matter due to its size, representing 15.79% of total assets of the Group as at 30 June 2021, and the judgment involved in valuation. For further information on inventory, refer to the following: - Summary of significant accounting policies, Inventories note 2.17 to the consolidated financial statements. - Stores, spares and loose tools note 20 and Stock-in-trade note 21 to the consolidated financial statements.	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management,

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td></td><td></td><td>including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</td></tr>
<tr><td>4.</td><td>Capital expenditures

The textile business of the Group is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy.

We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters.

For further information, refer to the following:

- Summary of significant accounting policies, Property, plant, equipment and deprecation note 2.7 to the consolidated financial statements.

- Property, plant and equipment note 15 to the consolidated financial statements.</td><td>Our procedures included, but were not limited to:

• We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature.

• We evaluated the appropriateness of capitalization policies and depreciation rates.

• We performed tests of details on costs capitalized.

• We verified the accuracy of management's calculation used for the impairment testing.</td></tr>
<tr><td>5.</td><td>Revenue recognition

We identified recognition of revenue of textile business of the Group as a key audit matter because revenue is one of the key performance indicators and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.

For further information, refer to the following:

- Summary of significant accounting policies, Revenue from contracts with customers note 2.24 to the consolidated financial statements.</td><td>Our procedures included, but were not limited to:

• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue.

• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.

• We compared a sample of revenue transactions</td></tr>
</table>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	- Revenue note 30 to the consolidated financial statements.	recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the consolidated financial statements.
6.	**Master Agreement and PPA Amendment Agreement** On 12 February 2021, Nishat Power Limited – Subsidiary Company signed the Amendment to the Power Purchase Agreement (PPA) and Master Agreement (the Agreements) with Central Power Purchasing Agency (Guarantee) Limited (CPPA-G / Power Purchaser) whereby settlements relating to capacity revenue dispute and its receivable have been made. The settlement resulted in an impairment of Rupees 141.474 million. Further, pursuant to the PPA Amendment Agreement, the existing term of Power Purchase Agreement (PPA) of twenty-five years has been extended by 68 days. The Subsidiary Company in consideration also agreed to forgo certain amounts under the Final Award. Further, subject to the terms of the PPA Amendment Agreement, the Subsidiary Company agreed to forgo its rights to late payment interest on late payment interest invoices. Signing of the above-mentioned Agreements is a significant event during the year and the evaluation of its impact involves significant management judgment, therefore, we considered this as a key audit matter. For further information, refer to the following: - Note 1(a) to the consolidated financial statements. - Trade debts note 22.6 to the consolidated financial statements.	We issued instructions to the component auditor. We, as group auditor, evaluated the procedures performed by the component auditor in respect of the Agreements. The procedures, amongst others included the following: • Assessed whether the revenue and related trade debts / receivables have been recognized in accordance with the applicable accounting policies. • Obtained and assessed details of the Agreements and discussed the same with the Subsidiary Company's management. • Inspected the minutes of the meetings of Board of Directors and Audit Committees during the year ended 30 June 2021. • Checked that the invoices raised by the Subsidiary Company during the year are in accordance with the requirements of PPA and the aforesaid Agreements. • Circularized confirmation of trade debts receivables to CPPA-G. • Assessed the adequacy of impairment in relation to the disputed capacity receivables. • Assessed adequacy of the accounting treatment and related disclosures made in the consolidated financial statements, with regards to applicable accounting and reporting standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: 24 September 2021

Consolidated Statement of Financial Position

As at June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2020: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital	3	3,515,999	3,515,999
Reserves	4	104,414,731	92,836,718
Equity attributable to equity holders of the Holding Company		107,930,730	96,352,717
Non-controlling interest		12,741,966	11,606,574
Total equity		120,672,696	107,959,291
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	11,705,985	9,372,451
Lease liabilities	6	1,368,868	1,765,873
Long term security deposits	7	269,078	271,133
Retirement benefit obligation		23,008	19,466
Deferred liabilities	8	2,572,634	1,974,551
		15,939,573	13,403,474
CURRENT LIABILITIES			
Trade and other payables	9	11,390,058	11,184,265
Accrued mark-up	10	269,569	395,513
Short term borrowings	11	22,385,156	24,080,517
Current portion of non-current liabilities	12	5,144,607	1,263,901
Unclaimed dividend	13	115,497	111,267
		39,304,887	37,035,463
TOTAL LIABILITIES		55,244,460	50,438,937
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		175,917,156	158,398,228

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

CHIEF EXECUTIVE OFFICER

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	47,644,512	43,724,143
Intangible assets	16	-	1,259
Right-of-use assets	17	1,739,404	2,030,736
Long term investments	18	55,330,247	50,115,435
Long term loans	19	532,541	361,635
Long term deposits		277,579	225,882
		105,524,283	96,459,090
CURRENT ASSETS			
Stores, spare parts and loose tools	20	3,307,714	2,979,540
Stock-in-trade	21	25,795,008	28,367,135
Trade debts	22	27,111,194	23,604,593
Loans and advances	23	1,089,975	719,759
Advance income tax - net	24	1,054,299	652,738
Short term deposits and prepayments	25	191,671	184,401
Other receivables	26	5,431,355	4,652,267
Accrued interest	27	13,659	2,301
Short term investment	28	-	17,677
Cash and bank balances	29	6,397,998	758,727
		70,392,873	61,939,138
TOTAL ASSETS		175,917,156	158,398,228

David Fazal

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Statement of Profit or Loss

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
REVENUE	30	104,727,458	88,709,830
COST OF SALES	31	(86,066,252)	(70,822,039)
GROSS PROFIT		18,661,206	17,887,791
DISTRIBUTION COST	32	(6,456,276)	(6,093,102)
ADMINISTRATIVE EXPENSES	33	(2,182,075)	(2,223,204)
OTHER EXPENSES	34	(597,767)	(218,300)
		(9,236,118)	(8,534,606)
		9,425,088	9,353,185
OTHER INCOME	35	2,732,075	2,351,438
PROFIT FROM OPERATIONS		12,157,163	11,704,623
FINANCE COST	36	(1,881,452)	(2,957,854)
		10,275,711	8,746,769
SHARE OF PROFIT FROM ASSOCIATES	18.2	2,848,522	864,092
PROFIT BEFORE TAXATION		13,124,233	9,610,861
TAXATION	37	(1,918,637)	(839,106)
PROFIT AFTER TAXATION		11,205,596	8,771,755
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		9,896,748	6,352,753
NON-CONTROLLING INTEREST		1,308,848	2,419,002
		11,205,596	8,771,755
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	38	28.15	18.07

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

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2021

	2021	2020
	(Rupees in thousand)	
PROFIT AFTER TAXATION	11,205,596	8,771,755
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified to profit or loss:		
Remeasurement of retirement benefits of associates - net of tax	20,439	2,140
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	389,857	(1,279,310)
Share of surplus / (deficit) on remeasurement of investments at fair value through other comprehensive income of associates - net of tax	977,284	(535,646)
Deferred income tax relating to deficit on investments at fair value through other comprehensive income	302,512	18,572
	1,690,092	(1,794,244)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(37,902)	5,491
Other comprehensive income / (loss) for the year - net of tax	1,652,190	(1,788,753)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	12,857,786	6,983,002
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	11,548,938	4,564,000
NON-CONTROLLING INTEREST	1,308,848	2,419,002
	12,857,786	6,983,002

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Consolidated Statement of Changes In Equity

For the year ended June 30, 2021

(Rupees in thousand)

	Attributable to Equity Holders of the Holding Company													Non-Controlling Interest	Total Equity
	Share Capital	Capital Reserves							Revenue Reserves			Total Reserves	Shareholders' Equity		
		Premium on issue of right shares	Fair value reserve FVTOCI investments	Exchange Translation Reserve	Statutory Reserve	Capital Redemption Reserve Fund	Maintenance Reserve	Sub Total	General Reserve	Unappropriated Profit	Sub Total				
Balance as at 01 July 2019	3,515,999	5,499,530	9,727,048	219,168	835	111,002	1,608,668	17,166,251	64,764,214	7,815,002	72,579,216	89,745,467	93,261,466	9,361,028	102,622,494
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)	-	(1,406,399)
Transferred to general reserve	-	-	-	-	-	-	-	-	6,399,000	(6,399,000)	-	-	-	-	-
Transaction with owners - Dividend relating to year 2019 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(173,456)	(173,456)
Profit for the year	-	-	-	-	-	-	-	-	-	6,352,753	6,352,753	6,352,753	6,352,753	2,419,002	8,771,755
Other comprehensive income / (loss) for the year	-	-	(1,796,384)	5,491	-	-	-	(1,790,893)	-	2,140	2,140	(1,788,753)	(1,788,753)	-	(1,788,753)
Total comprehensive income for the year	-	-	(1,796,384)	5,491	-	-	-	(1,790,893)	-	6,354,893	6,354,893	4,564,000	4,564,000	2,419,002	6,983,002
Net movement	-	-	-	-	-	-	-	-	-	(66,350)	(66,350)	(66,350)	(66,350)	-	(66,350)
Balance as at 30 June 2020	3,515,999	5,499,530	7,930,664	224,659	835	111,002	1,608,668	15,375,358	71,163,214	6,298,146	77,461,360	92,836,718	96,352,717	11,606,574	107,959,291
Adjustments due to equity accounted investee companies	-	-	(579,789)	-	-	-	-	(579,789)	-	2,015,263	2,015,263	1,435,474	1,435,474	-	1,435,474
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)	-	(1,406,399)
Transferred to general reserve	-	-	-	-	-	-	-	-	4,890,000	(4,890,000)	-	-	-	-	-
Transaction with owners - Dividend relating to year 2020 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(173,456)	(173,456)
Transferred to statutory reserve	-	-	-	-	3,347	-	-	3,347	-	(3,347)	(3,347)	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	9,896,748	9,896,748	9,896,748	9,896,748	1,308,848	11,205,596
Other comprehensive income for the year	-	-	1,669,653	(37,902)	-	-	-	1,631,751	-	20,439	20,439	1,652,190	1,652,190	-	1,652,190
Total comprehensive income for the year	-	-	1,669,653	(37,902)	-	-	-	1,631,751	-	9,917,187	9,917,187	11,548,938	11,548,938	1,308,848	12,857,786
Balance as at 30 June 2021	3,515,999	5,499,530	9,020,528	186,757	4,182	111,002	1,608,668	16,430,667	76,053,214	11,930,850	87,984,064	104,414,731	107,930,730	12,741,966	120,672,696

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Statement of Cash Flows

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	13,601,745	10,125,221
Finance cost paid		(1,933,834)	(3,031,586)
Income tax paid		(1,579,446)	(1,296,718)
Long term security deposits (paid) / received		(2,055)	54,103
Exchange gain on forward exchange contracts received		1,237	107,279
Gas infrastructure development cess paid		(168,369)	-
Net increase in retirement benefit obligation		2,550	151
Net increase in long term loans		(211,159)	(62,807)
Net increase in long term deposits		(51,697)	(11,981)
Net cash generated from operating activities		9,658,972	5,883,662
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		397,167	97,272
Capital expenditure on property, plant and equipment		(7,919,907)	(5,791,497)
Dividends received		2,490,606	1,856,089
Investments made		(259,820)	(430,587)
Proceeds from sale of investments		36,021	-
Interest received		122,563	112,982
Net cash used in investing activities		(5,133,370)	(4,155,741)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		6,744,988	4,454,967
Repayment of long term financing		(1,756,252)	(4,404,834)
Repayment of lease liabilities		(566,179)	(347,769)
Exchange differences on translation of net investments in foreign subsidiaries		(37,902)	15,704
Short term borrowings - net		(1,695,361)	(322,057)
Dividend paid		(1,575,625)	(1,585,627)
Net cash from / (used in) financing activities		1,113,669	(2,189,616)
Net increase / (decrease) in cash and cash equivalents		5,639,271	(461,695)
Cash and cash equivalents at the beginning of the year		758,727	1,220,422
Cash and cash equivalents at the end of the year		6,397,998	758,727

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

1 THE GROUP AND ITS OPERATIONS

a) The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

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

NISHAT MILLS LIMITED

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

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

NISHAT POWER LIMITED

Nishat Power Limited is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. Its head office is situated at 1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore. The Company had a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Despatch Company Limited ('NTDC') for twenty five years which commenced from 09 June 2010. During the year on 12 February 2021, the Company entered into a Novation Agreement to the PPA with NTDC and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G' and also referred to as the 'Power Purchaser'), whereby, NTDC irrevocably transferred all of its rights, obligations and liabilities under the PPA to CPPA-G and thereafter, NTDC ceased to be a party to the PPA, and CPPA-G became a party to the PPA in place of NTDC. Further, on the same day, the Company entered into the PPA Amendment Agreement, whereby, the current Agreement Year that was ending on 08 June 2021 was extended by sixty eight (68) days to 15 August 2021. Therefore, the existing term of the PPA Agreement has been extended by sixty eight days to twenty five years and sixty eight days ending on 15 August 2035. Ownership interest held by non-controlling interests in Nishat Power Limited is 48.99% (2020: 48.99%).

Significant events during the period

Master Agreement and Power Purchase Amendment Agreement of Nishat Power Limited – Subsidiary Company

Nishat Power Limited – Subsidiary Company in the larger national interest and sustainability of the power sector, voluntarily agreed to alter its existing contractual arrangements with the CPPA-G for the sale and purchase of electricity. In this respect, the Subsidiary Company entered into a "Master Agreement" and a "PPA Amendment Agreement" (hereinafter referred to as the 'Agreements') on 12 February 2021. Under these Agreements, the Subsidiary Company and CPPA-G have primarily agreed on the following matters that are subject to fulfilment of certain terms and conditions mentioned in the Agreements:

- Mechanism of settlement of long outstanding acknowledged receivables as at 30 November 2020 aggregating to Rupees 14,252.802 million, in two installments;

- Discounts in tariff components i.e. Return on Equity (ROE) including Return on Equity During Construction (RoEDC) shall be changed to 17% per annum in Pak Rupee (PKR) calculated at PKR / USD exchange rate of PKR 148 / USD, with no future USD indexation. However, the existing ROE and RoEDC, together with applicable indexation, shall continue to be applied until the date when the applicable exchange rate under the present tariff reaches PKR 168 / USD, whereupon the revised RoE and RoEDC shall become applicable for reminder of the term of the PPA. The revised tariff will be effective subject to notification by Government of Pakistan ('GoP') and payment of first installment by CPPA-G;

- Any future savings in fuel, subject to certain conditions stipulated in the Master Agreement, shall be shared between CPPA-G and the Subsidiary Company on a sliding scale ratio ranging from 70:30 to 40:60 for any efficiency above NEPRA determined benchmark. Furthermore, any future savings in Operations & Maintenance ('O&M') shall be shared 50:50, subject to certain conditions stipulated in the Master Agreement;

- Delayed payment rate' as referred in note 22.6 of these consolidated financial statements has been amended to (a) for the first sixty (60) days, KIBOR plus two percent per annum, compounded semi-annually; (b) for any period thereafter sixty (60) days, KIBOR plus four-point five percent per annum, each compounded semi-annually. However, this shall come into effect after NEPRA approves the adjustment in tariff and its terms strictly per the scope of Tariff Adjustment Application and CPPA-G has paid the two installments as mentioned above in respect of long outstanding acknowledged receivables;

- Conversion of the PPA to 'Take and Pay Basis' when competitive trading arrangement is implemented and becomes fully operational, as per terms stipulated in the Generation License;

- On 07 August 2017, the 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. In July 2020, a Final Award was given in favour of the Subsidiary Company,

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whereby, the Arbitrator accepted Subsidiary Company's request and directed NTDC / CPPA-G to pay to the Subsidiary Company (i) interest at the Delayed Payment Rate (DPR) on Delayed Payment (DP) invoices, which is estimated at Rupees 1,620.95 million up to 30 June 2021 and may vary as per legal advice (ii) DP invoices submitted pursuant to section 9.6 of the PPA 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 (equivalent to Rupees 3.802 million) and (v) Arbitration cost in the sum of GBP 44,136 (equivalent to Rupees 9.647 million).

During the year on 05 January 2021, CPPA-G filed a suit in Civil Court, Lahore, to set aside the Final Award issued by LCIA. Meanwhile, the Subsidiary Company also filed the Final Award for enforcement and implementation in Lahore High Court on 13 January 2021. Both the civil suit by CPPA-G and the enforcement application by the Subsidiary Company are pending adjudication.

However, under the Master Agreement, the CPPA-G has agreed to ensure that all present and future invoices shall follow the PPA's mandated FIFO payment principle. As long as this principle is followed by the CPPA-G 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 Subsidiary Company, as the Subsidiary Company has not recognized the income and corresponding receivable for the said amounts on prudence basis.

- Amicable resolution of the capacity revenue dispute involving Rupees 816.033 million for the period ('disputed period') in which the plant was not fully available for power generation due to non-availability of fuel owing to non-payment by CPPA-G. Pursuant to the PPA Amendment Agreement, the disputed period has been treated as an Other Force Majeure Event (‘OFME’) under the PPA. The OFME period has commenced on 09 June 2021 and will end on 15 August 2021, consequently, the term of PPA has been extended by 68 days, till 15 August 2035. The accounting implications of the same have been detailed under note 22.6 to these consolidated financial statements.

Further, the management has also assessed the accounting implications of the above mentioned developments in relation to the impairment of cash generating unit ('CGU') comprising of tangible and intangible assets under IAS 36, ‘Impairment of assets’. However, according to management's assessment, there is no impact on these consolidated financial statements.

NISHAT LINEN (PRIVATE) LIMITED

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

Sr. No.	Business Units	Address
Manufacturing unit and office		
1	Stitching Unit and office	21 K.M., Ferozepur Road, Lahore.
Stores		
1	Nishat Emporium Mall	Shop # G-26, Nishat Emporium Mall, Abdul Haque Road, Johar Town, Lahore.
2	Swarovski-Emporium Mall	Shop # KG-05, Ground Floor, Nishat Emporium Mall, Abdul Haque Road, Johar Town, Lahore.
3	Gulberg Galleria	Shop # 13, Ground Floor U/G1 & L/G2, Gulberg Galleria, 18-Main Boulevard, Gulberg III, Lahore.

Sr. No.	Business Units	Address
4	Packages Mall	Packages Mall, Walton Road, Lahore.
5	Tariq Road	Plot No. 172-5, P.E.C.H.S, Block 2, Tariq Road, Karachi.
6	Wapda Town	Main Boulevard, Johar Town, (Opposite Shaukat Khanum Hospital), Lahore.
7	Fashion Avenue	Fashion Avenue, Shop No. 5-7, College Block, Main Boulevard, Allama Iqbal Town, Lahore.
8	Fair Price Shop - Karachi	Plot No. CA-1-2, Ali Centre, Alfalah Cooperative Housing Society Limited, Shah Faisal Colony, Karachi.
9	Canal West Bank	Shop No. 1-3, Ground Floor Sraw Plaza, Near Muhafiz Town, Phase 1, Canal West Bank Road, Lahore.
10	Phase IV DHA	176 DD, Commercial Area, Phase 4, DHA, Lahore.
11	Doctors Hospital	86 G/1, Johar Town (Opposite Doctors Hospital), Lahore.
12	Link Road Model Town	Opposite Raja Sahib, Link Road Model Town, Lahore.
13	Sukkur	Shop No. 63, Military Road, Sukkur.
14	Shadman	118-Shadman, Lahore.
15	FPS Chauburji	Shop No. 2, Development Scheme, Chauburji, Lahore.
16	Gulshan Ravi	Factory Outlet, Shop No. 12-C, Main Boulevard Gulshan Ravi, Lahore.
17	Thokar Niaz Baig	Factory Outlet, Ground Floor, 55th Avenue, Thokar Niaz Baig, Raiwind Road, Lahore.
18	E-Store	21 K.M., Ferozepur Road, Lahore.
19	Clifton	G.F2, Jamalistan Shopping Center, DC-1, Block 8, Clifton, Karachi.
20	Dolmen Clifton	D-3, 1st Floor, Dolmen City, Block 4, Scheme 5, Clifton, Karachi.
21	Dolmen Tariq Road	SF-21, 2nd Floor, Dolmen Mall, Block 3, P.E.C.H.S., Tariq Road, Karachi.
22	Wazirabad	G-58, Hajipura, Wazirabad.
23	Ocean Mall	Shop 250-254, 2nd Floor, Ocean Mall, Plot No. G-3, Khyaban-e-Iqbal, Block 9, Clifton, Karachi.
24	KDA Outlet Store	NL Outlet Store, 565-A, Block 3, KDA Scheme 24, Gulshan-e-Iqbal, Karachi.
25	Mariam Heights	Shop No. 2, Mariam Heights, Plot No. 1, Main Shaheed-e-Millat Road (Opposite Naheed and Chase Super Market), Karachi.
26	Lucky One Mall	Lucky One Mall, Shop No. F-31, 1st Floor, Block 21, F.B. Area, Main Rashid Minhas Road, Karachi.
27	Atrium Mall	1st Floor, Atrium Mall, Staff Lines, Fatima Jinnah Road, Cantt. Karachi.
28	Millennium Mall	Millennium Mall, Main Rashid Minhas Road, Adjacent Drive-In Cinema, Gulshan-e-Iqbal, Karachi.
29	ANB Center	ANB Center, Plot No. 13-V, (Behind PSO Petrol Pump) Jinnah Super Market, F-7 Markaz, Islamabad.
30	F-10	Block No. 7, Malik Arcade, F-10 Markaz, Islamabad.
31	Centaurus Mall	Shop No. 120, 1st Floor, Centaurus Shopping Mall, Jinnah Avenue Plot No. 1, Blue Area, F-8/G-8, Islamabad.
32	Bahria Town Phase 7	Plaza 155, (Near Shaheen Chowk), Spring North, Phase 7, Bahria Town, Islamabad.
33	PWD	Ground Floor, Plaza No. 10, Main Road, Block A, PWD, Islamabad.

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Sr. No.	Business Units	Address
34	World Trade Center	World Trade Center, G.T. Road, Defence Housing Authority, Phase II, Islamabad.
35	Awami Trade Center	Awami Trade Center, Ground Floor, 31-33, G-9 Markaz, Islamabad.
36	Adamjee Road	Plot No. 5, Saddar, Adamjee Road, Rawalpindi.
37	Satellite Town	Shop No. 3, Abbas Arcade, 5th Road, Satellite Town, Commercial Market, Rawalpindi.
38	Crystal Mall	Crystal Mall, Main Bosan Road, Multan.
39	Gulshan Market	Factory Outlet, Shop No. 3, Block-S, 100 Feet Road, Gulshan Market, New Multan Colony, Multan.
40	S.P Chowk	Plot No. 1-A, S.P Chowk, Nusrat Road, Multan Cantt., Multan.
41	Masooma	Shop No. 2-3, Masooma Shopping Center, Legacy Tower, Koh-e-Noor City, Jaranwala Road, Faisalabad.
42	D-Ground	1298/B, Chen One Road, Peoples Colony No. 1, Faisalabad.
43	Gulberg Road	Shop No. P-424, Jinnah Colony, Gulberg Road, Faisalabad.
44	The Boulevard Mall	Shop No. 1, Ground Floor, The Boulevard Mall, Near Suzuki Burj Motors, East Canal Road, Faisalabad.
45	Taj Shopping Center	Ground Floor Taj Shopping Center, (Near National Bank) Govt. Girls College Road, Satellite Town, Gujranwala.
46	Fazal Centre	Hall No. 5, Fazal Centre, G.T. Road, Rahwali Cantt., Gujranwala.
47	Town Branch	JB Tower, Ground Floor, University Road, Peshawar.
48	Cantt Branch	Deans Trade Center, Islamia Road Cantt., Peshawar.
49	Abdullah Mall	Abdullah Mall, Ground Floor, Kutchery Road, Gujrat.
50	Sialkot	97-A, Liberty Market, Aziz Shaheed Road, (Near Silver Spoon Restaurant) Cantt., Sialkot.
51	Bahawalpur	Shop No. 2, Haqqi Centre, (Opposite Commissioner House) Adjacent to DIG House, Bahawalpur.
52	Sargodha	Shop No. 39, Raas Tower, Qasim Park, Opposite MCB Bank, Main University Road, Sargodha.
53	Abbottabad	Mansehra Road, Opposite Faisal Bank, Abbottabad.
54	Mardan	Afaq Centre, (Opposite Premier Sugar Mills) Nowshera Road, Mardan.
55	Sahiwal	Azaan Heights, Jahaz Chowk, Sahiwal.
56	Swat	Shop No. F-1 & F-2, Swat Trade Center, (Opposite Swat Serena Hotel) Allah Chowk, Saidu Sharif, Swat.
57	Mandi Bahauddin	Shop No. G9, Ground Floor, Hakim Mall, Jail Road, Mandi Bahauddin.
58	Jhelum	Shop No. 1-14, Ground Floor, Adnan Plaza, Jhelum.
59	Boulevard Mall	First Floor A-14, Boulevard Mall, Auto Bhan Road, S.I.T.E., Hyderabad.
60	Burewala	Opposite Imran Petroleum, Near Stadium Road, Multan Road, Burewala.
61	Quetta	Shop No. 1, Ground Floor, Millennium Mall, Gulistan Road, Quetta.
62	Muzaffarabad	Shop No. 1, Ground Floor, Al-Rahim Plaza, Neelum Valley Road (Lower Plate), Muzaffarabad.
63	Sheikhupura	Lower Ground, Khanjee Center, Civil Quarter Road, Sheikhupura.
64	D.G. Khan	Shop No. 32-33, Block No. 15, Traffic Chowk, Dera Ghazi Khan.

Sr. No.	Business Units	Address
65	Rahim Yar Khan	5-Model Town, Near Town Hall, Opposite U Microfinance Bank, Rahim Yar Khan.
66	Lalamusa	Factory Outlet, Lower Ground Floor, City Mall, G.T. Road, Lalamusa.
67	Fair Price Shop Sukheki	Nishat Dairy, Sukheki.
68	Wah Cantt	Shop No. 7-8 Lower Ground & Shop No. 7-8 Ground Floor, City Centre Phase 2, New City, Wah Cantt.
69	Kasur	Chandani Chowk, Plaza No. 216, Near Bank Alfalah, Railway Road, Kasur.
70	Fair Price Shop - Lahore	21 K.M., Ferozepur Road, Lahore.
71	Fair Price Shop – Bhikhi	Nishat Mills Limited, Weaving Unit Bhikhi, Sheikhupura.
72	Fair Price Shop –Faisalabad	Nishat Mills Limited, Nishatabad, Faisalabad.
73	Centaurus – Inglot	Shop No. 315, 3rd Floor, The Centaurus Mall, F-8, Islamabad.
74	WTC – Inglot	Shop No. 25, Hyperstar Floor Plot No. 1 Main G.T. Road DHA Phase 2, Islamabad.
75	DMC – Inglot	D-3, 1st Floor, Dolmen City, Block 4, Scheme 5, Clifton, Karachi.
76	Emporium – Inglot	Ground Floor, G-43, Emporium Mall, Lahore.
77	Swarovski Centaurus	Plot No. 1, Tower A, 16th Floor, The Centaurus Mall, Islamabad.
78	Packages – Inglot	Shop No. 1065, Ist Floor, Packages Mall, Lahore.
79	Crystal Mall – Inglot	Crystal Mall, Chungi No. 9, Bosan Road, Multan.
80	Sargodha – Inglot	Plot No. 39, Raas Tower, Qasim Park University Road, Sargodha.
81	Nishat Linen Tower	5-A-3, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore.
82	Factory Outlet - Lahore	Karim Block, Allama Iqbal Town, Lahore.
83	The Mall – Karachi	Shop No. 105, Ground Floor, Shanti Nagar, Main Rashid Minhas Road, Opposite Aladin Amusement Park, Karachi.
84	Bahria Town - Rawalpindi	Building 117, Civic Center, Phase 4, Bahria Town, Rawalpindi.
85	Taj Shopping Center – Gujranwala	Ground Floor, Taj Shopping Center, (Near National Bank) Govt. Girls College Road, Satellite Town, Gujranwala.
86	Al Barkat Center – Gujranwala	Shop No. 1839-A, Al Barkat Center, Near Marinate Restaurant, G.T. Road, Gujranwala.
87	Dera Ismail Khan	Opposite Liaqat Park, East Circular Road, Dera Ismail Khan.
88	Jhang	1 K.M., Faisalabad Road, Jhang Sadar.
89	Layyah	Shop No. 2, College Road, Layyah.
90	Mirpur	Shop No. 64, Sector F-1, Kotli Road, Mirpur Azad Kashmir.
91	Okara	Tehsil Road, A-Block, Okara.
92	Hafizabad	Vanike Road, Hafizabad.
93	Attock	Kamra Road, near Fuel Mart CNG Station, Attock.
94	Phalia	Shop No. 01, French Galleria, Gujrat Road, Phalia.
95	Boulevard Mall – Inglot	Shop No. 8, The Boulevard Mall, East Canal Road, Near Suzuki Burj Motors Showroom, Saeed Colony, Faisalabad.
96	Lucky Mall – Inglot	Lucky One Mall, F-13, 1st Floor, Lucky One Mall, Rashid Minhas Road, Karachi.
97	Swarovski – DMC	Swarovski Shop No. 11A, Ground Floor, World Trade Center, Islamabad.
98	Nishat Linen Tower – Inglot	5-A-3, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore.
99	Nishat Linen Tower – Swarovski	5-A-3, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore.
100	Swarovski-WTC	Shop No. 11A, Ground Floor, World Trade Center, Islamabad.

Notes to the Consolidated Financial Statements
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Sr. No.	Business Units	Address
101	Faisalabad Swarovski	Shop No. G-10, Ground Floor, The Boulevard Shopping Mall, East Canal Road, Faisalabad.
102	North Nazimabad Karachi	Plot No. D-10/A, Block H, Main Khayaban-e-Sher Shah Suri, North Nazimabad, Karachi.
103	Hyderabad	Shop No. 23-A, Unit 3, Main Auto Bhan Road, Hyderabad.
104	Vehari	Shop No.1, Ground and First Floor, Mall of Vehari, Hasilpur Road, Vehari.
105	Daska	Shop No.1, College Road, Daska.
106	Chandni Chowk	Plot No. 221/B, 4th Road, Adjacent to KFC, Chandni Chowk, Satellite Town, Rawalpindi.
107	Gojra	Opposite Paradise City, Jhang Road, Gojra.
108	Sahiwal	Shop No.1, Girls College Road, Sahiwal.
109	Haripur	Akhtar Nawaz Plaza, Main Haripur Road, Haripur.

NISHAT HOSPITALITY (PRIVATE) LIMITED

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

The Company has incurred a loss after taxation of Rupees 99.479 million during the year ended 30 June 2021 while the accumulated losses stand at Rupees 450 million (2020: Rupees 350 million) as at 30 June 2021. Current liabilities exceed current assets by Rupees 34 million (2020: Rupees 10 million). These conditions may cast significant doubt about the Company's ability to continue as a going concern. The continuation of the Company as a going concern is dependent on its ability to attain satisfactory levels of profitability and liquidity in future and maintain its liabilities at serviceable levels. The management has carried out a going concern assessment of the Company and believes that the going concern assumption used for the preparation of financial statements is appropriate and no material uncertainty exists. This assessment is based on:

a. Successful execution of the business projections approved by the Board of Directors ('BOD') that includes increase in revenue through increase in room rates and average occupancy, currently the room rates have been reduced due to covid, as per the projections the Company's cash flow for the next 5 years is positive, the major impact in the statement of profit or loss is of depreciation charged to right-of-use asset and finance cost charged on lease liability. The Company is expected to be in gross profits from the next year.

b. A resolution has been passed by the Board of Directors of the Holding Company wherein the Holding Company have committed to support the Company to continue as a going concern. In the past, the Holding Company has also provided support to the Company through short term loans.

Accordingly, no material uncertainties leading to a significant doubt about going concern have been identified.

NISHAT USA, INC.

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

NISHAT LINEN TRADING LLC

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

Sr. No.	Business Units
1	Dubai Outlet Mall, Al Ain Street, Dubai, United Arab Emirates.
2	Shop No. 03 (A) , AL Esbeq BLDG, Souk Al Kabeer, DUBAI, United Arab Emirates.
3	Unit No. M-101C, Oasis Center Mall, Dubai, United Arab Emirates.
4	Unit No. 1543, Arabian Centre, Dubai, United Arab Emirates.
5	FC 34, Al Ghurair Mall, Dubai, United Arab Emirates.
6	Shop No. F232-F233, 2nd Floor, Mega Mall, Sharjah, United Arab Emirates.
7	E276, Second Floor, Al Wahda Mall, Abu Dhabi, United Arab Emirates.
8	Shop No. F-17 Al Ain Mall, Al Ain, United Arab Emirates.
9	Shop No. RB154-RB155-RB156, 1st Floor, Sharq Mall, Abu Dhabi, United Arab Emirates.
10	Shop No. U-029, 1st Floor, City Centre, Al Nahda Street, Sharjah, United Arab Emirates.
11	Shop No. B-016 2nd Floor City Centre Ajman Mall, Ajman , United Arab Emirates.
12	Shop No. C072, Ground Floor, Mirdif, Dubai, United Arab Emirates.
13	Shop No. B-015, 2nd Floor, City Centre, Al Zahia, Sharjah, 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.

CHINA GUANGZHOU NISHAT GLOBAL CO., LTD.

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

NISHAT COMMODITIES (PRIVATE) LIMITED

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

Notes to the Consolidated Financial Statements
For the year ended June 30, 2021

addresses of all business units are as follows:

Sr. No.	Business units	Address
1	Head office	5 K.M., Nishat Avenue, Off 22 K.M., Ferozepur Road, Lahore.
2	Sub-office	1st Floor, Chamber Hasrat Mohani Road, Karachi.
3	Registered office	Nishat House, 53-A, Lawrence Road, Lahore.

LALPIR SOLAR POWER (PRIVATE) LIMITED

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

The management of the Company continuously tried its best to get Power Acquisition Request and Consent to Procure Power from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) so that development of the project can be moved forward. However, CPPA-G informed the Company that Ministry of Energy has conveyed the Cabinet Committee on Energy (CCoE) decision to CPPA-G and further sent a list of 145 projects as approved by the Cabinet for necessary action. The CPPA-G stated that power project of the Company is not included in the list of 145 projects, therefore, CPPA-G is of the view that request of the Company cannot be entertained. Furthermore, during the previous year, Alternate Energy Development Board (AEDB) informed that Solar PV Power Project of the Company is placed under category III of the amended decision of the 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 understand that to-date, no such competitive bidding process has been undertaken even the IGCEP has not been finalized to-date. The response of CPPA-G and AEDB have made the Solar PV Power Project of the Company more complicated. During the year, on request of the Company, the Letter of Intent had been cancelled by AEDB. Subsequent to the reporting period, on request of the Company, NEPRA has cancelled the Generation License of the Company. 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.

b) Significant restrictions

Cash and bank balances held in foreign countries are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from these countries, other than through normal dividends. The carrying amount of these assets included within the consolidated financial statements to which these restrictions apply is Rupees 597.422 million (2020: Rupees 410.121 million).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

Financial instruments – fair value

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

Useful lives, patterns of economic benefits and impairment

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

Inventories

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

Income tax

In making the estimates for income tax currently payable by the Group, the management takes into

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account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Allowance for expected credit losses

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

Provisions

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

Contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the consolidated statement of financial position date.

Revenue from contracts with customers involving sale of goods

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

Impairment of investments in equity method accounted for associates

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

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

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2020:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
- International Accounting Standards Board's revised Conceptual Framework – March 2018;
- IFRS 3 (Amendments) 'Business Combination';
- IFRS 16 (Amendments) 'Leases';
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'.

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

e) **Amendments to published approved accounting standards that are effective in current year but not relevant to the Group**

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

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

Following amendments to existing standards have been published and are mandatory for the Group’s accounting periods beginning on or after 01 July 2021 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 ‘Presentation of Financial Statements’) effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity’s right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 ‘Presentation of Financial Statements’ by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

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

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

- IAS 41 ‘Agriculture’ – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Disclosure of Accounting Policies (Amendments to IAS 1 ‘Presentation of Financial Statements’ and IFRS Practice Statement 2 ‘Making Materiality Judgement’) effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its ‘significant accounting policies’ in their financial statements. These amendments shall assist the entities to disclose their ‘material accounting policies’ in their financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16 ‘Leases’) effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 ‘Income taxes’) effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The International Accounting Standards Board (IASB) has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 ‘Financial Instruments’, IAS 39 ‘Financial Instruments: Recognition and Measurement’, IFRS 4 ‘Insurance Contracts’ and IFRS 7 ‘Financial Instruments: Disclosures’ is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements are likely to have no significant impact on the consolidated financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation

a) Subsidiaries

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

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

Intragroup balances and transactions have been eliminated.

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

b) Associates

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

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

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

c) Translation of the financial statements of foreign subsidiaries

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

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2.3 Employee benefit

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

2.4 Taxation

Current

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

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

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

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

2.5 Goodwill

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

2.6 Foreign currencies

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

2.7 Property, plant, equipment and depreciation

Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land is stated at cost less any recognized impairment loss.

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

Depreciation

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

During the year ended 30 June 2021, the existing term of the PPA was extended by a period of 68 days as an 'Other Force Majeure Event', as referred to in Note 1(a) to these consolidated financial statements, thereby resulting in an increase in useful lives of buildings and roads on freehold land and plant and machinery of Nishat Power Limited - Subsidiary Company for the same number of days. Such a change in useful lives has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The effect of this change in the accounting estimate on the profit before taxation for the year ended 30 June 2021, carrying amount of operating fixed assets as at the reporting date and future profits before taxation is not material, hence, has not been detailed in these consolidated financial statements.

De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits

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are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of profit or loss in the year the asset is de-recognized.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.8 Investment properties

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

2.9 Intangible assets

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

2.10 Right-of-use assets

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

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

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

2.11 Lease liabilities

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

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

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

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

	2021	2020
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(8,467,959)	(9,125,477)
De-recognition of trade debts	(7,134,685)	(6,065,265)
Recognition of lease debtor	10,748,829	9,738,063
Decrease in un-appropriated profit at the beginning of the year	(5,452,679)	(3,589,601)
Increase / (decrease) in profit for the year	598,864	(1,863,078)
Decrease in un-appropriated profit at the end of the year	(4,853,815)	(5,452,679)

2.12 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss

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

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

2.13 Financial liabilities – classification and measurement

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

2.14 Impairment of financial assets

a. Financial assets other than those due from Government of Pakistan

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a matrix that is based on the Group 's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both

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quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

b. Financial assets other than those due from Government of Pakistan

In respect of financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated 02 September 2019 notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECLs) method shall not be applicable till 30 June 2021 and that such companies shall follow relevant requirements of International Accounting Standard ('IAS') 39 in respect of above referred financial assets during the exemption period. Accordingly, the Group has not followed the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from CPPA-G.

2.15 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.16 Offsetting of financial instruments

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

2.17 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

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

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

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

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

2.18 Trade debts and other receivables

Trade debts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

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

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

2.19 Non–current assets (or disposal groups) held for sale

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

2.20 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

2.21 Borrowing cost

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

2.22 Share capital

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

2.23 Trade and other payables

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

2.24 Revenue recognition

Sale of goods

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

Processing services

The Group provides processing services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Group's contracts with its customers.

Interest

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

Rent

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

Sale of electricity

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

Capacity purchase price revenue is recognized over time, based on the capacity made available to CPPA-G, at rates as specified under the PPA with CPPA-G, as amended from time to time; and Energy purchase price revenue is recognized at a 'point in time', as and when the Net Electrical Output (NEO) are delivered to NTDC.

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

Delayed payment mark-up on amounts due under the PPA is accrued on time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgment by CPPA-G.

Dividend

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

Hotel business

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

Other revenue

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

2.25 Contract assets

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

2.26 Customer acquisition costs

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

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

2.27 Customer fulfilment costs

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

2.28 Right of return assets

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

2.29 Contract liabilities

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

2.30 Refund liabilities

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

2.31 Provisions

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

2.32 Earnings per share

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

2.33 Contingent assets

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

2.34 Contingent liabilities

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

2.35 Impairment of non-financial assets

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

2.36 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the consolidated statement of financial position at estimated fair value with corresponding effect to consolidated statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.37 Cash and cash equivalents

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

2.38 Ijara contracts

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

2.39 Segment reporting

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

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

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

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

2.40 Government grants

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

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

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

2.41 Dividend and other appropriations

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2021	2020		Note	2021	2020
(Number of Shares)				(Rupees in thousand)	
270,446,606	270,446,606	Ordinary shares of Rupees 10 each fully paid up in cash		2,704,466	2,704,466
2,804,079	2,804,079	Ordinary shares of Rupees 10 each issued to shareholders of Nishat Apparel Limited under the Scheme of Amalgamation		28,041	28,041
23,577,990	23,577,990	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	3.1	235,780	235,780
54,771,173	54,771,173	Ordinary shares of Rupees 10 each issued as fully paid bonus shares		547,712	547,712
351,599,848	351,599,848			3,515,999	3,515,999

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

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

	2021	2020
	(Number of Shares)	
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	2,050	2,050
MCB Bank Limited	227	227
Adamjee Life Assurance Company Limited	400	400
Nishat (Aziz Avenue) Hotels and Properties Limited	275,000	-
	30,567,178	30,292,178

	Note	2021	2020
		(Rupees in thousand)	
4 RESERVES			
Composition of reserves is as follows:			
Capital reserves			
Premium on issue of right shares	4.1	5,499,530	5,499,530
Fair value reserve FVTOCI investments - net of deferred income tax	4.2	9,020,528	7,930,664
Exchange translation reserve	2.2(c)	186,757	224,659
Statutory reserve	4.3	4,182	835
Maintenance reserve	4.4	1,608,668	1,608,668
Capital redemption reserve fund	4.5	111,002	111,002
		16,430,667	15,375,358
Revenue reserves			
General		76,053,214	71,163,214
Unappropriated profit		11,930,850	6,298,146
		87,984,064	77,461,360
		104,414,731	92,836,718

4.1 This reserve can be utilized by the Holding Company only for the purposes specified in section 81 of the Companies Act, 2017.

4.2 This represents the unrealized gain on re-measurement of investments at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve net of deferred tax is as under:

	2021	2020
	(Rupees in thousand)	
Balance as on 01 July	8,056,768	9,871,724
Adjustment due to equity accounted investee	(579,789)	-
Fair value adjustment during the year	389,857	(1,279,310)
Share of fair value reserve of associates	977,284	(535,646)
	8,844,120	8,056,768
Add / (Less): Deferred income tax	176,408	(126,104)
Balance as on 30 June	9,020,528	7,930,664

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

4.3 As required by UAE Federal Law No. (2) of 2015 and the Articles of Association of Nishat Linen Trading LLC - Subsidiary Company, 10% of the profit for the year has to be transferred to a legal reserve until it is equivalent to 50% of paid-up capital of the Subsidiary Company. This reserve is not available for distribution.

4.4 This represents maintenance reserve set aside from retained earnings by Nishat Power Limited - Subsidiary Company for the purpose of meeting repair and maintenance costs associated with major maintenance of the plant in coming years. The reserve is not available for distribution of profits through dividend and will be utilized on actual occurrence of expenditure.

4.5 An equity accounted associate created the fund for redemption of preference shares. The preference shares were redeemed during the year ended 30 June 2007.

	Note	2021	2020
		(Rupees in thousand)	
5 LONG TERM FINANCING			
From banking companies - secured			
Long term loans	5.1	12,802,915	9,210,417
Long term musharika	5.2	2,144,200	923,197
Motor vehicles' loans	5.10	1,186	2,540
		14,948,301	10,136,154
Less: Current portion shown under current liabilities	12	(3,242,316)	(763,703)
		11,705,985	9,372,451

Lender	2021	2020	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
5.1 Long term loans							
Nishat Mills Limited - Holding Company							
Allied Bank Limited	-	16,060	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly installments commenced on 24 August 2014 and ended on 24 May 2021 (Note 5.4).	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Holding Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Allied Bank Limited	571,582	609,478	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 27 March 2018 and ending on 05 June 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,333 million (inclusive of 25% margin on all present and future plant and machinery of the Holding Company).
Allied Bank Limited	739,561	772,933	SBP rate for LTFF + 0.25%	Four hundred and eighty four unequal installments commenced on 28 December 2018 and ending on 13 July 2025 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Holding Company (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in the favour of its existing creditors).
Allied Bank Limited	869,087	908,011	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 26 January 2020 and ending on 17 September 2026 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,267 million over all present and future plant, machinery and equipment of the Holding Company (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in the favour of its existing creditors).
Allied Bank Limited	222,715	222,715	SBP rate for LTFF + 0.35%	Sixty unequal installments commencing on 24 January 2022 and ending on 28 October 2026.	-	Quarterly	First pari passu charge of Rupees 1,267 million over all present and future plant, machinery and equipment of the Holding Company (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in the favour of its existing charge holders / creditors).
	545,572	546,274	SBP rate for LTFF + 0.50%	Four hundred and forty three unequal installments commenced on 18 May 2021 and ending on 11 February 2027.	-	Quarterly	
	95,000	100,000	SBP rate for financing power plants using renewable energy + 0.50%	Twenty equal quarterly installments commenced on 14 May 2021 and ending on 14 February 2026.	-	Quarterly	
	863,287	868,989					

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For the year ended June 30, 2021

Lender	2021	2020	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Allied Bank Limited	716,713	891,696	SBP rate for refinance scheme for payment of salaries and wages + 0.50%	Sixteen unequal installments commenced on 01 January 2021 and ending on 16 November 2022 (Note 5.6).	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all the present and future plant, machinery and equipment of the Holding Company (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in favour of its existing creditors).
Askari Bank Limited	315,989	-	SBP rate for LTFF + 0.65%	Two hundred twenty unequal installments commencing on 23 February 2022 and ending on 05 April 2027.	-	Quarterly	Ranking charge of Rupees 467 million over all present and future plant, machinery and equipment (excluding all exclusive charges over plant and machinery) of the Holding Company.
Bank Alfalah Limited	548,500	596,935	SBP rate for LTFF + 0.35%	Four hundred and sixty unequal installments commenced on 02 February 2018 and ending on 25 May 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in the favour of existing creditors).
Bank Alfalah Limited	168,547	182,592	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commenced on 31 August 2018 and ending on 31 May 2024 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 400 million over all present and future plant and machinery of the Holding Company (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in favour of existing charge holders).
Bank Alfalah Limited	218,714	218,714	SBP rate for LTFF + 0.50%	One hundred unequal installments commencing on 23 December 2021 and ending on 21 October 2026.	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in favour of its existing charge holders).
Bank Alfalah Limited	761,853	-	SBP rate for TERF + 1.00%	Forty unequal installments commencing on 28 August 2022 and ending on 09 June 2027 (Note 5.8).	-	Quarterly	
Faysal Bank Limited	119,156	139,016	SBP rate for LTFF + 0.30%	Twenty unequal installments commenced on 22 November 2018 and ending on 24 May 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Holding Company (excluding those on which charge has already been created).
Faysal Bank Limited	266,725	267,338	SBP rate for LTFF + 0.30%	Eighty unequal installments commenced on 18 January 2020 and ending on 05 November 2025 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in favour of existing creditors).

Lender	2021	2020	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Habib Bank Limited	424,904	461,591	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commenced on 17 September 2017 and ending on 25 November 2023 (Note 5.4).	-	Quarterly	Note 5.3
Habib Bank Limited	668,592	705,753	SBP rate for LTFF + 0.25%	Twenty equal quarterly installments commenced on 27 February 2020 and ending on 27 November 2025 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 4,084 million over all present and future plant, machinery and equipment of the Holding Company (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in the favour of its existing creditors).
	192,827	231,392	SBP rate for financing power plants using renewable energy + 0.25%	Twenty equal quarterly installments commenced on 27 February 2020 and ending on 27 November 2024.	-	Quarterly	
	861,419	937,145					
Habib Metropolitan Bank Limited	997,499	866,900	SBP rate for LTFF + 0.65%	One hundred unequal installments commencing on 24 September 2021 and ending on 22 July 2026.	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over plant and machinery (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in favour of its existing charge holders).
Habib Metropolitan Bank Limited	842,390	-	SBP rate for TERF + 0.85%	Ninety six unequal installments commencing on 19 July 2023 and ending on 11 June 2031 (Note 5.8).	-	Quarterly	Ranking charge of Rupees 1,334 million over plant and machinery of the Holding Company.
National Bank of Pakistan	39,028	44,466	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ending on 03 June 2023 (Note 5.4).	-	Quarterly	First pari passu hypothecation charge of Rupees 534 million on all present and future plant and machinery (excluding plant and machinery which is under exclusive charges in favour of creditors).
National Bank of Pakistan	139,545	-	3 Month offer KIBOR + 1.50%	Sixty four unequal installments commencing on 17 September 2023 and ending on 23 June 2031 (Note. 5.5).	Quarterly	Quarterly	Ranking charge of Rupees 1,334 million on present and future plant and machinery (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in favour of its existing charges holders / creditors).
Pak Brunei Investment Company Limited	188,286	202,474	SBP rate for LTFF + 0.25%	Three hundred and twenty unequal installments commenced on 30 August 2018 and ending on 28 December 2024 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million over all the present and future plant and machinery of the Holding Company with 25% margin excluding those assets (part of the plant and machinery) on which the Holding Company has created exclusive charges in favour of existing creditors.

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For the year ended June 30, 2021

Lender	2021	2020	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Pakistan Kuwait Investment Company (Private) Limited	35,679	42,174	SBP rate for LTFF + 1.00%	One hundred and sixty unequal installments commenced on 11 June 2016 and ending on 26 January 2023 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Holding Company with 25% margin. Ranking hypothecation charge of Rupees 267 million on plant and machinery of the Holding Company (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in favour of its existing charge holders / creditors).
	14,807	16,440	SBP rate for LTFF + 0.75%	Two hundred and fifty eight unequal installments commenced on 15 September 2016 and ending on 29 September 2023 (Note 5.4).	-	Quarterly	
	50,486	58,614					
Pakistan Kuwait Investment Company (Private) Limited	981,040	998,210	SBP rate for LTFF + 0.65%	Seventy two unequal installments commenced on 10 May 2021 and ending on 13 January 2028.	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in favour of its existing charge holders / creditors) of the Holding Company with 25% margin.
The Bank of Punjab	146,755	169,255	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced on 30 January 2017 and ending on 07 April 2023 (Note 5.4).	-	Quarterly	First pari passu charge of Rupees 667 million on all present and future plant and machinery (other than the specific machinery against which exclusive charges have already been created in favour of existing charge holders) of the Holding Company.
United Bank Limited	110,980	-	3 Month offer KIBOR + 1.25%	Thirty two equal installments commencing on 28 September 2023 and ending on 28 June 2031 (Note. 5.5).	Quarterly	Quarterly	Ranking charge of Rupees 3,000 million over all present and future plant and machinery (excluding those assets over which exclusive charges have already been created in favour of existing creditors) of the Holding Company.
	1,860,869	-	SBP rate for TERF + 1.25%	Four hundred eighty unequal installments commencing on 08 July 2023 and ending on 11 June 2031 (Note 5.8).	-	Quarterly	
	1,971,849	-					
	12,802,915	9,210,417					

5.2 Long term musharika
Nishat Mills Limited - Holding Company

Lender	2021	2020	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
Habib Bank Limited	-	27,896	3 Month offer KIBOR + 0.35%	Fifty six unequal installments commenced on 19 May 2016 and ended on 01 June 2021 (Note 5.4).	Quarterly	Quarterly	Note 5.3

Lender	2021	2020	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Standard Chartered Bank (Pakistan) Limited	-	687,500	3 Month offer KIBOR	Seventeen unequal installments commenced on 14 February 2019 and ended on 25 May 2021.	Quarterly	Quarterly	Specific charge of Rupees 1,339 million over fixed assets of the Holding Company inclusive of 25% margin.
Faysal Bank Limited	707,633	-	SBP rate for Islamic refinance scheme for payment of salaries and wages + 0.50%	Eight equal quarterly installments commenced on 30 March 2021 and ending on 30 December 2022 (Note 5.7).	-	Quarterly	First pari passu charge of Rupees 1,333 million over all the present and future plant, machinery and equipment of the Holding Company (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in favour of its existing creditors).
Faysal Bank Limited	803,328	-	SBP rate for ILTFF + 0.70%	Two hundred unequal installments commencing on 24 March 2022 and ending on 25 June 2027.	-	Quarterly	First pari passu charge of Rupees 2,200 million over present and future plant, machinery and equipment of the Holding Company (excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in favour of its existing charge holders / creditors).
	262,949	-	SBP rate for Islamic renewable energy financing scheme + 0.70%	Forty unequal installments commencing on 07 July 2022 and ending on 26 February 2027.	-	Quarterly	
	1,066,277	-					
Nishat Linen (Private) Limited - Subsidiary Company							
Faysal Bank Limited	241,059	119,878	SBP rate for Islamic refinance scheme for payment of salaries and wages + 0.50%	Eight equal quarterly installments commenced on 30 March 2021 and ending on 30 December 2022 (Note 5.7).	-	Quarterly	Cross corporate guarantee of Rupees 506.667 million of Nishat Mills Limited - Holding company.
	241,059	119,878					
Nishat Hospitality (Private) Limited - Subsidiary Company							
Faysal Bank Limited	18,523	14,100	SBP rate for Salaries & Wages + 0.50%	Eight equal installments commenced on 31 March 2021 and ending on 31 December 2022 (Note 5.7).	-	Quarterly	Cross corporate guarantee of Rupees 41.600 million of Nishat Mills Limited - Holding Company.
	18,523	14,100					
Nishat Power Limited - Subsidiary Company							
Faysal Bank Limited	110,708	73,823	SBP rate for Salaries & Wages + 0.50% to 0.75%	Eight equal installments commenced on 31 March 2021 and ending on 31 December 2022 (Note 5.9).	-	Quarterly	Pari passu charge over all the present and future fuel stock / inventory and energy revenue receivables of Nishat Power Limited - Subsidiary Company.
	110,708	73,823					
	2,144,200	923,197					

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

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

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

5.5 During the year, these long term financing did not carry rate of interest of State Bank of Pakistan Temporary Economic Refinance Facility (TERF). Hence, does not contain any element of government grant.

5.6 These long term financing are obtained by the Group under SBP Refinance Scheme for payment of salaries and wages. These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate ranging from 6.87% to 7.76% per annum.

5.7 These long term musharika are obtained by the Group under SBP Islamic Refinance Scheme for payment of salaries and wages. These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate ranging from 7.44% to 8.44% per annum.

5.8 These loans are obtained by the Holding Company under SBP Temporary Economic Refinance Facility (TERF). These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 2.60% per annum.

5.9 The fair value adjustment in accordance with the requirement of IFRS 9 'Financial Instruments' arising in respect of this loan is not considered material and hence not recognized.

5.10 These represent loans obtained by Nishat International FZE - Subsidiary Company from a bank for purchase of vehicles at an interest rate of 8.80% per annum repayable in 48 monthly installments.

	Note	2021	2020
		(Rupees in thousand)	
6 LEASE LIABILITIES			
Total lease liabilities		2,049,784	2,266,071
Less: Current portion shown under current liabilities	12	(680,916)	(500,198)
		1,368,868	1,765,873
6.1 Reconciliation of lease liabilities			
Balance as on 01 July		2,266,071	-
Add: Adjustment on adoption of IFRS 16		-	1,931,672
Add: Additions during the year		342,406	682,168
Add: Interest accrued on lease liabilities		244,750	264,457
Add: Impact of lease modification		180,387	-
Less: Impact of rent concessions		(90,344)	-
Less: Impact of lease termination		(79,390)	-
Less: Payments during the period		(794,088)	(613,152)
Add: Currency retranslation		(20,008)	926
Balance as on 30 June		2,049,784	2,266,071

	2021	2020
	(Rupees in thousand)	
6.2 Maturity analysis of lease liabilities is as follows:		
Upto 6 months	462,607	437,029
6-12 months	393,753	388,709
1-2 years	536,644	777,283
More than 2 years	1,200,654	1,376,248
	2,593,658	2,979,269
Less: Future finance cost	(543,874)	(713,198)
Present value of finance lease liabilities	2,049,784	2,266,071

7 LONG TERM SECURITY DEPOSITS

These represent interest free security deposits received from stockists in connection with 'Nishat Linen' retail outlets in Pakistan. These security deposits have been utilized for the purpose of business in accordance with the terms of written agreements with stockists.

	Note	2021	2020
		(Rupees in thousand)	
8 DEFERRED LIABILITIES			
Deferred income tax	8.1	2,411,249	1,973,011
Gas Infrastructure Development Cess (GIDC) payable	8.2	78,039	-
Deferred income - Government grant	8.3	81,409	-
Accumulating compensated absences		1,937	1,540
		2,572,634	1,974,551
8.1 Deferred income tax			
The liability for deferred taxation originated due to temporary difference relating to:			
Taxable temporary differences on:			
Un-quoted equity investment at FVTOCI		-	126,104
Investments in associates under equity method		3,085,803	2,566,707
Right-of-use assets		448,930	547,136
Accelerated tax depreciation	8.1.4	148,554	156,652
		3,683,287	3,396,599
Deductible temporary difference on:			
Turnover tax carried forward	8.1.5	(301,656)	(588,552)
Lease liabilities		(552,889)	(625,366)
Equity Investments at FVTOCI		(176,408)	-
Accumulating compensated absences	8.1.6	(561)	(447)
Unabsorbed tax depreciation losses	8.1.6	(205,297)	(198,136)
Others	8.1.6	(35,227)	(11,087)
		(1,272,038)	(1,423,588)
		2,411,249	1,973,011

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

8.1.1 Movement in taxable temporary differences and deductible temporary differences during the year is as follows:

	2021			
	Opening Balance	Recognised in Statement of profit or loss	Recognised in Statement of other comprehensive income	Closing Balance
	Rupees in thousand			
Taxable temporary differences on:				
Un-quoted equity investment at FVTOCI	126,104	-	(126,104)	-
Investments in associates under equity method	2,566,707	519,096	-	3,085,803
Right-of-use assets	547,136	(98,206)	-	448,930
Accelerated tax depreciation	156,652	(8,098)	-	148,554
Deductible temporary difference on:				
Turnover tax carried forward	(588,552)	286,896	-	(301,656)
Lease liabilities	(625,366)	72,477	-	(552,889)
Equity Investments at FVTOCI	-	-	(176,408)	(176,408)
Accumulating compensated absences	(447)	(114)	-	(561)
Unabsorbed tax depreciation losses	(198,136)	(7,161)	-	(205,297)
Others	(11,087)	(24,140)	-	(35,227)
	1,973,011	740,750	(302,512)	2,411,249

	2020			
	Opening Balance	Recognised in Statement of profit or loss	Recognised in Statement of other comprehensive income	Closing Balance
	Rupees in thousand			
Taxable temporary differences on:				
Un-quoted equity investment at FVTOCI	144,676	-	(18,572)	126,104
Investments in associates under equity method	2,543,239	23,468	-	2,566,707
Right-of-use assets	-	547,136	-	547,136
Accelerated tax depreciation	141,506	15,146	-	156,652
Deductible temporary difference on:				
Turnover tax carried forward	(286,401)	(302,151)	-	(588,552)
Lease liabilities	-	(625,366)	-	(625,366)
Accumulating compensated absences	(673)	226	-	(447)
Unabsorbed tax depreciation losses	(142,612)	(55,524)	-	(198,136)
Others	-	(11,087)	-	(11,087)
	2,399,735	(408,152)	(18,572)	1,973,011

8.1.2 Deductible temporary differences are considered to the extent that the realization of related tax benefits is probable from reversal of existing taxable temporary differences and future taxable profits. Provision for deferred tax on temporary differences other than relating to unrealized gain on remeasurement of investments at FVTOCI of the Holding Company was not considered necessary as it is chargeable to tax under section 169 of the Income Tax Ordinance, 2001. Temporary differences of Nishat Power Limited - Subsidiary Company are not expected to reverse in the foreseeable future due to the fact that the profits and gains derived from electric power generation are exempt from tax. Nishat Hospitality (Private) Limited - Subsidiary Company has not recognised deferred tax assets of Rupees 30.100 million (2020: Rupees 34.325 million) in respect of minimum tax paid and available for carry forward under section 113 and 153 of the Income Tax Ordinance, 2001, as sufficient tax profit would not be available to set these off in the foreseeable future.

8.1.3 Minimum tax available for carry forward under Section 113 of the Income Tax Ordinance, 2001 is estimated at Rupees 301.656 million (2020: Rupees 588.552 million).

2021		
Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	Rupees in thousand	
2020	274,691	2025
2019	26,965	2024
	301,656	

2020		
Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	Rupees in thousand	
2020	283,106	2025
2019	99,892	2024
2018	94,852	2023
2016	110,702	2021
	588,552	

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

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

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

	Note	2021	2020
		(Rupees in thousand)	
8.2 Gas Infrastructure Development Cess (GIDC) Payable			
Gas Infrastructure Development Cess payable at amortized cost		1,299,041	-
Add: Adjustment due to impact of IFRS 9	36	73,562	-
Less: Payments made during the year		(168,369)	-
Balance as on 30 June		1,204,234	-
Less: Current portion shown under current liabilities	12	(1,126,195)	-
		78,039	-

8.2.1 This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. During the year, Honourable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. Nishat Mills Limited - Holding Company has filed a review petition in Honourable Sindh High Court, Karachi which is pending adjudication. GIDC payable has been recognized at amortized cost in accordance with IFRS 9.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
8.3 Deferred income - Government grant			
Government grant recognized during the year		291,514	-
Less: Amortized during the year		(114,925)	-
		176,589	-
Less: Current portion shown under current liabilities	12	(95,180)	-
		81,409	-

8.3.1 The State Bank of Pakistan (SBP), through its Circular No. 01 and 02 of 2020 dated 17 March 2020 and Circular No. 09 of 2020 dated 08 May 2020 introduced a Temporary Economic Refinance Facility (TERF) for setting of new industrial units and for undertaking Balancing, Modernization and Replacement and / or expansion of projects / businesses and through Circular No. 06 of 2020 dated 10 April 2020 introduced a Refinance Scheme for payment of wages and salaries to the workers and employees of business concerns. These refinances were available through Banks / DFIs. One of the key feature of these refinance facilities is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance', the benefit of a Government loan at a below-market rate of interest is treated as a Government grant. The Holding Company, Nishat Linen (Private) Limited - Subsidiary Company and Nishat Hospitality (Private) Limited - Subsidiary Company have obtained these loans as disclosed in note 5 to the consolidated financial statements. In accordance with IFRS 9 'Financial Instruments', loans obtained under the refinance facilities were initially recognized at fair value which is the present value of loans proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the consolidated statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to this grant.

	Note	2021	2020
		(Rupees in thousand)	
9 TRADE AND OTHER PAYABLES			
Creditors	9.1	6,317,153	7,086,255
Sindh infrastructure payable	9.2	674,951	567,972
Accrued liabilities		1,845,103	1,665,606
Contract liabilities - unsecured	9.1	1,248,442	1,021,564
Securities from contractors - interest free and repayable on completion of contracts	9.3	19,174	13,561
Retention money payable		68,600	36,500
Income tax deducted at source		846	782
Payable to employees provident fund trust		5,165	45,277
Fair value of forward exchange contracts		57,429	6,206
Workers' profit participation fund	9.4	967,594	639,524
Workers' welfare fund		185,601	101,018
		11,390,058	11,184,265

		2021	2020
		(Rupees in thousand)	
9.1	These include amounts due to following related parties:		
	Creditors		
	D.G. Khan Cement Company Limited - associated company	383	8,543
	Security General Insurance Company Limited - associated company	12,837	31,332
	Adamjee Insurance Company Limited - associated company	27,595	25,726
	Sanifa Agri Services Limited - associated company	-	2,379
	Hyundai Nishat Motors (Private) Limited - associated company	59	37
	Nishat (Chunian) Limited - related party	75,050	194,584
	Nishat Hotels and Properties Limited - associated company	95	31,477
		116,019	294,078
	Contract liabilities - unsecured		
	Nishat (Chunian) Limited - related party	10	-
	Nishat Hotels and Properties Limited - associated company	-	820
		10	820
9.2	**Sindh infrastructure cess payable**		
	Balance as on 01 July	567,973	466,336
	Add: Provision made during the year	106,978	101,636
	Balance as on 30 June	674,951	567,972

9.2.1 This represents provision for infrastructure cess imposed by the Province of Sindh through Sindh Finance Act, 1994 and its subsequent versions including the final version i.e. Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Nishat Mills Limited - Holding Company, Nishat Commodities (Private) Limited - Subsidiary Company and Nishat Linen (Private) Limited - Subsidiary Company filed writ petition in Honourable Sindh High Court, Karachi whereby stay was granted and directions were given to provide bank guarantees in favor of Director Excise and Taxation, Karachi. The Honourable Sindh High Court, Karachi passed order dated 04 June 2021 against the Group Companies and directed that bank guarantees should be encashed. Being aggrieved by the order, the Group along with others filed petitions for leave to appeal before Honourable Supreme Court of Pakistan against the Sindh High Court's judgment in relation to Sindh infrastructure development cess. On 01 September 2021, after hearing the petitioners, the Honourable Supreme Court dictated the order in open court granting leave to appeal to the petitioners and restraining the Sindh Government from encashing the bank guarantees furnished in pursuance of the interim orders passed by the Sindh High Court. The Honourable Supreme Court also directed to release the future consignments subject to furnishing of bank guarantees for the disputed amount.

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
9.4 Workers' profit participation fund			
Balance as on 01 July		639,524	517,276
Add: Provision for the year		531,986	451,176
Add: Interest for the year	36	179	4,124
		1,171,689	972,576
Less: Payments during the year		(204,095)	(333,052)
		967,594	639,524

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

	Note	2021	2020
		(Rupees in thousand)	
10 ACCRUED MARK-UP			
Long term financing		73,697	49,911
Short term borrowings	10.1	195,872	345,602
		269,569	395,513

10.1 This includes markup of Rupees 1.637 million (2020: Rupees 2.803 million) payable to MCB Bank Limited - associated company.

	Note	2021	2020
		(Rupees in thousand)	
11 SHORT TERM BORROWINGS			
From banking companies - secured			
Nishat Mills Limited - Holding Company			
State Bank of Pakistan (SBP) refinance	11.1 & 11.3	18,371,589	14,184,868
Other short term finances	11.1 & 11.4	-	2,743,549
Temporary bank overdrafts	11.1, 11.2 & 11.5	346,674	2,401,351
		18,718,263	19,329,768
Nishat Power Limited - Subsidiary Company			
Short term running finances	11.6	3,192,050	4,750,749
Term finances	11.7	450,000	-
		3,642,050	4,750,749
Nishat Linen (Private) Limited - Subsidiary Company			
Temporary bank overdrafts	11.9	24,843	-
		22,385,156	24,080,517

11.1 These finances are obtained from banking companies under mark up arrangements and are secured against joint pari passu hypothecation charge on all present and future current assets, other instruments and ranking hypothecation charge on plant and machinery of the Holding Company.

11.2 These finances include Rupees 278.182 million (2020: Rupees 76.206 million) from MCB Bank Limited - associated company, which has been utilized for working capital requirements.

11.3 The rates of mark-up range from 2.20% to 3.00% (2020: 2.15% to 3.00%) per annum during the year on the balance outstanding.

11.4 The rates of mark-up range from 1.87% to 8.52% (2020: 1.87% to 14.01%) per annum during the year on the balance outstanding.

11.5 The rates of mark-up range from 7.05% to 9.28% (2020: 8.75% to 15.56%) per annum during the year on the balance outstanding.

11.6 The total running finance and running musharka main facilities obtained from various commercial banks under mark-up arrangements aggregate Rupees 10,251.52 million (2020: Rupees 10,251.52 million). Such facilities have been obtained at mark-up rates ranging from one month to three months KIBOR plus 0.2% to 2% per annum, payable quarterly, on the balance outstanding. The aggregate facilities are secured against charge on present and future current assets of Nishat Power Limited - Subsidiary Company. The mark-up rate charged during the year on the outstanding balance ranged from 7.46% to 12.19% (2020: 8.86% to 15.85%) per annum. Various sub facilities comprising money market loans and letters of guarantee have also been utilized under the aforementioned main facilities.

11.7 The total murabaha, term finance / money market main and sub-limit facilities obtained from various commercial banks under mark-up arrangements aggregate Rupees 1,400 million (2020: Rupees 1,650 million). Such facilities have been obtained at mark-up rates ranging from one week to six months KIBOR plus 0.10% to 0.40%, payable at the maturity of the respective murabaha transaction / term finance facility. The aggregate facilities are secured against charge on present and future current assets of Nishat Power Limited - Subsidiary Company. The mark-up rate charged during the year on the outstanding balance ranged from 7.55% to 7.72% (2020: 11% to 13.81%) per annum.

11.8 The main facilities for opening letters of credit and guarantees aggregate Rupees 750 million (2020: Rupees 500 million). The amount utilized at 30 June 2021, for letters of credit was Rupees 2.33 million (2020: Rupees Nil) and for letters of guarantee was Rupees 613.000 million (2020: Rupees 113.000 million). The aggregate facilities for opening letters of credit and guarantee are secured by charge on present and future current assets including fuel stocks / inventory of the Nishat Power Limited - Subsidiary Company and by lien over import documents.

11.9 This finance is obtained from Allied Bank Limited under mark up arrangement and is secured against first pari passu hypothecation charge over all present and future current assets of Nishat Linen (Private) Limited - Subsidiary Company and corporate guarantee from Nishat Mills Limited - Holding Company. The rate of mark up ranges from 8.54% to 8.84% (2020: Nil) per annum during the year on the balance outstanding.

	Note	2021	2020
		(Rupees in thousand)	
12 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing	5	3,242,316	763,703
Current portion of lease liabilities	6	680,916	500,198
Current portion of GIDC payable	8.2	1,126,195	-
Current portion of deferred income - Government grant	8.3	95,180	-
		5,144,607	1,263,901

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	2021	2020
	(Rupees in thousand)	
13 UNCLAIMED DIVIDEND	115,497	111,267

14 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Guarantees of Rupees 3,438.360 million (2020: Rupees 2,941.607 million) are given by the banks of 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, 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 (2020: Rupees 266.667 million), Rupees 41.60 million (2020: Rupees 21.600 million) and Rupees 1,750 million (2020: Rupees Nil) on behalf of Nishat Linen (Private) Limited - Subsidiary Company, Nishat Hospitality (Private) Limited - 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 10,758.912 million (2020: Rupees 8,223.314 million) are issued by 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 4,137 million (2020: Rupees 5,203 million).

iv) 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 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 are pending adjudication.

Subsequently, the above explained issue was taken up by department for tax periods of July 2009 to June 2013 (involving input sales tax of Rupees 1,722.811 million), however, the Subsidiary Company assailed the underlying proceedings before Lahore High Court ('LHC') directly and in this respect, through order dated 31 October 2016, LHC accepted the Subsidiary Company's stance and annulled the proceedings. The department has challenged the decision of LHC before Supreme Court of Pakistan and has also preferred an Intra Court Appeal against such order which are pending adjudication.

Similarly, for financial year 2014, Subsidiary Company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rupees 596.091 million). The Subsidiary Company challenged the jurisdiction in respect of audit proceedings before LHC and while LHC directed the management to join the subject proceedings, department was debarred from passing the adjudication order. During the year 2019, LHC dismissed the petition in favour of the department, by allowing the department to complete the audit proceedings that are pending for completion. During the year on 26 January 2021, the department raised demand against such proceedings, however, Subsidiary Company obtained interim relief from Appellate Tribunal Inland Revenue by applying stay against such demand. The matter is currently pending adjudication.

Similarly, during the year in respect of tax periods July 2016 to June 2017, Subsidiary Company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rupees 541.486 million). The proceedings are underway, however, matter is currently pending adjudication before ACIR.

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) On 16 April 2019, the Commissioner Inland Revenue through an order raised a demand of Rupees 179.046 million against Nishat Power Limited - Subsidiary Company, 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 are 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) On 13 February 2019, National Electric Power Regulatory Authority ('NEPRA') issued a show cause 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 challenged the authority of NEPRA to take suo moto action before the Islamabad High Court (IHC) wherein, on 1 April 2019, IHC provided interim relief by suspending the suo moto proceedings. The case is currently pending adjudication before IHC. Management is confident that based on the facts and law, there will be no adverse implications for the Subsidiary Company.

vii) On 16 March 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.

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During the year on 12 February 2021, the Subsidiary Company under the Agreements as referred in note 1(a), agreed that the abovementioned dispute will be resolved through arbitration under the Arbitration Submission Agreement between the Subsidiary Company and GoP.

Management believes that there are strong grounds that the matter will ultimately be decided in 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 financial statements.

viii) The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:

(a) Letter of guarantee of Rupees 11.5 million (2020: Rupees 11.5 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 600 million (2020: Rupees 100 million) in favour of fuel suppliers.

(c) Letter of guarantee of Rupees 1.5 million (2020: Rupees 1.5 million) in favour of Punjab Revenue Authority, Lahore.

ix) Guarantees of Rupees 107.350 million (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 notice dated 25 January 2018, issued by the Deputy Commissioner Inland Revenue (DCIR) under sections 161/205 of the Income Tax Ordinance, 2001, 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. 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. Subsidiary Company is confident of favorable outcome of its appeal based on advice of the tax advisor.

xi) Bank guarantee of Rupees 1.900 million (2020: Rupees 1.900 million) is given by the bank of Nishat Commodities (Private) Limited - Subsidiary Company in favour of Director, Excise and Taxation, Karachi to cover the disputed amount of Sindh infrastructure cess.

b) Commitments

i) Contracts for capital expenditure of the Group are approximately of Rupees 3,469.028 million (2020: Rupees 322.818 million).

ii) Letters of credit other than for capital expenditure of the Group are of Rupees 4,451.831 million (2020: Rupees 2,381.289 million).

iii) Outstanding foreign currency forward contracts of the Group are Rupees 6,400.041 million (2020: Rupees 389.348 million).

iv) The amount of future payments under non-cancellable operating lease and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company is as follows:

	Note	2021	2020
		(Rupees in thousand)	
Not later than one year		3,894	3,894

15 PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
Operating fixed assets	15.1	41,256,832	41,076,157
Capital work in progress	15.2	6,283,283	2,542,740
Major spare parts and standby equipment	15.3	104,397	105,246
		47,644,512	43,724,143

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15.1 OPERATING FIXED ASSETS

	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Factory equipment	Furniture, fixtures and office equipment	Computer equipment	Vehicles	Kitchen equipment and crockery items	Total
	(Rupees in thousand)									
At 30 June 2019										
Cost	2,692,795	13,654,423	52,635,929	1,292,678	436,259	953,339	380,503	946,979	32,504	73,025,409
Currency retranslation	-	80,914	-	-	-	6,025	3,164	3,601	-	93,704
	2,692,795	13,735,337	52,635,929	1,292,678	436,259	959,364	383,667	950,580	32,504	73,119,113
Accumulated depreciation	-	(5,850,804)	(24,041,635)	(724,724)	(247,080)	(423,461)	(292,215)	(456,482)	(24,687)	(32,061,088)
Currency retranslation	-	(52,566)	-	-	-	(2,568)	(2,751)	(2,313)	-	(60,198)
	-	(5,903,370)	(24,041,635)	(724,724)	(247,080)	(426,029)	(294,966)	(458,795)	(24,687)	(32,121,286)
Accumulated impairment	-	-	(162,601)	-	-	-	-	-	-	(162,601)
Net book value	2,692,795	7,831,967	28,431,693	567,954	189,179	533,335	88,701	491,785	7,817	40,835,226
Year ended 30 June 2020										
Opening net book value	2,692,795	7,831,967	28,431,693	567,954	189,179	533,335	88,701	491,785	7,817	40,835,226
Additions	26,823	722,042	2,725,766	133,747	10,344	160,117	59,401	177,140	1,134	4,016,514
Disposals:										
Cost	-	(4,300)	(274,588)	(1,575)	-	(230)	(3,950)	(91,838)	-	(376,481)
Accumulated depreciation	-	3,302	230,456	1,001	-	83	3,242	61,399	-	299,483
	-	(998)	(44,132)	(574)	-	(147)	(708)	(30,439)	-	(76,998)
Depreciation charge	-	(816,270)	(2,574,598)	(65,338)	(19,430)	(65,221)	(35,886)	(121,879)	(1,886)	(3,700,508)
Currency retranslation	-	1,554	-	-	-	299	(84)	154	-	1,923
Closing net book value	2,719,618	7,738,295	28,538,729	635,789	180,093	628,383	111,424	516,761	7,065	41,076,157
At 30 June 2020										
Cost	2,719,618	14,453,079	55,087,107	1,424,850	446,603	1,119,251	439,118	1,035,882	33,638	76,759,146
Currency retranslation	-	9,116	-	-	-	657	277	501	-	10,551
	2,719,618	14,462,195	55,087,107	1,424,850	446,603	1,119,908	439,395	1,036,383	33,638	76,769,697
Accumulated depreciation	-	(6,716,338)	(26,385,777)	(789,061)	(266,510)	(491,167)	(327,610)	(519,275)	(26,573)	(35,522,311)
Currency retranslation	-	(7,562)	-	-	-	(358)	(361)	(347)	-	(8,628)
	-	(6,723,900)	(26,385,777)	(789,061)	(266,510)	(491,525)	(327,971)	(519,622)	(26,573)	(35,530,939)
Accumulated impairment	-	-	(162,601)	-	-	-	-	-	-	(162,601)
Net book value	2,719,618	7,738,295	28,538,729	635,789	180,093	628,383	111,424	516,761	7,065	41,076,157
Year ended 30 June 2021										
Opening net book value	2,719,618	7,738,295	28,538,729	635,789	180,093	628,383	111,424	516,761	7,065	41,076,157
Additions	20,823	585,474	3,148,475	43,114	18,010	61,356	37,682	398,603	58	4,313,595
Reversal of provision	(98,528)	-	-	-	-	-	-	-	-	(98,528)
Disposals:										
Cost	(107,722)	(28,905)	(144,243)	(45)	-	(278)	(3,485)	(143,830)	-	(428,508)
Accumulated depreciation	-	8,249	119,483	-	-	21	2,792	105,033	-	235,578
	(107,722)	(20,656)	(24,760)	(45)	-	(257)	(693)	(38,797)	-	(192,930)
Depreciation charge	-	(814,889)	(2,680,682)	(65,459)	(18,951)	(69,774)	(40,353)	(143,000)	(1,570)	(3,834,678)
Currency retranslation	-	(5,640)	-	-	-	(761)	(59)	(324)	-	(6,784)
Closing net book value	2,534,191	7,482,584	28,981,762	613,399	179,152	618,947	108,001	733,243	5,553	41,256,832
At 30 June 2021										
Cost	2,534,191	15,018,764	58,091,339	1,467,919	464,613	1,180,986	473,592	1,291,156	33,696	80,556,256
Currency retranslation	-	(22,190)	-	-	-	(1,558)	(873)	(1,535)	-	(26,156)
	2,534,19	14,996,574	58,091,339	1,467,919	464,613	1,179,428	472,719	1,289,621	33,696	80,530,100
Accumulated depreciation	-	(7,530,540)	(28,946,976)	(854,520)	(285,461)	(561,278)	(365,532)	(557,589)	(28,143)	(39,130,039)
Currency retranslation	-	16,550	-	-	-	797	814	1,211	-	19,372
	-	(7,513,990)	(28,946,976)	(854,520)	(285,461)	(560,481)	(364,718)	(556,378)	(28,143)	(39,110,667)
Accumulated impairment	-	-	(162,601)	-	-	-	-	-	-	(162,601)
Net book value	2,534,191	7,482,584	28,981,762	613,399	179,152	618,947	108,001	733,243	5,553	41,256,832
Annual rate of depreciation (%)	-	3.99-10	4-32.9 and number of hours used	10	10	10	30-33	20	20-33	

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

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Freehold land								
Land 68K-1/2S		61,984	-	61,984	67,000	5,016	Negotiation	Nishat Sutas Dairy Limited - associated company, Lahore.
Land DHA Phase 8		45,721	-	45,721	151,450	105,729	Negotiation	Mr. Muhammad Raza Sehjpal, Lahore.
		107,705	-	107,705	218,450	110,745		
Buildings on freehold land								
Building DHA Phase 8		28,905	8,249	20,656	28,905	8,249	Negotiation	Mr. Muhammad Raza Sehjpal, Lahore.
		28,905	8,249	20,656	28,905	8,249		
Plant and Machinery								
Picanol Optimax (Dobby) Loom	4	24,540	17,475	7,065	9,000	1,935	Negotiation	Union Denim Mills, Karachi.
Rotary Printing Machine Stork	1	56,794	47,877	8,917	9,000	83	Negotiation	Lahore Dyeing & Printing Mills Limited, Lahore.
Savio Cone Winder	1	9,394	7,812	1,582	1,581	(1)	Negotiation	Venus Industries (Private) Limited, Faisalabad.
Air Compressor & Air Dryer	6	20,183	18,804	1,379	3,500	2,121	Negotiation	Gagan Textile, Karachi.
Toyota Air Jet Looms	3	7,174	5,939	1,235	4,350	3,115	Negotiation	Gagan Textile, Karachi.
Toyota Air Jet Looms	3	9,566	7,923	1,643	5,800	4,157	Negotiation	Gagan Textile, Karachi.
Stitching Machines	125	3,525	2,759	766	583	(183)	Negotiation	Mr. Habib-ur-Rehman, Faisalabad.
Chiller LG Double Steam	1	5,329	4,369	960	1,455	495	Negotiation	Iceberg Industries (Private) Limited, Lahore.
		136,505	112,958	23,547	35,269	11,722		

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Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Vehicles								
Honda Civic LE-16A-1745	1	3,072	1,706	1,366	2,700	1,334	Negotiation	Mr. Abdullah Khalid, Lahore.
Toyota Corolla LEC-15-6451	1	1,683	1,110	573	851	278	Company's Policy	Mr. Mateen Javaid, Company's employee, Faisalabad.
Toyota Corolla LEC-15-2519	1	1,693	1,137	556	903	347	Company's Policy	Mr. Sardar Mahmood Akhtar, Company's employee, Lahore.
Honda City LEB-16-1269	1	1,706	1,074	632	910	278	Company's Policy	Mr. Mumtaz Hassan, Company's employee, Lahore.
Suzuki Swift LEF-16-2702	1	1,332	809	523	709	186	Company's Policy	Mr. Kamran Shafique Hashmi, Company's employee, Lahore.
Hyundai Tucson AAC-254	1	5,809	702	5,107	5,500	393	Negotiation	Mr. Musa Ayub Khan, Lahore.
Suzuki Swift LED-16-3239	1	1,328	807	521	708	187	Company's Policy	Mr. Ikhlaq Ahmad, Company's employee, Lahore.
Toyota Corolla LEB-18A-4941	1	2,927	1,014	1,913	2,927	1,014	Negotiation	Mr. Najam Yousaf, Company's employee, Lahore.
Honda Civic LEH-16-6047	1	2,436	1,463	973	1,312	339	Company's Policy	Mr. Najam Yousaf, Company's employee, Lahore.
Toyota Corolla LEF-15-5460	1	1,684	1,073	611	899	288	Company's Policy	Mr. Rana Hammad Latif Khan, Company's employee, Lahore.
Suzuki Cultus LEH-17-3801	1	1,276	630	646	875	229	Negotiation	Mr. Kashif Nazir, Company's ex-employee, Faisalabad.
Honda City LEB-18A-4424	1	1,348	490	858	1,183	325	Negotiation	Mr. Rashid Ali, Company's ex-employee, Faisalabad.
Suzuki Swift LEC-16-1538	1	1,468	923	545	783	238	Company's Policy	Mr. Rahat Ali, Company's employee, Faisalabad.
Toyota Corolla LEF-15-1831	1	1,695	1,152	543	905	362	Company's Policy	Mr. Mukhtar Ahmad, Company's employee, Lahore.
Toyota Corolla LED-18-2590	1	1,825	705	1,120	1,750	630	Insurance Claim	Security General Insurance Company Limited - associated company, Lahore.
Toyota Hilux LES-18-8716	1	2,625	959	1,666	2,800	1,134	Insurance Claim	Security General Insurance Company Limited - associated company, Lahore.
Suzuki Swift LEC-17-5779	1	1,360	722	638	870	232	Negotiation	Mr. Munib Ghani, Company's ex-employee, Lahore.
Honda Civic LE-16A-2953	1	1,925	1,133	792	1,084	292	Company's Policy	Miss Sobia Ashraf, Company's ex-employee, Lahore.
Honda City LEB-16-2885	1	1,695	1,050	645	904	259	Company's Policy	Mr. Faisal Rabbani, Company's employee, Lahore.
Honda Civic LEB-17-2922	1	2,584	1,852	732	732	-	Company's Policy	Mr. Mubashir Saddique, Company's employee, Lahore.
Honda Civic LEA-16A-7755	1	3,073	2,407	666	666	-	Company's Policy	Mr. Muhammad Nawaz, Company's employee, Lahore.
		44,544	22,918	21,626	29,971	8,345		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000		110,849	91,453	19,396	84,572	65,176		
		428,508	235,578	192,930	397,167	204,237		

	Note	2021	2020
		(Rupees in thousand)	

15.1.2 Depreciation and amortization charge for the year has been allocated as follows:

	Note	2021	2020
Cost of sales	31	3,580,811	3,455,552
Distribution cost	32	54,942	50,239
Administrative expenses	33	190,069	179,656
Capital work-in-progress		10,115	17,541
		3,835,937	3,702,988

15.1.3 Particulars of immovable fixed assets are as follows:

Description	Address	Area of land Acres
Spinning units, Yarn dyeing unit and Power plant	Nishatabad, Faisalabad.	92.06
Spinning units and Power plant	Plot No. 172-180 & 188-197, M-3 Industrial City, Sahianwala, FIEDMC, 2 K.M., Jhumra Chiniot Road, Chak Jhumra, Faisalabad.	90.45
Spinning units and Power plant	20 K.M., Sheikhupura Road, Feroze Wattwan.	67.12
Weaving units and Power plant	12 K.M., Faisalabad Road, Sheikhupura.	85.53
Weaving units, Dyeing and finishing units, Processing unit, Stitching units and Power plants	5 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	115.64
Terry unit	7 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	12.54
Apparel unit	2 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	16.32
Office	7-Main Gulberg, Lahore.	1.12
NL Tower (Retail Outlet)	5/A-3 Gulberg, Lahore.	0.25
Power Plant- Nishat Power Limited	Jamber Kalan, Tehsil Pattoki, District Kasur.	34.07
Factory land	21 K.M., Ferozepur Road, Lahore.	4.21
Commercial building	Mian Mehmood Kasuri Road, Gulberg III, Lahore.	0.76
		520.07

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15.2 Capital-work-in-progress

	Advances for purchase of freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Furniture, fixtures and office equipment	Advances for purchase of vehicles	Unallocated capital expenditures	Total
	(Rupees in thousand)							
At 30 June 2019	23,658	199,825	394,653	20,642	8,776	13,334	27,069	687,957
Add: Additions during the year	54,123	534,678	3,701,052	1,639	153,496	176,206	98,781	4,719,975
Less: Transferred to operating fixed assets during the year	(26,823)	(414,074)	(2,064,754)	(4,820)	(160,117)	(148,281)	(23,780)	(2,842,649)
Less: Charged to profit or loss during the year	(200)	-	-	(17,461)	(109)	-	-	(17,770)
Less: Impairment loss	-	-	(4,773)	-	-	-	-	(4,773)
At 30 June 2020	50,758	320,429	2,026,178	-	2,046	41,259	102,070	2,542,740
Add: Additions during the year	12,054	1,698,866	5,254,492	35,680	34,810	180,262	37,178	7,253,342
Less: Transferred to operating fixed assets during the year	(15,008)	(520,207)	(2,612,317)	(18,113)	(23,704)	(186,739)	(129,573)	(3,505,661)
Less: Charged to profit or loss during the year	-	(7,138)	-	-	-	-	-	(7,138)
At 30 June 2021	47,804	1,491,950	4,668,353	17,567	13,152	34,782	9,675	6,283,283

15.2.1 Advances for purchase of vehicles include advance of Rupees 2.878 million given to Hyundai Nishat Motor (Private) Limited - associated company.

		2021	2020
		(Rupees in thousand)	
15.3	**Major spare parts and standby equipment**		
	Opening balance	105,246	174,201
	Add: Additions during the year	17,808	37,502
		123,054	211,703
	Less: Transferred during the year	(18,657)	(106,457)
	Closing balance	104,397	105,246

16 INTANGIBLE ASSETS

	FRANCHISE FEE	COMPUTER SOFTWARE	Total
	(Rupees in thousand)		
At 30 June 2019			
Cost	9,834	25,178	35,012
Accumulated amortization	(9,834)	(21,439)	(31,273)
Net book value	-	3,739	3,739
Year ended 30 June 2020			
Opening net book value	-	3,739	3,739
Amortization charged	-	(2,480)	(2,480)
Closing net book value	-	1,259	1,259
At 30 June 2020			
Cost	9,834	25,178	35,012
Accumulated amortization	(9,834)	(23,919)	(33,753)
Net book value	-	1,259	1,259
Year ended 30 June 2021			
Opening net book value	-	1,259	1,259
Amortization charged	-	(1,259)	(1,259)
Closing net book value	-	-	-
At 30 June 2021			
Cost	9,834	25,178	35,012
Accumulated amortization	(9,834)	(25,178)	(35,012)
Net book value	-	-	-
Annual amortization rate (%)	20	20	

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17 RIGHT-OF-USE ASSETS

	Land	Buildings	Total
	(Rupees in thousand)		
Reconciliation of net carrying amount of right-of-use assets:			
Balance as on 01 July 2019	30,911	1,992,517	2,023,428
Add: Additions during the year	-	682,168	682,168
Less: Depreciation for the year	(10,843)	(653,802)	(664,645)
Less: Currency retranslation	(395)	(9,820)	(10,215)
Balance as on 30 June 2020	19,673	2,011,063	2,030,736
Add: Additions during the year	-	339,233	339,233
Add: Impact of lease modification	-	180,387	180,387
Less: Impact of lease termination	-	(69,406)	(69,406)
Less: Depreciation for the year	(6,549)	(717,041)	(723,590)
Less: Currency retranslation	(1,263)	(16,693)	(17,956)
Balance as on 30 June 2021	11,861	1,727,543	1,739,404

Lease of land

Nishat International FZE - Subsidiary Company obtained land on lease for warehouse purpose. Lease period is 5 years.

Lease of buildings

The Group obtained buildings on lease for godowns and shops. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to fourteen years.

	Note	2021	2020
		(Rupees in thousand)	
17.1 Depreciation charge for the year has been allocated as follows:			
Distribution cost	32	717,041	504,552
Administrative expenses	33	6,549	160,093
		723,590	664,645

18 LONG TERM INVESTMENTS

	Note	2021	2020
Equity instruments	18.1	55,330,247	50,115,435

	Note	2021	2020
		(Rupees in thousand)	
18.1 Equity instruments			
Associates (with significant influence) - under equity method			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2020: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2020: 31.40%)		23,683,395	21,537,608
Lalpir Power Limited - quoted 109,393,555 (2020: 109,393,555) fully paid ordinary Rupees 10 each. Equity held 28.80% (2020: 28.80%)	18.1.1	5,013,325	4,798,766
Pakgen Power Limited - quoted 102,524,728 (2020: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2020: 27.55%)	18.1.1	6,443,324	5,870,717
Nishat Paper Products Company Limited - unquoted 11,634,199 (2020: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2020: 25%)		511,656	381,216
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2020: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2020: 12.24%)		306,768	315,510
Hyundai Nishat Motor (Private) Limited - unquoted 113,847,600 (2020: 89,700,000) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2020: 12%)	18.1.2	809,210	609,670
Sanifa Agri Services Limited - unquoted 6,591,600 (2020: 6,591,600) fully paid ordinary shares of Rupees 10 each. Equity held 33.33% (2020: 33.33%)	18.1.3	-	-
Nishat Hotels and Properties Limited - unquoted 74,022,917 (2020: 74,022,917) fully paid ordinary shares of Rupees 10 each. Equity held 6.08% (2020: 7.40%)		556,422	454,075
Nishat Sutas Dairy Limited - unquoted 16,630,000 (2020: 16,630,000) fully paid ordinary shares of Rupees 10 each. Equity held 34.46% (2020: 34.46%)		117,682	166,300
Security General Insurance Company Limited - unquoted 10,226,244 (2020: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2020: 15.02%)		2,108,012	590,977
Equity investments accounted for under equity method		39,549,794	34,724,839

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	2021	2020
	(Rupees in thousand)	
Equity instruments		
Fair value through other comprehensive income		
Associated companies (Others)		
Adamjee Insurance Company Limited - quoted 102,809 (2020: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2020: 0.03%)	2,116	2,116
MCB Bank Limited - quoted 88,015,291 (2020: 88,015,291) fully paid ordinary shares of Rupees 10 each. Equity held 7.43% (2020: 7.43%)	12,851,084	12,851,084
	12,853,200	12,853,200
Related party		
Nishat (Chunian) Limited - quoted 32,689,338 (2020: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2020: 13.61%)	378,955	378,955
Others		
Alhamra Islamic Stock Fund - quoted 1,121,410 (2020: 1,121,410) units.	3,135	3,135
Pakistan Petroleum Limited - quoted 599,998 (2020: 599,998) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2020: 0.02%)	64,409	64,409
	67,544	67,544
	13,299,699	13,299,699
Add: Fair value adjustment	2,480,754	2,090,897
Equity investments classified at fair value through other comprehensive income	15,780,453	15,390,596
	55,330,247	50,115,435

18.1.1 Investments in Lalpir Power Limited and Pakgen Power Limited include 550 and 500 shares respectively, held in the name of ex- nominee director of the Holding Company.

18.1.2 Investments in Hyundai Nishat Motor (Private) Limited include 4 shares held in the name of nominee directors of the Holding Company.

18.1.3 This includes 1,600 (2020: 1,600) shares held in the name of chief financial officer of the Holding Company and senior officer of the Holding Company.

18.2 Reconciliation of investments in associates under equity method:

	D. G. Khan Cement Company Limited		Nishat Paper Products Company Limited		Nishat Dairy (Private) Limited		Lalpir Power Limited		Pakgen Power Limited		Nishat Energy Limited		Nishat Hotels and Properties Limited		Hyundai Nishat Motor (Private) Limited		Sanifa Agri Services Limited		Security General Insurance Company Limited		Nishat Sutas Dairy Limited		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)																							
Cost	3,418,145	3,418,145	116,342	116,342	600,000	600,000	1,640,306	1,640,306	1,272,194	1,272,194	5,000	5,000	740,229	740,229	1,187,899	897,000	65,916	65,916	1,977,028	590,977	166,300	166,300	11,189,359	9,512,409
Share of post acquisition reserves:																								
As at 01 July	18,119,463	19,465,168	264,874	234,773	(284,490)	(269,874)	3,158,460	2,346,626	4,598,523	3,537,554	(3,314)	(3,314)	(286,154)	(158,850)	(287,330)	(96,122)	(65,916)	(34,856)	-	-	-	-	25,214,116	25,021,105
Share of profit / (loss) after income tax	1,168,480	(677,820)	131,247	32,669	(8,742)	(14,616)	570,014	814,518	904,091	1,058,913	-	-	18,687	(127,304)	(91,359)	(191,208)	-	(31,060)	162,684	-	(48,618)	-	2,806,484	864,092
Prior year adjustments	-	-	-	-	-	-	-	-	-	-	-	-	42,038	-	-	-	-	-	-	-	-	-	42,038	-
Adjustment due to deemed disposal of equity accounted investee	-	-	-	-	-	-	-	-	-	-	-	-	41,622	-	-	-	-	-	-	-	-	-	41,622	-
Share of other comprehensive income / (loss)	977,307	(530,311)	(807)	(2,568)	-	-	72	(2,684)	1,720	2,056	-	-	-	-	-	-	-	-	19,431	-	-	-	997,723	(533,507)
Dividend received	-	(137,574)	-	-	-	-	(355,527)	-	(333,204)	-	-	-	-	-	-	-	-	-	(51,131)	-	-	-	(739,862)	(137,574)
As at 30 June	2,145,787	(1,345,705)	130,440	30,101	(8,742)	(14,616)	214,559	811,834	572,607	1,060,969	-	-	102,347	(127,304)	(91,359)	(191,208)	-	(31,060)	130,984	-	(48,618)	-	3,148,005	193,011
	20,265,250	18,119,463	395,314	264,874	(293,232)	(284,490)	3,373,019	3,158,460	5,171,130	4,598,523	(3,314)	(3,314)	(183,807)	(286,154)	(378,689)	(287,330)	(65,916)	(65,916)	130,984	-	(48,618)	-	28,362,121	25,214,116
Impairment loss	-	-	-	-	-	-	-	-	-	-	(1,686)	(1,686)	-	-	-	-	-	-	-	-	-	-	(1,686)	(1,686)
As at 30 June	23,683,395	21,537,608	511,656	381,216	306,768	315,510	5,013,325	4,798,766	6,443,324	5,870,717	-	-	556,422	454,075	809,210	609,670	-	-	2,108,012	590,977	117,682	166,300	39,549,794	34,724,839
18.2.1 Summarized statement of financial position																								
Current assets	36,851,264	34,095,100	4,371,178	3,598,217	658,496	612,409	19,943,086	21,379,614	20,692,161	25,252,302	47	47	5,308,085	2,300,727	12,792,145	5,220,993	188,162	44,253	-	-	280,376	-		
Non-current assets	101,043,433	95,456,434	1,571,757	1,585,161	2,664,456	2,667,958	6,329,438	7,439,204	5,530,199	6,391,553	-	-	22,463,804	22,508,944	15,127,480	12,939,943	124,376	131,343	-	-	303,514	-		
Total assets	137,894,697	129,551,534	5,942,935	5,183,378	3,322,952	3,280,367	26,272,524	28,818,818	26,222,360	31,643,855	47	47	27,771,889	24,809,671	27,919,625	18,160,936	312,538	175,596	28,126,727	-	583,890	-		
Current liabilities	40,295,520	37,624,257	3,122,728	2,778,731	685,045	701,991	8,818,472	12,090,882	2,808,167	10,285,981	225	150	3,409,526	5,373,571	11,327,001	3,999,727	368,488	150,145	-	-	6,136	-		
Non-current liabilities	24,121,304	25,283,120	774,345	880,543	152,352	21,255	46,688	65,564	25,042	47,339	-	-	15,308,086	13,384,915	9,849,211	8,668,771	19,861	26,757	-	-	-	-		
Total liabilities	64,416,824	62,907,377	3,897,073	3,659,274	837,397	723,246	8,865,160	12,156,446	2,833,209	10,333,320	225	150	18,717,612	18,758,486	21,176,212	12,668,498	388,349	176,902	14,092,026	-	6,136	-		
Share deposit money	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	236,238	-		
Net assets	73,477,873	66,644,157	2,045,862	1,524,104	2,485,555	2,557,121	17,407,364	16,662,372	23,389,151	21,310,535	(178)	(103)	9,054,277	6,051,185	6,743,413	5,492,438	(75,811)	(1,306)	14,034,701	-	341,516	-		
Reconciliation to carrying amounts:																								
As at 01 July	66,644,157	70,929,823	1,524,104	1,403,702	2,557,121	2,676,531	16,662,372	13,843,503	21,310,535	17,459,466	(103)	(28)	6,051,185	7,771,509	5,492,438	5,110,838	(1,306)	64,678	13,162,525	-	428,278	-		
Prior year adjustments	-	(1,408)	-	-	(141)	-	-	-	-	-	-	-	1,750,645	(241,551)	-	-	-	-	-	-	-	-		
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000	-	2,012,300	1,975,000	-	28,500	-	-	-	-		
Profit / (loss) after income tax	3,721,273	(2,158,661)	524,987	130,675	(71,425)	(119,410)	1,979,218	2,828,187	3,281,639	3,843,606	(75)	(75)	252,447	(1,478,773)	(761,325)	(1,593,400)	(74,505)	(94,484)	1,083,115	-	(86,762)	-		
Other comprehensive income / (loss)	3,112,443	(1,687,478)	(3,229)	(10,273)	-	-	250	(9,318)	6,243	7,463	-	-	-	-	-	-	-	-	129,373	-	-	-		
Dividend paid	-	(438,119)	-	-	-	-	(1,234,476)	-	(1,209,266)	-	-	-	-	-	-	-	-	-	(340,312)	-	-	-		
As at 30 June	73,477,873	66,644,157	2,045,862	1,524,104	2,485,555	2,557,121	17,407,364	16,662,372	23,389,151	21,310,535	(178)	(103)	9,054,277	6,051,185	6,743,413	5,492,438	(75,811)	(1,306)	14,034,701	-	341,516	-		
Group's share (%)	31.40%	31.40%	25.00%	25.00%	12.24%	12.24%	28.80%	28.80%	27.55%	27.55%	37.75%	37.75%	6.08%	7.40%	12.00%	12.00%	33.33%	33.33%	15.02%	15.02%	34.46%	-		
Group's share	23,072,003	20,926,216	511,467	381,027	304,250	312,992	5,013,325	4,798,766	6,443,324	5,870,717	-	-	550,142	447,796	809,210	659,093	-	-	2,108,012	-	117,682	-		
Goodwill	611,392	611,392	189	189	2,518	2,518	-	-	-	-	-	-	6,280	6,279	-	(49,423)	-	-	-	-	-	-		
Carrying amount	23,683,395	21,537,608	511,656	381,216	306,768	315,510	5,013,325	4,798,766	6,443,324	5,870,717	-	-	556,422	454,075	809,210	609,670	-	-	2,108,012	-	117,682	-		
18.2.2 Summarized statement of comprehensive income																								
Revenue	45,107,690	38,033,124	3,979,518	4,273,014	2,026,538	1,734,733	15,106,583	10,673,957	13,475,015	10,444,956	-	-	6,075,016	3,855,646	21,804,942	997,604	256,211	351,011	867,721	-	-	-		
Profit / (loss) for the year	3,721,273	(2,158,661)	524,987	130,675	(71,425)	(119,410)	1,979,218	2,828,187	3,281,639	3,843,606	(75)	(75)	252,447	(1,478,773)	(761,325)	(1,593,400)	(74,505)	(94,484)	1,083,115	-	(86,762)	-		
Other comprehensive income / (loss)	3,112,443	(1,687,478)	(3,229)	(10,273)	-	-	250	(9,318)	6,243	7,463	-	-	-	-	-	-	-	-	129,373	-	-	-		
Total comprehensive income / (loss)	6,833,716	(3,846,139)	521,758	120,402	(71,425)	(119,410)	1,979,468	2,818,869	3,287,882	3,851,069	(75)	(75)	252,447	(1,478,773)	(761,325)	(1,593,400)	(74,505)	(94,484)	1,212,488	-	(86,762)	-		
Dividend received from associates	-	137,574	-	-	-	-	355,527	-	333,204	-	-	-	-	-	-	-	-	-	51,131	-	-	-		

18.3 Adamjee Insurance Company Limited and MCB Bank Limited are associated companies due to common directorship.

18.4 Interests in associates

Name of associated company	Note	Country of incorporation	% of ownership interest		Measurement method	Quoted fair value		Carrying amount	
			2021	2020		2021	2020	2021	2020
						(Rupees in thousand)			
D.G. Khan Cement Company Limited	18.4.1	Pakistan	31.40%	31.40%	Equity method	1,622,750	11,739,207	23,683,395	21,537,608
Nishat Paper Products Company Limited	18.4.2	Pakistan	25.00%	25.00%	Equity method	-*	-*	511,656	381,216
Nishat Dairy (Private) Limited	18.4.3	Pakistan	12.24%	12.24%	Equity method	-*	-*	306,768	315,510
Lalpir Power Limited	18.4.4	Pakistan	28.80%	28.80%	Equity method	1,953,769	1,276,623	5,013,325	4,798,766
Pakgen Power Limited	18.4.5	Pakistan	27.55%	27.55%	Equity method	2,528,260	1,231,322	6,443,324	5,870,717
Nishat Energy Limited	18.4.6	Pakistan	37.75%	37.75%	Equity method	-*	-*	-	-
Nishat Hotels and Properties Limited	18.4.7	Pakistan	6.08%	7.40%	Equity method	-*	-*	556,422	454,075
Hyundai Nishat Motor (Private) Limited	18.4.8	Pakistan	12.00%	12.00%	Equity method	-*	-*	809,210	609,670
Sanifa Agri Services Limited	18.4.9	Pakistan	33.33%	33.33%	Equity method	-*	-*	-	-
Security General Insurance Limited	18.4.10	Pakistan	15.02%	15.02%	Equity method	-*	-*	2,108,012	590,977
Nishat Sutas Dairy Limited	18.4.11	Pakistan	34.46%	34.46%	Equity method	-*	-*	117,682	166,300

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

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

18.4.3 Nishat Dairy (Private) Limited is engaged in the business of production of raw milk.

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

18.4.5 The principle activities of Pakgen Power Limited are to own, operate and maintain an oil fired power station having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

18.4.6 The principle activity of Nishat Energy Limited is to build, own, operate and maintain coal power station having gross capacity of 660 MW with net estimated generation capacity of 600 MW at Mouza Ameer Pur, Rahim Yar Khan, Punjab, Pakistan.

18.4.7 The principle activity of Nishat Hotels and Properties Limited is to establish and manage shopping mall and hotel operations in Pakistan.

18.4.8 The principle activity of Hyundai Nishat Motor (Private) Limited is to import, assembly and distribution of both passenger and commercial category automobiles.

18.4.9 The principle activity of Sanifa Agri Services Limited is to produce and market high quality cotton seeds in Pakistan.

18.4.10 The principle activity of Security General Insurance Company Limited is to provide general insurance services in spheres of fire, marine, motor and miscellaneous.

18.4.11 The principle activity of Nishat Sutas Dairy Limited is to manufacture, produce, distribute, market, acquire, process, package, sell, resell, import, export, preserve, deep freeze and otherwise deal in all types and kinds of milk and dairy based products.

*No quoted price available.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

19 LONG TERM LOANS

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Considered good:			
Executives - secured	19.1 & 19.2	441,035	253,434
Other employees - secured	19.2	270,603	247,045
		711,638	500,479
Less: Current portion shown under current assets	23		
Executives		97,851	63,365
Other employees		81,246	75,479
		179,097	138,844
		532,541	361,635

19.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 445.436 million (2020: Rupees 254.502 million).

19.2 These represent house construction and motor vehicle loans given to executives and employees of the Holding Company, Nishat Linen (Private) Limited - Subsidiary Company and Nishat Power Limited - Subsidiary Company and are secured against balance to the credit of employee in the provident fund trusts of the respective Group companies and against registration of cars in the joint name of the respective Group companies and the employee. These are recoverable in equal monthly installments. Interest charged during the year range from 0% to 4% (2020: 0% to 4%) per annum on the balance outstandings.

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

20 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Stores	20.1	1,798,256	1,599,830
Spare parts		1,497,981	1,369,757
Loose tools		15,618	14,171
		3,311,855	2,983,758
Less: Provision for slow moving, obsolete and damaged store items	20.2	(4,141)	(4,218)
		3,307,714	2,979,540

20.1 This includes stores in transit of Rupees 276.755 million (2020: Rupees 215.881 million).

20.2 Provision for slow moving, obsolete and damaged store items

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Balance as on 01 July		4,218	4,224
Less: Provision reversed during the year	35	(77)	(6)
Balance as on 30 June		4,141	4,218

	Note	2021	2020
		(Rupees in thousand)	
21 STOCK IN TRADE			
Raw materials		13,129,823	16,750,509
Work in process	21.2	3,044,441	2,244,439
Finished goods	21.3 & 21.5	9,641,809	9,393,252
Less: Provision for slow moving and obsolete stocks		(21,065)	(21,065)
		9,620,744	9,372,187
		25,795,008	28,367,135

21.1 Stock in trade of Rupees 605.335 million (2020: Rupees 654.768 million) is being carried at net realizable value.

21.2 This includes stock of Rupees 17.961 million (2020: Rupees 11.612 million) sent to outside parties for processing.

21.3 Finished goods include stock in transit of Rupees 2,215.892 million (2020: Rupees 1,384.397 million).

21.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 22.249 million (2020: Rupees 22.364 million).

21.5 Finished goods include stock of Rupees 705.532 million (2020: Rupees 558.751 million) which is in the possession of stockists of Nishat Linen (Private) Limited - Subsidiary Company.

	Note	2021	2020
		(Rupees in thousand)	
22 TRADE DEBTS			
Considered good:			
Secured		20,013,100	19,237,356
Unsecured:			
- Related parties	22.2, 22.3 & 22.4	6,851	48,124
- Other	22.5	7,119,480	4,349,703
		27,139,431	23,635,183
Less: Allowance for expected credit losses	22.7	(28,237)	(30,590)
		27,111,194	23,604,593
22.1 Types of counterparties			
Export			
Corporate		1,029,888	800,812
Other		3,039,868	1,801,713
		4,069,756	2,602,525
Local			
Corporate		22,467,750	20,212,349
Other		601,925	820,309
		23,069,675	21,032,658
		27,139,431	23,635,183

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For the year ended June 30, 2021

	2021	2020
	(Rupees in thousand)	
22.2 This represents amount due from following related parties:		
Adamjee Insurance Company Limited - associated company	16	594
Hyundai Nishat Motor (Private) Limited - associated company	547	2,110
Adamjee Life Assurance Company Limited - associated company	18	1
Nishat Hotels and Properties Limited - associated company	2,926	4,729
MCB Bank Limited - associated company	70	104
Nishat (Chunian) Limited - related party	3,274	40,586
	6,851	48,124

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

	2021	2020
	(Rupees in thousand)	
Adamjee Insurance Company Limited - associated company	234	595
Hyundai Nishat Motor (Private) Limited - associated company	4,833	7,071
Adamjee Life Assurance Company Limited - associated company	72	130
Nishat Hotels and Properties Limited - associated company	1,327	6,491
MCB Bank Limited - associated company	1,190	1,559
MCB Islamic Bank Limited - related party	-	679
Nishat (Chunian) Limited - related party	36,736	40,586

22.4 As at 30 June 2021, trade debts due from related parties amounting to Rupees 0.543 million (2020: Rupees 45.976 million) were pas due but not impaired. The ageing analysis of these trade debts is as follows:

	2021	2020
	(Rupees in thousand)	
Upto 1 month	525	45,588
1 to 6 months	16	388
more than 6 months	2	-
	543	45,976

22.5 Trade receivables of Nishat Power Limited - Subsidiary Company from CPPA-G are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranged from 11.53% to 18.42% (2020: 10.64% to 18.42%) per annum. Trade debts include unbilled receivables of Rupees 3,533.134 million (2020: Rupees 2,740.517 million).

22.6 Trade debts of Nishat Power Limited - Subsidiary Company - prior to the signing of the Agreements, as referred to in note 1(a) to these consolidated financial statements include an amount of Rupees 816.033 million relating to capacity revenue not acknowledged by NTDC/CPPA-G as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC/CPPA-G.

Since management considered that the primary reason for claiming these payments was that plant was available, however, it could not generate electricity due to non-payment by NTDC/CPPA-G, therefore, management believed that Nishat Power Limited - Subsidiary Company cannot be penalized in the form of payment deductions due to NTDC/CPPA-G's default of making timely payments under the PPA. Hence, Nishat Power Limited - Subsidiary Company took up this issue in consultation with NTDC/CPPA-G and appointed an Expert for dispute resolution under the PPA.

On 15 August 2015, the Expert gave his determination whereby the aforesaid amount was determined to be payable to Nishat Power Limited - Subsidiary Company by NTDC/CPPA-G. Pursuant to the Expert's determination, Nishat Power Limited - Subsidiary Company demanded the payment of the aforesaid amount of Rupees 816.033 million from NTDC/CPPA-G. The Subsidiary Company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed.

On 29 October 2017, the Arbitrator declared his Final Award whereby he ordered NTDC/CPPA-G to pay to Nishat Power Limited - Subsidiary Company: i) Rupees 816.033 million pursuant to Expert's determination; ii) Rupees 189.385 million being Pre award interest; iii) Rupees 9.203 million for breach of arbitration agreement; iv) Rupees 1.684 million and USD 612,310 (equivalent to Rupees 96.623 million) for Nishat Power Limited - Subsidiary Company's cost of proceedings; v) GBP 30,157 (equivalent to Rupees 6.592 million) for Nishat Power Limited - Subsidiary Company's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by NTDC/CPPA-G ("the Final Award") that works out to Rupees 504.044 million up to 30 June 2021. Thereafter, on 29 November 2017, Nishat Power Limited - Subsidiary Company filed an application before Lahore High Court for implementation / enforcement of Final Award that is pending adjudication. On prudence basis, the amounts other than the principal of Rupees 816.033 million were not recognised in these consolidated financial statements.

On 12 February 2021, as part of the PPA Amendment Agreement as referred to in note 1(a) to these consolidated financial statements, the CPPA-G and Nishat Power Limited - Subsidiary Company acknowledged that the dispute relating to withheld capacity payments of Rupees 816.033 million, which was awarded by the London Court of International Arbitration, has now been settled through the extended disputed period of 68 days which shall be treated as an "Other Force Majeure Event" under the PPA. Further, CPPA-G agreed to make certain payments to Nishat Power Limited - Subsidiary Company, subject to certain terms, as compensation of the withheld capacity payments. In return, Nishat Power Limited - Subsidiary Company agreed to forgo certain amounts declared under the Final Award as enumerated above. Further, subject to fulfillment of certain conditions, Nishat Power Limited - Subsidiary Company and CPPA-G agreed to file a joint application before the Lahore High Court for the withdrawal of the enforcement proceedings before the Honorable Lahore High Court.

Pursuant to the provisions of PPA Amendment Agreement as mentioned above, out of the recongized receivable of Rupees 816.033 million, Nishat Power Limited - Subsidiary Company has assessed that amounts aggregating Rupees 141.47 million are no longer recoverable and therefore, such amounts have been written off during the year in other expenses. On account of the remaining receivable, amounts aggregating Rupees 328.691 million have been duly verified by the CPPA-G for the year.

	2021	2020
	(Rupees in thousand)	
22.7 Allowance for expected credit losses		
Opening balance	30,590	28,453
(Less) / Add: (Reversal of allowance) / allowance for expected credit losses	(2,353)	2,137
	28,237	30,590

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
23 LOANS AND ADVANCES			
Considered good:			
Employees - interest free:			
– Executives		990	646
– Other employees		10,801	13,188
		11,791	13,834
Current portion of long term loans	19	179,097	138,844
Advances to suppliers	23.1	449,356	251,714
Letters of credit		4,586	2,575
Other advances	23.2	445,145	312,792
		1,089,975	719,759
Considered doubtful:			
Others		108	108
Less: Provision for doubtful debts		108	108
		-	-
		1,089,975	719,759

23.1 These include Rupees 3.533 million (2020: Rupees Nil) due from D.G. Khan Cement Company Limited - associated company. This is neither past due nor impaired. Maximum aggregate amount receivable at the end of any month during the year was Rupees 3.533 million (2020: Rupees Nil).

23.2 These include Rupees 104.300 million (2020: Rupees 45.000 million) advanced to Sanifa Agri Services Limited - associated company. This is neither past due nor impaired. The maximum aggregate amount receivable at the end of any month during the year was 104.300 million (2020: Rupees 45.000 million).

	2021	2020
	(Rupees in thousand)	
24 ADVANCE INCOME TAX - NET		
Advance income tax	2,235,684	1,938,825
Provision for taxation	(1,181,385)	(1,286,087)
	1,054,299	652,738
25 SHORT TERM DEPOSITS AND PREPAYMENTS		
Deposits	59,409	61,543
Prepayments	132,262	122,858
	191,671	184,401

	Note	2021	2020
		(Rupees in thousand)	

26 OTHER RECEIVABLES

Considered good:

	Note	2021	2020
Export rebate and claims		124,772	167,730
Duty drawback		1,218,043	576,897
Sales tax refundable		3,307,061	3,306,544
Fair value of forward exchange contracts		8,672	345
Workers' profit participation fund receivable	26.1	583,636	450,280
Workers' welfare fund receivable		151,035	98,852
Miscellaneous receivables		38,136	51,619
		5,431,355	4,652,267

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

27 ACCRUED INTEREST

27.1 This includes due from MCB Bank Limited - associated company amounting to Rupees 11.564 million (2020: Rupees 0.094 million) and from Sanifa Agri Services Limited - associated company amounting to Rupees 2.095 million (2020: Rupees 1.432 million).

27.2 The maximum aggregate amount due from MCB Bank Limited - associated company and Sanifa Agri Services Limited - associated company at the end of any month during the year was Rupees 11.904 million (2020: Rupees 0.094 million) and Rupees 2.095 million (2020: Rupees 1.432 million) respectively.

28 SHORT TERM INVESTMENT

28.1 This represented investment of Nishat Power Limited - subsidiary company amounting to Rupees Nil (2020: Rupees 17.677 million) in 3 month Government Treasury Bills which borne mark-up at 7.80% per annum.

	Note	2021	2020
		(Rupees in thousand)	

29 CASH AND BANK BALANCES

	Note	2021	2020
With banks:			
On current accounts	29.1 & 29.2		
Including US$ 233,398 (2020: US$ 82,398) and UAE			
Dirhams 13,381,880 (2020: UAE Dirhams 8,604,600)		1,209,586	557,158
Term deposit receipts	29.1 & 29.3	5,104,500	149,396
On PLS saving accounts	29.1 & 29.4		
Including US$ 117 (2020: US$ 117)		34,281	17,459
		6,348,367	724,013
Cash in hand			
Including UAE Dirhams 485,897 (2020: UAE Dirhams 188,154)		49,631	34,714
		6,397,998	758,727

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

29.1 Cash at banks includes balance of Rupees 5,128.271 million (2020: Rupees 31.700 million) with MCB Bank Limited - associated company.

29.2 Cash at banks includes balance of Rupees 0.705 million (2020: Rupees 0.077 million) with MCB Islamic Bank Limited - related party.

29.3 These represent term deposits with banking companies having maturity period of upto one month and carry profit at the rates ranging from 5.20% to 7.20% (2020: 6.40% to 6.50%) per annum.

29.4 Rate of profit on Pak Rupees bank deposits ranges from 5.50% to 7.00% (2020: 6.29% to 14.00%) per annum.

	Note	2021	2020
		(Rupees in thousand)	
30 REVENUE			
Revenue from contracts with customers:			
Export sales		47,467,270	45,725,446
Local sales	30.1	55,599,701	42,039,527
Processing income		636,300	338,590
		103,703,271	88,103,563
Export rebate		228,790	199,090
Duty drawback		795,397	407,177
		104,727,458	88,709,830
30.1 Local sales			
Sales	30.1.1	66,349,789	50,174,951
Less: Sales tax		8,255,240	5,774,939
Less: Discount		2,494,848	2,360,485
		55,599,701	42,039,527

30.1.1 These include sale of Rupees 10,063.857 million (2020: Rupees 2,977.374 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales includes waste sales of Rupees 2,738.545 million (2020: Rupees 1,818.936 million).

30.2 The amount of Rupees 561.746 million included in contract liabilities (Note 9) at 30 June 2020 has been recognised as revenue in 2021 (2020: Rupees 246.635 million).

30.3 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition:

Description	Spinning		Weaving		Dyeing		Home Textile and Terry		Garments		Power Generation		Room Rental Services		Other Hotel Ancillary Services		Total - Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)																	
Region																		
Europe	280,073	417,371	8,297,897	8,546,070	407,566	379,909	9,163,902	6,796,648	4,259,144	4,254,270	-	-	-	-	-	-	22,408,582	20,394,268
United States of America and Canada	111,351	174,340	666,998	950,993	14,967	19,056	3,272,902	1,942,770	3,600,589	1,825,549	-	-	-	-	-	-	7,666,807	4,912,708
Asia, Africa, Australia	4,299,139	4,633,080	2,045,855	2,059,457	7,765,354	11,387,635	3,968,523	2,646,979	337,197	297,586	-	-	-	-	-	-	18,416,068	21,024,737
Pakistan	25,695,284	16,266,260	5,585,355	2,825,505	3,456,312	2,899,729	9,554,104	8,294,946	167,945	128,858	11,486,321	11,781,598	246,322	154,848	44,358	26,373	56,236,001	42,378,117
	30,385,847	21,491,051	16,596,105	14,382,025	11,644,199	14,686,329	25,959,431	19,681,343	8,364,875	6,506,263	11,486,321	11,781,598	246,322	154,848	44,358	26,373	104,727,458	88,709,830
Timing of revenue recognition																		
Products and services transferred at a point in time	30,385,847	21,491,051	16,596,105	14,382,025	11,644,199	14,686,329	25,959,431	19,681,343	8,364,875	6,506,263	11,486,321	11,781,598	246,322	154,848	44,358	26,373	104,727,458	88,709,830
Products and services transferred over time	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	30,385,847	21,491,051	16,596,105	14,382,025	11,644,199	14,686,329	25,959,431	19,681,343	8,364,875	6,506,263	11,486,321	11,781,598	246,322	154,848	44,358	26,373	104,727,458	88,709,830
Major products / service lines																		
Yarn	29,621,073	20,789,327	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,621,073	20,789,327
Comber Noil	233,809	315,694	-	-	-	-	-	-	-	-	-	-	-	-	-	-	233,809	315,694
Grey Cloth	-	-	16,596,105	14,382,025	-	-	1,199	253	-	-	-	-	-	-	-	-	16,597,304	14,382,278
Processed Cloth	-	-	-	-	11,644,199	14,686,329	22,645,199	5,918,214	-	-	-	-	-	-	-	-	34,289,398	20,604,543
Cosmetics	-	-	-	-	-	-	159,388	89,154	-	-	-	-	-	-	-	-	159,388	89,154
Waste	530,965	386,030	-	-	-	-	121,728	67,150	-	-	-	-	-	-	-	-	652,693	453,180
Others	-	-	-	-	-	-	249,155	132,657	-	-	-	-	-	-	-	-	249,155	132,657
Made Ups	-	-	-	-	-	-	1,759,328	13,473,915	-	-	-	-	-	-	-	-	1,759,328	13,473,915
Garments	-	-	-	-	-	-	-	-	8,364,875	6,506,263	-	-	-	-	-	-	8,364,875	6,506,263
Towels and Bath Robe	-	-	-	-	-	-	1,023,434	-	-	-	-	-	-	-	-	-	1,023,434	-
Electricity	-	-	-	-	-	-	-	-	-	-	11,486,321	11,781,598	-	-	-	-	11,486,321	11,781,598
Room Rental Services	-	-	-	-	-	-	-	-	-	-	-	-	246,322	154,848	-	-	246,322	154,848
Other Hotel Ancillary Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,358	26,373	44,358	26,373
	30,385,847	21,491,051	16,596,105	14,382,025	11,644,199	14,686,329	25,959,431	19,681,343	8,364,875	6,506,263	11,486,321	11,781,598	246,322	154,848	44,358	26,373	104,727,458	88,709,830

30.4 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
31 COST OF SALES			
Raw materials consumed		56,873,417	45,987,292
Processing charges		782,206	742,535
Salaries, wages and other benefits	31.1	8,393,421	7,218,329
Stores, spare parts and loose tools consumed		7,822,218	6,971,855
Packing materials consumed		1,936,572	1,439,156
Repair and maintenance		490,681	413,155
Fuel and power		6,131,769	6,034,186
Insurance		341,551	326,699
Royalty	31.2	-	7,800
Other factory overheads		762,165	734,800
Depreciation and amortization	15.1.2	3,580,811	3,455,552
		87,114,811	73,331,359
Work-in-process			
Opening stock		2,244,439	2,218,560
Closing stock		(3,044,441)	(2,244,439)
		(800,002)	(25,879)
Cost of goods manufactured		86,314,809	73,305,480
Finished goods			
Opening stock		9,393,252	6,909,811
Closing stock		(9,641,809)	(9,393,252)
		(248,557)	(2,483,441)
		86,066,252	70,822,039

31.1 Salaries, wages and other benefits include provident fund contributions of Rupees 235.457 million (2020: Rupees 221.109 million) and Rupees 0.788 million (2020: Rupees 0.362 million) in respect of provision for compensated absences.

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

	Note	2021	2020
		(Rupees in thousand)	

32 DISTRIBUTION COST

	Note	2021	2020
Salaries and other benefits	32.1	1,034,984	925,254
Outward freight and handling		1,929,363	1,679,658
Sales promotion		902,095	653,834
Commission to selling agents		774,117	666,384
Royalty	32.2	84,940	71,843
Fuel cost		140,160	178,411
Travelling and conveyance		30,258	138,172
Rent, rates and taxes		20,427	61,521
Postage and telephone		103,989	133,679
Insurance		25,355	27,666
Vehicles' running		24,857	20,029
Entertainment		19,032	14,594
Advertisement		266,671	502,981
Electricity and gas		101,838	120,065
Printing and stationery		5,641	5,459
Repair and maintenance		217,936	332,515
Fee and subscription		2,630	6,246
Depreciation on right-of-use assets	17.1	717,041	504,552
Depreciation	15.1.2	54,942	50,239
		6,456,276	6,093,102

32.1 Salaries and other benefits include provident fund contributions of Rupees 48.239 million (2020: Rupees 43.931 million).

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

Name of the company	Registered address	Relationship with the Group or directors	2021	2020
		Related / Other	(Rupees in thousand)	
American and Efird LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	71,110	52,312

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
33 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	33.1	1,425,800	1,315,633
Vehicles' running		56,088	53,359
Travelling and conveyance		136,397	158,229
Rent, rates and taxes		40,018	34,229
Insurance		19,829	20,094
Entertainment		33,605	27,786
Legal and professional		30,624	60,479
Auditors' remuneration	33.2	16,868	15,556
Advertisement		594	1,805
Postage and telephone		25,197	25,396
Electricity and gas		25,040	20,630
Printing and stationery		26,578	23,077
Repair and maintenance		61,115	45,994
Fee and subscription		19,540	18,176
Depreciation on right-of-use assets	17.1	6,549	160,093
Depreciation	15.1.2	190,069	179,656
Miscellaneous		68,164	63,012
		2,182,075	2,223,204

33.1 Salaries and other benefits include provident fund contributions of Rupees 53.647 million (2020: Rupees 50.105 million), Rupees 0.599 million (2020: Rupee 0.316 million) in respect of provision for compensated absences and Rupees 3.260 million (2020: Rupees 3.374 million) in respect of retirement benefit - gratuity.

	2021	2020
	(Rupees in thousand)	
33.2 Auditors' remuneration		
Riaz Ahmad and Company		
Audit fee	6,090	5,631
Half yearly review	1,057	961
Other certifications	155	155
Reimbursable expenses	195	177
	7,497	6,924
A.F. Ferguson and Company		
Statutory audit fee	2,640	2,490
Half yearly review	892	875
Tax services	1,926	495
Other certification services	155	380
Reimbursable expenses	171	332
	5,784	4,572
Crowe Mak		
Audit fee	3,501	3,964
Reimbursable expenses	86	96
	3,587	4,060
	16,868	15,556

	Note	2021	2020
		(Rupees in thousand)	
34 OTHER EXPENSES			
Workers' profit participation fund		398,631	204,045
Trade debts written off		163,536	2,918
Impairment loss on capital work-in-progress		-	4,773
Impact of de-recognition of financial instrument carried at amortized cost		-	4,106
Workers' welfare fund		32,400	-
Allowance for expected credit losses		-	2,137
Donations	34.1 & 34.2	3,200	321
		597,767	218,300

34.1 The name of donee to whom donation amount exceeded Rupees 1 million (2020: Nil) is as follows:

	Note	2021	2020
Pakistan Textile Council	34.3	2,500	-

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

34.3 Nishat Mills Limited - Holding Company is a member of Pakistan Textile Council (a company set up under Section 42 of the Companies Act, 2017).

	Note	2021	2020
		(Rupees in thousand)	
35 OTHER INCOME			
Income from financial assets			
Dividend income	35.1	1,750,744	1,718,515
Profit on deposits with banks		127,631	106,923
Net exchange gain		25,917	123,339
Reversal of allowance for expected credit losses		2,353	-
Interest income on loan to associated company		6,290	3,132
Gain on liquidation of subsidiary		-	66,350
		1,912,935	2,018,259
Income from non-financial assets			
Gain on sale of property, plant and equipment		204,237	20,273
Scrap sales		291,815	210,073
Rental income		103,254	86,896
Gain on initial recognition of GIDC payable at amortized cost		52,766	-
Rent concessions		90,344	-
Gain on termination of leases		9,983	-
Reversal of provision for slow moving, obsolete and damaged store items	20.2	77	6
Liabilities written back		10,990	2,488
Others		55,674	13,443
		819,140	333,179
		2,732,075	2,351,438

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
35.1 Dividend income			
From related party / associated companies			
MCB Bank Limited		1,716,298	1,584,275
Nishat (Chunian) Limited		32,689	81,723
Adamjee Insurance Company Limited		257	257
Security General Insurance Company Limited		-	51,131
		1,749,244	1,717,386
Others			
Pakistan Petroleum Limited		1,500	1,000
Alhamra Islamic Stock Fund		-	129
		1,500	1,129
		1,750,744	1,718,515

36 FINANCE COST

	Note	2021	2020
Mark-up on:			
Long term financing		288,902	552,175
Short term borrowings		950,833	1,811,486
Mark-up on lease liabilities		244,750	264,457
Interest on workers' profit participation fund	9.4	179	4,124
Adjustment due to impact of IFRS 9 on GIDC	8.2	73,562	-
Bank charges and commission		323,226	325,612
		1,881,452	2,957,854

37 TAXATION

	2021	2020
Current - for the year	1,181,385	1,286,087
Deferred	740,750	(408,152)
Prior year adjustment	(3,498)	(38,829)
	1,918,637	839,106

38 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2021	2020
Profit attributable to ordinary shareholders of Holding Company	(Rupees in thousand)	9,896,748	6,352,753
Weighted average number of ordinary shares of Holding Company	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	28.15	18.07

	Note	2021	2020
		(Rupees in thousand)	
39 CASH GENERATED FROM OPERATIONS			
Profit before taxation		13,124,233	9,610,861
Adjustments for non-cash charges and other items:			
Depreciation and amortization		3,825,822	3,685,447
Depreciation on right-of-use assets		723,590	664,645
Impairment loss on capital work-in-progress		-	4,773
Impact of de-recognition of financial instrument carried at amortized cost		-	4,106
Gain on liquidation of subsidiary		-	(66,350)
Trade debts written off		163,536	2,918
Reversal of provision for slow moving, obsolete and damaged store items		(77)	(6)
(Reversal of allowance) / allowance for expected credit losses		(2,353)	2,137
Net exchange gain		(25,917)	(123,339)
Gain on sale of property, plant and equipment		(204,237)	(20,273)
Dividend income		(1,750,744)	(1,718,515)
Profit on deposits with banks		(127,631)	(106,923)
Interest income on loan to associated company		(6,290)	(3,132)
Share of profit from associates		(2,848,522)	(864,092)
Provision for accumulated compensated absences		1,388	677
Adjustment due to deemed disposal of equity accounted investee		(41,622)	-
Liabilities written back		(10,990)	(2,488)
Finance cost		1,881,452	2,957,854
Gain on initial recognition of GIDC payable at amortized cost		(110,431)	-
Rent concessions		(90,344)	-
Gain on termination of leases		(9,983)	-
Working capital changes	39.1	(889,135)	(3,903,079)
		13,601,745	10,125,221

39.1 Working capital changes

	2021	2020
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(328,097)	928,557
- Stock in trade	2,572,127	(3,998,249)
- Trade debts	(3,600,208)	(1,799,160)
- Loans and advances	(329,963)	135,144
- Short term deposits and prepayments	(7,270)	45,734
- Other receivables	(770,761)	(954,056)
	(2,464,172)	(5,642,030)
Increase in trade and other payables	1,575,037	1,738,951
	(889,135)	(3,903,079)

Notes to the Consolidated Financial Statements

For the year ended June 30, 2021

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

	2021					
	Liabilities from financing activities					
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Exchange translation reserve	Total
	(Rupees in thousand)					
Balance as at 01 July 2020	10,136,154	2,266,071	24,080,517	111,267	224,659	36,818,668
Lease liabilities recognized	-	342,406	-	-	-	342,406
Repayment of lease liabilities	-	(794,088)	-	-	-	(794,088)
Financing obtained	6,744,988	-	-	-	-	6,744,988
Repayment of financing	(1,756,252)	-	-	-	-	(1,756,252)
Dividend declared	-	-	-	1,579,855	-	1,579,855
Dividend paid	-	-	-	(1,575,625)	-	(1,575,625)
Short term borrowings - net	-	-	(1,695,361)	-	-	(1,695,361)
Exchange differences on translation of net investments in subsidiary companies	-	-	-	-	(37,902)	(37,902)
Other changes - non-cash	(176,589)	-	-	-	-	(176,589)
Interest accrued on lease liabilities	-	244,750	-	-	-	244,750
Impact of lease modification	-	180,387	-	-	-	180,387
Impact of rent concessions	-	(90,344)	-	-	-	(90,344)
Impact of lease termination	-	(79,390)	-	-	-	(79,390)
Currency retranslation	-	(20,008)	-	-	-	(20,008)
Balance as at 30 June 2021	14,948,301	2,049,784	22,385,156	115,497	186,757	39,685,495

	2020					
	Liabilities from financing activities					
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Exchange translation reserve	Total
	(Rupees in thousand)					
Balance as at 01 July 2019	10,086,021	-	24,402,574	114,673	219,168	34,822,436
Lease liabilities recognized	-	2,613,840	-	-	-	2,613,840
Repayment of lease liabilities	-	(347,769)	-	-	-	(347,769)
Financing obtained	4,454,967	-	-	-	-	4,454,967
Repayment of financing	(4,404,834)	-	-	-	-	(4,404,834)
Dividend declared	-	-	-	1,582,221	-	1,582,221
Dividend paid	-	-	-	(1,585,627)	-	(1,585,627)
Short term borrowings - net	-	-	(322,057)	-	-	(322,057)
Exchange differences on translation of net investments in subsidiary companies	-	-	-	-	5,491	5,491
Balance as at 30 June 2020	10,136,154	2,266,071	24,080,517	111,267	224,659	36,818,668

40 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Nishat Mills Limited - Holding Company has proposed a cash dividend for the year ended 30 June 2021 of Rupees 4.00 per share (2020: Rupees 4.00 per share) at their meeting held on 20 September, 2021. The Board of Directors also proposed to transfer Rupees 10,524 million (2020: Rupees 4,890 million) from un-appropriated profit to general reserve. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these consolidated financial statements.

41 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

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

	Chief Executive Officer		Director		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)					
Managerial remuneration	37,189	32,503	-	11,163	683,563	554,058
Allowances						
Cost of living allowance	-	-	-	1	1,023	781
House rent	13,521	13,001	-	216	174,176	148,293
Conveyance	-	-	-	-	904	880
Medical	3,380	3,250	-	912	57,482	47,939
Utilities	-	-	-	3,385	75,673	61,649
Special allowance	-	-	-	2	646	529
Contribution to provident fund trust	-	-	-	871	56,650	47,016
Leave encashment	-	-	-	-	18,091	12,867
	54,090	48,754	-	16,550	1,068,208	874,012
Number of persons	1	1	Note 41.4	Note 41.4	261	222

41.1 Chief Executive Officer and certain executives of the Holding Company are provided with Company maintained vehicles and certain executives are also provided with free housing facility along with utilities.

41.2 Aggregate amount charged in these consolidated financial statements for meeting fee to five directors (2020: five directors) of the Holding Company was Rupees 1.490 million (2020: Rupees 1.080 million).

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

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

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42 TRANSACTIONS WITH RELATED PARTIES

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

	2021	2020
	(Rupees in thousand)	
Associated companies		
Investment made	241,476	412,800
Short term loans made	69,300	45,000
Purchase of goods and services	781,080	297,713
Repayment of short term loans	10,000	-
Sharing of expenses	8,100	11,082
Sale of goods and services	282,711	77,136
Rental income	6,035	1,228
Purchase of operating fixed assets	64,227	-
Sale of operating fixed assets	67,270	819
Rent paid	80,092	78,920
Dividend paid	122,105	121,487
Insurance premium paid	487,777	437,800
Interest income	40,647	9,401
Insurance claims received	72,620	56,136
Finance cost	8,230	36,250
Other related parties		
Dividend income	32,689	81,723
Purchase of goods and services	2,440,916	2,961,120
Sale of goods and services	536,734	368,302
Finance cost	-	637
Group's contribution to provident fund trusts	338,947	316,254

42.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in note 41.

42.2 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place:

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of shareholding
		2021	2020	
Nishat Agriculture Farming (Private) Limited	Common directorship	No	Yes	None
Nishat Dairy (Private) Limited	Common directorship and shareholding	Yes	Yes	12.24
Nishat Sutas Dairy Limited	Common directorship and shareholding	Yes	Yes	34.46
Nishat Hotels and Properties Limited	Common directorship and shareholding	Yes	Yes	6.08
Nishat (Raiwind) Hotels and Properties Limited	Common directorship	No	No	None
Nishat (Aziz Avenue) Hotels and Properties Limited	Common directorship	No	Yes	None
Security General Insurance Company Limited	Common directorship and shareholding	Yes	Yes	15.02
Nishat Energy Limited	Shareholding	No	No	37.75
Pakgen Power Limited	Common directorship and shareholding	Yes	Yes	27.55
Lalpir Power Limited	Common directorship and shareholding	Yes	Yes	28.80
Nishat Paper Products Company Limited	Common directorship and shareholding	No	No	25.00
Pakistan Aviators and Aviation (Private) Limited	Common directorship	Yes	Yes	None
Nishat Developers (Private) Limited	Common directorship	Yes	Yes	None
Nishat Real Estates Development Company (Private) Limited	Common directorship	No	No	None
Hyundai Nishat Motor (Private) Limited	Common directorship and shareholding	Yes	Yes	12.00
D.G. Khan Cement Company Limited	Common directorship and shareholding	Yes	Yes	31.40
Adamjee Life Assurance Company Limited	Common directorship	Yes	Yes	None
Adamjee Insurance Company Limited	Common directorship and shareholding	Yes	Yes	0.03
MCB Bank Limited	Common directorship and shareholding	Yes	Yes	7.43
MCB Islamic Bank Limited	Wholly owned subsidiary of associated company	Yes	Yes	None
Nishat (Chunian) Limited	Shareholding	Yes	Yes	13.61
Nishat Agrotech Farms Supplies (Private) Limited	Common directorship	No	No	None
Nishat Chunian Power Limited (NCPL)	Executive of the Holding Company is appointed as Director on the Board of NCPL	No	No	None
Sanifa Agri Services Limited	Associated Company	Yes	Yes	None
Employees Provident Fund Trusts	Post-employment benefit plans	Yes	Yes	None

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43 PROVIDENT FUNDS

43.1 Nishat Mills Limited - Holding Company and Nishat Linen (Private) Limited - Subsidiary Company

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

43.2 Nishat Power Limited - Subsidiary Company

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

43.3 Nishat Hospitality (Private) Limited - Subsidiary Company

The investments by the provident fund have been made in accordance with the provisions of section 218 of the Companies Act and the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018 ('Regulations') formulated for this purpose except for:

-Investment in listed debt securities is in excess of 50% of the size of the fund.

	2021	2020
44 NUMBER OF EMPLOYEES		
Number of employees as on 30 June	23,907	21,577
Average number of employees during the year	22,732	21,876

		2021	2020
		(Figures in thousand)	

45 PLANT CAPACITY AND ACTUAL PRODUCTION

a) Holding Company - Nishat Mills Limited

		2021	2020
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Kgs.)	90,821	86,111
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Kgs.)	79,689	65,466
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Sq.Mtr)	309,458	289,273
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Sq.Mtr)	295,932	275,483
Dyeing and Finishing			
Production capacity for 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Mtr)	56,400	52,856
Actual production on 3 shifts per day for 1,095 shifts (2020: 1,029 shifts)	(Mtr)	33,105	42,912
Power Plant			
Generation capacity	(MWH)	989	932
Actual generation	(MWH)	389	361

Processing, Stitching, Apparel and Terry

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

b) Subsidiary Company - Nishat Power Limited

		2021	2020
Installed capacity [Based on 8,760 hours (2020: 8,784 hours)]	MWH	1,711	1,715
Actual energy delivered	MWH	523	277

c) Subsidiary Company - Nishat Hospitality (Private) Limited

	Total rooms available	
	2021	2020
Nishat Suites	31,753	21,789

45.1 REASON FOR LOW PRODUCTION

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

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

b) Output produced by the plant of Nishat Power Limited - Subsidiary Company is dependent on the load demanded by CPPA-G and plant availability.

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46 SEGMENT INFORMATION

	Spinning										Weaving			
	Faisalabad-I		Faisalabad-II		Feroze Wattwan I		Feroze Wattwan II		Lahore		Bhikki		Lahore	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)													
Revenue														
External	4,119,786	2,073,195	2,634,067	2,936,491	4,323,324	2,659,042	1,203,589	599,924	18,105,081	13,222,399	13,500,697	11,368,682	3,095,408	3,013,343
Intersegment	6,573,047	5,784,550	2,088,102	1,537,651	3,174,700	2,474,659	758,736	192,788	253,474	123,278	6,866,272	6,708,356	4,587,253	4,084,710
	10,692,833	7,857,745	4,722,169	4,474,142	7,498,024	5,133,701	1,962,325	792,712	18,358,555	13,345,677	20,366,969	18,077,038	7,682,661	7,098,053
Cost of sales	(9,572,154)	(7,125,478)	(4,308,874)	(4,910,727)	(6,697,955)	(5,280,206)	(1,763,288)	(676,816)	(16,567,699)	(12,503,195)	(18,761,629)	(16,392,603)	(7,215,557)	(6,705,384)
Gross profit / (loss)	1,120,679	732,267	413,295	(436,585)	800,069	(146,505)	199,037	115,896	1,790,856	842,482	1,605,340	1,684,435	467,104	392,669
Distribution cost	(141,307)	(156,547)	(34,163)	(17,274)	(134,076)	(161,175)	(12,070)	(3,291)	(277,539)	(191,201)	(611,043)	(575,548)	(146,563)	(127,170)
Administrative expenses	(212,639)	(183,681)	(62,454)	(60,007)	(98,288)	(92,947)	(15,785)	(4,890)	(2,660)	(1,663)	(187,392)	(188,415)	(91,536)	(90,368)
	(353,946)	(340,228)	(96,617)	(77,281)	(232,364)	(254,122)	(27,855)	(8,181)	(280,199)	(192,864)	(798,435)	(763,963)	(238,099)	(217,538)
Profit / (loss) before taxation and unallocated income and expenses	766,733	392,039	316,678	(513,866)	567,705	(400,627)	171,182	107,715	1,510,657	649,618	806,905	920,472	229,005	175,131

	Dyeing		Home Textile		Terry		Garments		Power Generation		Hotel		Elimination of Inter-segment transactions		Total - Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)															
Revenue																
External	11,644,199	14,686,329	24,935,997	19,681,343	1,023,434	-	8,364,875	6,506,263	11,486,321	11,781,598	290,680	181,221	-	-	104,727,458	88,709,830
Intersegment	743,501	541,079	262,554	333,275	34,736	-	4,156	519	6,814,585	6,550,874	765	637	(32,161,881)	(28,332,376)	-	-
	12,387,700	15,227,408	25,198,551	20,014,618	1,058,170	-	8,369,031	6,506,782	18,300,906	18,332,472	291,445	181,858	(32,161,881)	(28,332,376)	104,727,458	88,709,830
Cost of sales	(11,033,997)	(13,054,215)	(19,108,577)	(14,778,884)	(959,856)	-	(7,131,640)	(5,593,738)	(14,837,120)	(11,901,033)	(269,787)	(232,136)	32,161,881	28,332,376	(86,066,252)	(70,822,039)
Gross profit / (loss)	1,353,703	2,173,193	6,089,974	5,235,734	98,314	-	1,237,391	913,044	3,463,786	6,431,439	21,658	(50,278)	-	-	18,661,206	17,887,791
Distribution cost	(595,743)	(643,431)	(3,861,000)	(3,704,478)	(67,069)	-	(575,703)	(512,925)	-	(62)	-	-	-	-	(6,456,276)	(6,093,102)
Administrative expenses	(171,847)	(190,242)	(741,166)	(836,471)	(32,023)	-	(148,398)	(129,384)	(358,899)	(384,063)	(58,988)	(61,073)	-	-	(2,182,075)	(2,223,204)
	(767,590)	(833,673)	(4,602,166)	(4,540,949)	(99,092)	-	(724,101)	(642,309)	(358,899)	(384,125)	(58,988)	(61,073)	-	-	(8,638,351)	(8,316,306)
Profit / (loss) before taxation and unallocated income and expenses	586,113	1,339,520	1,487,808	694,785	(778)	-	513,290	270,735	3,104,887	6,047,314	(37,330)	(111,351)	-	-	10,022,855	9,571,485
Unallocated income and expenses:																
Other expenses															(597,767)	(218,300)
Other income															2,732,075	2,351,438
Finance cost															(1,881,452)	(2,957,854)
Share of profit from associates															2,848,522	864,092
Taxation															(1,918,637)	(839,106)
Profit after taxation															11,205,596	8,771,755

46.1 Reconciliation of reportable segment assets and liabilities

	Spinning										Weaving			
	Faisalabad-I		Faisalabad-II		Feroze Wattwan I		Feroze Wattwan II		Lahore		Bhikki		Lahore	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)													
Total assets for reportable segments	6,421,325	9,101,824	6,907,881	4,101,580	5,225,646	6,833,108	1,756,639	1,815,833	3,946,394	2,705,048	8,302,579	6,172,890	1,769,035	963,573
Total liabilities for reportable segments	950,585	841,152	81,057	208,341	195,930	202,895	13,494	17,232	259,486	539,423	914,771	908,113	328,338	178,886

	Dyeing		Home Textile		Terry		Garments		Power Generation		Hotel		Total - Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)													
Total assets for reportable segments	7,893,110	8,314,687	16,494,436	17,235,218	3,223,473	1,745,976	5,885,327	3,905,344	36,562,808	35,676,590	1,255,855	1,361,070	105,644,508	99,932,741
Unallocated assets:														
Long term investments													55,330,247	50,115,435
Short term investment													-	17,677
Other receivables													5,431,355	4,652,267
Cash and bank balances													6,397,998	758,727
Other corporate assets													3,113,048	2,921,381
Total assets as per consolidated statement of financial position													175,917,156	158,398,228
Total liabilities for reportable segments	1,067,200	861,031	3,174,725	2,563,533	150,375	36,573	1,115,098	727,221	6,353,665	8,721,222	58,134	119,289	14,662,858	15,924,911
Unallocated liabilities:														
Deferred liabilities													2,572,634	1,973,011
Other corporate liabilities													38,008,968	32,541,015
Total liabilities as per consolidated statement of financial position													55,244,460	50,438,937

46.2 Geographical information

The Group's revenue from external customers by geographical location is detailed below:

	2021	2020
	(Rupees in thousand)	
Europe	22,408,582	20,394,268
Asia, Africa and Australia	18,416,068	21,024,737
United States of America and Canada	7,666,807	4,912,708
Pakistan	56,236,001	42,378,117
	104,727,458	88,709,830

46.3 Significant non-current assets of the Group as at reporting dates are located and operating in Pakistan.

46.4 Revenue from major customers

Nishat Power Limited - Subsidiary Company sells electricity only to CPPA-G whereas the Group's revenue from other segments is earned from a large mix of customers.

47 INTERESTS IN OTHER ENTITIES

47.1 Non-controlling interest (NCI)

Set out below is summarised financial information for Nishat Power Limited - Subsidiary Company that has non-controlling interests that are material to the Group. The amount disclosed for Subsidiary Company are before inter-company eliminations.

	2021	2020
	(Rupees in thousand)	
Summarised statement of financial position		
Current assets	21,958,032	19,928,993
Current liabilities	4,739,844	5,571,430
Net current assets	17,218,188	14,357,563
Non-current assets	8,828,036	9,395,029
Non-current liabilities	36,903	55,367
Net non-current assets	8,791,133	9,339,662
Net assets	26,009,321	23,697,225
Accumulated non-controlling interest	12,741,966	11,609,271
Summarised statement of comprehensive income		
Revenue	11,432,571	11,738,487
Profit for the year	2,680,319	4,942,595
Other comprehensive income	-	-
Total comprehensive income	2,680,319	4,942,595
Profit allocated to non-controlling interest	1,308,848	2,419,002
Dividend paid to non-controlling interest	173,456	173,456
Summarised cash flows		
Cash flows from operating activities	1,928,773	5,073,890
Cash flows used in investing activities	(105,524)	(96,472)
Cash flows used in financing activities	(316,807)	(3,323,797)
Net increase in cash and cash equivalents	1,506,442	1,653,621

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48 FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

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

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

a) Market risk

i) Currency risk

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

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

	2021	2020
Cash at banks - USD	233,515	37,934
Cash in hand and at banks - AED	13,867,777	-
Trade debts - USD	22,937,415	14,824,462
Trade debts - Euro	1,652,710	994,934
Trade debts - AED	9,642,554	1,244,456
Trade and other payables - USD	(2,519,879)	(1,535,624)
Trade and other payables - Euro	(170,203)	(155,010)
Trade and other payables - AED	(9,029,257)	(1,384)
Trade and other payables - JPY	(652,985)	(131,220)
Trade and other payables - CHF	-	(11,835)
Net exposure - USD	20,651,051	13,326,772
Net exposure - Euro	1,482,507	839,924
Net exposure - AED	14,481,074	1,243,072
Net exposure - JPY	(652,985)	(131,220)
Net exposure - CHF	-	(11,835)

	2021	2020
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	159.53	158.82
Reporting date rate	157.60	168.25
Rupees per Euro		
Average rate	189.17	175.53
Reporting date rate	185.80	189.11
Rupees per AED		
Average rate	43.22	43.20
Reporting date rate	42.65	45.79
Rupees per JPY		
Average rate	1.49	1.47
Reporting date rate	1.42	1.57
Rupees per CHF		
Average rate	174.46	163.18
Reporting date rate	168.81	177.43

Sensitivity Analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED, JPY and CHF with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 207.377 million (2020: Rupees 122.784 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) Other price risk

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

Sensitivity Analysis

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

Index	Impact on statement of other comprehensive income (fair value reserve)	
	2021	2020
	(Rupees in thousand)	
PSX (5% increase)	771,424	752,621
PSX (5% decrease)	(771,424)	(752,621)

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

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iii) Interest rate risk

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

The Group's interest rate risk mainly arises from long term financing, short term borrowings, loans to employees, trade debts, bank balances in saving accounts and term deposit receipts. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

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

	2021	2020
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Short term investment	-	17,677
Loans to employees	265,626	258,950
Term deposit receipts	5,104,500	149,396
Financial liabilities		
Long term financing	14,696,590	8,393,124
Short term borrowings	18,371,589	14,184,868
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	34,281	17,459
Trade debts - overdue	11,802,542	11,020,051
Financial liabilities		
Long term financing	251,711	1,743,030
Short term borrowings	4,013,567	9,895,649

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 7.572 million higher / lower (2020: Rupees 6.012 million lower / higher) mainly as a result of higher / lower interest on floating rate financial instruments. This analysis is prepared assuming the amount of financial instruments outstanding at reporting date were outstanding for the whole year.

b) Credit risk

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

Investments	15,780,453	15,390,596
Loans and advances	1,168,574	827,105
Deposits	336,988	287,425
Trade debts	27,111,194	23,604,593
Other receivables	46,808	51,964
Accrued interest	13,659	2,301
Bank balances	6,348,367	724,013
	50,806,043	40,887,997

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

	Rating			2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	1,434	8,766
Allied Bank Limited	A1+	AAA	PACRA	4,549	391
Askari Bank Limited	A1+	AA+	PACRA	61	454
Bank Alfalah Limited	A1+	AA+	PACRA	12,087	135,577
Faysal Bank Limited	A1+	AA	PACRA	15,811	35,214
Habib Bank Limited	A-1+	AAA	JCR-VIS	19,585	2,374
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	23,163	1,360
JS Bank Limited	A1+	AA-	PACRA	24	66
MCB Bank Limited	A1+	AAA	PACRA	6,026,704	154,619
Samba Bank Limited	A1+	AAA	JCR-VIS	274	298,056
Silk Bank Limited	A-1	AA	JCR-VIS	68	73
Standard Chartered Bank (Pakistan) Limited	A-2	A -	PACRA	80,265	37,610
United Bank Limited	A1+	AAA	JCR-VIS	1,790	10,463
Al Baraka Bank (Pakistan) Limited	A-1+	AAA	PACRA	268	269
Citi Bank N.A.	P-1	Aa3	Moody's	203	133
Bank Islami Pakistan Limited	A1	A+	PACRA	191	391
Meezan Bank Limited	A-1+	AAA	JCR-VIS	36,573	5,320
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	352	354
The Bank of Punjab	A1+	AA+	PACRA	297	189
Soneri Bank Limited	A1+	AA-	PACRA	2,470	394
Summit Bank Limited	A-3	BBB-	JCR-VIS	257	257
Industrial and Commercial Bank of China	P-1	A1	Moody's	114	6
MCB Islamic Bank Limited	A1	A	PACRA	705	239
HAB Bank	Unknown		-	5,961	7,501
Bank of China	P-1	A1	Moody's	4,913	16,548
Habib Bank AG Zurich, UAE	NP	Caa1	Moody's	53,957	6,752
ICBC Standard Bank	F1	A-	Moody's	42,788	-
Bank Al-Habib Limited	A1+	AAA	PACRA	13,496	629
Burj Bank Limited	A-1	A+	JCR-VIS	1	2
The Bank of Khyber	A1	A	PACRA	6	6
				6,348,367	724,013
Investments					
Adamjee Insurance Company Limited	AA+		PACRA	4,263	3,404
Alhamra Islamic Stock Fund	AM1		PACRA	12,661	9,723
Nishat (Chunian) Limited	A	A-2	JCR-VIS	1,643,947	1,060,767
MCB Bank Limited	A1+	AAA	PACRA	14,067,484	14,264,635
Pakistan Petroleum Limited	Unknown		-	52,098	52,067
				15,780,453	15,390,596
				22,128,820	16,114,609

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

Trade debts

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts other than those due from Government of Pakistan.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Group has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product, Unemployment, Interest and the inflation index to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

c) Liquidity risk

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

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2021, the Group had Rupees 58,213.768 million (2020: Rupees 51,454.504 million) available borrowing / financing limits from financial institutions and Rupees 6,397.998 million (2020: Rupees 758.727 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2021:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	(Rupees in thousand)					
Non-derivative financial liabilities:						
Long term financing	14,948,301	16,198,322	1,767,748	1,829,938	3,379,591	9,221,045
Lease liabilities	2,049,784	2,593,658	462,607	393,753	536,644	1,200,654
Long term security deposits	269,078	269,078	-	-	-	269,078
Trade and other payables	8,250,030	8,250,030	8,250,030	-	-	-
Unclaimed dividend	115,497	115,497	115,497	-	-	-
Short term borrowings	22,385,156	22,742,829	22,692,941	49,888	-	-
Accrued mark-up	269,569	269,569	269,569	-	-	-
Derivative financial liabilities	57,429	57,429	57,429	-	-	-
	48,344,844	50,496,412	33,615,821	2,273,579	3,916,235	10,690,777

Contractual maturities of financial liabilities as at 30 June 2020:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	(Rupees in thousand)					
Non-derivative financial liabilities						
Long term financing	10,136,154	10,897,863	189,136	835,386	2,868,216	7,005,125
Lease liabilities	2,266,071	2,979,269	437,029	388,709	777,283	1,376,248
Long term security deposits	271,133	271,133	-	-	-	271,133
Trade and other payables	8,801,922	8,801,922	8,801,922	-	-	-
Unclaimed dividend	111,267	111,267	111,267	-	-	-
Short term borrowings	24,080,517	24,465,279	24,434,181	31,098	-	-
Accrued mark-up	395,513	395,513	395,513	-	-	-
Derivative financial liabilities	6,206	6,206	6,206	-	-	-
	46,068,783	47,928,452	34,375,254	1,255,193	3,645,499	8,652,506

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / markup have been disclosed in note 5 and note 11 to these consolidated financial statements.

48.2 Financial instruments by categories

	FVTPL	Amortized cost	FVTOCI	Total
	(Rupees in thousand)			
As at 30 June 2021				
Assets as per consolidated statement of financial position				
Investments	-	-	15,780,453	15,780,453
Loans and advances	-	1,168,574	-	1,168,574
Deposits	-	336,988	-	336,988
Trade debts	-	27,111,194	-	27,111,194
Other receivables	8,672	38,136	-	46,808
Accrued interest	-	13,659	-	13,659
Cash and bank balances	-	6,397,998	-	6,397,998
	8,672	35,066,549	15,780,453	50,855,674

	FVTPL	Amortized cost	Total
	(Rupees in thousand)		
Liabilities as per consolidated statement of financial position			
Long term financing	-	14,948,301	14,948,301
Lease liabilities	-	2,049,784	2,049,784
Long term security deposits	-	269,078	269,078
Trade and other payables	57,429	8,250,030	8,307,459
Short term borrowings	-	22,385,156	22,385,156
Unclaimed dividend	-	115,497	115,497
Accrued mark-up	-	269,569	269,569
	57,429	48,287,415	48,344,844

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	FVTPL	Amortised cost	FVTOCI	Total
	----------------	(Rupees in thousand)	----------------	
As at 30 June 2020				
Assets as per consolidated statement of financial position				
Investments	-	-	15,390,596	15,390,596
Loans and advances	-	827,105	-	827,105
Deposits	-	287,425	-	287,425
Trade debts	-	23,604,593	-	23,604,593
Other receivables	345	51,619	-	51,964
Accrued interest	-	2,301	-	2,301
Cash and bank balances	-	758,727	-	758,727
	345	25,531,770	15,390,596	40,922,711

	FVTPL	Amortized cost	Total
	----------------	(Rupees in thousand)	----------------
Liabilities as per consolidated statement of financial position			
Long term financing	-	10,136,154	10,136,154
Lease liabilities	-	2,266,071	2,266,071
Long term security deposits	-	271,133	271,133
Trade and other payables	6,206	8,801,922	8,808,128
Short term borrowings	-	24,080,517	24,080,517
Unclaimed dividend	-	111,267	111,267
Accrued mark-up	-	395,513	395,513
	6,206	46,062,577	46,068,783

48.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2021		
	Financial assets	Non-financial assets	Assets as per consolidated statement of financial position
	----------------	(Rupees in thousand)	----------------
Assets			
Investments	15,780,453	39,549,794	55,330,247
Loans and advances	1,168,574	453,942	1,622,516
Deposits and prepayments	336,988	132,262	469,250
Trade debts	27,111,194	-	27,111,194
Other receivables	46,808	5,384,547	5,431,355
Accrued interest	13,659	-	13,659
Cash and bank balances	6,397,998	-	6,397,998
	50,855,674	45,520,545	96,376,219

	2021		
	Financial liabilities	Non-financial liabilities	Liabilities as per consolidated statement of financial position
	(Rupees in thousand)		
Liabilities			
Long term financing	14,948,301	-	14,948,301
Lease liabilities	2,049,784	-	2,049,784
Long term security deposits	269,078	-	269,078
Trade and other payables	8,307,459	3,082,599	11,390,058
Short term borrowings	22,385,156	-	22,385,156
Unclaimed dividend	115,497	-	115,497
Accrued mark-up	269,569	-	269,569
	48,344,844	3,082,599	51,427,443

	2020		
	Financial assets	Non-financial assets	Assets as per consolidated statement of financial position
	(Rupees in thousand)		
Assets			
Investments	15,390,596	34,742,516	50,133,112
Loans and advances	827,105	254,289	1,081,394
Deposits and prepayments	287,425	122,858	410,283
Trade debts	23,604,593	-	23,604,593
Other receivables	51,964	4,600,303	4,652,267
Accrued interest	2,301	-	2,301
Cash and bank balances	758,727	-	758,727
	40,922,711	39,719,966	80,642,677

	2020		
	Financial liabilities	Non-financial liabilities	Liabilities as per consolidated statement of financial position
	(Rupees in thousand)		
Liabilities			
Long term financing	10,136,154	-	10,136,154
Lease liabilities	2,266,071	-	2,266,071
Long term security deposits	271,133	-	271,133
Trade and other payables	8,808,128	2,376,137	11,184,265
Short term borrowings	24,080,517	-	24,080,517
Unclaimed dividend	111,267	-	111,267
Accrued mark-up	395,513	-	395,513
	46,068,783	2,376,137	48,444,920

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49 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, short term borrowings obtained by the Group as referred to in note 5 and note 11 respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

		2021	2020
Borrowings	Rupees in thousand	37,333,457	34,216,671
Total equity	Rupees in thousand	120,672,696	107,959,291
Total capital employed	Rupees in thousand	158,006,153	142,175,962
Gearing ratio	Percentage	23.63	24.07

50 FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

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

Recurring fair value measurements At 30 June 2021	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Fair value through other comprehensive income	15,780,453	-	-	15,780,453
Derivative financial assets	-	8,672	-	8,672
Total financial assets	15,780,453	8,672	-	15,789,125
Financial liabilities				
Derivative financial liabilities	-	57,429	-	57,429
Total financial liabilities	-	57,429	-	57,429

Recurring fair value measurements At 30 June 2020	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Fair value through other comprehensive income	15,390,596	-	-	15,390,596
Derivative financial assets	-	345	-	345
Total financial assets	15,390,596	345	-	15,390,941
Financial liabilities				
Derivative financial liabilities	-	6,206	-	6,206
Total financial liabilities	-	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.

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.

Notes to the Consolidated Financial Statements

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51 UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2021	2020	2021	2020
	(Rupees in thousand)			
Total facilities	15,832,350	12,820,350	83,747,869	71,367,390
Utilized at the end of the year	8,766,417	5,099,551	25,534,101	19,912,886
Unutilized at the end of the year	7,065,933	7,720,799	58,213,768	51,454,504

52 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 20 September, 2021 by the Board of Directors.

53 CORRESPONDING FIGURES

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

54 GENERAL

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2021

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
4,388	1	100	154,611	0.04
4,222	101	500	1,181,932	0.34
1,466	501	1,000	1,213,531	0.35
1,880	1,001	5,000	4,853,574	1.38
436	5,001	10,000	3,377,977	0.96
156	10,001	15,000	2,015,708	0.57
109	15,001	20,000	1,945,175	0.55
81	20,001	25,000	1,915,079	0.54
51	25,001	30,000	1,427,256	0.41
35	30,001	35,000	1,158,266	0.33
26	35,001	40,000	996,119	0.28
17	40,001	45,000	737,428	0.21
32	45,001	50,000	1,565,011	0.45
15	50,001	55,000	803,537	0.23
13	55,001	60,000	758,200	0.22
9	60,001	65,000	572,538	0.16
4	65,001	70,000	277,000	0.08
15	70,001	75,000	1,093,799	0.31
6	75,001	80,000	471,118	0.13
9	80,001	85,000	743,437	0.21
10	85,001	90,000	886,787	0.25
3	90,001	95,000	278,097	0.08
19	95,001	100,000	1,883,600	0.54
5	100,001	105,000	514,900	0.15
7	105,001	110,000	755,625	0.21
1	110,001	115,000	113,000	0.03
8	115,001	120,000	946,542	0.27
4	120,001	125,000	490,306	0.14
10	125,001	130,000	1,282,726	0.36
3	130,001	135,000	401,222	0.11
2	135,001	140,000	277,081	0.08
1	140,001	145,000	145,000	0.04
7	145,001	150,000	1,043,931	0.30
1	150,001	155,000	154,500	0.04
2	155,001	160,000	315,500	0.09
5	160,001	165,000	814,655	0.23
2	165,001	170,000	331,200	0.09
6	170,001	175,000	1,037,520	0.30
2	175,001	180,000	357,400	0.10
1	180,001	185,000	184,300	0.05
1	190,001	195,000	195,000	0.06
7	195,001	200,000	1,393,800	0.40
2	200,001	205,000	403,200	0.11
1	205,001	210,000	210,000	0.06
1	210,001	215,000	211,771	0.06
5	215,001	220,000	1,086,875	0.31
3	220,001	225,000	672,500	0.19
1	225,001	230,000	225,438	0.06
2	230,001	235,000	468,500	0.13
2	235,001	240,000	477,500	0.14

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2021

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
2	240,001	245,000	486,000	0.14
1	245,001	250,000	250,000	0.07
1	250,001	255,000	252,500	0.07
2	255,001	260,000	513,500	0.15
1	260,001	265,000	264,000	0.08
3	265,001	270,000	803,100	0.23
2	270,001	275,000	546,400	0.16
1	275,001	280,000	279,500	0.08
2	290,001	295,000	587,000	0.17
2	305,001	310,000	612,592	0.17
2	310,001	315,000	627,270	0.18
1	315,001	320,000	318,500	0.09
2	320,001	325,000	645,200	0.18
1	325,001	330,000	325,300	0.09
1	330,001	335,000	333,000	0.09
1	335,001	340,000	339,500	0.10
1	345,001	350,000	350,000	0.10
2	355,001	360,000	715,100	0.20
1	360,001	365,000	364,000	0.10
2	365,001	370,000	734,616	0.21
1	390,001	395,000	391,000	0.11
4	395,001	400,000	1,600,000	0.46
1	435,001	440,000	440,000	0.13
1	445,001	450,000	446,550	0.13
1	455,001	460,000	456,700	0.13
1	470,001	475,000	473,800	0.13
1	490,001	495,000	495,000	0.14
3	495,001	500,000	1,500,000	0.43
1	510,001	515,000	515,000	0.15
1	535,001	540,000	536,500	0.15
1	550,001	555,000	551,474	0.16
1	570,001	575,000	573,995	0.16
1	585,001	590,000	587,100	0.17
1	590,001	595,000	593,280	0.17
2	595,001	600,000	1,200,000	0.34
1	610,001	615,000	610,143	0.17
1	620,001	625,000	620,500	0.18
1	625,001	630,000	628,100	0.18
1	635,001	640,000	638,126	0.18
1	660,001	665,000	664,500	0.19
1	670,001	675,000	675,000	0.19
1	695,001	700,000	700,000	0.20
1	700,001	705,000	701,900	0.20
1	705,001	710,000	706,100	0.20
1	780,001	785,000	783,000	0.22
1	795,001	800,000	800,000	0.23
1	830,001	835,000	834,400	0.24
1	855,001	860,000	857,700	0.24
1	885,001	890,000	890,000	0.25
1	970,001	975,000	971,900	0.28

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2021

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
1	995,001	1,000,000	996,501	0.28
1	1,055,001	1,060,000	1,057,000	0.30
1	1,060,001	1,065,000	1,061,285	0.30
1	1,080,001	1,085,000	1,082,100	0.31
1	1,100,001	1,105,000	1,102,300	0.31
1	1,120,001	1,125,000	1,125,000	0.32
1	1,155,001	1,160,000	1,158,900	0.33
1	1,195,001	1,200,000	1,196,971	0.34
1	1,270,001	1,275,000	1,272,500	0.36
1	1,295,001	1,300,000	1,300,000	0.37
1	1,310,001	1,315,000	1,313,500	0.37
1	1,320,001	1,325,000	1,323,000	0.38
1	1,375,001	1,380,000	1,380,000	0.39
1	1,440,001	1,445,000	1,442,000	0.41
1	1,450,001	1,455,000	1,451,500	0.41
1	1,470,001	1,475,000	1,470,300	0.42
1	1,510,001	1,515,000	1,512,300	0.43
1	1,570,001	1,575,000	1,572,000	0.45
1	1,620,001	1,625,000	1,625,000	0.46
1	1,815,001	1,820,000	1,820,000	0.52
1	1,945,001	1,950,000	1,946,841	0.55
1	1,985,001	1,990,000	1,986,500	0.57
1	2,410,001	2,415,000	2,415,000	0.69
1	2,545,001	2,550,000	2,549,700	0.73
1	2,725,001	2,730,000	2,728,028	0.78
1	2,810,001	2,815,000	2,814,900	0.80
1	2,835,001	2,840,000	2,839,871	0.81
1	3,170,001	3,175,000	3,171,882	0.90
1	3,235,001	3,240,000	3,236,899	0.92
1	3,245,001	3,250,000	3,250,000	0.92
1	3,485,001	3,490,000	3,488,454	0.99
1	3,995,001	4,000,000	4,000,000	1.14
1	4,065,001	4,070,000	4,066,831	1.16
1	4,420,001	4,425,000	4,423,400	1.26
1	4,780,001	4,785,000	4,785,000	1.36
1	5,380,001	5,385,000	5,383,500	1.53
1	6,450,001	6,455,000	6,450,913	1.83
1	7,225,001	7,230,000	7,230,000	2.06
1	9,245,001	9,250,000	9,247,800	2.63
1	14,495,001	14,500,000	14,496,760	4.12
1	15,075,001	15,080,000	15,075,149	4.29
1	18,695,001	18,700,000	18,698,357	5.32
1	21,190,001	21,195,000	21,191,146	6.03
1	23,100,001	23,105,000	23,101,426	6.57
1	25,670,001	25,675,000	25,673,659	7.30
1	26,245,001	26,250,000	26,248,841	7.47
1	29,225,001	29,230,000	29,228,216	8.31
13,208			**351,599,848**	**100.00**

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2021

Sr. No.	Categories of Shareholders	Shares Held	Percentage
1	**DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN**	88,667,588	25.22
2	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**	30,567,178	8.69
3	**NIT AND ICP**	85,203	0.02
4	**Banks Development Financial Institutions, Non banking Financial Institutions**	23,287,571	6.62
5	**Insurance Companies**	17,237,866	4.91
6	**Modarabas And Mutual Funds**	35,123,744	9.99
7	**Shareholders Holding 5% or above**	177,714,710	50.54
8	**General Public**		
	Local	103,150,935	29.34
	Foreign	4,386,016	1.25
9	**Others**		
	Foreign Companies	20,965,033	5.96
	Investment Companies	1,086,622	0.31
	Joint Stock Companies	17,275,760	4.91
	Provident / Pension Funds and Miscellaneous	9,766,332	2.78

Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2021

Sr. No.	Categories of Shareholders	Shares Held	Percentage
I)	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**		
	D. G. KHAN CEMENT COMPANY LIMITED	30,289,501	8.61
	ADAMJEE INSURANCE COMPANY LIMITED	2,050	0.00
	MCB BANK LIMITED	227	0.00
	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	400	0.00
	NISHAT (AZIZ AVENUE) HOTELS AND PROPERITIES LIMITED	275,000	0.08
II)	**MUTUAL FUNDS:**		
	PRUDENTIAL STOCKS FUND LIMITED	110	0.0000
	SAFEWAY MUTUAL FUND LIMITED	13	0.0000
	PRUDENTIAL STOCKS FUND LTD (03360)	23,500	0.0067
	HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES GRATUITY FUND	46,500	0.0132
	HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES PROVIDENT FUND	100,000	0.0284
	TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	10,000	0.0028
	KASB INVEST (PRIVATE) LIMITED	2,000	0.0006
	MCBFSL - TRUSTEE JS VALUE FUND	119,000	0.0338
	CDC - TRUSTEE JS LARGE CAP. FUND	78,500	0.0223
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,986,500	0.5650
	CDC - TRUSTEE MEEZAN BALANCED FUND	314,100	0.0893
	CDC - TRUSTEE UBL GROWTH AND INCOME FUND	128,500	0.0365
	CDC - TRUSTEE JS ISLAMIC FUND	83,000	0.0236
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	146,500	0.0417
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	223,500	0.0636
	CDC - TRUSTEE AKD INDEX TRACKER FUND	37,647	0.0107
	CDC - TRUSTEE AKD OPPORTUNITY FUND	1,057,000	0.3006
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	628,100	0.1786
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	5,383,500	1.5311
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1,196,971	0.3404
	CRESCENT STANDARD BUSINESS MANAGEMENT (PVT) LIMITED	1	0.0000
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	620,500	0.1765
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	3,171,882	0.9021
	CDC - TRUSTEE NBP STOCK FUND	2,549,700	0.7252
	CDC - TRUSTEE NBP BALANCED FUND	202,200	0.0575
	CDC - TRUSTEE ALFALAH GHP INCOME FUND	30,500	0.0087
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	34,500	0.0098
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	857,700	0.2439
	CDC - TRUSTEE APF-EQUITY SUB FUND	101,300	0.0288
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	34,500	0.0098
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	551,474	0.1568
	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	1,470,300	0.4182
	CDC - TRUSTEE APIF - EQUITY SUB FUND	122,000	0.0347
	MC FSL TRUSTEE JS - INCOME FUND	10,500	0.0030
	MC FSL - TRUSTEE JS GROWTH FUND	515,000	0.1465
	CDC - TRUSTEE HBL MULTI - ASSET FUND	8,700	0.0025
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	23,500	0.0067
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	473,800	0.1348

Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2021

Sr. No.	Categories of Shareholders	Shares Held	Percentage
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	196,300	0.0558
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,946,841	0.5537
	CDC - TRUSTEE ABL STOCK FUND	536,500	0.1526
	CDC - TRUSTEE FIRST HABIB STOCK FUND	18,000	0.0051
	CDC - TRUSTEE LAKSON EQUITY FUND	706,100	0.2008
	CDC - TRUSTEE NBP SARMAYA IZAFA FUND	235,000	0.0668
	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	39,500	0.0112
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	45,100	0.0128
	CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND	154,500	0.0439
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	25,500	0.0073
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	26,000	0.0074
	CDC - TRUSTEE KSE MEEZAN INDEX FUND	446,550	0.1270
	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	31,500	0.0090
	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	58,000	0.0165
	CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	48,700	0.0139
	CDC - TRUSTEE ATLAS INCOME FUND - MT	65,000	0.0185
	CDC-TRUSTEE UBL INCOME OPPORTUNITY FUND	264,000	0.0751
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	293,800	0.0836
	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	36,100	0.0103
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	30,000	0.0085
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	293,200	0.0834
	CDC - TRUSTEE AWT ISLAMIC STOCK FUND	162,000	0.0461
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	323,200	0.0919
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	3,236,899	0.9206
	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	35,000	0.0100
	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1,512,300	0.4301
	CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	47,000	0.0134
	CDC - TRUSTEE AWT STOCK FUND	89,600	0.0255
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	355,100	0.1010
	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	25,000	0.0071
	CDC-TRUSTEE NITPF EQUITY SUB-FUND	14,500	0.0041
	CDC - TRUSTEE NBP SAVINGS FUND - MT	83,500	0.0237
	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	162,100	0.0461
	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	22,200	0.0063
	CDC - TRUSTEE FAYSAL MTS FUND - MT	10,000	0.0028
	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	197,500	0.0562
	CDC - TRUSTEE LAKSON TACTICAL FUND	86,987	0.0247
	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	74,199	0.0211
	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	125,726	0.0358
	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	127,200	0.0362
	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	7,500	0.0021
	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	110,000	0.0313
	CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	5,139	0.0015
	CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	35,000	0.0100
	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	59,500	0.0169
	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	171,000	0.0486
	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	55,000	0.0156
	CDC - TRUSTEE AGIPF EQUITY SUB-FUND	18,600	0.0053
	CDC - TRUSTEE AGPF EQUITY SUB-FUND	12,800	0.0036

Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2021

Sr. No.	Categories of Shareholders		Shares Held	Percentage
III)	**DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN**			
	1. MIAN UMER MANSHA	DIRECTOR / CHIEF EXECUTIVE OFFICER	44,292,572	12.60
	2. MIAN HASSAN MANSHA	DIRECTOR / CHAIRMAN	44,372,016	12.62
	3. MR. MAHMOOD AKHTAR	DIRECTOR	500	0.00
	4. MR. FARID NOOR ALI FAZAL	DIRECTOR	500	0.00
	5. MRS. SARA AQEEL	DIRECTOR	1,500	0.00
	6. MRS. MEHAK ADIL	DIRECTOR	500	0.00
IV)	**EXECUTIVES**			
	MR. MAQSOOD AHMAD		500	0.0001
V)	**PUBLIC SECTOR, COMPANIES AND CORPORATIONS**			
	JOINT STOCK COMPANIES		17,275,760	4.91
VI)	**SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY**			
	1. MRS NAZ MANSHA	SHAREHOLDER	29,188,712	8.30
	2. MIAN RAZA MANSHA	SHAREHOLDER	29,571,909	8.41
	3. MIAN UMER MANSHA	DIRECTOR / CHIEF EXECUTIVE OFFICER	44,292,572	12.60
	4. MIAN HASSAN MANSHA	DIRECTOR / CHAIRMAN	44,372,016	12.62
	5. D. G. KHAN CEMENT COMPANY LIMITED	ASSOCIATED COMPANY	30,289,501	8.61
VII)	**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS**			
	1. INVESTMENT COMPANIES		1,086,622	0.31
	2. INSURANCE COMPANIES		17,237,866	4.90
	3. FINANCIAL INSTITUTIONS		23,287,571	6.62
	4. MODARABAS COMPANIES		120,005	0.03
	5. PENSION / PROVIDENT FUNDS		9,766,332	2.78

INFORMATION UNDER LISTING REGULATION NO. 5.19.11 (XII) OF PAKISTAN STOCK EXCHANGE LIMITED RULE BOOK AS ON JUNE 30, 2021

There is no trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their spouses and minor children and other employees of the Company for whom the Board of Directors have set the threshold.

ڈائریکٹرز کی مجموعی مالی حسابات پر رپورٹ

ڈائریکٹرز 30 جون 2021 کو اختتام شدہ سال کے لئے کیلئے نشاط ملز لمیٹڈ ("ہولڈنگ کمپنی") اور اس کی ماتحت کمپنیوں (مشترکہ گروپ کے طور پر) کے مشترکہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے پر خوش ہیں۔ نشاط ملز لمیٹڈ، نشاط پاور لمیٹڈ، نشاط لینن (پرائیویٹ) لمیٹڈ، نشاط ہاسپٹیلٹی (پرائیویٹ) لمیٹڈ، نشاط یو ایس اے انکارپوریٹڈ، نشاط لینن ٹریڈنگ ایل ایل سی، نشاط انٹرنیشنل ایف زیڈ ای، چائنہ گوانگ ژو نشاط گلوبل کمپنی لمیٹڈ، نشاط کموڈٹیز (پرائیویٹ) لمیٹڈ اور لال پیر سولر پاور (پرائیویٹ) لمیٹڈ کے مالی گوشواروں پر مشتمل ہیں۔

ہولڈنگ کمپنی نے بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز اینڈ کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق اپنے الگ مالی گوشواروں کے ساتھ ساتھ مشترکہ مالی گوشواروں کو بھی منسلک کیا ہے۔ ڈائریکٹرز رپورٹ میں نشاط ملز لمیٹڈ کی کارکردگی پر 30 جون 2021 کو ختم ہونے والے سال کے لئے الگ سے تبصرہ کیا گیا ہے۔ اس میں ہولڈنگ کمپنی کی سب ماتحت کمپنیوں کی بھی ایک مختصر تفصیل شامل ہے۔

آڈٹ رپورٹ میں کوالیفیکیشنز سے متعلق وضاحت

آڈیٹرز نے ممبروں کو اپنی رپورٹ میں بتایا ہے کہ مستحکم مالی گوشواروں میں نشاط ملز لمیٹڈ کی مکمل ملکیتی کمپنی نشاط یو ایس اے انکارپوریٹڈ سے متعلق غیر آڈٹ شدہ اعداد و شمار شامل ہیں۔ یہ ذیلی ادارہ ریاست نیویارک کے بزنس کارپوریشن قانون کے تحت قائم ہے۔ ریاست کے گورننگ لاء میں ماتحت کمپنی کے مالی حسابات کے آڈٹ کی ضرورت نہیں ہے۔ لہذا، ہم نے سبسڈیری کمپنی کے غیر آڈٹ شدہ مالی گوشواروں کا استعمال مستحکم مالی حسابات تیار کرنے کے لئے کیا ہے۔

ہم آپ کی توجہ مستحکم مالی گوشواروں کے نوٹ 1(a) کی طرف دلانا چاہتے ہیں جس کا ذکر آزاد آڈیٹرز رپورٹ کے Emphasis of Matter پیراگراف میں ہے کہ لال پیر سولر پاور (پرائیویٹ) لمیٹڈ (ایل ایس پی پی ایل) اب going concern نہیں رہی لہذا اس کے مالی گوشوارے تخمینہ شدہ قابل وصول اثاثوں اور واجبات کی تصفیہ اقدار کے مطابق تیار کیے گئے ہیں۔ ایل ایس پی پی ایل نے بجلی فراہمی سے متعلق ضروریات مکمل کر لی لیکن سنٹرل پاور پرچیزنگ ایجنسی سے توانائی کی فراہمی کی درخواست اور اس کی منظوری حاصل نہیں کر سکی۔ اس لیے کمپنی کو برقرار رکھنے اور اس کے اخراجات اٹھانے کا کوئی تجارتی جواز نہیں۔ لہذا، کمپنی کے بورڈ آف ڈائریکٹرز نے خصوصی قرارداد کے ذریعے شیئر ہولڈرز کی منظوری سے LSPPL کو رضاکارانہ طور پر ختم کرنے کا فیصلہ کیا ہے۔ ذیلی کمپنی کو رضاکارانہ طور پر، کمپنیز ایکٹ 2017 کے تحت ختم کیا جائے گا۔ اس وجہ سے ایل ایس پی پی ایل کے مالی اکاؤنٹس برائے سال 2021 "non-going concern" کے طور پر تیار کیے گئے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

میاں عمر منشا
چیف ایگزیکٹو آفیسر

فرید نور علی فضل
ڈائریکٹر

20 ستمبر 2021

لاہور

ڈائریکٹرز کی رپورٹ

سال22-2021 کی دوسری سہ ماہی میں نیا اوپن اینڈ یارن یونٹ شروع کیا جائے گا جو روزانہ 700 بورے کی پیداواری صلاحیت رکھتا ہے۔ اکتوبر2021 میں 130 بڑی چوڑائی والی لومز پر مشتمل ایک اور بڑے منصوبے کی تجارتی پیداوار شروع ہونے کی توقع ہے۔

داخلی مالی کنٹرولز کی مہارت

کمپنی نے اپنے اثاثوں کی حفاظت، دھوکہ دہی کو روکنے اور ان کا پتہ لگانے اور تمام قانونی تقاضوں کی تعمیل کو یقینی بنانے کے لئے اندرونی اور مالی کنٹرول کا ایک موثر نظام قائم کیا ہے۔ اندرونی کنٹرول ڈھانچے کا باقاعدگی سے جائزہ لیا جاتا ہے اور بورڈ کے قائم کردہ داخلی آڈٹ کے ذریعہ نگرانی کی جاتی ہے۔ آڈٹ کمیٹی اپنے Terms of reference کے مطابق سہ ماہی کے حساب سے اندرونی کنٹرول سسٹم کا جائزہ لیتی ہے۔

ڈائریکٹرز کا مشاہرہ

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

- کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز سمیت آزاد ڈائریکٹرز کو بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے علاوہ معاوضہ ادا نہیں کرے گی۔
- کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائریکٹرز کے سفر اور رہائش کے اخراجات کا معاوضہ یا ان کے اخراجات ادا کرے گی۔
- ڈائریکٹرز کی معاوضہ پالیسی کا وقتاً فوقتاً جائزہ لیا جائے گا اور بورڈ آف ڈائریکٹرز کے ذریعہ اس کی منظوری دی جائے گی۔

شیئر ہولڈنگ کا مراسلہ

30 جون 2021 تک شیئر ہولڈنگ کا بیان، جسے رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، اس رپورٹ سے منسلک ہے۔

اظہار تشکر

ڈائریکٹرز کمپنی کے لئے لگن کے ساتھ کوششوں کے لئے ملازمین کے شکر گزار ہیں۔

منجانب بورڈ آف ڈائریکٹرز

Um mansha

میاں عمر منشا
چیف ایگزیکٹو آفیسر

David Fazal

فرید نورعلی فضل
ڈائریکٹر

لاہور
20 ستمبر 2021

2۔ کمپنی کے اکاؤنٹ کی کتابیں صحیح طور پر بنائی گئی ہیں۔
3۔ مالی بیانات کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور محاسبہ کا تخمینہ معقول اور سمجھداری پر مبنی ہے۔
4۔ بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں قابل اطلاق ہیں، کے مطابق مالی گوشواروں کی تیاری پر عمل کیا گیا ہے۔
5۔ اندرونی کنٹرول کا نظام مستحکم ہے اور اس کے موثر انداز میں نفاذ اور نگرانی کی جا رہی ہے۔
6۔ کمپنی کے کام جاری رکھنے کی اہلیت پر کوئی شبہات نہیں ہیں۔
7۔ کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کا میٹیریل ڈیپارچر نہیں ہوا۔
8۔ ریٹائرمنٹ بینیفٹ فنڈ کے سلسلے میں سرمایہ کاری کی قیمت: پروویڈنٹ فنڈ: 30 جون، 2021 کو ان آڈٹ شدہ 4,407.174 ملین روپے، (2020 میں 3,765.537 ملین روپے آڈٹ شدہ)

متعلقہ فریقوں کے ساتھ لین دین

کمپنی نے کمپنیز (متعلقہ پارٹی ٹرانزیکشنز اور متعلقہ ریکارڈوں کی بحالی) ریگولیشنز، 2018 کے تحت متعلقہ فریقین کے ساتھ تمام لین دین کے دوران ٹرانسفر پرائسنگ کے بہترین طریقوں کی مکمل طور پر تعمیل کی ہے۔

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

1۔ کمپنی کو دستیاب دیگر سرمایہ کاری مواقعوں کے مقابلے زیادہ شرح سود کمانے کے لیے اپنی سرمایہ کاری پالیسی کے مطابق ایک مکمل ملکیتی ذیلی کمپنی، نشاط لینن (پرائیویٹ) لمیٹڈ میں قرض اور پیشگی کے طور پر 2 بلین روپے تک کی سرمایہ کاری۔

2۔ بینکوں / مالی اداروں سے ایسوسی ایٹڈ کمپنیوں کو کریڈٹ سہولیات کی مسلسل دستیابی کو یقینی بنانے کے لیے ایک ایسوسی ایٹڈ کمپنی، نشاط Sutas ڈیری (پرائیویٹ) لمیٹڈ میں قرض اور پیشگی کے طور پر 2,250 ملین روپے تک کی کارپوریٹ گارنٹی۔

3۔ کیپٹل گین حاصل کرنے کے لیے ایک ایسوسی ایٹڈ کمپنی، نشاط Sutas ڈیری (پرائیویٹ) لمیٹڈ کو زمین فروخت۔

آڈیٹرز

موجودہ آڈیٹرز، ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کمپنی کی سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کے ناطے، انہوں نے 30 جون 2022 کو ختم ہونے والے سال کے لیے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے بورڈ آف ڈائریکٹرز کو تجویز کیا ہے کہ آئندہ ہونے والی سالانہ جنرل میٹنگ میں شیئر ہولڈرز سے ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی منظوری لیں۔

ضمنی واقعات

20 ستمبر 2021 کو ہونے والی میٹنگ میں کمپنی کے بورڈ آف ڈائریکٹرز نے -/4 روپے فی شیئر نقد ڈیویڈنڈ دینے کی سفارش کی ہے۔ اس کے علاوہ 30 جون 2021 اور 20 ستمبر 2021 کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی مادی تبدیلیاں اور وعدے نہیں ہوئے۔

مستقبل کے امکانات

مالی سال 22-2021 میں کمپنی کو متاثر کرنے والا سب سے بڑا چیلنج، کپاس کی قیمتوں میں مسلسل اضافہ ہے جس کا منفی اثر بین الاقوامی ٹیکسٹائل مارکیٹوں کی حرکیات پر پڑے گا اور اس کے نتیجے میں کمپنی کا منافع متاثر ہوگا۔ اور اس کے برعکس، مارکیٹ فورسز کے باہمی تعامل کی وجہ سے پاک روپیہ کے مقابلے میں امریکی ڈالر کی قدر میں اضافے کے باعث آمدنی پر مثبت اثر پڑے گا۔

کمپنی نے عارضی اقتصادی ری فنانس سہولت (TERF) کے تحت جو توسیعی منصوبے شروع کیے تھے وہ جاری ہیں اور شیڈول کے مطابق ان کے مکمل ہونے کی توقع ہے۔ مالی

ڈائریکٹرز کی رپورٹ (جاری ہے)

بورڈ کمیٹیاں

آڈٹ کمیٹی

آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کی طے کردہ شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے۔ زیرِغور سال کے دوران، آڈٹ کمیٹی کے چار اجلاس ہوئے، حاضری کی پوزیشن اس طرح تھی:

نمبر شمار	ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
1	مسز مہک عادل (رکن / چیئرپرسن)	3
2	سید زاہد حسین (رکن)	4
3	جناب محمود اختر (رکن)	4

انسانی وسائل اور مشاہرہ (HR&R) کمیٹی

انسانی وسائل و مشاہرہ کمیٹی، بورڈ آف ڈائریکٹرز کی طے کردہ شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے۔ زیرِغور سال کے دوران، انسانی وسائل و مشاہرہ کمیٹی کے 2 اجلاس ہوئے، حاضری کی پوزیشن اس طرح تھی:

نمبر شمار	ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
1	میاں عمر منشا (رکن)	2
2	مسز سارہ عقیل (رکن / چیئرپرسن)	2
3	جناب محمود اختر (رکن)	2

بورڈ آف ڈائریکٹرز کے اجلاس

زیرِ جائزہ سال کے دوران، کمپنی میں بورڈ آف ڈائریکٹرز کے پانچ اجلاس پاکستان میں ہوئے اور حاضری کی پوزیشن اس طرح تھی:

نمبر شمار	ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
1	میاں عمر منشا (چیف ایگزیکٹو آفیسر)	5
2	میاں حسن منشا (چیئرمین)	5
3	سید زاہد حسین	5
4	جناب محمود اختر	5
5	جناب فرید نور علی فضل	5
6	مسز سارہ عقیل	5
7	مسز مہک عادل	4

ڈائریکٹرز کا بیان

کارپوریٹ اور مالی رپورٹنگ کے فریم ورک سے متعلق ڈائریکٹرز کا بیان مندرجہ ذیل ہے:

1۔ کمپنی کے انتظام کے ذریعہ تیار کردہ مالی حسابات، اس کی امور کی منصفانہ حیثیت، اس کے آپریشن، نقد بہاؤ اور ایکویٹی میں بدلاؤ کو منصفانہ طور پر پیش کرتے ہیں۔

مناتے ہیں۔

ماحولیاتی حفاظت

ماحولیات کے حوالے سے کمپنی کے نقطہ نظر میں قدرتی وسائل کا تحفظ اور ماحولیاتی پائیداری کو یقینی بنانے کے لیے متبادل ٹیکنالوجی کی خریداری دونوں شامل ہیں۔ ہر سال کمپنی اپنی مینوفیکچرنگ سہولیات اور قریبی علاقوں میں ہزاروں درخت لگانے کا اہتمام کرتی ہے جس کا مقصد آلودگی کو کم کرنا ہے۔ آلودہ پانی کو خارج کرنے سے پہلے ویسٹ واٹر ٹریٹمنٹ پلانٹ سے گزارا جاتا ہے۔ کمپنی شمسی توانائی میں بہت زیادہ سرمایہ کاری کر رہی ہے۔ اس وقت شمسی توانائی کے کارخانوں سے 3.54 میگاواٹ بجلی پیدا ہوتی ہے اور 7.63 میگاواٹ کے منصوبے حصول اور تنصیب کے مرحلے میں ہیں۔

فضلہ کی ری سائیکلنگ

فضلہ کی ری سائیکلنگ کر کے ہم ماحول کو صاف رکھتے ہیں اور اپنی ذمہ داری کو بخوبی انجام دیتے ہیں۔ کمپنی نے مختلف مقامات پر واٹر ٹریٹمنٹ پلانٹس، کاٹن ری سائیکلنگ پلانٹس اور آئل ری سائیکلنگ مشینیں لگائی ہیں تاکہ قدرتی وسائل کی زیادہ سے زیادہ بچت کے لیے پانی، کپڑے اور تیل کو ری سائیکل کیا جا سکے۔

توانائی کا تحفظ

کمپنی بجلی کی پیداوار کے لیے Fossil Fuel کے استعمال کو کم کرنے اور ماحول میں CO_2 کے اخراج میں کمی لانے کے لیے پرعزم ہے۔ ہم نے اپنے پروڈکشن تنصیبات میں ایل ای ڈی لائٹس، پاورلیس وینٹی لیٹرز، سولر پاور پلانٹس، قدرتی لائٹس (سولا ٹیوبز)، سولر واٹر ہیٹنگ سسٹم، ویسٹ ہیٹ ریکوری کے یونٹ نصب کیے ہیں۔

صارفین کے تحفظ کے اقدامات

کمپنی اشیاء کو تیار کرنے اور گاہکوں کو ترسیل کے دوران، بین الاقوامی حفاظتی معیارات کا مشاہدہ کرتی ہے۔ ہم نے مصنوعات میں کسی بھی نقصان دہ مادے کی روک تھام اور پتہ لگانے کے لیے میٹل ڈیٹیکٹرز نصب کیے ہیں۔

کمپنی Oeko Tex Standard 100 پر پورا اترتی ہے جو کہ پیداوار کے تمام مراحل میں ٹیکسٹائل کے خام مال، انٹرمیڈیٹ اور اختتامی مصنوعات کے لیے ایک آزاد جانچ اور سرٹیفیکیشن کا سسٹم ہے۔ کمپنی نے اپنی تمام پیداواری سہولیات کے لیے C-TPAT سرٹیفیکیشن (دہشت گردی کے خلاف کسٹمز ٹریڈ پارٹنرشپ) بھی حاصل کیا ہے۔ سی-ٹی پی اے ٹی ایک رضاکارانہ سپلائی چین سیکیورٹی پروگرام ہے جس کا مقصد دہشت گردی کے حوالے سے نجی کمپنیوں کی سپلائی چینز کی سیکورٹی کو بہتر بنانا ہے۔ مزید یہ کہ کمپنی نے WRAP, SA-8000 اور SEDEX سرٹیفیکیشن حاصل کیے ہیں۔

کارپوریٹ گورننس

بہترین کارپوریٹ طرز عمل

ڈائریکٹرز اچھی کارپوریٹ گورننس کے پابند ہیں اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تمام تقاضوں کی تعمیل کرتے ہیں۔

کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کی تعمیل کا بیان منسلک ہے۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

8۔ چائنہ گوانگ ڈونشاط گلوبل کمپنی لمیٹڈ

چائنہ گوانگ ڈونشاط گلوبل کمپنی لمیٹڈ جمہوریہ چین کی غیر ملکی سرمایہ دارانہ کاروباری اداروں کے متعلقہ قوانین وضوابط کے مطابق غیر ملکی سرمایہ کاری کمرشل انٹرپرائزز "FICE" کے نام سے چین کے گوانگ ژو ضلع یوسیو میں انکارپوریٹڈ ہے۔ چائنہ گوانگ ڈونشاط گلوبل کمپنی لمیٹڈ نشاط انٹرنیشنل ایف زیڈ ای کا مکمل ملکیتی ماتحت ادارہ ہے، جو نشاط ملز لمیٹڈ کی مکمل ملکیت میں ماتحت ادارہ ہے۔ ماتحت ادارہ کا بنیادی کاروبار تھوک فروشی، کمیشن ایجنسی (نیلامی کو چھوڑ کر)، ٹیکسٹائل سامان اور خواتین فیشن لوازمات کی درآمد اور برآمد ہے۔ ذیلی ادارہ نے اپنی تجارتی کاروائی جنوری 2014 میں شروع کی تھی۔

9۔ نشاط یو ایس اے انکارپوریٹڈ

ماتحت ادارہ ایک کارپوریشن سروس کمپنی ہے جو ریاست نیو یارک میں ہے۔ یہ کمپنی کا مکمل ملکیتی ذیلی ادارہ ہے اور اسے 01 اکتوبر 2008 کو کمپنی نے حاصل کیا تھا۔ کارپوریشن کمپنی کے مارکیٹنگ ڈیپارٹمنٹ کا ایک رابطہ دفتر ہے جو امریکی مارکیٹ سے متعلق رسائی، معلومات اور دیگر خدمات مہیا کرتا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی معاشرے کی فلاح و بہبود کے لیے بہت سارے وسائل کا استعمال اور کوششیں کرتی ہے۔ کارپوریٹ سماجی ذمہ داری کا مختصر جائزہ درج ذیل ہے۔

پیشہ ورانہ حفاظت اور صحت

کمپنی متعلقہ حفاظت اور صحت کے ضوابط کی تعمیل کرتے ہوئے محفوظ اور صحت مند کام کی جگہ فراہم کرنے کے لیے پرعزم ہے۔ لہذا، انتظامیہ نے Covid-19 کے دوران اپنے ملازمین کی صحت کی حفاظت اور وائرس کے پھیلاؤ کو محدود کرنے کے لیے مناسب اقدامات اٹھائے۔ کمپنی نے متعدد اقدامات کیے ہیں جیسے کہ وائرس کے بارے میں آگاہی سیشن کا انتظام، سینیٹائزنگ واک تھرو گیٹز کی تنصیب، تمام داخلی دروازوں پر درجہ حرارت کی جانچ، ہینڈ سینیٹائزر کی فراہمی، ایمرجنسی رسپانس پلان پر عمل درآمد اور حاضری درج کرنے کے لیے چہرے کے سکین کی تنصیب تاکہ اشیاء کے ساتھ جسمانی رابطے سے بچا جا سکے۔ مینجمنٹ نے اپنے ملازمین کو اپنی اور اپنے خاندانوں کی ویکسینیشن کروانے کے لیے مسلسل حوصلہ افزائی کی۔ کمپنی نے اپنے فیکٹری مقامات پر ویکسینیشن کی سہولیات کا بھی اہتمام کیا۔ ہم نے ایک ڈیٹا بیس بھی تیار کیا ہے جہاں ٹیکے لگائے گئے لوگوں کے بارے میں معلومات اور Covid-19 کے حفاظتی سرٹیفکیٹ نمبر جو "وزارت نیشنل ہیلتھ سروسز ریگولیشنز اینڈ کوآرڈینیشن" کی طرف سے جاری کیے گئے ہیں کو اسٹور کیا ہے۔

کمیونٹی ویلفیئر اسکیمز

عام فلاح و بہبود کمپنی کی اولین ترجیحات میں سے ایک ہے؛ اس لیے، انتظامیہ نے معاشرے کی مدد کے لیے متعدد اقدامات کیے ہیں۔ ہم نے کیئر فاؤنڈیشن (این جی او) کی مالی امداد کی، جس نے 2011 میں بھکی میں ایک سکول قائم کیا جہاں ایک ہزار بچے تعلیم حاصل کر سکتے ہیں۔ کیئر فاؤنڈیشن غریب بچوں کو تعلیم اور بااختیار بنانے کے لیے کام کرتی ہے اور اس نے پورے پاکستان میں ایسے سکول قائم کیے ہیں۔ کمپنی ہر سال ہزاروں نوجوانوں کی تربیت کا بندوبست کر کے قوم کو تربیت یافتہ افرادی قوت فراہم کرنے میں بھی اہم کردار ادا کرتی ہے۔

ہم ملیریا، ٹائیفائیڈ، ڈینگی، آنکھوں کی بینائی اور پولیو ویکسینیشن کے لیے کارکنوں، ان کے خاندانوں اور عام لوگ جو مینوفیکچرنگ سہولیات کے قریب رہتے ہیں کے لیے طبی کیمپوں کا اہتمام کرتے ہیں۔ کمپنی نے اپنی ملوں میں اہل ڈاکٹروں کی نگرانی میں ڈسپنسریاں بھی قائم کی ہیں جو ایمبولینسوں سے لیس ہیں۔

مساوی مواقع فراہم کرنے والا آجر

تنوع اور شمولیت ہماری اقدار اور ثقافت میں شامل ہے۔ لہذا، ہم خواتین، معذوروں اور اقلیتوں کو ملازمت اور کیریئر کی ترقی کے لیے یکساں مواقع فراہم کرتے ہیں۔ بورڈ آف ڈائریکٹرز میں خواتین کی منصفانہ نمائندگی ہے۔ کمپنی کی تمام بورڈ کمیٹیوں کی سربراہی خواتین ڈائریکٹرز کرتی ہیں۔ خواتین سینئر مینجمنٹ عہدوں پر بھی قابض ہیں جو فعال طور پر کمپنی کی اسٹریٹجک سمت کو مرتب اور کنٹرول کرتی ہیں۔ چونکہ خواتین کے حقوق کی پہچان ایک سماجی معاملہ ہے، ہم ہر سال 8 مارچ کو سماجی، معاشی، ثقافتی اور سیاسی شعبوں میں خواتین کی کامیابیوں کو

1۔ نشاط پاور لمیٹڈ

کمپنی اس ماتحت ادارہ کے 51.01 فیصد حصص کی مالک ہے اور اسے کنٹرول کرتی ہے۔ ذیلی ادارہ پاکستان سٹاک ایکسچینج لمیٹڈ میں درج ہے۔ ماتحت ادارہ کا بنیادی کاروبار یہ ہے کہ جمبر کلاں، تحصیل چونی، ضلع قصور، پنجاب، پاکستان میں ایندھن سے چلنے والے 200 میگا واٹ پاور سٹیشن کی تعمیر کرے، اس کو استعمال میں لائے اور اس کی دیکھ بھال ہے۔ ماتحت ادارہ نے اپنی کمرشل پیداوار کا آغاز 09 جون 2010 کو کیا۔

2۔ نشاط لینن (پرائیویٹ) لمیٹڈ

یہ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت ادارہ کے مقاصد ٹیکسٹائل اور دیگر مصنوعات کی فروخت کے لئے ریٹیل دکانوں کو چلانے اور ٹیکسٹائل کی مینوفیکچرنگ سہولیات میں ٹیکسٹائل کی اشیاء تیار کرکے فروخت کرنا ہیں۔ ذیلی ادارہ نے اپنی کاروائی جولائی 2011 میں شروع کی تھی اور اس وقت پاکستان میں ای اسٹورز سمیت 109 ریٹیل شاپس کام کر رہی ہیں۔

3۔ نشاط ہاسپٹیلیٹی (پرائیویٹ) لمیٹڈ

یہ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت کمپنی کا مقصد ملک بھر میں ہوٹلوں کا سلسلہ چلانا ہے۔ اس وقت وہ "دی نشاط سینٹ جیمز ہوٹل" کے نام سے بین الاقوامی معیار پر لاہور میں ایک فور اسٹار ہوٹل چلا رہا ہے۔ ماتحت ادارہ نے 01 مارچ 2014 کو اپنی کاروائیاں شروع کیں۔

4۔ نشاط کموڈیٹیز (پرائیویٹ) لمیٹڈ

یہ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ ذیلی ادارہ کا مقصد یہ ہے کہ پاکستان میں کسی بھی شکل یا حالت میں ایندھن، کوئلے، بلڈنگ میٹریل سمیت اجناس کی تجارت کا کاروبار جاری رکھے۔ ماتحت ادارہ نے مارچ 2016 میں اپنی کاروائیاں شروع کیں۔

5۔ لال پیر سولر پاور (پرائیویٹ) لمیٹڈ

لال پیر سولر پاور (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ کمپنی ہے جو 09 نومبر 2015 کو پاکستان میں انکارپوریٹ کی گئی تھی۔ یہ نشاط پاور لمیٹڈ کا مکمل ملکیتی ذیلی ادارہ ہے جو نشاط ملز لمیٹڈ کا ماتحت ادارہ ہے۔ ذیلی کمپنی، سینٹرل پاور پرچیزنگ ایجنسی سے توانائی کی فراہمی کی درخواست اور اس کی منظوری حاصل نہیں کر سکی جس وجہ سے ابھی تک اپنے تجارتی کام شروع نہیں کر پائی۔ اس لیے اس ذیلی کمپنی کے رضاکارانہ خاتمے کا سوچا جا رہا ہے۔

6۔ نشاط لینن ٹریڈنگ ایل ایل سی

نشاط لینن ٹریڈنگ ایل ایل سی دبئی، متحدہ عرب امارات میں قائم ایک لمیٹڈ Liability کمپنی ہے۔ یہ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ ذیلی ادارہ بنیادی طور پر ٹیکسٹائل، کمبل، تولیے، کپڑے، ریڈی میڈ گارمنٹس، گارمنٹس کے لوازمات اور چمڑے کی مصنوعات کی تجارت کے ساتھ ساتھ متحدہ عرب امارات میں ریٹیل آؤٹ لیٹس اور گوداموں کے ذریعہ تجارت میں مصروف ہے۔ ذیلی ادارہ نے اپنی تجارتی کاروائی مئی 2011 میں شروع کی تھی اور اس وقت متحدہ عرب امارات میں 14 ریٹیل دکانیں چل رہی ہیں۔

7۔ نشاط انٹرنیشنل ایف زیڈ ای

یہ نشاط ملز لمیٹڈ کا مکمل ملکیتی ماتحت ادارہ ہے۔ متحدہ عرب امارات کے قوانین کے مطابق جبل علی فری زون، دبئی میں اسے فری زون اسٹیبلشمنٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس کو 07 فروری، 2013 کو ایف زیڈ ای کے رجسٹر میں درج کیا گیا ہے۔ سبسڈیری کمپنی کی بنیادی سرگرمی ٹیکسٹائل کی مصنوعات جیسے کمبل، تولیے اور کپڑے، ریڈی میڈ گارمنٹس، گارمنٹس کے لوازمات اور چمڑے کی مصنوعات جیسے جوتے، ہینڈ بیگ اور اس طرح کی تمام ذیلی تجارت کرنا ہے۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

سرمائے کا خطرہ

سرمائے کا انتظام کرتے وقت ہمارا مقصد یہ ہے کہ کمپنی کے حصص داروں اور دیگر سٹیک ہولڈرز کو فوائد دینے اور سرمائے کی لاگت کو کم کرنے کے لئے سرمایہ کاری کے ڈھانچے کو برقرار رکھنے کے ساتھ کمپنی کی حیثیت اور صلاحیت کو برقرار رکھا جائے۔ ہم گیئرنگ تناسب کی بنیاد پر سرمایہ کاری کے ڈھانچے کی نگرانی کرتے ہیں۔

مواقع

ملک کی معروف ٹیکسٹائل کمپنی کی حیثیت سے، کمپنی متعدد مواقع کو پیش نظر رکھنے اور ان کا فائدہ اٹھانے کی پوزیشن میں ہے۔ کچھ دلچسپ مواقع کا خلاصہ مندرجہ ذیل ہے:

* دنیا بھر میں علاقائی طور پر متنوع کسٹمر بیس برآمدی فروخت کے لئے پائیدار نمو فراہم کرتا ہے۔
* متحرک مقامی اور بین الاقوامی ماتحت کمپنیاں ہماری مصنوعات کی طلب پیدا کرتی ہیں۔
* عمودی انضمام آپریشنل ہم آہنگی کا استعمال ممکن بناتا ہے۔
* ملک میں کپاس کی وافر فراہمی ہے۔
* ملک کی آبادی میں اضافہ مناسب افرادی قوت کا ایک ذریعہ ہے اور ٹیکسٹائل کی مصنوعات کی طلب کو پیدا کرنے کا محرک ہے۔

ٹیکسٹائل انڈسٹری کا جائزہ

مالی سال 2020-21 ٹیکسٹائل سیکٹر کے لیے بہت مشکل تھا کیونکہ کورونا وائرس نے عالمی معیشت کو شدید متاثر کیا۔ بار بار لاک ڈاؤن اور پابندیوں کی وجہ سے سالانہ کارکردگی خراب ہوئی کیونکہ وبائی امراض کی دوسری اور تیسری لہروں نے دنیا کو متاثر کیا۔ ویکسینیشن کا عمل پہلے ہی شروع ہو چکا ہے جس وجہ سے امید ہے کہ جلد ہی ایکسپورٹ مارکیٹ میں کورونا وائرس کی پابندیاں ختم ہو جائیں گی۔

خام مال کی لاگت بڑھنے کی وجہ سے ٹیکسٹائل انڈسٹری زبردست دباؤ میں رہی۔ ہم رواں مالی سال کی دوسری سہ ماہی کے آغاز سے روئی اور مصنوعی ریشہ کی قیمتوں میں بے مثال اضافے کا سامنا کر رہے ہیں۔ اگرچہ پاکستان ٹیکسٹائل انڈسٹری کی کل ضرورت سالانہ 15 ملین بیلز ہے، لیکن ہمارا ملک مطلوبہ مقدار کا صرف آدھا حصہ ہی پیدا کر سکتا ہے۔

مالی سال	ہیکٹر(000)	تبدیلی %	بیلز(000)	تبدیلی %	کلوگرام/ہیکٹر	تبدیلی %
17-2016	2,489	0	10,671	0	729	0
18-2017	2,700	8.5	11,946	11.9	753	3.3
19-2018	2,373	(12.1)	9,861	(17.5)	707	(6.1)
20-2019	2,517	6.1	9,148	(7.2)	618	(12.6)
21-2020	2,079	(17.4)	7,064	(22.8)	578	(6.5)

سبسڈیری کمپنیاں

کمپنی نے بین الاقوامی مالیاتی رپورٹنگ معیارات اور کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق علیحدہ اور مستحکم مالی گوشوارے بھی منسلک کر دیے ہیں۔ نشاط ملز لمیٹڈ کی تمام ذیلی کمپنیوں کی ایک مختصر وضاحت ذیل میں ہے۔

کپاس کی فراہمی اور قیمت

روئی کی فراہمی اور قیمتیں مقامی اور بین الاقوامی منڈیوں کی ضرورت اور طلب میں اتار چڑھاو کے تحت ہیں۔ مقامی اور بین الاقوامی منڈیوں میں روئی کی قیمتوں میں اسکی عدم دستیابی اور قیمتوں میں اضافے کا خطرہ ہمیشہ سے موجود رہا ہے۔ فصل کی کٹائی کے موسم کے آغاز پر ملک میں کپاس کی خریداری سے کمپنی اس خطرے کو کم کرتی ہے۔

برآمدات کی طلب اور قیمت

برآمدات ہماری آمدنی کا ایک اہم حصہ ہے۔ ہمیں وبائی امراض، مسابقت اور بین الاقوامی منڈیوں میں اپنی مصنوعات کی طلب میں کمی کے خطرے کا سامنا ہے۔ ہم صارفین کے ساتھ مضبوط تعلقات استوار کرنے، کسٹمرز بیس کو وسیع کرنے، معیار پر سمجھوتہ کیے بغیر مصنوعات کی تیاری اور صارفین کو بروقت فراہمی سے اس خطرے کو کم کرتے ہیں۔

توانائی کی دستیابی اور لاگت

بڑھتی ہوئی قیمتیں اور توانائی کی عدم دستیابی یعنی بجلی اور گیس کی قلت مینوفیکچرنگ انڈسٹری کے لئے ایک بڑا خطرہ ہے۔ یہ خطرہ اگر بدستور برقرار رہا تو بین الاقوامی منڈی میں مقابلہ کرنے کے لئے منفی اثرات پہنچا سکتا ہے۔ کمپنی نے شمسی توانائی کے ساتھ ساتھ کوئلہ، فرنس آئل، بائیوماس اور ڈیزل جیسے متنوع ایندھن کا انتخاب کر کے توانائی کی لاگت میں اضافے کے خطرے کو کم کیا ہے۔ توانائی کے تحفظ کے اقدامات کمپنی کی تمام مینوفیکچرنگ سہولیات پر بھی کیے گئے ہیں۔ اس طرح واپڈا سے بجلی حاصل کرنے کے ساتھ ساتھ کمپنی کے تمام مقامات پر بجلی پیدا کرنے کے لئے پاور پلانٹس لگا کر توانائی کی عدم دستیابی کے خطرے کو کم کیا گیا ہے۔

مالی خطرات

کمپنی کے بورڈ آف ڈائریکٹرز مالی رسک مینجمنٹ کی پالیسیاں مرتب کرنے کے لیے ذمہ دار ہیں، جو کمپنی کے محکمہ خزانہ کے ذریعے نافذ کیا جاتا ہے۔ کمپنی کو مندرجہ ذیل مالی خطرات درپیش ہیں:

کرنسی کا خطرہ

کمپنی مختلف کرنسی کے استعمال سے پیدا ہونے والے خطرے سے دوچار ہے جو کہ امریکی ڈالر، عرب اماراتی درہم (اے ای ڈی)، یورو اور جاپانی ین (جے پی وائے) پر مشتمل ہے۔ بنیادی طور پر کمپنی کا غیر ملکی زرمبادلہ بینکوں کی رقوم اور بیرون ملک سے وصول کردہ/ادا کردہ رقوم پر مشتمل ہے۔

شرح سود کا خطرہ

کمپنی کی شرح سود کا خطرہ طویل مدتی فنانسنگ، قلیل مدتی قرضوں اور ماتحت کمپنیوں کے ایڈوانس اور سیونگ اکاؤنٹ کے بینک بیلنس سے پیدا ہوتا ہے۔ مقررہ شرح پر مالیاتی آلات کمپنی کو فیئر ویلیو شرح سود کے خطرے سے دوچار کر دیتے ہیں۔

قرض کا خطرہ

کمپنی کے کریڈٹ رسک اور خرابی کے نقصانات کا وجود اس کے تجارتی قرضوں سے منسلک ہے۔ اس خطرے کو اس حقیقت سے کم کیا جا سکتا ہے کہ ہمارے بیشتر صارفین کی مالی حیثیت مضبوط ہے اور ہمارے تمام صارفین کے ساتھ ہمارے دیرینہ کاروباری تعلقات ہیں۔ ہم اپنے صارفین کے ذریعہ عدم کارکردگی کی توقع نہیں کرتے ہیں۔ لہذا، کریڈٹ رسک کم ہے۔

لیکویڈیٹی کا خطرہ

یہ بینکوں اور مالیاتی اداروں کی طرف سے عہد کردہ کریڈٹ سہولیات کے ذریعہ فنڈز کی فراہمی کی وجہ سکیم سے کم سطح پر ہے۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

گارمنٹس:

Covid-19 کے چیلنجز کے باوجود، گارمنٹس ڈویژن کی انتظامیہ نے مالی سال کے دوران اعلیٰ معیار کی مصنوعات کی فراہمی کے لئے مستحکم طریقے سے اپنی حکمت عملی پر عمل کیا۔ 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 مالی نتائج کی بہتری میں نظر آ رہا ہے۔ ڈویژن کی گارمنٹس سیل میں پچھلے سال کی نسبت موجودہ سال میں 26.26% فیصد اضافہ ہوا۔

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 ہنر کو بہتر بنایا جانا بھی مقصود ہے۔ 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۔ موجودہ شمسی توانائی سے بجلی پیدا کرنے کی گنجائش 3.54 میگاواٹ ہے۔ اسپننگ ڈویژن، فیروزوانواں میں مزید 3.20 میگاواٹ کا سولر پاور پلانٹ لگانے پر کام جاری ہے۔ مینجمنٹ نے ویونگ ڈویژن، بھکی میں 3.53 میگاواٹ کے سولر پاور پلانٹ کے حصول کے منصوبے کو حتمی شکل دے دی ہے۔ گارمنٹس ڈویژن کی شمسی توانائی کی موجودہ صلاحیت کو 2.10 میگاواٹ تک بڑھانے کے لیے ایک اور 900 KWh سولر پاور پلانٹ گارمنٹس ڈویژن، لاہور کی نئی فیکٹری بلڈنگ کی چھت پر نصب کیا جائیگا۔

گارمنٹس ڈویژن کی پیداواری صلاحیت بڑھائی جارہی ہے جس کے باعث ڈویژن کی انرجی ضروریات بھی بڑھیں گی۔ اس لیے 2.5MW گیس انجن بمعہ ویسٹ ہیٹ ریکوری بوائلر اور ایئر کمپریسر کے حصول کا پلان بھی زیر غور ہے۔

خطرات اور مواقع

نشاط ملز لمیٹڈ کاروبار کے معمول کے دوران رسک لیتا اور اس طرح مواقع پیدا کرتا ہے۔ مسابقت رکھنے اور پائیدار کامیابی کو یقینی بنانے کے لئے رسک لینا ضروری ہے۔ ہماری رسک اینڈ مینجمنٹ پالیسی کا دارومدار بہتر طریقے سے سنبھالے گئے ماحول کے مؤثر فریم ورک پر ہے جس کی بنیاد پر جہاں خطرہ کم ہوتا ہے مواقع سے استفادہ حاصل کیا جاتا ہے۔ کسی بھی قسم کے فیصلے سے پہلے ہر خطرے اور موقع کا انتخاب مناسب طریقے سے پرکھ اور سمجھ کر کیا جاتا ہے۔ فیصلے صرف اسی صورت میں طے کئے جاتے ہیں جب مواقع خطرے سے زیادہ ہوں۔ ان خطرات کو کم کرنے کے لئے حکمت عملی کا خلاصہ حسب ذیل ہے:

سٹریٹجک خطرے

ہم ایک مسابقتی ماحول میں کام کر رہے ہیں جہاں جدت، معیار اور لاگت معنی رکھتی ہے۔ BMR کے تحت نئی مستقل تحقیق و ترقی اور اس کے استعمال کے ذریعے اس خطرے کو کم کیا جاسکتا ہے۔ سٹریٹجک رسک کو تمام خطرات میں سب سے اہم سمجھا جاتا ہے۔ تمام کاروباری ڈویژنوں کے سربراہ بین الاقوامی اور مقامی سطح پر موجودہ خطرات سے نمٹنے کے لئے ایک مربوط نقطہ نظر بنانے کے لئے باقاعدہ وقفوں سے ملتے ہیں۔

کاروباری خطرات

کمپنی کو درج ذیل کاروباری خطرات کا سامنا ہے:

مسلسل اور غیر متناسب اضافہ ہوا، جس سے اسپننگ ڈویژن کے لیے شدید کاروباری چیلنج پیدا ہوئے۔ تاہم، ہندوستان سے یارن 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 آڈرز کے نتیجے میں مقامی دھاگے کی قیمتوں میں تیزی سے اضافہ ہوا۔ بین الاقوامی منڈی میں یارن کی قیمتیں بھی مقامی مارکیٹ کے رجحانات کی پیروی کرتی ہیں، لیکن یارن کی قیمتوں پر مہنگے کپاس کا اثر مقامی منڈی میں بین الاقوامی منڈی کے مقابلے میں زیادہ ہوا۔ لہذا، موجودہ مالی سال کی دوسری ششماہی کے دوران، مقامی مارکیٹ میں یارن کی قیمتوں میں غیر معمولی اضافہ ہوا اور برآمدی منڈی میں معقول حد تک بہتری آئی۔

بنائی (Weaving):

مالی سال 2020-21 کے دوران، یورپ میں کورونا وائرس کی متعدد لہروں کی وجہ سے ویونگ ڈویژن اپنی صلاحیتوں کے مطابق کارکردگی نہیں دکھا سکا جہاں اس کا اہم کسٹمر بیس ہے۔ وبا نے ریٹیل شعبے کو شدید متاثر کیا اس لیے فیشن کا کاروبار سال بھر سست رہا۔ تاہم، سپلائی چین میں کپڑے کی کمی اور مانگ میں اضافے کے سبب تکنیکی کپڑے، خاص طور پر رگڑنے والے، کے کاروبار نے مثبت رجحان دکھایا۔ اسی طرح، ورک ویئر کپڑے کی فروخت میں بھی اضافہ ہوا کیونکہ دنیا بھر میں لاک ڈاؤن کی پابندیوں میں نرمی کے فوری بعد اس کی مانگ میں اضافہ ہوا۔

اکتوبر 2021 میں 130 بڑی چوڑائی والی ایئر جیٹ لومز پر مشتمل ایک نیا بنائی یونٹ شروع کیا جائے گا، جو ہمیں گریج کپڑے کی وسیع رینج اور ہوم ٹیکسٹائل سیکٹر کی بڑھتی ہوئی مانگ کو پورا کرنے کے قابل بنائے گا۔

مستقبل میں، ہماری حکمت عملی کا اہم حصہ اعلی قیمت کی مصنوعات کی برآمد میں اپنا حصہ بڑھانا ہے۔ ڈویژن اگلے سال کے دوران مارکیٹ Driven ایکسچینج ریٹ اور گریج کپڑے کی قیمتوں میں اضافے کی وجہ سے منافع میں اضافے کی توقع رکھتا ہے۔

رنگائی (Dyeing):

بیماری کے پھیلاؤ کو کم کرنے کے لیے پوری دنیا میں کورونا وائرس کی پابندیاں لگنے کی وجہ سے ڈائنگ ڈویژن کو بے شمار مشکلات کا سامنا کرنا پڑا۔ اس عرصے میں لوگ گھر سے کام کر رہے تھے جس وجہ سے برانڈڈ فیشن ملبوسات کی مانگ میں نمایاں کمی آئی لیکن ڈائنگ ڈویژن نے گزشتہ مالی سال کے مقابلے میں رواں مالی سال میں کپڑے کی فروخت میں 21.87 % فیصد کمی کے باوجود اچھی کارکردگی کا مظاہرہ کیا۔

ویکسینیشن کا عمل، جو دنیا میں دوسری ششماہی کے اختتام پر شروع کیا گیا تھا، اس نے مثبت نتائج دکھانا شروع کر دیے ہیں۔ امریکہ اور یورپ میں Covid-19 کی بہت سی پابندیاں ختم کر دی گئی ہیں۔ Covid-19 کی صورتحال میں بہتری کے باعث امریکہ اور یورپ میں برانڈز اور خوردہ فروش، مالی سال 2021-22 میں موسم بہار/موسم گرما کے ملبوسات کی مانگ میں خاطر خواہ اضافہ کی توقع کر رہے ہیں۔ یہی وجہ ہے کہ ہمارے تمام صارفین نے پچھلے سال کے مقابلے میں ان موسموں کے لیے آرڈرز کی مقدار میں اضافہ کیا ہے۔

گھریلو ٹیکسٹائل (Home Textile):

مالی سال 2020-21 کا آغاز گھریلو ٹیکسٹائل کی غیر معمولی مانگ سے ہوا، کیونکہ لوگ اپنا زیادہ تر وقت گھروں میں توسیع لاک ڈاؤن کی وجہ سے گزار رہے تھے جس نے لوگوں کو گھروں کی تزئین و آرائش کی طرف راغب کیا۔ دکانیں تو بند تھیں اس لیے آن لائن سٹورز نے اس بڑھتی ہوئی مانگ کو پورا کیا۔ یہ مثبت طلب نصف سال دسمبر 2020 تک جاری رہی جس کے باعث خصوصی اور غیر معمولی مارجن پیدا ہوئے۔ موجودہ مالی سال کے آخری چھ ماہ کے دوران مسلسل مانگ کے باوجود، گھریلو ٹیکسٹائل سیکٹر کو پاک روپیہ کی قدر میں شدید اتار چڑھاؤ، خام مال کی قیمتوں میں اضافہ اور Freight Lines چارجز میں اضافے کے باعث شدید مسائل کا سامنا کرنا پڑا۔

ٹیری یونٹ نے پروڈکشن شروع کر دی ہے اور نتائج حوصلہ افزا ہیں۔ ٹیری مصنوعات کی مستقبل کی طلب کو مد نظر رکھتے ہوئے، انتظامیہ نے موجودہ صلاحیت کو دوگنا کرنے کا منصوبہ بنایا ہے۔

ڈائریکٹرز کی رپورٹ (جاری ہے)

کمپنی کی مالیاتی لاگت میں 18.19% فیصد کی واقع ہوئی۔ گزشتہ سال کی مالیاتی لاگت 1,502.412 ملین روپے سے کم ہوکر موجودہ سال میں 1,229.179 ملین روپے رہ گئی۔ مالیاتی لاگت میں کمی کی بنیادی وجوہات کمپنی کی اوسط ادھار لاگت میں کمی اور ترسیل زر میں اضافہ تھا۔

مقررہ سرمایہ خرچ

جدید ٹیکنالوجیز کا حصول اور مسلسل بی ایم آر کمپنی کی طویل مدتی سرمایہ کاری کی حکمت عملی کا محور ہے تاکہ صارفین کے موجودہ اور مستقبل کے مطالبات کو پورا کیا جا سکے۔ کمپنی نے 7,615.598 ملین روپے کی نئے منصوبوں میں سرمایہ کاری کی جب کے گزشتہ سال میں 5,132.005 ملین روپے کی سرمایہ کاری ہوئی۔

ورکنگ کیپٹل مینجمنٹ

قابل ذکر منافع کے نتیجے میں، اس سال کمپنی کی نقد بہاؤ کی پوزیشن مزید بہتر ہوئی ہے۔ موجودہ اور فوری تناسب 1.36 سے بڑھ کر 1.39 اور 0.59 سے بڑھ کر 0.76 ہو گئے ہیں۔

فی شیئر آمدنی

کمپنی کی فی حصص آمدنی (ای پی ایس) 6.87 روپے (68.91%) سے بڑھی جو کہ قابل ذکر اضافہ ہے۔ کمپنی کی گزشتہ سال کی فی حصص آمدنی 9.97 روپے سے بڑھ کر موجودہ مالی سال میں 16.84 روپے تک جا پہنچی۔ آمدنی میں بے مثال اضافہ اس بات کی عکاسی کرتا ہے کہ مینجمنٹ شیئر ہولڈرز کی دولت کو بڑھانے کے لیے پرعزم ہے۔

نشاط گروپ ("گروپ") پاکستان کے ایک بڑے اور معروف تجارت کاروں میں سے ایک ہے۔ یہ قومی معیشت کے 12 مختلف شعبوں میں کام کر رہی ہے۔ گروپ کے پاس 2 ٹیکسٹائل کمپنیاں ہیں: نشاط ملز لمیٹڈ اور نشاط لینن (پرائیویٹ) لمیٹڈ۔ نشاط ملز لمیٹڈ ہولڈنگ کمپنی ہے اور نشاط لینن (پرائیویٹ) لمیٹڈ اس کی مکمل ملکیتی ماتحت ادارہ ہے جس کا مقصد ٹیکسٹائل اور دیگر مصنوعات کی فروخت کے لئے ریٹیل دکانوں کو چلانے، اپنی اور دوسروں کی مینوفیکچرنگ سہولیات میں ٹیکسٹائل کی اشیاء تیار کر کے فروخت کرنا ہیں۔

مالی سال کے دوران ان دونوں ٹیکسٹائل کمپنیوں کی مالی کارکردگی بہت بہترین رہی۔ کنسولیڈیٹڈ فی حصص آمدنی (ای پی ایس) میں 10.34 روپے (104.02٪) اضافہ ہوا جو 9.94 روپے سے بڑھ کر 20.28 روپے تک جا پہنچی۔ پچھلے پانچ سال کا جائزہ بتاتا ہے کہ مالی سال 2021 کے دوران مجموعی ای پی ایس سب سے زیادہ تھی۔

تخصیصات (Appropriations)

کمپنی کے بورڈ آف ڈائریکٹرز نے 40% نقد ڈیویڈنڈ (2020: 40%) اور 4,516 ملین روپے (2020: 2,101 ملین روپے) کی عام ریزرو میں منتقل کرنے کی سفارش کی ہے۔

سیگمنٹ تجزیہ

کتائی (Spinning):

مالی سال 2020-21 کے دوران کپاس کی قیمتوں میں مسلسل اضافہ ہوا جس کی وجہ مقامی کپاس کی قلت، بھارت سے درآمد پر پابندی اور درآمد شدہ کپاس کی قیمت میں اضافہ جس کی بنیادی وجہ چین کا امریکہ کے ساتھ ایک تجارتی معاہدے کے تحت امریکی کپاس کی خریداری ہے۔ انتظامیہ نے 30 اکتوبر 2020 تک اس کے مطلوبہ کاٹن اسٹاک کا بڑا حصہ خرید کر کپاس قیمتوں میں اضافے کے خطرے کو کامیابی سے کم کیا۔

ٹیکسٹائل مصنوعات کی مانگ پر Covid-19 کے منفی اثرات کے علاوہ، مالی سال 2020-21 کی پہلی ششماہی کے دوران دھاگے کی قیمتوں کے مقابلے میں کپاس کی قیمتوں میں

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز رپورٹ:

نشاط ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز، مالی سال 30 جون 2021 کی سالانہ رپورٹ اور آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی کارکردگی:

گزشتہ سال کے مقابل، مالی سال 30 جون 2021 کے دوران کمپنی نے بعد از ٹیکس منافع میں 2,416.186 ملین روپے (68.91%) کا اضافہ کیا۔ خام مال کی قیمتوں میں نمایاں اضافہ اور کورونا وائرس کے منفی اثرات کے باوجود کمپنی نے منافع میں بے مثال اضافہ حاصل کیا۔

مالی جھلکیاں	2021 روپے (000)	2020 روپے (000)
آمدنی	71,431,010	60,904,096
مجموعی منافع	9,317,855	7,276,126
EBITDA	11,137,991	8,719,892
فرسودگی (Depreciation)	2,838,310	2,738,196
مالی لاگت	1,229,179	1,502,412
ڈیویڈنڈ آمدنی	2,722,637	2,044,302
قبل از ٹیکس منافع	7,070,502	4,479,284
بعد از ٹیکس منافع	5,922,470	3,506,284

کمپنی کی آمدنی 71,431.010 ملین روپے رہی جو تاریخی طور پر اب تک کی سب سے زیادہ آمدنی ہے۔ اس کی بنیادی وجہ مقامی فروخت میں 8,229.101 ملین روپے کا غیر معمولی اضافہ تھا جو مقدار اور قیمت میں اضافے کے باعث ہوا۔ برآمدات کی فروخت میں بھی 1,018.229 ملین روپے کا اضافہ ہوا جو بنیادی طور پر مقدار میں تغیر کے باعث تھا۔ گزشتہ سال کے مقابل مالی سال 30 جون 2021 کے دوران، برآمدات کی فروخت پر Duty Drawback Incentive کے باعث آمدنی میں 388.220 ملین روپے کا اضافہ ہوا۔ گزشتہ سال کے مقابل، رواں سال کمپنی نے امریکی ڈالر کے لحاظ سے گارمنٹس اور گھریلو ٹیکسٹائل برآمدات پر 10 فیصد کا ہدف بھی حاصل کر لیا۔ اس اضافے کے باعث کمپنی کو بقیہ 50% فیصد Duty Drawback Incentive حاصل ہوا جیسا کہ "ڈیوٹی ڈرابیک آن ٹیکسز آرڈر 2018-21" میں بیان کیا گیا ہے۔

گزشتہ پانچ سال کے مجموعی منافع کا جائزہ ظاہر کرتا ہے کہ اس میں مسلسل اضافہ ہوا ہے۔ کمپنی کا مجموعی منافع 2,041.729 ملین روپے (28.06%) سے بڑھا جو کہ 7,276.126 ملین روپے سے بڑھ کر موجودہ مالی سال میں 9,317.855 ملین روپے تک جا پہنچا ہے۔ موجودہ مالی سال کے دوران خام مال کی قیمتوں میں نمایاں اضافے کے باوجود لاگت کے بہترین انتظام کی وجہ سے کمپنی نے یہ بے مثال منافع حاصل کیا۔

گزشتہ مالی سال کے مقابلے میں موجودہ مالی سال میں کمپنی کا EBITDA متاثر کن طور پر 2,418.099 ملین روپے (27.73%) سے بڑھا۔ یہ غیر معمولی منافع مضبوط لیکویڈیٹی کو ظاہر کرتا ہے۔ جس نے کمپنی کو اپنی ورکنگ کیپٹل کی ضروریات کو آسانی سے فنانس کرنے کے قابل بنایا۔

ایک بار پھر، طویل مدتی ایکویٹی سرمایہ کاری کے متنوع پورٹ فولیو نے کمپنی کے منافع میں کافی حصہ ڈالا۔ ڈیویڈنڈ آمدنی میں 33.18% فیصد اضافہ ہوا، جو 2,044.302 ملین روپے سے بڑھ کر 2,722.637 ملین روپے تک جا پہنچی۔

Form of Proxy

I /We ____

of ____

being a member of Nishat Mills Limited, hereby appoint ____

____

of ____

or failing him/her ____

of ____

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 28, 2021 (Thursday), at 03:30 p.m at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

as witness may hand this ______________ day of ________ 2021

Signed by the said member ______________________

in presence of ______________________

Please affix revenue stamp Rs. 50

Signature(s) of Member(s)

Signature of witness ....

Name ....

Address ....

....

CNIC # ....

Signature of witness ....

Name ....

Address ....

....

CNIC # ....

Please quote:

Folio No.	Shares held	CDC A/C. No.

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time to holding the annual general meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary

NISHAT MILLS LIMITED
Nishat House,
53-A, Lawrence Road, Lahore.
Tel: 042 - 36360154
UAN: 042 - 111 113 333

پراکسی فارم

میں/ہم مسمی/مسماة_________________________ساکن___________________________ضلع___________________________________

بحثیت ممبر کمپنی، مسمی/مسماة___________________________ساکن_______________________________کمپنی ممبر یا اُسکی عدم موجودگی کی صورت میں

مسمی/مسماة___________________________ساکن___________________________کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا/کرتی ہوں تا کہ وہ میری/ہماری جگہ

اور میری/ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ ۲۸ اکتوبر ۲۰۲۱ء (جمعرات) بوقت دوپہر 03:30 بجے امپوریم مال، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپو سنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ_____________ دن__________2021ء

پچاس روپے کی ریونیو سٹمپ
چسپاں کریں

گواہ کوائف	گواہ کوائف
دستخط:________________________	دستخط:________________________
نام:________________________	نام:________________________
پتہ:________________________	پتہ:________________________
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:__________	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:__________

فولیو نمبر:______________________

سی ڈی سی کھاتہ نمبر:________________

حصص کی تعداد:________________

دستخط:___________________________

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

اہم: پراکسی فارم، کمپنی کے رجسٹرڈ آفس، نشاط ہاؤس، 53-A، لارنس روڈ، لاہور، میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔

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The Company Secretary

NISHAT MILLS LIMITED
Nishat House,
53-A, Lawrence Road, Lahore.
Tel: 042 - 36360154
UAN: 042 - 111 113 333

NISHAT

REGISTERED OFFICE:

Nishat House, 53-A, Lawrence Road, Lahore
Tel: 042-36360154, 042-111 113 333
nishat@nishatmills.com
www.nishatmillsltd.com