



Nishat Mills Limited

## Annual Report | 2022

**PROVEN PERFORMANCE  
PROMISING POTENTIAL**

## CONTENTS

### CORPORATE

Company Information .....	2
Directors' Profile .....	4
Vision, Mission and Core Values .....	6
Chairman's Review Report .....	7
Directors' Report .....	8
Financial Highlights .....	21
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 .....	23
Independent Auditors' Review Report to the Members on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 .....	26
Notice of Annual General Meeting .....	27

### FINANCIAL STATEMENTS OF NISHAT MILLS LIMITED

Independent Auditor's Report to the members .....	40
Statement of Financial Position .....	46
Statement of Profit or Loss .....	48
Statement of Comprehensive Income .....	49
Statement of Changes in Equity .....	50
Statement of Cash Flows .....	51
Notes to the Financial Statements .....	52

### CONSOLIDATED FINANCIAL STATEMENTS OF NISHAT MILLS LIMITED AND ITS SUBSIDIARIES

Directors' Report .....	124
Independent Auditor's Report to the members .....	125
Consolidated Statement of Financial Position .....	132
Consolidated Statement of Profit or Loss .....	134
Consolidated Statement of Comprehensive Income .....	135
Consolidated Statement of Changes in Equity .....	136
Consolidated Statement of Cash Flows .....	137
Notes to the Consolidated Financial Statements .....	138

Pattern of Holding of the Shares .....	229
Directors' Report Consolidated in Urdu .....	236
Directors' Report in Urdu .....	248
Forms of Proxy in Urdu & English	

## COMPANY INFORMATION

### Board of Directors

Mian Umer Mansha  
Chief Executive Officer

Mian Hassan Mansha  
Chairman

Mrs. Mehak Adil  
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. Sheikhpura Faisalabad Road, Feroze Watwan.

**Spinning units & Power plant**

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

**Weaving units & Power plant**

12 K.M. Faisalabad Road, Sheikhpura.

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

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

**Terry Unit**

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

**Apparel Unit**

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

**Registered office**

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

**Shares Registrar**

THK Associates (Private) Limited

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

Branch Office, Lahore  
Office No. 309, 3rd Floor,  
North Tower, LSE building,  
19-Sharah-e-Aiwan-e-Iqbal  
Lahore.  
Tel: 042-36302044

**Head Office**

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

**Liaison Office**

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



## DIRECTORS' PROFILE



**Mian Umer Mansha**  
Chief Executive Officer



**Mian Hassan Mansha**  
Chairman



**Syed Zahid Hussain**  
Non-Executive Director



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

**Mian Umer Mansha** 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 27 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 49 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 39 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 2022. The Company's financial performance was exceptional as it earned historically the highest profit after tax during the year. I wholeheartedly congratulate the Board of Directors (the "Board") and all stakeholders for this remarkable achievement. This unprecedented growth reflects Board's effective and robust oversight in formulation, approval and implementation of corporate strategy.

The Board is composed of members with diverse background having relevant knowledge, skills and experience of textile business. Its appropriate balance of one executive, four non-executive and two independent directors ensure its independence and empowerment. Both independent directors are females.

The Board ensures implementation of the best corporate governance practices and compliance with all prevailing regulatory requirements. The Board members regularly review and consider the impact of new laws and regulations on affairs of the Company. This year, Mrs. Mehak Adil received Certificate of Directors Education from Institute of Chartered Accountants of Pakistan in accordance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Code").

The Board has constituted adequate number of Committees like Audit Committee and Human Resource and Remuneration Committee. Both the Committees performed well according to their Terms of Reference. The Board has developed a mechanism for annual evaluation of Board's own performance, Members of the Board and its Committees. The Board carried out annual evaluation of Board's own performance, Members of the Board and its Committees on 28 April 2022. The performance of the Board, its Members and Committees was satisfactory. The Board has agreed on the same performance evaluation mechanism for the next year.

The major functions performed by the Board during the financial year 2021-22 are as follows:

- Performed continuous and effective oversight.
- Approved overall corporate strategy and annual business plan.
- Ensured the quality and appropriateness of financial reporting and transparency of disclosures in annual and quarterly financial statements.
- Evaluated compliance of regulatory and legal requirements
- Carried out risk assessment of cotton supply and prices, energy availability and cost, foreign exchange fluctuations and interest rate.
- 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 2022





# Directors' Report

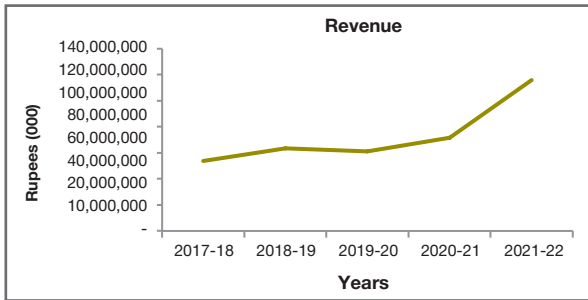
**Directors of Nishat Mills Limited (“the Company”) are pleased to present the annual report of the Company for the year ended 30 June 2022 along with the financial statements and auditors’ report thereon.**

## Financial Performance

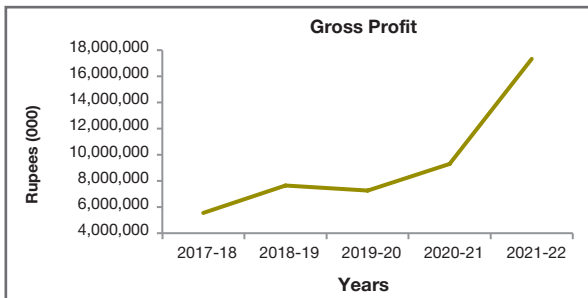
The Company recorded unprecedented financial performance during the current financial year. Revenue and profitability both grew remarkably. Profit after tax increased by 74.11% in the current year as compared to the corresponding last year. The main reason was increase in topline due to better marketing strategies and diversified product mix.

Financial highlights	2022 Rupees (000)	2021 Rupees (000)
Revenue	115,768,065	71,431,010
Gross Profit	17,335,571	9,317,855
EBITDA	18,358,269	11,137,991
Depreciation	3,290,619	2,838,310
Finance Cost	2,160,365	1,229,179
Dividend Income	3,328,797	2,722,637
Profit before Tax	12,907,285	7,070,502
Profit after Tax	10,311,674	5,922,470

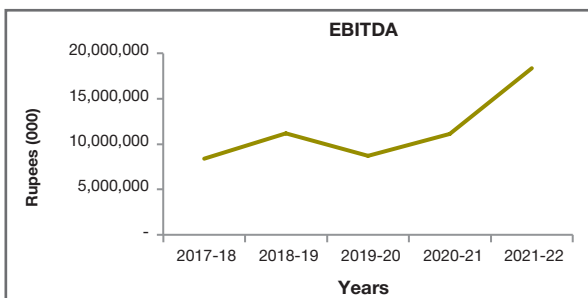
Revenue increased by Rs. 44.337 billion (62.07%) from Rs. 71.431 billion in the corresponding last year to Rs. 115.768 billion in the current year which is historically the highest. All business segments contributed towards this unprecedented growth in revenue in terms of increased volume and favorable prices. Export sales in USD also increased by USD 132.224 million (June 2022: USD 422.215 million, June 2021: USD 289.991 million). The following chart shows that the Company’s revenue grew by 115% over the last 5 years.



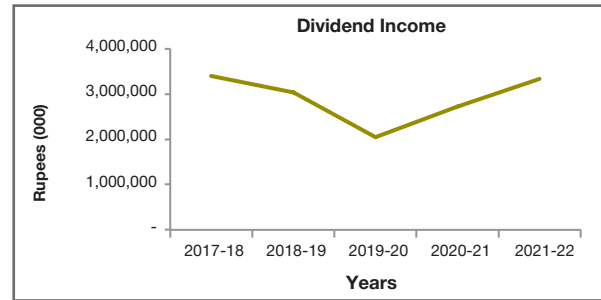
Gross profit increased by Rs. 8.018 billion (86.05%) from Rs. 9.318 billion in the comparable last year to Rs. 17.336 billion in the current year. The Company achieved these remarkable results despite challenges such as huge increase in raw cotton prices, increase in RLNG rate, shutdown of gas supply, disruption in global supply chain and Covid-19 pandemic.



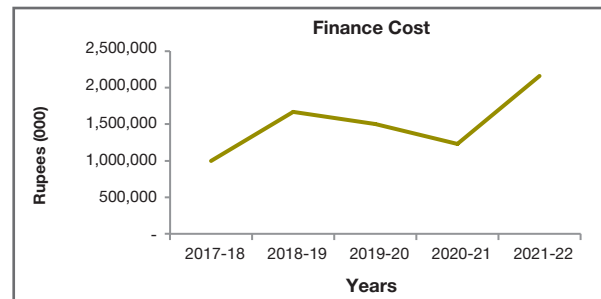
Better operational profitability and increased other income generated enough funds to fulfil financing requirements. The Company earned EBITDA of Rs. 18.358 billion in the current year which was an increase of Rs. 7.220 billion (64.83%) over the EBITDA of the last year.



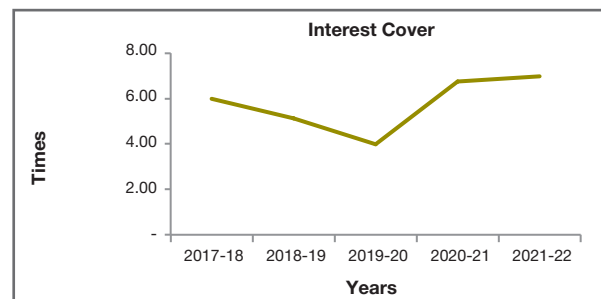
Dividend income once again remained important source of cash inflows during the year. It increased by 22.26% from Rs. 2.723 billion in the corresponding last year to Rs. 3.329 billion in the current year. The Company made further equity investment in Nishat Sutas Dairy Limited and United Bank Limited by acquiring 127,624,900 and 353,000 shares respectively in order to further strengthened and diversify its portfolio.



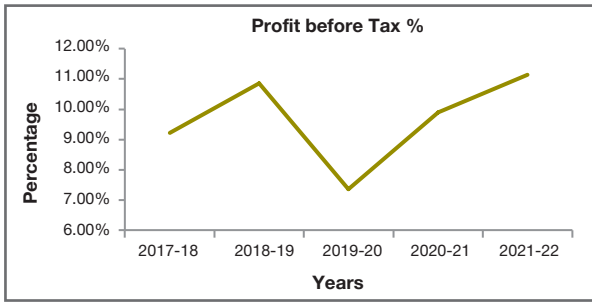
Finance cost increased by Rs. 931.186 million in the current year due to increase in average borrowing cost and short-term loans which were obtained to finance increased working capital requirements.



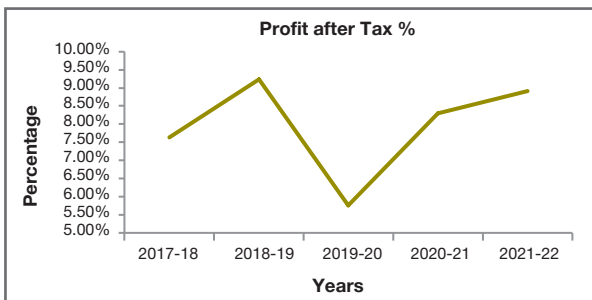
The Company's interest cover ratio increased slightly from 6.75 times to 6.97 times on account of improved profitability. A review of interest coverage over the last five years indicates that the Company is in a good financial health and is not exposed to any significant risks regarding its borrowings.



The Company earned profit before tax (PBT) amounting to Rs. 12.907 billion which is the highest in its entire history. PBT increased by Rs. 5.836 billion (82.53%) from Rs. 7.071 billion. PBT to sales percentage increased to 11.15% from 9.90% which is an increase of 1.25%. Efficient working capital management, cost reduction strategies and a well-diversified investment portfolio were the reasons for this remarkable profitability.

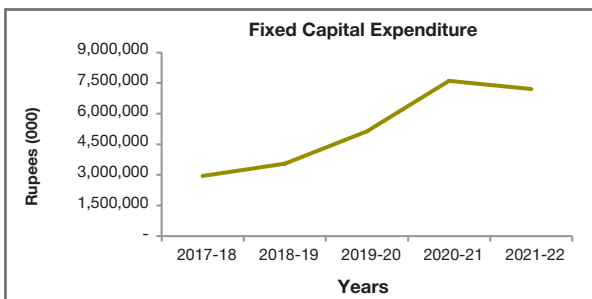


Bottom line of the Company increased by Rs. 4.389 billion (74.11%). Profit after tax to sales percentage recorded only an insignificant increase of 0.62% in the current year as compared to the last year due to imposition of super tax in Finance Act, 2022-23. The Company booked the provision of Rs. 801.397 million for super tax.



### Fixed Capital Expenditure

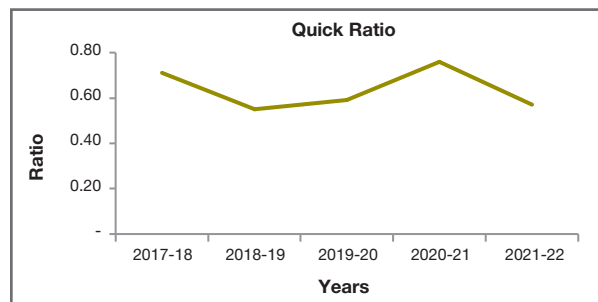
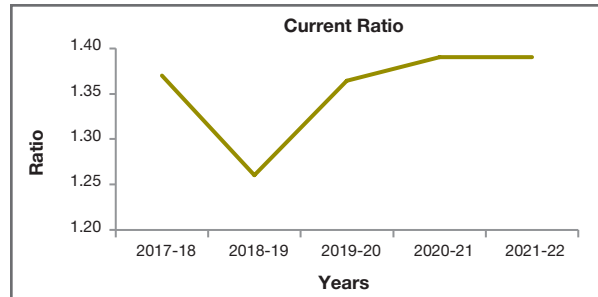
The Company believes that its financial strength and future cashflows depend on upgradation and expansion of its manufacturing facilities. Management expended Rs. 7.203 billion in the current year on fixed capital expenditure as compared to Rs. 7.616 billion in the corresponding last year. The major projects include commissioning into production of an open-end yarn spinning unit of 4,320 Rotors and a weaving unit 130 Tsudakoma Air Jet looms.



### Working Capital Management

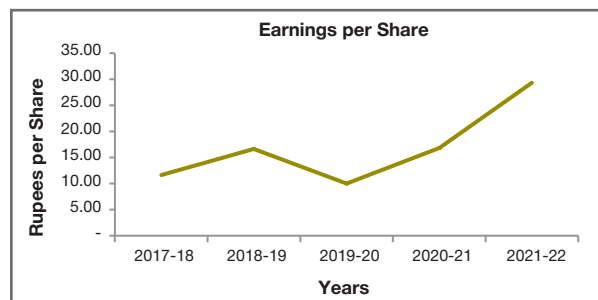
The Company's short-term financial health remained steady during the current financial year despite increased financing requirements of huge sales

volume. Current Ratio remained unchanged at 1.39 while quick ratio dropped from 0.76 to 0.57 due to procurement of stocks and inventories keeping in view the sales forecast and market dynamics of raw materials.



### Earnings per share

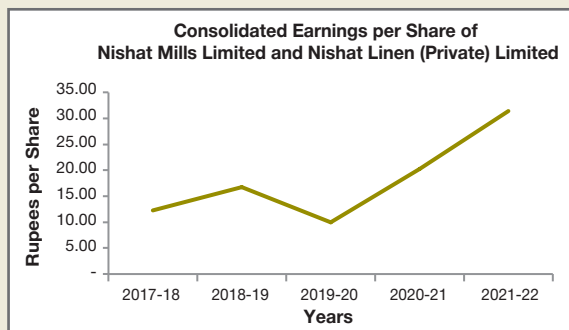
Earnings per share (EPS) recorded a remarkable increase of Rs. 12.49 (74.17%) over the last year. It increased to Rs. 29.33 per share in the current year as compared to Rs. 16.84 per share in the corresponding last year.



Nishat Group ("the Group") is one of the largest and leading business houses in Pakistan. It operates in 12 major sectors of national economy. The Group has 2 textile companies in Pakistan: 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. 11.12 (54.83%) from Rs. 20.28 in the corresponding last year to Rs. 31.40 in the current year. The review of last five years indicates that consolidated EPS was the highest during financial year 2022.



### Appropriations

The Board of Directors of the Company has recommended 40% cash dividend (2021: 40%) and transferring of Rupees 8,906 million (2021: Rupees 4,516 million) to general reserve.

### SEGMENT ANALYSIS

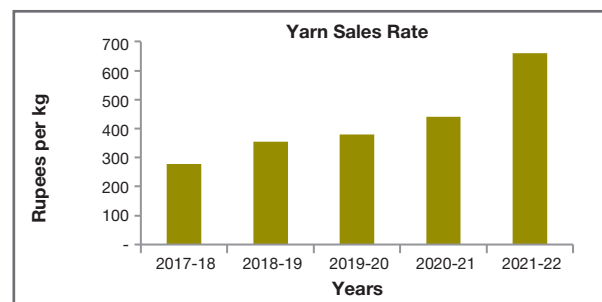
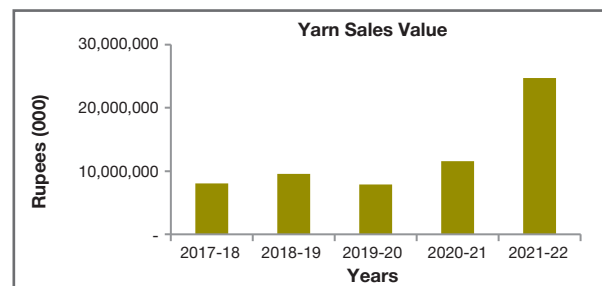
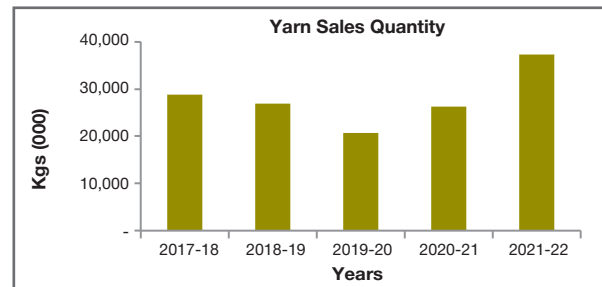
#### Spinning

Raw cotton prices in international market consistently increased throughout financial year 2022 due to US-China trade commitments, bullish trading and improved Covid-19 situation in most parts of the world which accelerated demand. Local cotton prices also increased in line with international cotton trends, short cotton crop and rapid buying by spinners in start of the season. Trends in local and international cotton prices remained bullish. The Company immediately started procurement of raw cotton when harvesting season started because management foresaw that price would rise with the passage of time.

Local yarn prices followed the trend of raw cotton rates and moved upward in tandem with increase in demand and ban on yarn import from India. However, global demand of cotton yarn was low; therefore, yarn prices didn't move along with cotton prices in local market. The situation further deteriorated due to 5th wave of Covid-19 in China (the main market of cotton yarn), world energy crisis,

supply chain logistic difficulties and global inflation which restricted consumers from spending, resulting reduction in demand of textile products by major retail stores.

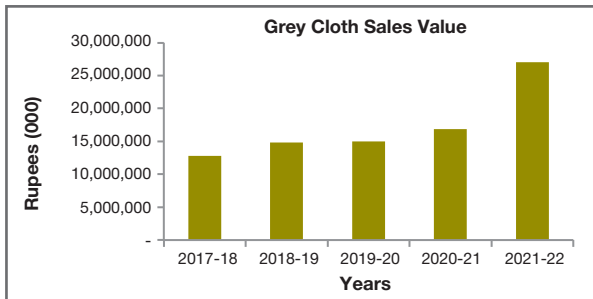
The Company sold major portion of its production in local market as compared to export market after considering demand dynamics of cotton yarn. The strategy resulted in good profits for the year.



#### Weaving

Grey cloth prices increased by around 40% as a result of increase in raw material cost. Demand for fabric remained steady for the first three quarters of FY 2022. Customers placed orders in excess of their short-term requirements keeping supply chain full due to expectation of rising raw material costs and logistics issues. We saw the highest growth in technical fabric segment. Workwear business also remained steady. Fashion fabric saw insignificant increase in demand. However, greige cloth sale for home textile went down as compared to the last year when most of the world population was staying at home due to lockdowns.

In September 21, we commissioned into production our new weaving mill comprising of 130 brand new Tsudakoma model NEO 001 wider width (280 cm and 340 cm) looms. This project has given us great flexibility in terms of product diversity and can also be used to run double width for production of 63” greige cloth. Further, we intend to replace our older looms 2005 / 2006 model as part of company’s strategy to keep investing in the latest technologies.

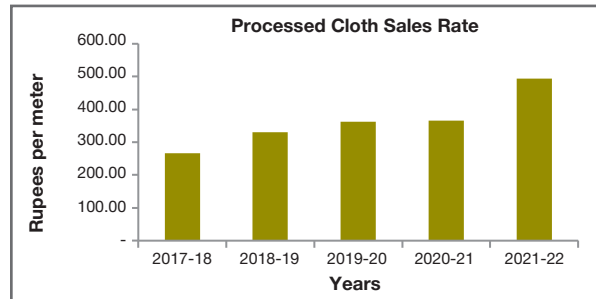
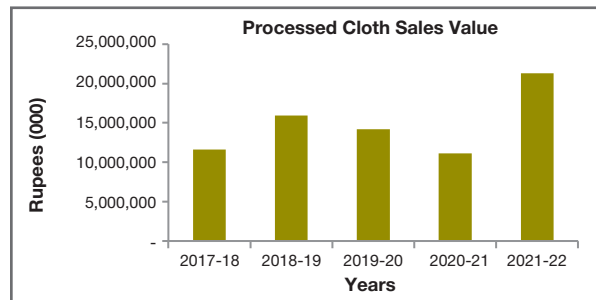
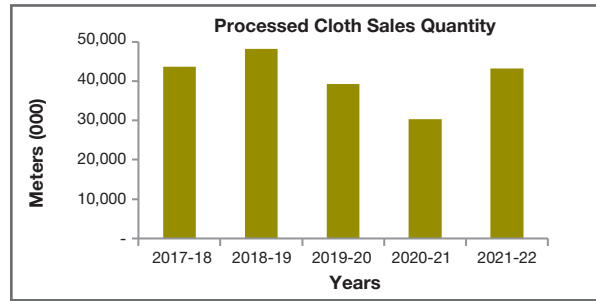


**Dyeing**

Profitability of Dyeing Division remained steady during the financial year ended 30 June 2022. The management was able to mitigate the adverse impacts of skyrocketing raw material cost and extremely volatile market. Despite relatively slow start in first quarter, the Division did significantly well in rest of the year. Consequently, the Division surpassed its annual sales target.

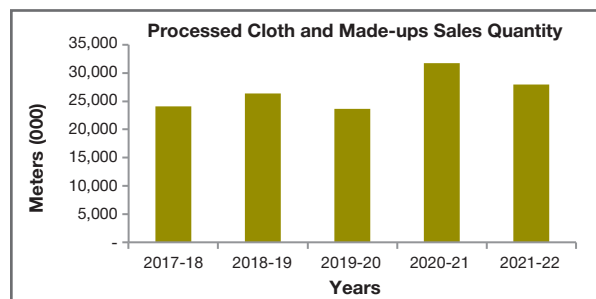
The management is foreseeing more challenges ahead in fiscal year 2023 due to uncertain economic conditions in the country and slowdown in growth of global economies. The major issue would be raw material prices which are expected to rise in coming

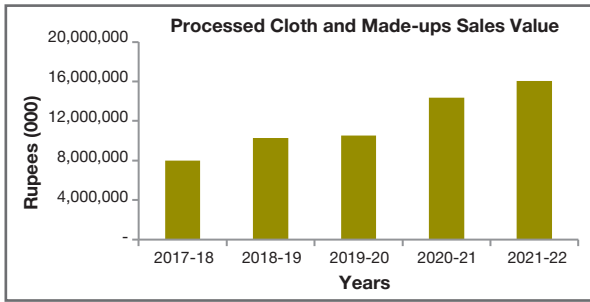
months due to shortage of local cotton, inflation and unprecedented depreciation of Pak Rupee.



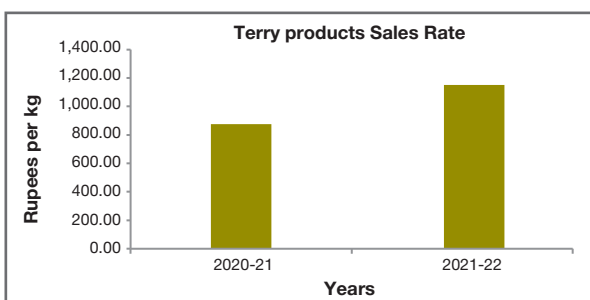
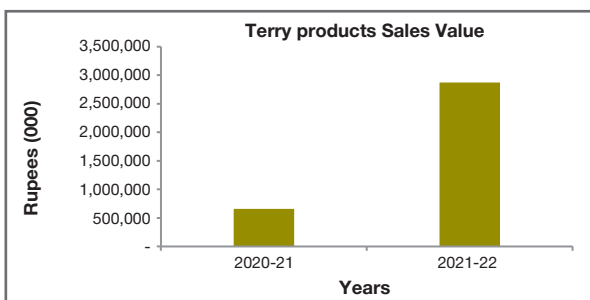
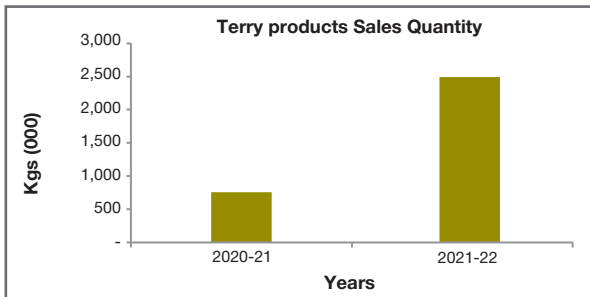
**Home Textile**

Home Textile Division performed well during the financial year 2021-22. Top line of the Division grew by 23.76% during the current financial year as compared to the corresponding last financial year. However, unprecedented surge in raw material and shipping costs increased the cost of production of our finished goods. The Division was able to pass on only a small portion of that additional cost to our customers which affected the profitability of the Division.





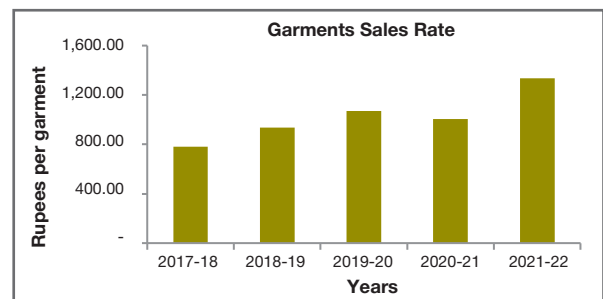
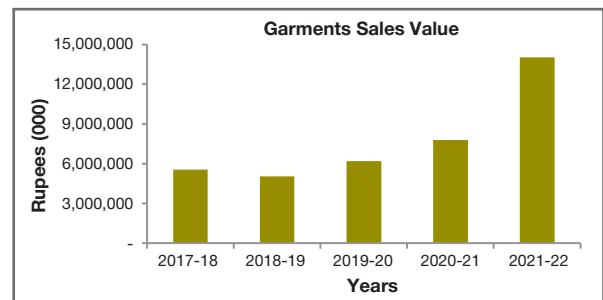
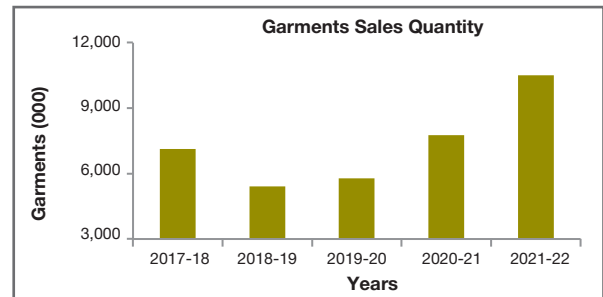
Terry unit was commissioned into production during the last financial year and it is showing promising results.



### Garments

Garments Division has recorded the remarkable growth in profitability during the current financial year. Garments sales increased remarkably by Rs. 6.227 billion (79.77%) during the current year as compared to the corresponding last year. The main reason was building of close relations with customers by providing quality products. Consequently, profitability of the Division increased significantly.

The management foresees rise in demand for its products in future. The project to establish a new production facility is underway in order to further enhance production which will create a large number of direct and indirect employment opportunities.



### Power Generation

Energy was the biggest challenge because prices of coal and oil increased many-fold during the current financial year. Further, Government of Pakistan revised subsidized rate of gas for Captive power plants of export-oriented sector from USD 6.5 per mmbtu to USD 9 per mmbtu. Moreover, required

quantity of gas was also not available. The Company received RLNG around half of its gas consumption requirement for its captive power plants. Energy requirements of Spinning Division, Sahianwala has grown after the commissioning of a new open-end yarn unit, therefore, plan for acquisition of 5.8 MW Wartsila dual fuel power engine is under consideration. Likewise, acquisition of two gas engines having total capacity of 4 MW with waste heat recovery boiler and air compressor and a 1 MW Diesel Engine is underway to cater the increased demand of towel manufacturing facility of Home Textile Division after increase in its capacity. Garments Division's expansion is in process; management has planned to acquire a 1 MW Diesel Engine.

### **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 business 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. Strategic risk is mitigated through continuous research & development and persistent introduction of new technologies under BMR. This risk is considered as the most crucial of all the risks. Heads 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 major cotton stock in bulk at the start of the harvesting season.

##### **Export Demand and Price**

Exports are major part of our revenue. We face the risks 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, Japanese Yen (JPY) and Swiss Franc (CHF). 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 non-performance 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;
- Diversified product portfolio to attract the attention of textile buyers across the world;
- Vibrant local and international subsidiary companies create demand for our products;
- Vertical integration makes it possible to exploit operational synergies;
- 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

Textile sector in Pakistan performed very well in fiscal year 2021-22. Textile exports increased 25.52 percent as compared to last fiscal year. In fiscal year 2021 textile exports were \$15.40 billion, which surged to highest ever exports of \$19.33 billion in fiscal year 2022.

Textile sector achieved exports landmark of \$19.33 billion because of high demand of textile products worldwide and heavy investment by entrepreneurs which enabled them to expand their production capacities to cater the requirement of customers.

One important factor of high demand of textile products in fiscal year 2022, was relaxation in most of the Covid-19 restrictions. By the end of first quarter majority of population in U.S. and Europe was fully vaccinated, which helped people to move freely in safe environment. Global economy gradually recovered from the Covid-19 pandemic and companies posted healthy results.

In spite of surge in demand of fashion apparel from all brands in fiscal year 2022, value added segment of textile sector in Pakistan could not take full advantage of the situation mainly because of skyrocketing raw material cost. Cotton spot rate touched the highest level of Rs. 22,800 per maund and cotton prices in U.S. and other regions also remained on higher side. Besides cotton, cost of dyes & chemicals, polyester, spandex and other imported fibers increased considerably during this period.

Another challenge that value-added segment particularly faced, was highly disturbed vessel schedule, which abnormally increased transit times for import and export shipments during fiscal year 2022. This problem not only effected global supply chain but also significantly increased shipping cost.

Record 28.49 percent depreciation of Pak Rupee against U.S. Dollar in fiscal year 2022 gave temporary relief to textile exporters, as they got benefit of rupee depreciation on shipments against which raw material was already procured. However, for subsequent orders input cost also shot up.

Russian war in Ukraine, which started in third quarter of fiscal year 2022, has brought volatility to the markets.



## 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 106 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. 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.

### 6. 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.

### 7. 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.

### 8. 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.

#### 9. Lalpir Solar Power (Private) Limited

Lalpir Solar Power (Private) Limited was a Private Limited Company incorporated in Pakistan on 09 November 2015. It was a wholly owned subsidiary of Nishat Power Limited which was a subsidiary of Nishat Mills Limited. The subsidiary did not start its commercial operations because it did not get Power Acquisition Request and Consent from Central Power Purchasing Agency. Therefore, the Company voluntarily wound up during the year.

### CORPORATE SOCIAL RESPONSIBILITY

Following is the brief summary of corporate social responsibility initiative taken by the Company:

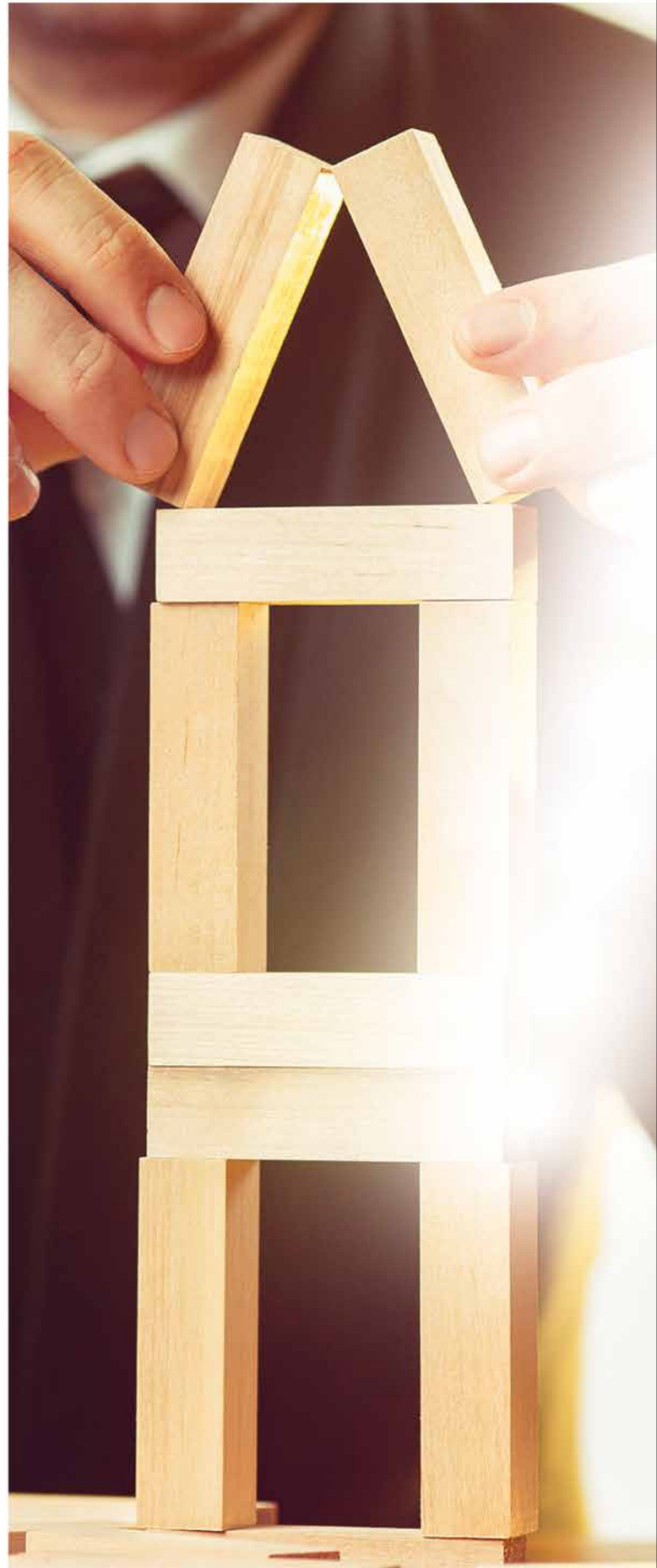
#### Environment Protection

The Company regularly plants trees in an effort to offset carbon emissions, maintain biodiversity and combat climate change. Recently, the Company collaborated with WWF to plant 2,000 more trees. The Company is in the process of shifting from conventional to renewable energy sources. Currently, 4.34 MW of electricity is generated from solar power plants and projects of 9.86 MW are under acquisition and installation phase. The Company is committed to acquire more solar power plants in order to ensure environmental sustainability and cheap energy. The Company has also established Effluent Water Treatment Plants to treat waste water before its discharge in order to preserve clean water sources.

#### Community Welfare Schemes

Engagement with community is one of the key elements of CSR activities. A clean-up activity was organized on World Environment Day to encourage our employees and the local community about the importance of keeping our surrounding clean. Also, a week-long training session on Gender-Based Violence was conducted for our management and production employees in collaboration with UN Women.

The Company arranged 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

The Company has recently signed an MOU with the United Nations (UN) Women to promote gender equality and empower women at workplace. We have expanded and upgraded our day-care facilities in our offices and mills to provide relief to working mothers. We also provide equal opportunity for employment and career progression to disabled and minorities.

### Occupational Safety and Health

The Company maintains world class occupational health and safety standards because we consider well-being of our employees as prime responsibility. We provide the facility of in-house dispensaries supervised by qualified doctors at all our production facilities. The Company also owns and operates ambulances and firefighting equipment. Most of the production facilities of the Company are ISO-9001 and SA-8000 certified ensuring excellent working conditions for employees.

### Waste Recycling

We believe waste recycling is an important activity to protect environment. In addition to water treatment plants, cotton recycling plants, oil recycling machines and caustic recovery units, the Company recently invested in open-end yarn production facilities which use spinning waste to produce yarn.

### Consumer Protection Measures

The Company takes responsibility for consumer protection right from procurement of raw material to production processes and supply chain until our goods reach to the consumers. We have also acquired various certifications to ensure that our consumers protection measures are of international standards. Such certifications include Customs-Trade Partnership Against Terrorism (C-TPAT), Oeko Tex Standards 100, SA-8000, WRAP and SEDEX certifications.

## CORPORATE GOVERNANCE

### Best Corporate Practices

Directors are committed to good corporate governance and comply with the requirements of the



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

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, one Human Resource & Remuneration Committee Meeting was held, attendance position was as under: -

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

### 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:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- Value of investments in respect of retirement benefits fund: Provident Fund: 30th June, 2022: Rs. 4,572.669 million Un-audited, (2021: Rs. 4,407.174 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:

Further equity investment of up to Rs. 1,000 million in Nishat Sutas Dairy Limited, an associated company, to earn dividend and prospective capital gains.

### 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 2023. 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 2022.

No other material changes and commitments affecting the financial position of the Company occurred between 30 June 2022 and 20 September 2022.

## FUTURE PROSPECTS

Presently, country is facing devastating floods which have ruined most of cotton crop. Therefore, availability of raw material would be a major cause of concern during financial year 2022-23. Such situation is expected to disrupt our production. This would have adverse impact of our profitability.

We expect that higher cost of energy will also be a major issue during the next financial year. This may negatively affect our ability to compete in export market.

Diversification is one of the key elements of our investment policy. The Company plans to further diversify its product mix by installing a new unit of denim fabric. This will provide raw material to Garments Division as well as enhance sale in export market.

## 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.

Refer to note 38 of financial statements of the Company for remuneration of Chief Executive Officer and Directors of the Company.

## PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding as at June 30, 2022, which is required to be disclosed under the reporting framework, is annexed to this report.

## ACKNOWLEDGEMENT

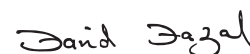
Directors are pleased and thankful to the employees for their continued dedication of efforts for the Company.

For and on behalf of the Board of Directors.



**Mian Umer Mansha**  
Chief Executive Officer

Lahore  
20 September 2022



**Farid Noor Ali Fazal**  
Director

# FINANCIAL HIGHLIGHTS

Rupees in thousand

	2022	2021	2020	2019	2018	2017	
<b>Summarized Statement of Financial Position</b>							
<b>Non-Current Assets</b>							
Property, Plant and Equipment	39,766,323	35,926,594	31,292,722	28,968,219	28,180,049	27,767,699	
Long Term Investments	35,720,224	48,620,695	37,979,074	34,930,333	44,757,279	60,008,322	
Other Non-Current Assets	1,044,696	1,104,867	865,591	849,580	756,020	756,107	
<b>Current Assets</b>							
Stores, Spares and Loose Tools	3,999,710	2,605,602	2,256,569	3,102,988	1,714,031	2,106,878	
Stock in Trade	31,826,616	17,972,691	20,753,543	17,008,459	12,243,652	12,722,712	
Short Term Investments	-	-	-	-	2,581,520	2,535,973	
Other Current Assets	25,177,008	24,881,925	17,513,415	15,685,813	12,503,482	11,632,584	
<b>Total Assets</b>	<b>137,534,577</b>	<b>131,112,374</b>	<b>110,660,914</b>	<b>100,545,392</b>	<b>102,736,033</b>	<b>117,530,275</b>	
Shareholders' Equity	79,200,943	85,747,779	71,427,860	66,615,270	75,713,145	88,762,796	
<b>Non-Current liabilities</b>							
Long Term Financing	12,284,112	11,577,915	9,222,781	5,259,927	5,190,839	5,245,629	
Deferred Liabilities	2,191,059	1,055,992	302,672	215,440	571,833	783,292	
<b>Current Liabilities</b>							
Short Term Borrowings	26,730,048	18,718,262	19,329,768	17,982,262	12,507,590	14,697,393	
Current Portion of Non-Current Liabilities	4,302,449	4,206,123	703,032	1,784,470	2,144,900	2,093,024	
Other Current Liabilities	12,825,966	9,806,303	9,674,801	8,688,023	6,607,726	5,948,141	
<b>Total Equity and Liabilities</b>	<b>137,534,577</b>	<b>131,112,374</b>	<b>110,660,914</b>	<b>100,545,392</b>	<b>102,736,033</b>	<b>117,530,275</b>	
<b>Statement of Profit or Loss</b>							
Revenue	115,768,065	71,431,010	60,904,096	63,499,029	53,729,124	49,247,657	
Gross Profit	17,335,571	9,317,855	7,276,126	7,656,601	5,550,446	5,379,838	
EBITDA	18,358,269	11,137,991	8,719,892	11,211,441	8,395,775	8,233,100	
Other Income	5,571,415	3,750,188	3,032,390	5,158,380	4,102,639	4,259,666	
Profit Before Tax	12,907,285	7,070,502	4,479,284	6,897,048	4,957,127	5,020,342	
Profit After Tax	10,311,674	5,922,470	3,506,284	5,859,048	4,097,127	4,262,342	
<b>Cash Flows</b>							
Cash Flow from Operating Activities	(10,669,883)	5,722,435	1,560,005	905,102	2,153,808	(1,381,006)	
Cash Flow from Investing Activities	(1,787,869)	(3,378,461)	(4,828,502)	(3,957,796)	1,851,315	(3,890,837)	
Cash Flow from Financing Activities	7,277,134	2,800,130	2,820,113	3,524,492	(3,944,241)	3,200,620	
Changes in Cash & Cash Equivalents	(5,180,618)	5,144,104	(448,384)	471,798	60,882	(2,071,223)	
Cash and Cash Equivalents at Year End	91,727	5,272,345	128,241	576,625	104,827	43,945	
<b>Ratios</b>							
<b>Profitability Ratios</b>							
Gross profit	%	14.97	13.04	11.95	12.06	10.33	10.92
EBITDA to sales	%	15.86	15.59	14.32	17.66	15.63	16.72
Pre tax Profit	%	11.15	9.90	7.35	10.86	9.23	10.19
After tax Profit	%	8.91	8.29	5.76	9.23	7.63	8.65
Return on Equity	%	12.50	7.54	5.08	8.23	4.98	4.99
Return on Capital Employed	%	15.69	9.26	7.82	11.16	6.75	6.53
Operating Leverage Ratio		1.31	2.24	7.38	2.42	0.03	(4.75)

		2022	2021	2020	2019	2018	2017
<b>Liquidity Ratios</b>							
Current Ratio		1.39	1.39	1.36	1.26	1.37	1.28
Quick Ratio		0.57	0.76	0.59	0.55	0.71	0.62
Cash to Current Liabilities	Times	0.00	0.16	0.00	0.02	0.00	0.00
Cash Flows from Operations to Sales	Times	(0.09)	0.08	0.03	0.01	0.04	(0.03)
<b>Activity / Turnover Ratios</b>							
Inventory Turnover Ratio	Times	3.95	3.21	2.84	3.82	3.86	3.87
No. of Days in Inventory	Days	92.41	113.71	128.87	95.55	94.56	94.32
Debtors Turnover Ratio	Times	13.69	13.19	13.54	14.53	17.12	21.89
No. of Days in Receivables	Days	26.66	27.67	27.03	25.12	21.32	16.67
Creditors Turnover Ratio	Times	6.08	3.75	3.49	4.39	4.46	4.30
No. of Days in Creditors	Days	60.03	97.33	104.87	83.14	81.84	84.88
Operating Cycle	Days	59.04	44.05	51.03	37.53	34.04	26.11
Total Assets Turnover Ratio	Times	0.84	0.54	0.55	0.63	0.52	0.42
Fixed Assets turnover Ratio	Times	2.91	1.99	1.95	2.19	1.91	1.77
<b>Investment / Market Ratios</b>							
Earnings Per Share	Rs.	29.33	16.84	9.97	16.66	11.65	12.12
Price Earning Ratio	Times	2.52	5.54	7.82	5.60	12.10	13.09
Dividend Yield Ratio	%	5.41	4.29	5.13	4.29	3.37	3.15
Dividend Payout Ratio	%	13.64	23.75	40.12	24.01	40.77	41.24
Dividend Cover Ratio	Times	7.33	4.21	2.49	4.17	2.45	2.42
Dividend Per Share	Rs.	4.00	4.00	4.00	4.00	4.75	5.00
Break-up Value	Rs.	225.26	243.88	203.15	189.46	215.34	252.45
Proposed Dividend	%	40.00	40.00	40.00	40.00	47.50	50
<b>Market value per share</b>							
Closing	Rs.	73.91	93.30	78.01	93.34	140.92	158.68
High	Rs.	101.20	124.89	119.75	153.73	171.56	185.63
Low	Rs.	68.50	79.73	53.00	91.69	130.03	110.65
<b>Capital Structure Ratios</b>							
Financial Leverage Ratio	%	53.09	38.83	40.96	37.57	26.21	24.83
Weighted Average Cost of Debt	%	5.73	3.93	5.54	7.44	4.75	4.68
Debt to Equity Ratio	%	15.51	13.50	12.91	7.90	6.86	5.91
Interest Cover Ratio	Times	6.97	6.75	3.98	5.13	5.99	6.49
Gearing Ratio	%	34.68	27.97	29.06	27.31	20.77	19.89
<b>Production machines</b>							
No. of Spindles		303,048	263,832	262,035	247,968	238,032	230,736
No. of Looms		959	814	790	790	794	795
No. of Thermosole Dyeing Machines		5	5	5	5	5	5
No. of Rotary Printing Machines		4	4	4	4	4	4
No. of Digital Printing Machines		11	10	10	9	8	7
No. of Stitching Machines		4,713	4,489	3,592	4,149	4,239	3,757

# STATEMENT OF COMPLIANCE

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

**Name of company** : Nishat Mills Limited  
**Year ended** : June 30, 2022

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 (Female director) Mrs. Mehak Adil (Female director)
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 Companies Act, 2017 (the Act) and the 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  
 Mrs. Mehak Adil

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:**

<b>Names</b>	<b>Designation held</b>
Mrs. Mehak Adil	Chairperson
Syed Zahid Hussain	Member
Mr. Mahmood Akhtar	Member

**b) HR and Remuneration Committee:**

<b>Names</b>	<b>Designation held</b>
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, 2022.

**b) HR and Remuneration Committee:**

One Meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2022.

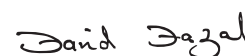
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating 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 (if applicable):

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	<b>Nomination Committee</b> 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	<b>Risk Management Committee</b> 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	<b>Disclosure of significant policies on website</b> 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	<b>Directors' Training</b> It is encouraged that by June 30, 2022, all 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.	6 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 one director.	19(1)
5	<b>Directors' Training</b> 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	<b>Responsibilities of the Board and its members</b> The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied.	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



**FARID NOOR ALI FAZAL**  
Director

Lahore  
20 September 2022

# 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 2022 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 2022.



**RIAZ AHMAD & COMPANY**

Chartered Accountants

Lahore

27 September 2022

UDIN: CR202210168E4jthemWi

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Nishat Mills Limited (“the Company”) will be held on October 28, 2022 (Friday) at 10:15 A.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, 2022 together with the Chairman’s 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 2022-23 and fix their remuneration.
4. **Special Business:**

**To consider and if deemed fit, to pass the following resolutions as Special Resolutions under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification, addition(s) or deletion(s).**

**RESOLVED THAT** approval of the members of Nishat Mills Limited (“the Company”) be and is hereby accorded and the Company be and is hereby authorized in terms of Section 199 and other applicable provisions of the Companies Act, 2017 to make additional long-term equity investment up to Rs. 1,080,000,000 (Rupees One Billion Eighty Million Only) in Hyundai Nishat Motor (Private) Limited (HNMPL), an associated company, from time to time by way of subscribing up to 108,000,000 right shares, at par value of Rs. 10/- each as and when offered by HNMPL to the Company on its shareholding, as per terms and conditions disclosed to the members.

**RESOLVED FURTHER THAT** this resolution shall be valid for a period of four (4) years starting from the date of approval by members and the Chief Executive Officer and / or Chief Financial Officer and / or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities including filing of documents as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions.

**RESOLVED FURTHER THAT** the Company be and is hereby authorized to dispose of through any mode, a part or all of equity investment in HNMPL made by the Company from time to time and to dispose of and / or decline a part or all of its entitlement of right shares as and when offered by HNMPL and the Chief Executive Officer and / or Chief Financial Officer and / or Company Secretary be and are hereby authorized singly to take the decision of divestment and / or declining of right shares entitlement as they may deem appropriate and necessary in the best interest of the Company and its members.

A Statement of Material Facts as required under Section 134(3) of the Companies Act, 2017 is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board



**(KHALID MAHMOOD CHOHAN)**  
COMPANY SECRETARY

Lahore  
September 20, 2022

**NOTES:****BOOK CLOSURE NOTICE:**

The Ordinary Shares Transfer Books of the Company will remain closed from 21-10-2022 to 28-10-2022 **(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, 2022 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 20-10-2022 at the office of Share Registrar, THK Associates (Private) Limited, **Karachi Office**, Plot No. 32-C, Jami Commercial Street No. 2, DHA, Phase VII, Karachi, **Lahore Office**, Office No. 309, 3rd Floor, North Tower, LSE Building, 19-Shahrah-e-Aiwan-e-Iqbal, 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. The proxy shall produce his / her original valid CNIC or original passport at the time of meeting.

Shareholders are requested to immediately notify the Company of 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, 2017 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 latest by October 20, 2022, 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, THK Associates (Pvt) Limited up to October 20, 2022.

**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 to the Company or the Company's Share Registrar, if not provided already. All shareholders who have not so far submitted copy of their valid CNIC are once again requested to send a copy of their valid CNIC to our Share Registrar THK Associates (Private) Limited. 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 issued by 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 payment of dividend warrants to such shareholders which will be released on submission of valid copy of CNIC.

**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. Any shareholder who want to claim exemption shall submit his / her Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 on prescribed Form CZ-50, to our Share Registrar, M/s. THK Associates (Private) Limited **otherwise no exemption will**

**be granted.** The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective Folio Numbers / CDC Account Numbers.

**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. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company’s Share Registrar at the address given herein above. In the case of shares held in CDC, the same information should be provided directly to the CDS participants for updating and forwarding to the Company.

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 form, duly signed by the shareholder, along with copy of his / her CNIC to the Company’s Share Registrar M/s THK Associates (Private) Limited.

**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 the address given hereinabove 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, 2022.

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 OF MATERIAL FACTS  
UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017.**

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2022.

**Additional Equity Investment in Hyundai Nishat Motor (Private) Limited**

Hyundai Nishat Motor (Private) Limited (HNMPL) is a joint venture company which has set up a green field project for assembly and sale of Hyundai brand vehicles in Pakistan (the "Project"). The paid-up share capital of HNMPL is held by:

Nishat Mills Limited (12%)

DG Khan Cement Company Limited (10%)

Adamjee Insurance Company Limited (10%)

Security General Insurance Company Limited (12.14%)

Millat Tractors Limited (15.86%)

Sojitz Corporation (40%)

HNMPL intends to issue right shares amounting to Rs. 9 billion to meet working capital requirements and HNMPL will offer right shares for subscription at par value of Rs. 10 each. The Board of Directors has already approved the additional investment by way of subscription of right shares.

The already approved amount by members of equity investment of Rs. 1,267,680,000 (Rupees One Billion Two Hundred Sixty-Seven Million Six Hundred Eighty Thousand Only) in HNMPL shall increase to Rs. 2,347,680,000/- (Rupees Two Billion Three Hundred Forty-Seven Million Six Hundred Eighty Thousand Only).

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

HNMPL is not a member of the Company. Its sponsors / directors are directors / members of the Company. They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

<b>Name of Director</b>	<b>% of Shareholding in Company</b>
Mian Raza Mansha	8.41
Mian Umer Mansha	12.60
Mian Hassan Mansha	12.62

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

<b>(a) Disclosure for all types of investments:</b>																																			
<b>(A) Disclosure regarding associated company</b>																																			
(i)	Name of Associated Company or Associated Undertaking	Hyundai Nishat Motor (Private) Limited (“ <b>HNMP</b> ”)																																	
(ii)	Basis of Relationship	Common Directorship																																	
(iii)	Earnings / (Loss) per Share for the last three years	<table border="1"> <thead> <tr> <th>Year</th> <th>EPS (Rs.)</th> </tr> </thead> <tbody> <tr> <td>2021 – Audited</td> <td>1.44</td> </tr> <tr> <td>2020 – Audited</td> <td>(2.96)</td> </tr> <tr> <td>2019 – Audited</td> <td>(1.18)</td> </tr> </tbody> </table>		Year	EPS (Rs.)	2021 – Audited	1.44	2020 – Audited	(2.96)	2019 – Audited	(1.18)																								
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(iv)	Break-up value per Share, based on last audited financial statements	PKR 8.22 – 2021 - Audited																																	
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<p>Statement of Financial Position as on 31 December 2021:</p> <table border="1"> <thead> <tr> <th>Equity &amp; Liabilities</th> <th>Rs.</th> <th>Assets</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Equity</td> <td>7,800,970,467</td> <td>Non-Current Assets</td> <td>17,960,411,178</td> </tr> <tr> <td>Non-Current Liabilities</td> <td>11,574,830,100</td> <td>Current Assets</td> <td>21,054,025,629</td> </tr> <tr> <td>Current Liabilities</td> <td>19,638,636,240</td> <td></td> <td></td> </tr> <tr> <td></td> <td>39,014,436,807</td> <td></td> <td>39,014,436,807</td> </tr> </tbody> </table> <p>Profit and loss account for the year ended 31 December 2021:</p> <table border="1"> <thead> <tr> <th></th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>34,298,694,455</td> </tr> <tr> <td>Expenses</td> <td>33,578,819,871</td> </tr> <tr> <td>Other Income</td> <td>752,317,911</td> </tr> <tr> <td>Profit / (Loss) before tax</td> <td>1,472,192,495</td> </tr> <tr> <td>Profit / (Loss) after tax</td> <td>1,351,574,072</td> </tr> </tbody> </table>		Equity & Liabilities	Rs.	Assets	Rs.	Equity	7,800,970,467	Non-Current Assets	17,960,411,178	Non-Current Liabilities	11,574,830,100	Current Assets	21,054,025,629	Current Liabilities	19,638,636,240				39,014,436,807		39,014,436,807		Rs.	Revenue	34,298,694,455	Expenses	33,578,819,871	Other Income	752,317,911	Profit / (Loss) before tax	1,472,192,495	Profit / (Loss) after tax	1,351,574,072
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(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely																																		
	I Description of the project and its history since conceptualization	HNMP is a joint venture company of Nishat Mills Limited (“Nishat”), DG Khan Cement Company Limited (“DGKCC”), Adamjee Insurance Company Limited (“AICL”), Security General Insurance Company Limited (“SGICL”), Millat Tractors Limited (“MTL”) and Sojitz Corporation, Tokyo,																																	

			<p>Japan (“Sojitz”) to establish a green field project for the assembly and sales of Hyundai brand vehicles in Pakistan. Nishat executed a shareholders’ agreement on 04th April, 2018 whereby the following shareholdings were decided amongst HNMP L shareholders as follows: Nishat (12%), DGKCC (10%), AICL (10%), SGICL (10%), MTL (18%) and Sojitz (40%) and HNMP L for the share subscription of HNMP L. Subsequently, the shareholding percentage of SGICL increased to 12.14% and MTL decreased to 15.86% while the shareholding percentage of other investors remained same. At present the subscribed equity stands at PKR 10,562.300 million.</p> <p>HNMP L has been awarded with “Category-A Greenfield Investment Status” under the Automotive Development Policy 2016-21 by Ministry of Industries and Production, Government of Pakistan vide its Notification No. 2(55)2017-LED-II dated 21 June 2017. The ground-breaking ceremony of the project was held on 20 December 2017 and it became operational in January 2020.</p>																
	II	Starting date and expected date of completion of work	The construction commenced in the 2nd Quarter of 2018. The Project became operational in January 2020.																
	III	Time by which such project shall become commercially operational	The project became operational in January 2020.																
	IV	Expected time by which the project shall start paying return on investment	By Financial Year 2025																
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	<p>NML and other parties of Shareholders Agreement have to date invested a combined PKR 10,562,300,000 in cash as per below detail:</p> <table border="1"> <thead> <tr> <th>Shareholder</th> <th>Issued Share Capital PKR</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td>1,267,476,000</td> </tr> <tr> <td>DG Khan Cement Company Limited</td> <td>1,056,230,000</td> </tr> <tr> <td>Adamjee Insurance Company Limited</td> <td>1,056,230,000</td> </tr> <tr> <td>Security and General Insurance Company Limited</td> <td>1,282,020,990</td> </tr> <tr> <td>Millat Tractors Limited</td> <td>1,675,423,010</td> </tr> <tr> <td>Sojitz Corporation Japan</td> <td>4,224,920,000</td> </tr> <tr> <td><b>Total Equity Injected till 31 Aug 2022</b></td> <td><b>10,562,300,000</b></td> </tr> </tbody> </table>	Shareholder	Issued Share Capital PKR	Nishat Mills Limited	1,267,476,000	DG Khan Cement Company Limited	1,056,230,000	Adamjee Insurance Company Limited	1,056,230,000	Security and General Insurance Company Limited	1,282,020,990	Millat Tractors Limited	1,675,423,010	Sojitz Corporation Japan	4,224,920,000	<b>Total Equity Injected till 31 Aug 2022</b>	<b>10,562,300,000</b>
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<b>Total Equity Injected till 31 Aug 2022</b>	<b>10,562,300,000</b>																		
<b>(B) General Disclosures:</b>																			
(i)	Maximum amount of investment to be made	PKR 1,080,000,000/-.																	
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>Dividend income and / or prospective capital gains.</p> <p>The investment will be for long term.</p>																	

(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The investment will be made from Nishat's own funds.																		
	(I) Justification for investment through borrowings	N/A																		
	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	N/A																		
	(III) Cost benefit analysis	N/A																		
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	<p>HNMPL will offer right shares based on existing percentage of shareholding which is based on share subscription agreement with Nishat, DGKCC, AICL, SGICL, MTL, Sojitz and HNMPL. Shareholding is as follows:</p> <p>Nishat 12%, DGKCC 10%, AICL 10%, SGICL 12.14%, MTL 15.86% and Sojitz 40%</p>																		
(iv)	Direct or indirect interest of Directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	<p>Two of the Directors of Nishat Mills Limited, Mian Umer Mansha and Mian Hassan Mansha and their brother Mian Raza Mansha each hold 1 share of HNMPL. Mian Hassan Mansha also holds the office of Chief Executive Officer at HNMPL. They being Directors and Shareholders of the investing company are interested to the extent of their shareholding in Nishat.</p> <table border="0" data-bbox="794 1240 1417 1411"> <thead> <tr> <th style="text-align: left;"><b>Directors:</b></th> <th style="text-align: right;"><b>% of Shareholding</b></th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td style="text-align: right;">8.41</td> </tr> <tr> <td>Mian Umer Mansha</td> <td style="text-align: right;">12.60</td> </tr> <tr> <td>Mian Hassan Mansha</td> <td style="text-align: right;">12.62</td> </tr> </tbody> </table> <p>Associated Companies:</p> <p>The Associated Companies holding shares of Nishat are interested in HNMPL to the extent of their shareholding as under:</p> <table border="0" data-bbox="794 1661 1350 1760"> <tbody> <tr> <td>D. G. Khan Cement Co. Ltd.</td> <td style="text-align: right;">10%</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd.</td> <td style="text-align: right;">10%</td> </tr> <tr> <td>Security General Insurance Co. Ltd.</td> <td style="text-align: right;">12.14%</td> </tr> </tbody> </table> <p>The Associated Companies holding shares of HNMPL are interested in Nishat to the extent of their shareholding as under:</p> <table border="0" data-bbox="794 1937 1350 2004"> <tbody> <tr> <td>D. G. Khan Cement Co. Ltd.</td> <td style="text-align: right;">8.61%</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd.</td> <td style="text-align: right;">0.00%</td> </tr> </tbody> </table>	<b>Directors:</b>	<b>% of Shareholding</b>	Mian Raza Mansha	8.41	Mian Umer Mansha	12.60	Mian Hassan Mansha	12.62	D. G. Khan Cement Co. Ltd.	10%	Adamjee Insurance Co. Ltd.	10%	Security General Insurance Co. Ltd.	12.14%	D. G. Khan Cement Co. Ltd.	8.61%	Adamjee Insurance Co. Ltd.	0.00%
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(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	No indication of impairment or write off exists relating to equity investment already made.												
(vii)	Any other important details necessary for the members to understand the transaction	None												
<b>Additional disclosure regarding Equity Investment</b>														
(i)	Maximum price at which securities will be acquired	Shares will be purchased at par value of Rs. 10/- per share which is less than fair value.												
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not applicable as shares are being acquired at face value of Rs. 10 each.												
(iii)	Maximum number of securities to be acquired	108,000,000 shares												
(iv)	Number of securities and percentage thereof held before and after the proposed investment	<table border="1"> <thead> <tr> <th></th> <th><b>No. of Shares</b></th> <th><b>%age</b></th> </tr> </thead> <tbody> <tr> <td>Before</td> <td>126,747,600</td> <td>12.00</td> </tr> <tr> <td>New</td> <td>108,000,000</td> <td>12.00</td> </tr> <tr> <td>After</td> <td>234,768,000</td> <td>12.00</td> </tr> </tbody> </table>		<b>No. of Shares</b>	<b>%age</b>	Before	126,747,600	12.00	New	108,000,000	12.00	After	234,768,000	12.00
	<b>No. of Shares</b>	<b>%age</b>												
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After	234,768,000	12.00												
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	N/A												
(vi)	Fair value determined in terms of sub-regulation (1) regulation 5 for investments in unlisted securities	An independent valuer has estimated a fair value of Rs. 25.15 per ordinary share as at June 30, 2022 through a valuation technique based on discounted cash flows.												

## 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 Sutas Dairy Limited	
<b>Total Investment Approved:</b>	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 950 million was approved by members in AGM held on October 28, 2019 which was subsequently enhanced up to Rs. 1,950 million for a period of four (4) years by members in EOGM held on 03 March 2022.	Corporate guarantee for an amount of up to Rupees 2,250 million was approved by members in EOGM held on December 15, 2020 for a tenure of 11 years.
<b>Amount of Investment Made to date:</b>	Nil	Investment of Rupees 1,267.476 million has been made against this approval to date.	Guarantees/ Stand by Letter(s) of Credit (SBLC) of up to Rs. 1,500.429 million have been issued against this approval to date.	Investment of Rupees 1,442.549 million has been made against this approval to date.	Corporate guarantees of up to Rs. 1,750 million have been issued against this approval to date.
<b>Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:</b>	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 guarantees/ Stand by Letter(s) of Credit (SBLC) from different banks have been extended after the approval. Further guarantees/ SBLC will be arranged on requirement of investee company.	Partial investment has been made in investee company. More investment will be made as soon as investee company issues further right shares.	Two corporate guarantees from different banks have been extended after the approval. Further guarantees will be arranged on requirement of investee company.

Name of Investee Company	MCB Bank Limited	Hyundai Nishat Motor (Private) Limited		Nishat Sutas Dairy Limited	
<b>Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:</b>	<p>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.</p> <p>As per latest available audited financial statements for the year ended December 31, 2021 the basic earnings per share was Rs. 26.00 and breakup value per share was Rs.147.17. As per latest available un-audited half yearly financial statements for the half year ended June 30, 2022 the basic earnings per share is Rs. 9.39 and breakup value per share is Rs. 138.81.</p>	<p>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, 2021 the basic earnings per share was Rs. 1.44 and breakup value per share was Rs. 8.22. As per latest available un-audited half yearly financial statements for the half year ended June 30, 2022 the basic earnings per share is Re. 0.83 and breakup value per share is Rs. 9.05.</p>	<p>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, 2021 the basic earnings per share was Rs. 1.44 and breakup value per share was Rs. 8.22 As per latest available un-audited half yearly financial statements for the half year ended June 30, 2022 the basic earnings per share is Re. 0.83 and breakup value per share is Rs. 9.05.</p>	<p>At the time of approval, as per latest available audited financial statements for the year ended December 31, 2021 the basic loss per share was Rs. 3.58 and breakup value per share was Rs. 8.09. As per latest available un-audited half yearly financial statements for the half year ended June 30, 2022 the basic loss per share is Rs. 1.24 and breakup value per share is Rs. 7.58.</p>	<p>At the time of approval, as per latest audited financial statements for the year ended December 31, 2019 the basic loss per share was Rs. 2.29 and breakup value per share was Rs. 7.71. As per latest available audited financial statements for the year ended December 31, 2021 the basic loss per share is Rs. 3.58 and breakup value per share is Rs. 8.09. As per latest available un-audited half yearly financial statements for the half year ended June 30, 2022 the basic loss per share is Rs. 1.24 and breakup value per share is Rs. 7.58.</p>

Financial Statements of  
**Nishat Mills Limited**  
for the year ended June 30, 2022





# 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 2022, 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 2022 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

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

## Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Inventory existence and valuation</b></p> <p>Inventory as at 30 June 2022 amounted to Rupees 35,826.326 million, break up of which is as follows:</p> <ul style="list-style-type: none"> <li>- Stores, spare parts and loose tools Rupees 3,999.710 million</li> <li>- Stock-in-trade      Rupees    31,826.616 million</li> </ul> <p>Inventory is measured at the lower of cost</p>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>and net realizable value.</p> <p>We identified existence and valuation of inventory as a key audit matter due to its size, representing 26.05% of the total assets of the Company as at 30 June 2022, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Inventories note 2.17 to the financial statements.</li> <li>- Stores, spares parts and loose tools note 18 and Stock-in-trade note 19 to the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.</li> <li>• We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice.</li> <li>• On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any.</li> <li>• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory.</li> <li>• In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs.</li> <li>• We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</li> </ul>
2.	<p><b>Investments in equity securities</b></p> <p><i>Quoted investments:</i></p> <p>The Company's portfolio of quoted investments, except for investment in quoted subsidiary company, makes up 17.65% of total assets. Due to materiality of quoted investments in the context of the financial statements as a whole and the requirements of applicable accounting and reporting standards relating to classification, measurement and disclosures of investments in related parties, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We documented and assessed the processes and controls in place to record investment transactions and to value the portfolio.</li> <li>• We agreed the valuation of all of quoted investments from prices quoted on Pakistan Stock Exchange Limited and redemption price in case of open-end mutual fund except for investment in subsidiary company measured at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'.</li> <li>• We agreed the holding of all quoted investments from the Account Balance Report of Central Depository Company of Pakistan Limited, Statement of Account, in case of open-end mutual fund and physical share certificates in hand.</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p><i>Un-quoted investments:</i></p> <p>Investments in unquoted equity securities except for investments in unquoted subsidiary companies are accounted for as financial assets at fair value through other comprehensive income and are subject to fair valuation at each reporting date. Investments in unquoted subsidiary companies are stated at cost less impairment loss, if any. The investments as at 30 June 2022 are valued by an independent professional valuer. With reference to the valuation, management estimated the fair value of the investments at Rupees 6,917.218 million at year end.</p> <p>Investee companies are operating in Insurance, Packaging, Dairy, Hotel and Shopping Mall, Automobile and Energy sectors and therefore, fair values are highly dependent on their expansion plans and significant management judgements. Accordingly, the valuation of the investments was considered as one of the key audit matters.</p> <p>The fair values were determined based on the present value technique. The valuations involved significant judgements and estimates from management, including future business growth driven by future expansion plans, future products selling prices and operating costs of the investee, discount rate, etc.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Investments note 2.10 to the financial statements.</li> <li>- Long term investments note 15 to the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>• We verified the accuracy of management's judgement used in classification of quoted investments in related parties.</li> </ul> <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We evaluated the independent professional valuer's competence, capabilities and objectivity.</li> <li>• We assessed the valuation methodology used by the independent professional valuer to estimate the fair value of the investments.</li> <li>• We checked, on a sample basis, the accuracy and reasonableness of the input data provided by management to the independent professional valuer, to supporting evidence, such as approved budgets and considering the reasonableness of these budgets by comparing the budgets to the historical results and market data.</li> <li>• We assessed the reasonableness of cash flows projection, challenging and performing audit procedures on management's assumptions such as the future business growth driven by future expansion plan, future products selling prices and operating costs, discount rate by comparing the assumptions to historical results and published market and industry data and comparing the current year's results with the prior year forecast and other relevant information. Our internal valuation expert has been engaged to assist the review on valuation methodology and discount rate. In addition, we had discussed with the management of the investee companies to understand the business and assessed if there was any inconsistency in the assumptions used in the cash flows projection.</li> <li>• We agreed holding of all un-quoted investments from physical share certificates in hand.</li> <li>• We performed sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in these key assumptions.</li> <li>• We verified the accuracy of management calculation used for the impairment testing, in case of subsidiary companies carried at cost less impairment loss, if any.</li> </ul>
3.	<p><b>Capital expenditures</b></p> <p>The Company is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We tested operating effectiveness of controls in place over the property, plant and equipment</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, property, plant, equipment and depreciation note 2.6 to the financial statements.</li> <li>- Property, plant and equipment note 13 to the financial statements.</li> </ul>	<p>cycle including the controls over whether costs incurred on activities is capital or operating in nature.</p> <ul style="list-style-type: none"> <li>• We evaluated the appropriateness of capitalization policies and depreciation rates.</li> <li>• We performed tests of details on costs capitalized.</li> <li>• We verified the accuracy of management's calculation used for the impairment testing.</li> </ul>
4.	<p><b>Revenue recognition</b></p> <p>The Company recognized net revenue of Rupees 115,768.065 million for the year ended 30 June 2022.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Revenue recognition note 2.24 to the financial statements.</li> <li>- Revenue note 27 to the financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue.</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.</li> <li>• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period.</li> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.</li> <li>• We also considered the appropriateness of disclosures in the financial statements.</li> </ul>

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

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

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

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

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

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

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

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

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

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

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

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

related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

#### Report on Other Legal and Regulatory Requirements

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

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

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



#### RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

27 September 2022

UDIN: AR202210168JS4Nji117

## Statement of Financial Position

As at June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (2021: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
<b>Issued, subscribed and paid-up share capital</b>	3	3,515,999	3,515,999
<b>Reserves</b>	4	75,684,944	82,231,780
<b>Total equity</b>		79,200,943	85,747,779
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	5	12,284,112	11,577,915
Deferred liabilities	6	2,191,059	1,055,992
		14,475,171	12,633,907
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	11,997,292	9,512,304
Accrued mark-up	8	376,723	196,382
Short term borrowings	9	26,730,048	18,718,262
Current portion of non-current liabilities	10	4,302,449	4,206,123
Unclaimed dividend	11	101,928	97,617
Taxation - net	22	350,023	-
		43,858,463	32,730,688
<b>TOTAL LIABILITIES</b>		58,333,634	45,364,595
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		137,534,577	131,112,374

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



CHIEF EXECUTIVE OFFICER

	Note	2022 (Rupees in thousand)	2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	39,766,323	35,926,594
Investment properties	14	475,077	479,506
Long term investments	15	35,720,224	48,620,695
Long term loans	16	392,423	468,377
Long term deposits	17	177,196	156,984
		76,531,243	85,652,156
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	18	3,999,710	2,605,602
Stock-in-trade	19	31,826,616	17,972,691
Trade debts	20	10,366,408	6,549,252
Loans and advances	21	4,800,356	7,675,599
Taxation - net	22	-	572,307
Short term deposits and prepayments	23	137,383	80,828
Other receivables	24	9,401,466	4,702,709
Accrued interest	25	379,668	28,885
Cash and bank balances	26	91,727	5,272,345
		61,003,334	45,460,218
<b>TOTAL ASSETS</b>		<b>137,534,577</b>	<b>131,112,374</b>

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



## Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
REVENUE	27	115,768,065	71,431,010
COST OF SALES	28	(98,432,494)	(62,113,155)
GROSS PROFIT		17,335,571	9,317,855
DISTRIBUTION COST	29	(5,665,953)	(3,096,473)
ADMINISTRATIVE EXPENSES	30	(1,671,369)	(1,340,093)
OTHER EXPENSES	31	(502,014)	(331,796)
		(7,839,336)	(4,768,362)
		9,496,235	4,549,493
OTHER INCOME	32	5,571,415	3,750,188
PROFIT FROM OPERATIONS		15,067,650	8,299,681
FINANCE COST	33	(2,160,365)	(1,229,179)
PROFIT BEFORE TAXATION		12,907,285	7,070,502
TAXATION	34	(2,595,611)	(1,148,032)
PROFIT AFTER TAXATION		10,311,674	5,922,470
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	35	29.33	16.84

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, 2022

	2022	2021
	(Rupees in thousand)	
<b>PROFIT AFTER TAXATION</b>	10,311,674	5,922,470
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
(Deficit) / surplus arising on remeasurement of investments at fair value through other comprehensive income	(14,218,053)	10,400,145
Deferred income tax relating to this item	(1,234,058)	(596,297)
	(15,452,111)	9,803,848
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-
Other comprehensive (loss) / income for the year - net of tax	(15,452,111)	9,803,848
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>	(5,140,437)	15,726,318

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, 2022

	(Rupees in thousand)							
	Capital Reserves		Reserves			Revenue Reserves		Total Equity
	Premium on Issue of Right Shares	Fair value reserve FVTOCI investments	Sub Total	General Reserve	Unappropriated Profit	Sub Total	Total	
<b>Balance as at 30 June 2020</b>	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
<b>Balance as at 30 June 2021</b>	5,499,530	23,543,006	29,042,536	47,266,028	5,923,216	53,189,244	82,231,780	85,747,779
Transaction with owners - Final dividend for the year ended 30 June 2021 @ Rupees 4.00 per share	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
Transferred to general reserve	-	-	-	4,516,000	(4,516,000)	-	-	-
Profit for the year	-	-	-	-	10,311,674	10,311,674	10,311,674	10,311,674
Other comprehensive loss for the year	-	(15,452,111)	(15,452,111)	-	-	-	(15,452,111)	(15,452,111)
Total comprehensive loss for the year	-	(15,452,111)	(15,452,111)	-	10,311,674	10,311,674	(5,140,437)	(5,140,437)
<b>Balance as at 30 June 2022</b>	5,499,530	8,090,895	13,590,425	51,782,028	10,312,491	62,094,519	75,684,944	79,200,943

**Balance as at 30 June 2020**

Transaction with owners - Final dividend for the year ended 30 June 2020 @ Rupees 4.00 per share

Transferred to general reserve

Profit for the year

Other comprehensive income for the year

Total comprehensive income for the year

**Balance as at 30 June 2021**

Transaction with owners - Final dividend for the year ended 30 June 2021 @ Rupees 4.00 per share

Transferred to general reserve

Profit for the year

Other comprehensive loss for the year

Total comprehensive loss for the year

**Balance as at 30 June 2022**

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

*Um Nishat*

CHIEF EXECUTIVE OFFICER

*David Bajal*

DIRECTOR

*[Signature]*

CHIEF FINANCIAL OFFICER

## Statement of Cash Flows

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash (used in) / generated from operations</b>	36	(7,159,237)	8,488,377
Finance cost paid		(1,943,928)	(1,185,463)
Income tax paid		(1,673,281)	(1,161,259)
Exchange gain on forward exchange contracts received		27,313	1,237
Gas infrastructure development cess paid		-	(168,369)
Net decrease / (increase) in long term loans		99,462	(199,887)
Net increase in long term deposits		(20,212)	(52,201)
<b>Net cash (used in) / generated from operating activities</b>		(10,669,883)	5,722,435
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(7,203,463)	(7,615,598)
Proceeds from sale of property, plant and equipment		102,188	172,056
Investments made		(1,317,582)	(241,476)
Loans and advances to subsidiary companies		(49,623,420)	(41,838,370)
Repayment of loans by subsidiary companies		52,561,226	43,089,828
Interest received		364,385	332,462
Dividends received		3,328,797	2,722,637
<b>Net cash used in investing activities</b>		(1,787,869)	(3,378,461)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		3,707,601	6,421,187
Repayment of long term financing		(3,040,165)	(1,610,173)
Short term borrowings - net		8,011,786	(611,506)
Dividend paid		(1,402,088)	(1,399,378)
<b>Net cash from financing activities</b>		7,277,134	2,800,130
<b>Net (decrease) / increase in cash and cash equivalents</b>		(5,180,618)	5,144,104
<b>Cash and cash equivalents at the beginning of the year</b>		5,272,345	128,241
<b>Cash and cash equivalents at the end of the year</b>		91,727	5,272,345

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, 2022

### 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 and FIEDMC, 2 K.M., Jhumra Chiniot Road, Chak Jhumra, Faisalabad.
3	Spinning units and power plant	20 K.M., Sheikhpura Road, Feroze Wattwan.
4	Weaving units and power plant	12 K.M., Faisalabad Road, Sheikhpura.
5	Weaving units, dyeing and finishing unit, processing unit, stitching units and power plants	5 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.
6	Terry unit	7 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.
7	Apparel unit	2 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.
8	Head office	7-Main Gulberg, Lahore.
9	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, 2022

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 2021:

- Amendments to IFRS 16 'Leases' – Covid-19 related rent concessions extended beyond 30 June 2021
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases'

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 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.

#### 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 2022 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.

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.

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.

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



## Notes to the Financial Statements

For the year ended June 30, 2022

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 2022 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 Nishat Linen (Private) Limited - Group Company. Equal monthly contributions are made both by the Company, Nishat Linen (Private) Limited - 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.

## **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.

## Notes to the Financial Statements

For the year ended June 30, 2022

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

### Fair value through other comprehensive income (FVTOCI)

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

### Fair value through profit or loss

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

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

## Notes to the Financial Statements

For the year ended June 30, 2022

### 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.

### **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:

## Notes to the Financial Statements

For the year ended June 30, 2022

### 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.

## 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.



## Notes to the Financial Statements

For the year ended June 30, 2022

### 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 Ijarah contracts

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

### 2.39 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.

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 (Producing different quality of yarn including dyed yarn and sewing thread using natural and artificial fibres), Weaving (Producing different quality of greige fabric using yarn), Dyeing (Producing dyed fabric using different qualities of greige fabric), Home Textile and Terry (Manufacturing of home textile articles using processed fabric produced from greige fabric and manufacturing of terry and bath products), Garments (Manufacturing of garments using processed fabric) and Power Generation (Generation and distribution of power using gas, oil, steam, coal and biomass).

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

## Notes to the Financial Statements

For the year ended June 30, 2022

### 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

2022 (Number of Shares)	2021		Note	2022 (Rupees in thousand)	2021
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:

	2022 (Number of Shares)	2021
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	231,815	400
Nishat (Aziz Avenue) Hotels and Properties Limited	342,500	275,000
Nishat Real Estates Development Company (Private) Limited	127,000	-
	30,993,093	30,567,178

	Note	2022 (Rupees in thousand)	2021
<b>4 RESERVES</b>			
<b>Composition of reserves is as follows:</b>			
<b>Capital reserves</b>			
Premium on issue of right shares	4.1	5,499,530	5,499,530
Fair value reserve FVTOCI investments - net of deferred income tax	4.2	8,090,895	23,543,006
		13,590,425	29,042,536
<b>Revenue reserves</b>			
General reserve		51,782,028	47,266,028
Unappropriated profit		10,312,491	5,923,216
		62,094,519	53,189,244
		75,684,944	82,231,780

**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	2022 (Rupees in thousand)	2021
Balance as at 01 July		24,441,975	14,041,830
Fair value adjustment during the year		(14,218,053)	10,400,145
		10,223,922	24,441,975
Less: Deferred income tax liability		(2,133,027)	(898,969)
Balance as at 30 June		8,090,895	23,543,006

## 5 LONG TERM FINANCING - SECURED

Long term loans	5.1	13,565,813	12,802,915
Long term musharika	5.2	1,754,912	1,773,910
		15,320,725	14,576,825
Less: Current portion shown under current liabilities	10	(3,036,613)	(2,998,910)
		12,284,112	11,577,915

## Notes to the Financial Statements

For the year ended June 30, 2022

Lender	2022	2021	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
<b>5.1 Long term loans</b>							
Allied Bank Limited	371,805	571,582	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 27 March 2018 and ending on 05 June 2024 (Note 5.3).	-	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	543,054	739,561	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 5.3).	-	Quarterly	First pari passu charge of Rupees 1,334 million (inclusive of 25% margin on all present and future plant and machinery of the Company).
Allied Bank Limited	688,122	869,087	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 26 January 2020 and ending on 17 September 2026 (Note 5.3).	-	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	200,444	222,715	SBP rate for LTFF + 0.35%	Sixty unequal installments commenced on 24 January 2022 and ending on 28 October 2026.	-	Quarterly	
	480,062	545,572	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	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).
	75,000	95,000	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	
	755,506	863,287					
Allied Bank Limited	246,620	716,713	SBP rate for refinance scheme for payment of salaries and wages + 0.50%	Twenty four unequal installments commenced on 01 January 2021 and ending on 16 November 2022 (Note 5.4).	-	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).

Lender	2022	2021	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Askari Bank Limited	301,187	315,989	SBP rate for LTFF + 0.65%	Two hundred and forty unequal installments commenced on 23 February 2022 and ending on 16 July 2027.	-	Quarterly	First pari passu hypothecation 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	136,196	226,101	SBP rate for LTFF + 0.35%	Two hundred and sixty unequal installments commenced on 02 February 2018 and ending on 05 January 2024 (Note 5.3).	-	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	212,650	322,399	SBP rate for LTFF + 0.35%	Two hundred unequal installments commenced on 10 June 2018 and ending on 25 May 2024 (Note 5.3).	-	Quarterly	
Bank Alfalah Limited	112,364	168,547	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commenced on 31 August 2018 and ending on 31 May 2024 (Note 5.3).	-	Quarterly	First pari passu hypothecation charge of Rupees 400 million over all present and future plant and machinery of the Company.
Bank Alfalah Limited	187,278	218,714	SBP rate for LTFF + 0.50%	One hundred unequal installments commenced 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	838,420	761,853	SBP rate for TERF + 1.00%	Sixty unequal installments commencing on 28 August 2022 and ending on 15 July 2027 (Note 5.6).	-	Quarterly	
Faysal Bank Limited	79,438	119,156	SBP rate for LTFF + 0.30%	Twenty unequal installments commenced on 22 November 2018 and ending on 24 May 2024 (Note 5.3).	-	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	207,453	266,725	SBP rate for LTFF + 0.30%	Eighty unequal installments commenced on 18 January 2020 and ending on 05 November 2025 (Note 5.3).	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).

## Notes to the Financial Statements

For the year ended June 30, 2022

Lender	2022	2021	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Habib Bank Limited	229,844	424,904	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commenced on 17 September 2017 and ending on 25 November 2023 (Note 5.3).	-	Quarterly	First pari passu hypothecation charge of Rupees 4,000 million on all present and future fixed assets of the Company excluding specific and exclusive charges.
Habib Bank Limited	1,817,072	-	SBP rate for LTFF + 0.75%	Eleven hundred and sixty four unequal installments commencing on 28 November 2023 and ending on 22 April 2032.	-	Quarterly	
Habib Bank Limited	519,726	668,592	SBP rate for LTFF + 0.25%	Twenty unequal quarterly installments commenced on 27 February 2020 and ending on 27 November 2025 (Note 5.3).	-	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).
	141,406	192,827	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 2025.	-	Quarterly	
	661,132	861,419					
Habib Metropolitan Bank Limited	804,684	997,499	SBP rate for LTFF + 0.65%	One hundred unequal installments commenced 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	967,524	842,390	SBP rate for TERF + 0.85%	One hundred and twenty eight unequal installments commencing on 19 July 2023 and ending on 29 July 2031 (Note 5.6).	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over plant and machinery of the Company.
National Bank of Pakistan	17,275	39,028	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ending on 03 June 2023 (Note 5.3).	-	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	800,000	139,545	SBP rate for TERF + 0.50%	One hundred and ninety two unequal installments commencing on 17 September 2023 and ending on 04 October 2031.	-	Quarterly	First pari passu hypothecation 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	2022	2021	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Pak Brunei Investment Company Limited	128,314	188,286	SBP rate for LTFF + 0.25%	Three hundred and twenty unequal installments commenced on 30 August 2018 and ending on 28 December 2024 (Note 5.3).	-	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	9,677	35,679	SBP rate for LTFF + 1.00%	One hundred and sixty unequal installments commenced on 11 June 2016 and ending on 26 January 2023 (Note 5.3).	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
	8,079	14,807	SBP rate for LTFF + 0.75%	Two hundred and fifty unequal installments commenced on 15 September 2016 and ending on 29 September 2023 (Note 5.3).	-	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).
	17,756	50,486					
Pakistan Kuwait Investment Company (Private) Limited	875,525	981,040	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	53,412	146,755	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced on 30 January 2017 and ending on 07 April 2023 (Note 5.3).	-	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%	Five hundred and seventy five unequal installments commencing on 08 July 2023 and ending on 02 September 2031 (Note 5.6).	-	Quarterly	First pari passu hypothecation 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.
	2,202,202	1,860,869	SBP rate for TERF + 1.25%		-	Quarterly	
	2,202,202	1,971,849					



## Notes to the Financial Statements

For the year ended June 30, 2022

Lender	2022	2021	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Pakistan Kuwait Investment Company (Private) Limited	309,550	-	SBP rate for LTFF + 0.90%	One hundred and ninety three unequal installments commencing on 29 July 2024 and ending on 08 June 2032.	-	Quarterly	Ranking hypothecation charge of Rupees 667 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.
	1,430	-	3 Month offer KIBOR + 0.90%	Thirty two equal quarterly installments commencing on 30 September 2024 and ending on 28 June 2032.	-	Quarterly	
	310,980	-					
	13,565,813	12,802,915					

### 5.2 Long term musharika

Faysal Bank Limited	243,782	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 5.5).	-	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	1,005,729	803,328	SBP rate for ILTFF + 0.70%	Two hundred and sixty five unequal installments commenced on 24 March 2022 and ending on 10 August 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).
	505,401	262,949	SBP rate for islamic renewable energy financing scheme + 0.70%	Ninety unequal installments commencing on 07 July 2022 and ending on 28 February 2028.	-	Quarterly	
	1,511,130	1,066,277					
	1,754,912	1,773,910					
	15,320,725	14,576,825					

5.3 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.

5.4 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 rates ranging from 6.87% to 7.36% per annum.

5.5 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 rates ranging from 7.45% to 7.49% per annum.

5.6 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 rates ranging from 2.34% to 2.60% per annum.

	Note	2022 (Rupees in thousand)	2021
<b>6 DEFERRED LIABILITIES</b>			
Deferred income tax	6.1	2,133,027	898,969
Gas Infrastructure Development Cess (GIDC) payable	6.2	-	78,039
Deferred income - Government grant	6.3	58,032	78,984
		2,191,059	1,055,992

**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	2022 (Rupees in thousand)	2021
Opening balance		1,204,234	-
Add: Gas Infrastructure Development Cess payable at amortized cost		-	1,299,041
Add: Adjustment due to impact of IFRS 9	33	36,096	73,562
Less: Payments made during the year		-	(168,369)
		1,240,330	1,204,234
Less: Current portion shown under current liabilities	10	(1,240,330)	(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 ended 30 June 2021, 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 is recognized at amortized cost in accordance with IFRS 9.

	Note	2022 (Rupees in thousand)	2021
<b>6.3 Deferred income - Government grant</b>			
Opening balance		160,002	-
Add: Government grant recognized during the year		5,406	253,819
Less: Amortized during the year		(81,870)	(93,817)
		83,538	160,002
Less: Current portion shown under current liabilities	10	(25,506)	(81,018)
		58,032	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 the borrowers obtained loans at mark-up rates that were below normal lending

## Notes to the Financial Statements

For the year ended June 30, 2022

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 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	2022 (Rupees in thousand)	2021
<b>7 TRADE AND OTHER PAYABLES</b>			
Creditors	7.1	7,729,234	5,637,086
Sindh infrastructure cess payable	7.2	834,947	614,314
Accrued liabilities		1,851,768	1,627,183
Contract liabilities - unsecured	7.1	944,335	1,173,749
Securities from contractors - Interest free and repayable on completion of contracts	7.3	16,196	13,940
Retention money payable		110,565	64,126
Payable to Employees' Provident Fund Trust		-	33
Income tax deducted at source		886	846
Fair value of forward exchange contracts		9,595	57,429
Workers' profit participation fund	7.4	488,783	318,505
Workers' welfare fund	7.5	10,983	5,093
		11,997,292	9,512,304
<b>7.1 These include amounts due to following related parties:</b>			
<b>Creditors</b>			
Nishat Linen (Private) Limited - subsidiary company		164,031	165,768
Nishat USA Inc. - subsidiary company		9,129	3,502
Hyundai Nishat Motor (Private) Limited - associated company		52	-
D.G. Khan Cement Company Limited - associated company		2,520	-
Security General Insurance Company Limited - associated company		38,978	10,489
Adamjee Insurance Company Limited - associated company		28,435	20,626
Nishat Hotels and Properties Limited - associated company		-	17
Nishat (Chunian) Limited - related party		84,092	46,530
		327,237	246,932
<b>Contract liabilities - unsecured</b>			
Nishat Hotels and Properties Limited - associated company		2	-
Nishat (Chunian) Limited - related party		-	10
		2	10

	2022	2021
	(Rupees in thousand)	
<b>7.2 Sindh infrastructure cess payable</b>		
Balance as at 01 July	614,314	521,840
Add: Provision made during the year	220,633	92,474
Balance as at 30 June	834,947	614,314

**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	2022	2021
		(Rupees in thousand)	
<b>7.4 Workers' profit participation fund</b>			
Balance as on 01 July		318,505	203,916
Add: Provision for the year	31	483,116	318,505
Add: Interest for the year	33	6,673	179
		808,294	522,600
Less: Payments during the year		(319,511)	(204,095)
Balance as on 30 June		488,783	318,505

**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	2022	2021
		(Rupees in thousand)	
<b>7.5 Workers welfare fund</b>			
Balance as on 01 July		5,093	-
Add: Provision for the year	31	5,890	5,093
Balance as on 30 June		10,983	5,093

## Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>8 ACCRUED MARK-UP</b>			
Long term financing		98,826	73,458
Short term borrowings	8.1	277,897	122,924
		376,723	196,382

**8.1** This includes mark-up of Rupees 6.044 million (2021: Rupees 1.637 million) payable to MCB Bank Limited - associated company.

	Note	2022 (Rupees in thousand)	2021
<b>9 SHORT TERM BORROWINGS</b>			
<b>From banking companies - secured</b>			
State Bank of Pakistan (SBP) refinance	9.1 & 9.3	21,474,683	17,503,652
Other short term finances	9.1 & 9.4	3,681,692	-
Temporary bank overdrafts	9.1, 9.2 & 9.5	1,573,673	1,214,610
		26,730,048	18,718,262

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

**9.2** These finances includes balance of Rupees 928.127 million (2021: 278.182 million) with MCB Bank Limited – associated company, which has been utilized for working capital requirements.

**9.3** The rates of mark up range from 1.00% to 10.49% (2021: 2.20% to 3.00%) per annum during the year on the balance outstanding.

**9.4** The rates of mark up range from 7.80% to 14.41% (2021: 1.87% to 8.52%) per annum during the year on the balance outstanding.

**9.5** The rates of mark up range from 7.47% to 15.31% (2021: 7.05% to 9.28%) per annum during the year on the balance outstanding.

	Note	2022 (Rupees in thousand)	2021
<b>10 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Current portion of long term financing - secured	5	3,036,613	2,998,910
Current portion of GIDC payable	6.2	1,240,330	1,126,195
Current portion of deferred income - Government grant	6.3	25,506	81,018
		4,302,449	4,206,123
<b>11 UNCLAIMED DIVIDEND</b>			
		101,928	97,617

## 12 CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- i) Guarantees of Rupees 4,045.687 million (2021: Rupees 3,438.360 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, 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 (2021: Rupees 1,173.333 million), Rupees 41.60 million (2021: Rupees 41.60 million) and Rupees 1,750 million (2021: Rupees 1,750) 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 13,356.688 million (2021: Rupees 10,758.912 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.
- iii) Post dated cheques of Rupees 122.180 million (2021: Rupees 122.180 million) are issued to Sui Northern Gas Pipeline Limited in pursuance of order of Lahore High Court, Lahore in the case of gas infrastructure development cess. Further, post dated cheques of Rupees 2.140 million are issued to Lahore Electric Supply Company Limited in pursuance of order of Lahore High Court, Lahore in the case of income tax on electricity bills for the month of July 2021.

### b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 2,277.395 million (2021: Rupees 3,469.028 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 2,788.575 million (2021: Rupees 4,219.586 million).
- iii) Outstanding foreign currency forward contracts of Rupees 1,332.998 million (2021: Rupees 6,400.041 million).

	Note	2022 (Rupees in thousand)	2021
<b>13 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	13.1	34,938,589	29,713,681
Capital work-in-progress	13.2	4,827,734	6,212,913
		39,766,323	35,926,594

## Notes to the Financial Statements

For the year ended June 30, 2022

## 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)									
<b>At 30 June 2020</b>									
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
<b>Year ended 30 June 2021</b>									
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	(19,541)	(9,255)	-	-	-	-	-	-	(28,796)
Disposals:									
Cost	(62,001)	-	(142,994)	-	-	-	(1,986)	(78,346)	(285,327)
Accumulated depreciation	(62,001)	-	(118,234)	-	-	-	1,583	46,056	(165,873)
			(24,760)	-	-	-	(403)	(82,290)	(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
<b>At 30 June 2021</b>									
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
<b>Year ended 30 June 2022</b>									
Opening 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
Additions	134,933	1,135,497	6,606,176	267,315	67,796	155,713	27,115	194,306	8,588,851
Disposals:									
Cost	-	-	(239,562)	-	-	(175)	(2,116)	(101,292)	(343,145)
Accumulated depreciation	-	-	198,204	-	-	161	1,587	65,649	265,601
			(41,358)	-	-	(14)	(529)	(35,643)	(77,544)
Depreciation charge	-	(675,357)	(2,404,408)	(48,915)	(20,846)	(26,014)	(20,374)	(90,485)	(3,286,399)
Closing net book value	1,812,742	6,619,271	24,815,245	577,624	215,780	328,542	60,666	508,719	34,938,589
<b>At 30 June 2022</b>									
Cost	1,812,742	13,436,982	47,626,205	1,316,621	516,547	648,912	303,711	922,515	66,584,235
Accumulated depreciation	-	(6,817,711)	(22,810,960)	(738,997)	(300,767)	(320,370)	(243,045)	(413,796)	(31,645,646)
Net book value	1,812,742	6,619,271	24,815,245	577,624	215,780	328,542	60,666	508,719	34,938,589
<b>Annual rate of depreciation (%)</b>	-	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) -----								
<b>Plant and Machinery</b>								
Air Compressor	2	2,849	1,800	1,049	716	(333)	Negotiation	Electric Engineering (Private) Limited, Lahore.
Air Compressor	2	2,248	1,352	896	803	(93)	Negotiation	Mubashar Brothers, Faisalabad.
Draw Frame	2	6,161	5,468	693	641	(52)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,141	15,571	3,570	2,564	(1,006)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,141	15,576	3,565	2,564	(1,001)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,141	15,577	3,564	2,564	(1,000)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,509	15,962	3,547	2,564	(983)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,509	15,962	3,547	2,564	(983)	Negotiation	Mubashar Brothers, Faisalabad.
Auto Cone Winder	1	25,664	20,783	4,881	3,462	(1,419)	Negotiation	Mubashar Brothers, Faisalabad.
Auto Cone Winder	1	12,832	10,404	2,428	1,731	(697)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,509	15,978	3,531	2,564	(967)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,141	15,594	3,547	2,564	(983)	Negotiation	Mubashar Brothers, Faisalabad.
Toyota Air Jet Looms	6	14,348	11,930	2,418	8,700	6,282	Negotiation	Gagan Textile, Karachi.
Toyota Air Jet Looms	5	11,957	9,952	2,005	7,250	5,245	Negotiation	Gagan Textile, Karachi.
Kawa Moto Sizing Machine	1	10,832	10,133	699	3,500	2,801	Negotiation	Rafique Textile (Private) Limited, Faisalabad.
		221,982	182,042	39,940	44,751	4,811		
<b>Vehicles</b>								
Honda Civic LE-17-2379	1	1,916	1,158	758	1,042	284	Company's Policy	Mr. Muhammad Azam, Company's employee, Lahore.
BMW X5 LEF-12-500	1	23,298	18,974	4,324	7,425	3,101	Negotiation	Mr. Najam Aziz Sethi, Lahore.
Suzuki Cultus LEF-17-9140	1	1,276	729	547	731	184	Company's Policy	Mr. Bashir Ahmad Shahid, Company's employee, Lahore.
Honda Civic LEE-19-1703	1	3,513	1,375	2,138	2,178	40	Company's Policy	Mr. Magsood Ahmad, Company's employee, Lahore.
Honda Civic LEA-17A-3082	1	2,434	1,370	1,064	1,443	379	Company's Policy	Mr. Ali Imran Shah, Company's employee, Lahore.
Toyota Corolla LE-17A-6569	1	2,039	1,145	894	1,196	302	Negotiation	Mr. Muhammad Faisal Chaudhary, Lahore.
Honda Civic LEB-17A-2969	1	2,440	1,384	1,056	1,427	371	Company's Policy	Mr. Sulaiman Kayani, Company's employee, Lahore.
Suzuki Swift LEC-17-5776	1	1,360	835	525	773	248	Negotiation	Mr. Kashif Mufti, Lahore.
Honda City LEA-20-1278	1	2,049	519	1,530	2,098	568	Negotiation	Mr. Basharat Elahi, Sialkot.
Toyota Corolla LEA-16A-6927	1	2,292	1,448	844	1,221	377	Negotiation	Mr. Abdul Qadir Khan, Lahore.
Honda Civic LEF-17-5357	1	2,513	1,430	1,083	1,480	397	Negotiation	Mr. Anwar Ahmad, Nankana Sahib.
Hyundai Santa Fe LEA-19-404	1	16,836	7,918	8,918	7,000	(1,918)	Negotiation	Mr. Asim Zulfiqar Ali, Lahore.
Honda Civic LE-17A-1865	1	2,442	1,469	973	1,310	337	Company's Policy	Syed Farid Ali Shah, Company's employee, Lahore.
Honda Civic LEB-18-6622	1	2,491	1,375	1,116	1,516	400	Company's Policy	Mr. Hafeez-ur-Rehman Siddiqui, Company's employee, Lahore.
Honda Civic LEB-17A-3606	1	2,440	1,411	1,029	1,516	487	Company's Policy	Mr. Mueeb Anwaar, Company's employee, Lahore.
Honda Civic LE-17A-3560	1	2,654	1,578	1,076	1,474	398	Company's Policy	Mr. Ahmad Hamid Ashraf Siddique, Company's employee, Lahore.
Honda Civic LE-18-3428	1	2,433	1,371	1,062	1,442	380	Company's Policy	Mr. Arif Munsif, Company's employee, Faisalabad.
Toyota Corolla LEC-18-4752	1	1,888	1,069	799	1,085	286	Company's Policy	Mr. Zaneer Ahmad, Company's employee, Shelnkhpura.
Honda Civic LEE-18-5243	1	2,591	1,463	1,128	1,512	384	Company's Policy	Mr. Zawwar Iqbal Rao, Company's employee, Lahore.
Suzuki Cultus LE-17A-1859	1	1,277	747	530	727	197	Company's Policy	Mr. Aamir Saeed, Company's employee, Lahore.
Honda Civic LE-17A-3060	1	2,727	1,687	1,040	1,455	415	Company's Policy	Mr. Faisal Mushtaq, Company's employee, Lahore.
		82,909	50,475	32,434	40,094	7,660		
		38,254	33,084	5,170	17,343	12,173		
		343,145	265,601	77,544	102,188	24,644		

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



## Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>13.1.2 Depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	28	3,189,400	2,751,106
Distribution cost	29	12,553	10,415
Administrative expenses	30	84,237	71,955
Capital work-in-progress		209	10,115
		3,286,399	2,843,591

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

Manufacturing units and office	Address	Area of land Acres
<b>Manufacturing units</b>		
Spinning units, Yarn dyeing unit and Power plant	Nishatabad, Faisalabad.	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.	96.15
Spinning units and Power plant	20 K.M., Sheikhpura Road, Feroze Wattwan.	67.12
Weaving units and Power plant	12 K.M., Faisalabad Road, Sheikhpura.	85.53
Weaving units, Dyeing and finishing units, Processing unit, Stitching units and Power plants	5 K.M., Nishat Avenue, Off 22 K.M., Ferozepur Road, Lahore.	116.39
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.	17.05
<b>Office</b>	7-Main Gulberg, Lahore.	1.12
		482.46

## 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)							
<b>At 30 June 2020</b>	29,447	295,961	2,023,525	3,327	2,046	6,259	97,296	2,457,861
Add: Additions during the year	12,054	1,679,455	5,118,587	138,307	29,629	215,262	36,263	7,229,557
Less: Transferred to operating fixed assets during the year	(15,008)	(484,796)	(2,607,863)	(31,470)	(19,056)	(186,739)	(129,573)	(3,474,505)
<b>At 30 June 2021</b>	26,493	1,490,620	4,534,249	110,164	12,619	34,782	3,986	6,212,913
Add: Additions during the year	109,593	1,213,495	3,796,643	244,533	5,348	238,526	79,461	5,687,599
Less: Transferred to operating fixed assets during the year	(134,933)	(1,046,932)	(5,361,025)	(262,195)	(10,132)	(184,876)	(72,685)	(7,072,778)
<b>At 30 June 2022</b>	1,153	1,657,183	2,969,867	92,502	7,835	88,432	10,762	4,827,734

**13.2.1** Vehicles include advance of Rupees 6.414 million (2021: Rupees 2.878 million) given to Hyundai Nishat Motor (Private) Limited - associated company.

**13.2.2** Borrowing cost amounting to Rupees 14.756 million (2021: Rupees 19.005 million) has been capitalized during the year. The effective rate of borrowing cost capitalized during the year ranging from 1.85% to 8.70% (2021: 1.85% to 8.75%) per annum.

## Notes to the Financial Statements

For the year ended June 30, 2022

### 14 INVESTMENT PROPERTIES

Note	Land	Buildings	Total
	(Rupees in thousand)		
<b>At 30 June 2020</b>			
Cost	415,672	175,034	590,706
Accumulated depreciation	-	(135,162)	(135,162)
Net book value	415,672	39,872	455,544
<b>Year ended 30 June 2021</b>			
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
<b>At 30 June 2021</b>			
Cost	435,213	274,444	709,657
Accumulated depreciation	-	(230,151)	(230,151)
Net book value	435,213	44,293	479,506
<b>Year ended 30 June 2022</b>			
Opening net book value	435,213	44,293	479,506
Depreciation charge	31	(4,429)	(4,429)
Closing net book value	435,213	39,864	475,077
<b>At 30 June 2022</b>			
Cost	435,213	274,444	709,657
Accumulated depreciation	-	(234,580)	(234,580)
Net book value	435,213	39,864	475,077

**14.1** Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 4.429 million (2021: Rupees 4.834 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 5,388.378 million (2021: Rupees 4,887.528 million). Forced sale value of investment properties as on the reporting date is Rupees 4,322.320 million (2021: Rupees 4,151.557 million). The valuation has been carried out by an independent valuer.

**14.2** Land and buildings having book value of Rupees 328.643 million (2021: Rupees 328.643 million) and Rupees 27.977 million (2021: Rupees 31.085 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 (2021: 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 (2021: Rupees 0.006 million) and Rupees 7.567 million (2021: Rupees 8.408 million) 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	2022 (Rupees in thousand)	2021
<b>15 LONG TERM INVESTMENTS</b>			
Equity instruments	15.1	35,720,224	48,620,695
<b>15.1 Equity instruments</b>			
<b>Subsidiary companies</b>			
Nishat Power Limited - quoted 180,632,955 (2021: 180,632,955) fully paid ordinary shares of Rupees 10 each. Equity held 51.01% (2021: 51.01%)		1,806,329	1,806,329
Nishat USA Inc. - unquoted 200 (2021: 200) fully paid shares with no par value per share. Equity held 100% (2021: 100%)	40 & 40.1	3,547	3,547
Nishat Linen (Private) Limited - unquoted 1,067,913 (2021: 1,067,913) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2021: 100%)	15.1.1	261,603	261,603
Nishat Linen Trading LLC - unquoted 4,900 (2021: 4,900) fully paid shares of UAE Dirhams 1,000 each.	15.1.2, 40 & 40.1	259,403	259,403
Nishat Hospitality (Private) Limited - unquoted 169,999,901 (2021: 169,999,901) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2021: 100%)		1,699,999	1,699,999
Nishat International FZE - unquoted 18 (2021: 18) fully paid shares of UAE Dirhams 1,000,000 each. Equity held 100% (2021: 100%) Advance for purchase of shares	40 & 40.1	492,042 9,070 501,112	492,042 9,070 501,112
Nishat Commodities (Private) Limited - unquoted 1,000 (2021: 1,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2021: 100%)	15.1.3	10	10

## Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>Equity instruments</b>			
<b>Fair value through other comprehensive income</b>			
<b>Associated companies (with significant influence)</b>			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2021: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2021: 31.40%)		3,418,145	3,418,145
Nishat Paper Products Company Limited - unquoted 11,634,199 (2021: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2021: 25%)	15.1.4	106,802	106,802
Lalpir Power Limited - quoted 109,393,555 (2021: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2021: 28.80%)		1,640,306	1,640,306
Pakgen Power Limited - quoted 102,524,728 (2021: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2021: 27.55%)		1,272,194	1,272,194
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2021: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2021: 12.24%)	15.1.5	496,200	496,200
Nishat Energy Limited - unquoted 250,000 (2021: 250,000) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2021: 25%)	15.1.6	-	-
Nishat Hotels and Properties Limited - unquoted 74,022,917 (2021: 74,022,917) fully paid ordinary shares of Rupees 10 each. Equity held 6.08% (2021: 6.08%)	15.1.7	740,229	740,229
Hyundai Nishat Motor (Private) Limited - unquoted 113,847,600 (2021: 113,847,600) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2021: 12%)	15.1.8 & 15.1.9	1,138,476	1,138,476
Security General Insurance Company Limited - unquoted 10,226,244 (2021: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2021: 15.02%)	15.1.10	11,188	11,188
Nishat Sutas Dairy Limited - unquoted 144,254,900 (2021: 16,630,000) fully paid ordinary shares of Rupees 10 each. Equity held 47.53% (2021: 34.46%)	15.1.11	1,442,549	166,300

Note	2022 (Rupees in thousand)	2021
<b>Equity instruments</b>		
<b>Fair value through other comprehensive income</b>		
<b>Associated companies (others)</b>		
MCB Bank Limited - quoted 88,015,291 (2021: 88,015,291) fully paid ordinary shares of Rupees 10 each. Equity held 7.43% (2021: 7.43%)	10,208,262	10,208,262
Adamjee Insurance Company Limited - quoted 102,809 (2021: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2021: 0.03%)	2,116	2,116
<b>Equity instruments</b>		
<b>Fair value through other comprehensive income</b>		
<b>Related party</b>		
Nishat (Chunian) Limited - quoted 32,689,338 (2021: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2021: 13.61%)	15.1.12 378,955	378,955
<b>Others</b>		
Alhamra Islamic Stock Fund - quoted 1,121,410 (2021: 1,121,410) units.	3,135	3,135
United Bank Limited - quoted 353,000 (2021: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2021: Nil)	41,333	-
Pakistan Petroleum Limited - quoted 599,998 (2021: 599,998) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2021: 0.02%)	64,409	64,409
	25,496,302	24,178,720
Add: Fair value adjustment	10,223,922	24,441,975
	35,720,224	48,620,695

**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 (2021: 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 53.38 (2021: Rupees 42.26) by an independent valuer using present value technique.

## Notes to the Financial Statements

For the year ended June 30, 2022

- 15.1.5** Fair value per ordinary share of Nishat Dairy (Private) Limited is determined at Rupees 8.09 (2021: Rupees 7.29) by an independent valuer using present value technique.
- 15.1.6** Investment in Nishat Energy Limited has been fully provided during the year ended 30 June 2017, being no more a going concern.
- 15.1.7** Fair value per ordinary share of Nishat Hotels and Properties Limited is determined at Rupees 18.44 (2021: Rupees 19.73) by an independent valuer using present value technique.
- 15.1.8** Investment in Hyundai Nishat Motor (Private) Limited includes 4 shares held in the name of nominee directors of the Company.
- 15.1.9** Fair value per ordinary share of Hyundai Nishat Motor (Private) Limited is determined at Rupees 25.15 (2021: Rupees 38.42) by an independent valuer using present value technique.
- 15.1.10** Fair value per ordinary share of Security General Insurance Company Limited is determined at Rupees 36.40 (2021: Rupees 65.87) by an independent valuer using present value technique.
- 15.1.11** Fair value per ordinary share of Nishat Sutas Dairy Limited is determined at Rupees 8.39 by an independent valuer using present value technique. Previously, as on 30 June 2021, operations of Nishat Sutas Dairy Limited were not started, hence, cost of investment (Rupees 10 per share) was considered as an appropriate estimate of fair value.
- 15.1.12** Pursuant to the Scheme of Compromises, Arrangement and Reconstruction (Under Sections 279 to 283 and 285 of the Companies Act, 2017) amongst Nishat (Chunian) Limited and its members and Nishat Chunian Properties (Private) Limited and its members duly sanctioned by Honorable Lahore High Court, Lahore on 29 June 2022, the Company has, subsequent to the reporting period, on 18 August 2022, received 25,497,684 ordinary shares of Nishat Chunian Power Limited as one of the principal objects of the Scheme was to make Nishat (Chunian) Limited and Nishat Chunian Power Limited totally independent of each other by the transfer amongst the members of Nishat (Chunian) Limited of 187,585,820 ordinary shares of Nishat Chunian Power Limited owned by Nishat (Chunian) Limited. Hence, the Company has also become a shareholder of Nishat Chunian Power Limited with effect from 18 August 2022.

	Note	2022 (Rupees in thousand)	2021
<b>16 LONG TERM LOANS</b>			
<b>Considered good:</b>			
Executives - secured	16.1 & 16.2	347,014	408,852
Other employees - secured	16.2	179,435	217,059
		526,449	625,911
Less: Current portion shown under current assets	21		
Executives		79,990	93,079
Other employees		54,036	64,455
		134,026	157,534
		392,423	468,377

**16.1** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 427.599 million (2021: Rupees 408.852 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% (2021: 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	2022 (Rupees in thousand)	2021
<b>17 LONG TERM DEPOSITS</b>			
Security deposits		177,196	156,984
<b>18 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores	18.1	3,017,601	1,761,183
Spare parts		978,635	842,338
Loose tools		7,615	6,222
		4,003,851	2,609,743
Less: Provision for slow moving, obsolete and damaged store items	18.2	(4,141)	(4,141)
		3,999,710	2,605,602

- 18.1** These include stores in transit of Rupees 312.373 million (2021: Rupees 274.334 million).

- 18.2** Provision for slow moving, obsolete and damaged store items

	Note	2022 (Rupees in thousand)	2021
Balance as on 01 July		4,141	4,218
Less: Provision reversed during the year	32	-	(77)
Balance as on 30 June		4,141	4,141
<b>19 STOCK-IN-TRADE</b>			
Raw materials	19.2	17,605,016	9,283,755
Work-in-process	19.3	6,049,041	2,814,471
Finished goods	19.4	8,172,559	5,874,465
		31,826,616	17,972,691

- 19.1** Stock-in-trade of Rupees 623.782 million (2021: Rupees 503.811 million) is being carried at net realizable value.

- 19.2** Raw materials include stock in transit of Rupees 341.113 million (2021: Rupees 334.059 million).

- 19.3** This includes stock of Rupees 22.763 million (2021: Rupees 17.961 million) sent to outside parties for processing. Further, work in process includes stock in transit of Rupees 62.975 million.

- 19.4** Finished goods include stock in transit of Rupees 2,482.320 million (2021: Rupees 1,888.392 million).

- 19.5** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 7.447 million (2021: Rupees 22.161 million).



## Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
<b>20 TRADE DEBTS</b>			
<b>Considered good:</b>			
Secured (against letters of credit)		1,502,050	1,048,918
Unsecured:			
- Related parties	20.3 & 20.4	482,412	365,157
- Others		8,402,077	5,150,837
		10,386,539	6,564,912
Less: Allowance for expected credit losses	20.5	(20,131)	(15,660)
		10,366,408	6,549,252
<b>20.1 Foreign jurisdictions of trade debts</b>			
Europe		2,215,597	1,826,134
Asia, Africa and Australia		1,474,995	1,061,145
America		2,250,331	1,178,982
		5,940,923	4,066,261
<b>20.2 Types of counterparties</b>			
<b>Export</b>			
Corporate		5,734,469	4,047,402
Other		206,454	18,859
		5,940,923	4,066,261
<b>Local</b>			
Corporate		3,627,203	2,060,122
Other		818,413	438,529
		4,445,616	2,498,651
		10,386,539	6,564,912
<b>20.3</b> This represents amounts due from following related parties. These are neither past due nor impaired:			
		2022 (Rupees in thousand)	2021 (Rupees in thousand)
Nishat Linen (Private) Limited - subsidiary company		299,576	115,437
Nishat Hotels and Properties (Private) Limited - associated company		-	72
Hyundai Nishat Motor (Private) Limited - associated company		1,494	547
Nishat Dairy (Private) Limited - associated company		165	-
Nishat International FZE - subsidiary company		181,177	249,101
		482,412	365,157

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

	Note	2022 (Rupees in thousand)	2021
D.G. Khan Cement Company Limited - associated company		73	-
Nishat Commodities (Private) Limited - subsidiary company		5	-
Nishat Linen (Private) Limited - subsidiary company		1,986,209	1,819,892
Nishat Hotels and Properties (Private) Limited - associated company		5,726	1,042
Hyundai Nishat Motor (Private) Limited - associated company		3,837	4,833
MCB Bank Limited - associated company		7	-
Nishat Dairy (Private) Limited - associated company		165	-
Nishat International FZE - subsidiary company		237,032	249,101
<b>20.5 Allowance for expected credit losses</b>			
Balance as at 01 July		15,660	15,496
Add: Recognized during the year	31	4,471	164
Balance as at 30 June		20,131	15,660
<b>21 LOANS AND ADVANCES</b>			
Considered good:			
Employees - interest free:			
– Executives		5,045	990
– Other employees		9,762	1,645
		14,807	2,635
Current portion of long term loans	16	134,026	157,534
Advances to suppliers	21.1	91,266	96,187
Letters of credit		3,264	4,331
Receivable from Employees' Provident Fund Trust		63,075	-
Other advances	21.1	4,493,918	7,414,912
		4,800,356	7,675,599
<b>Considered doubtful:</b>			
Others		108	108
Less: Provision for doubtful		108	108
		-	-
		4,800,356	7,675,599

## Notes to the Financial Statements

For the year ended June 30, 2022

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

	Note	2022 (Rupees in thousand)	2021
<b>Advances to suppliers</b>			
D.G. Khan Cement Company Limited - associated company		-	3,533
<b>Other advances</b>			
Nishat Linen (Private) Limited - subsidiary company	21.1.1	4,364,178	7,301,984
Nishat Hotels and Properties Limited - associated company		44	-
Nishat Commodities (Private) Limited - subsidiary company		-	105
		4,364,222	7,302,089

**21.1.1** This represents unsecured advance for a period of one year and carries mark-up at the rates ranging from 7.51% to 14.31% per annum. This is neither past due nor impaired.

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

	Note	2022 (Rupees in thousand)	2021
Nishat Linen (Private) Limited - subsidiary company		11,946,636	12,459,012
D.G. Khan Cement Company Limited - associated company		-	3,533
Nishat Hotels and Properties Limited - associated company		44	-
Nishat Commodities (Private) Limited - subsidiary company		-	105

## 22 TAXATION - NET

Advance income tax	2,245,588	1,720,339
Less: Provision for taxation	(2,595,611)	(1,148,032)
	(350,023)	572,307

## 23 SHORT TERM DEPOSITS AND PREPAYMENTS

Deposits	486	486
Prepayments	136,897	80,342
	137,383	80,828

## 24 OTHER RECEIVABLES

### Considered good:

Export rebate and claims		211,245	124,772
Duty draw back		363,950	1,218,043
Sales tax refundable		8,723,044	3,274,640
Fair value of forward exchange contracts		57,518	8,672
Miscellaneous receivables	24.1	45,709	76,582
		9,401,466	4,702,709

- 24.1** These include Rupees Nil (2021: Rupees 41.677 million) receivable from Nishat Hospitality (Private) Limited - subsidiary company in the ordinary course of business. This was interest free. The maximum aggregate amount receivable from Nishat Hospitality (Private) Limited - subsidiary company at the end of any month during the year was Rupees 62.110 million (2021: Rupees 62.253 million). As on 30 June 2021, this balance was past due more than 6 months.

## 25 ACCRUED INTEREST

	2022	2021
	(Rupees in thousand)	
On short term loans and advances to:		
Nishat Linen (Private) Limited - subsidiary company	379,668	17,642
Profit receivable on deposits with MCB Bank Limited - associated company	-	11,243
	379,668	28,885

- 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:

	Note	2022	2021
		(Rupees in thousand)	
Nishat Linen (Private) Limited - subsidiary company		379,668	41,855
MCB Bank Limited - associated company		14,856	11,243

## 26 CASH AND BANK BALANCES

### With banks:

On current accounts	26.1 & 26.2		
Including US\$ 201,284 (2021: US\$ 195,575)		61,245	178,051
Term deposit receipts	26.3	-	5,075,000
On PLS saving accounts	26.4		
Including US\$ 117 (2021: US\$ 117)		24	242
		61,269	5,253,293
Cash in hand		30,458	19,052
		91,727	5,272,345

- 26.1** Cash at banks includes balance of Rupees 5.707 million (2021: Rupees 3.906 million) with MCB Bank Limited - associated company.

- 26.2** Cash at banks includes balance of Rupees 0.166 million (2021: Rupees 0.443 million) with MCB Islamic Bank Limited - related party.

- 26.3** These represent term deposit receipts of Rupees Nil (2021: Rupees 5,075 million) with maturity period of 30 days and carried profit at the rate 6.80% (2021: 6.80%) per annum with MCB Bank Limited - associated company. Term deposit receipts of one month maturity period with other banking companies which have matured during the year carried profit at the rate of 12.85% (2021: 6.35% to 7.20%) per annum.

- 26.4** Rate of profit on bank deposits ranges from 5.50% to 8.25% (2021: 5.50% to 5.55%) per annum.

## Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>27 REVENUE</b>			
Revenue from contracts with customers:			
-Export sales		75,102,165	46,364,366
-Local sales	27.1	33,229,903	18,021,220
-Processing income	27.2	7,024,143	6,021,237
		115,356,211	70,406,823
Export rebate		397,036	228,790
Duty draw back		14,818	795,397
		115,768,065	71,431,010
<b>27.1 Local sales</b>			
Sales	27.1.1	38,339,466	20,851,467
Less: Sales tax		(5,109,563)	(2,830,247)
		33,229,903	18,021,220

**27.1.1** These include sales of Rupees 17,374.452 million (2021: Rupees 10,063.857 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales include waste sales of Rupees 2,275.065 million (2021: Rupees 2,055.750 million).

		2022 (Rupees in thousand)	2021
<b>27.2 Processing income</b>			
Sales		8,218,247	7,072,453
Less: Sales tax		(1,194,104)	(1,051,216)
		7,024,143	6,021,237

**27.3** The amount of Rupees 1,011.840 million included in contract liabilities (Note 7) at 30 June 2021 has been recognised as revenue in 2022 (2021: Rupees 507.198 million).

**27.4 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)													
<b>Region</b>														
Europe	390,064	280,073	16,614,625	8,297,897	552,632	407,566	12,403,036	9,163,902	5,088,722	4,259,144	-	-	35,049,099	22,408,582
America	597,876	111,351	919,817	666,998	8,091	14,967	3,818,658	3,272,902	8,565,632	3,552,638	-	-	13,910,074	7,618,856
Asia, Africa, Australia	7,120,649	5,418,179	2,232,982	2,045,855	14,952,303	7,717,403	1,718,549	1,794,530	530,363	385,148	-	-	26,554,846	17,361,115
Pakistan	21,935,924	10,863,279	7,957,145	6,279,483	6,453,778	3,504,263	3,599,171	3,173,668	203,971	167,945	104,057	53,819	40,254,046	24,042,457
	30,044,533	16,672,882	27,724,569	17,290,233	21,966,804	11,644,199	21,539,414	17,405,002	14,388,688	8,364,875	104,057	53,819	115,788,065	71,431,010
<b>Timing of revenue recognition</b>														
Products and services transferred at a point in time	30,044,533	16,672,882	27,724,569	17,290,233	21,966,804	11,644,199	21,539,414	17,405,002	14,388,688	8,364,875	104,057	53,819	115,788,065	71,431,010
Products and services transferred over time	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	30,044,533	16,672,882	27,724,569	17,290,233	21,966,804	11,644,199	21,539,414	17,405,002	14,388,688	8,364,875	104,057	53,819	115,788,065	71,431,010
<b>Major products / service lines</b>														
Yarn	29,872,172	16,439,073	-	-	-	-	-	-	-	-	-	-	29,872,172	16,439,073
Comber Noil	172,361	233,809	-	-	-	-	-	-	-	-	-	-	172,361	233,809
Grey Cloth	-	-	27,724,569	17,290,233	-	-	-	-	-	-	-	-	27,724,569	17,290,233
Process Cloth	-	-	-	-	21,966,804	11,644,199	-	-	-	-	-	-	21,966,804	11,644,199
Made Ups	-	-	-	-	-	-	18,246,639	16,381,568	-	-	-	-	18,246,639	16,381,568
Garments	-	-	-	-	-	-	-	-	14,388,688	8,364,875	-	-	14,388,688	8,364,875
Towels and Bath Robes	-	-	-	-	-	-	3,292,775	1,023,434	-	-	-	-	3,292,775	1,023,434
Electricity	-	-	-	-	-	-	-	-	-	-	104,057	53,819	104,057	53,819
	30,044,533	16,672,882	27,724,569	17,290,233	21,966,804	11,644,199	21,539,414	17,405,002	14,388,688	8,364,875	104,057	53,819	115,788,065	71,431,010

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

## Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>28 COST OF SALES</b>			
Raw materials consumed	28.1	65,677,833	35,741,113
Processing charges		551,930	368,169
Salaries, wages and other benefits	28.2	9,372,340	7,396,591
Stores, spare parts and loose tools consumed		10,268,232	7,683,252
Packing materials consumed		2,395,964	1,817,735
Repair and maintenance		664,796	451,401
Fuel and power		10,904,476	6,071,039
Insurance		65,222	45,340
Other factory overheads		874,965	544,570
Depreciation	13.1.2	3,189,400	2,751,106
		103,965,158	62,870,316
Work-in-process			
Opening stock		2,814,471	2,032,268
Closing stock		(6,049,041)	(2,814,471)
		(3,234,570)	(782,203)
Cost of goods manufactured		100,730,588	62,088,113
Finished goods			
Opening stock		5,874,465	5,899,507
Closing stock		(8,172,559)	(5,874,465)
		(2,298,094)	25,042
		98,432,494	62,113,155
<b>28.1 Raw materials consumed</b>			
Opening stock		9,283,755	12,821,768
Add: Purchased during the year		73,999,094	32,203,100
		83,282,849	45,024,868
Less: Closing stock		(17,605,016)	(9,283,755)
		65,677,833	35,741,113

**28.2** Salaries, wages and other benefits include provident fund contribution of Rupees 249.758 million (2021: Rupees 197.258 million) by the Company.

	Note	2022 (Rupees in thousand)	2021
<b>29 DISTRIBUTION COST</b>			
Salaries and other benefits	29.1	660,687	536,995
Outward freight and handling		3,400,952	1,442,292
Commission to selling agents		1,055,201	774,117
Royalty	29.2	10,038	9,103
Fuel cost		195,346	139,261
Travelling and conveyance		110,053	23,604
Rent, rates and taxes		8,387	11,932
Postage and telephone		109,904	92,383
Insurance		26,336	16,802
Vehicles' running		25,375	21,090
Entertainment		10,652	7,350
Printing and stationery		11,947	3,526
Repair and maintenance		24,724	5,571
Fee and subscription		3,798	2,032
Depreciation	13.1.2	12,553	10,415
		5,665,953	3,096,473

**29.1** Salaries and other benefits include provident fund contribution of Rupees 33.096 million (2021: Rupees 27.278 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	2022	2021
		Related / Other	(Rupees in thousand)	
American and Efirid LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	10,172	5,967
Circular Systems S.P.C.	719 S. Los Angeles St. # 924, Los Angeles, California 90014, United States of America.	Other	266	-
			10,438	5,967

	Note	2022 (Rupees in thousand)	2021
<b>30 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	30.1	1,218,581	987,202
Vehicles' running		66,759	47,109
Travelling and conveyance		40,430	14,880
Rent, rates and taxes		3,694	2,489
Insurance		10,204	8,715
Entertainment		44,316	29,416
Legal and professional		27,918	21,110
Auditor's remuneration	30.2	7,011	6,380
Advertisement		792	346
Postage and telephone		19,893	7,340
Electricity and gas		11,948	12,281
Printing and stationery		28,812	23,532
Repair and maintenance		52,329	48,084
Fee and subscription		9,863	8,851
Depreciation	13.1.2	84,237	71,955
Miscellaneous		44,582	50,403
		1,671,369	1,340,093



## Notes to the Financial Statements

For the year ended June 30, 2022

- 30.1** Salaries and other benefits include provident fund contribution of Rupees 49.285 million (2021: Rupees 40.529 million) by the Company.

	Note	2022 (Rupees in thousand)	2021
<b>30.2 Auditor's remuneration</b>			
Audit fee		5,558	5,053
Half yearly review		1,163	1,057
Other certifications		75	75
Reimbursable expenses		215	195
		7,011	6,380
<b>31 OTHER EXPENSES</b>			
Workers' profit participation fund	7.4	483,116	318,505
Workers' welfare fund	7.5	5,890	5,093
Allowance for expected credit losses	20.5	4,471	164
Depreciation on investment properties	14	4,429	4,834
Donations	31.1 & 31.2	4,108	3,200
		502,014	331,796

- 31.1** The name of donee to whom donation amount exceeded Rupees 1 million is as follows:

Pakistan Textile Council	31.3	3,750	2,500
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- 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	2022 (Rupees in thousand)	2021
<b>32 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividend income	32.1	3,328,797	2,722,637
Profit on deposits with banks		69,952	119,182
Net exchange gain		830,015	26,275
Interest income on loans and advances to subsidiary companies		726,411	313,445
Gain on initial recognition of GIDC payable at amortized cost		-	52,766
Interest income on loans to employees		8,593	10,002
		4,963,768	3,244,307
<b>Income from non-financial assets</b>			
Gain on sale of property, plant and equipment		24,644	52,602
Scrap sales		399,381	286,786
Rental income		183,622	166,416
Reversal of provision for slow moving, obsolete and damaged store items	18.2	-	77
		607,647	505,881
		5,571,415	3,750,188

	Note	2022 (Rupees in thousand)	2021
<b>32.1 Dividend income</b>			
<b>From related party / associated companies / subsidiary companies</b>			
Nishat (Chunian) Limited - related party		261,515	32,689
Nishat International FZE - subsidiary company		8,309	-
D.G. Khan Cement Company Limited - associated company		137,574	-
MCB Bank Limited - associated company		1,716,298	1,716,298
Adamjee Insurance Company Limited - associated company		308	257
Security General Insurance Company Limited - associated company		51,131	51,131
Nishat Paper Products Company Limited - associated company		17,452	-
Pakgen Power Limited - associated company		205,050	333,204
Nishat Commodities (Private) Limited - subsidiary company		30,000	30,000
Nishat Linen (Private) Limited - subsidiary company		42,717	21,358
Nishat USA Inc. - subsidiary company		46	40
Lalpir Power Limited - associated company		218,787	355,527
Nishat Power Limited - subsidiary company		632,215	180,633
		3,321,402	2,721,137
<b>Others</b>			
United Bank Limited		5,295	-
Pakistan Petroleum Limited		2,100	1,500
		3,328,797	2,722,637
<b>33 FINANCE COST</b>			
<b>Mark-up on:</b>			
Long term financing		358,191	284,817
Short term borrowings		1,420,709	611,549
Interest on workers' profit participation fund	7.4	6,673	179
Adjustment due to impact of IFRS 9 on GIDC	6.2	36,096	73,562
Bank charges and commission		338,696	259,072
		2,160,365	1,229,179
<b>34 TAXATION</b>			
Current		2,595,611	1,148,032

**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. Provision for super tax on income is calculated as per Section 4C of the Income Tax Ordinance, 2001. 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.

## Notes to the Financial Statements

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousand)	
<b>34.3 Reconciliation between tax expense and accounting profit</b>		
Accounting profit before taxation	12,907,285	7,070,502
Applicable tax rate	29%	29%
Tax on accounting profit	3,743,113	2,050,446
Tax effect of dividend income taxed at a lower rate	(545,235)	(446,372)
Tax effect of final tax regime income taxed at a lower rate	(1,284,227)	(160,505)
Tax effect of income that are not considered in determining taxable liability	(119,437)	(297,014)
Tax effect of super tax	801,397	-
Others	-	1,477
	2,595,611	1,148,032

### 35 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2022	2021
Profit attributable to ordinary shareholders	(Rupees in thousand)	10,311,674	5,922,470
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	29.33	16.84

	Note	2022	2021
		(Rupees in thousand)	
<b>36 CASH (USED IN) / GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		12,907,285	7,070,502
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		3,290,619	2,838,310
Gain on sale of property, plant and equipment		(24,644)	(52,602)
Dividend income		(3,328,797)	(2,722,637)
Allowance for expected credit losses		4,471	164
Net exchange gain		(830,015)	(26,275)
Interest income on loans and advances to subsidiary companies		(726,411)	(313,445)
Finance cost		2,160,365	1,229,179
Reversal of provision for slow moving, obsolete and damaged store items		-	(77)
Gain on initial recognition of GIDC payable at amortised cost		-	(110,431)
Working capital changes	36.1	(20,612,110)	575,689
		(7,159,237)	8,488,377

	2022	2021
	(Rupees in thousand)	
<b>36.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(1,394,108)	(348,956)
- Stock-in-trade	(13,853,925)	2,780,852
- Trade debts	(3,115,605)	(2,196,379)
- Loans and advances	(86,071)	(22,161)
- Short term deposits and prepayments	(56,555)	(13,199)
- Other receivables	(4,638,668)	(1,137,043)
	(23,144,932)	(936,886)
Increase in trade and other payables	2,532,822	1,512,575
	(20,612,110)	575,689

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

	2022			
	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	( Rupees in thousand )			
<b>Balance as at 30 June 2021</b>	14,576,825	18,718,262	97,617	33,392,704
Long term financing obtained	3,707,601	-	-	3,707,601
Repayment of long term financing	(3,040,165)	-	-	(3,040,165)
Short term borrowings - net	-	8,011,786	-	8,011,786
Dividend declared	-	-	1,406,399	1,406,399
Dividend paid	-	-	(1,402,088)	(1,402,088)
Other changes - non-cash movement	76,464	-	-	76,464
<b>Balance as at 30 June 2022</b>	15,320,725	26,730,048	101,928	42,152,701

	2021			
	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	( Rupees in thousand )			
<b>Balance as at 30 June 2020</b>	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)
<b>Balance as at 30 June 2021</b>	14,576,825	18,718,262	97,617	33,392,704

## Notes to the Financial Statements

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousand)	
<b>36.3 Non-cash financing activities</b>		
Other changes - non-cash movement	76,464	(160,002)

### 37 EVENTS AFTER THE REPORTING PERIOD

**37.1** The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2022 of Rupees 4 per share (2021: Rupees 4 per share) at their meeting held on 20 September 2022. The Board of Directors also proposed to transfer Rupees 8,906 million (2021: Rupees 4,516 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 AND EXECUTIVES

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

	Chief Executive Officer		Executives	
	2022	2021	2022	2021
	( Rupees in thousand )			
<b>Managerial remuneration</b>	43,703	37,189	883,652	683,563
<b>Allowances</b>				
Cost of living allowance	-	-	1,226	1,023
House rent	15,726	13,521	228,328	174,176
Conveyance	-	-	1,014	904
Medical	3,932	3,380	75,131	57,482
Utilities	-	-	98,795	75,673
Special allowance	-	-	830	646
<b>Contribution to provident fund trust</b>	-	-	72,462	56,650
<b>Leave encashment</b>	-	-	24,217	18,091
	63,361	54,090	1,385,655	1,068,208
<b>Number of persons</b>	1	1	326	261

**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 along with utilities.

**38.2** Aggregate amount charged in the financial statements for meeting fee to five directors (2021: five directors) was Rupees 1.490 million (2021: Rupees 1.490 million).

**38.3** No remuneration was paid to directors of the Company.

**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:

	<b>2022</b>	<b>2021</b>
	(Rupees in thousand)	
<b>Subsidiary companies</b>		
Dividend income	713,287	232,031
Purchase of goods and services	861,747	963,962
Sale of goods and services	11,620,166	8,069,801
Interest income	726,411	313,445
Rental income	85,102	77,710
Short term loans given	49,623,420	41,838,370
Repayment of short term loans	52,561,226	43,089,828
<b>Associated companies</b>		
Investment made	1,276,249	241,476
Purchase of goods and services	127,340	155,859
Sale of goods and services	60,224	37,912
Interest income	65,249	28,572
Rental income	6,888	6,035
Purchase of operating fixed assets	80,072	44,434
Sale of operating fixed assets	-	67,000
Dividend income	2,346,600	2,456,417
Dividend paid	123,047	122,105
Insurance premium paid	173,748	160,090
Insurance claims received	48,587	59,983
Finance cost	19,983	8,230
<b>Other related parties</b>		
Dividend income	261,515	32,689
Purchase of goods and services	4,787,540	2,440,916
Sale of goods and services	274,767	536,703
Company's contribution to provident fund trust	332,385	266,667

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

## Notes to the Financial Statements

For the year ended June 30, 2022

**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
		2022	2021	
Nishat USA Inc.	Wholly owned subsidiary company	Yes	Yes	100
Nishat Agriculture Farming (Private) Limited	Common directorship	No	No	None
Nishat Dairy (Private) Limited	Common directorship and shareholding	Yes	Yes	12.24
Nishat Sutas Dairy Limited	Common directorship and shareholding	Yes	Yes	47.53
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	Yes	No	None
Security General Insurance Company Limited	Common directorship and shareholding	Yes	Yes	15.02
Nishat Commodities (Private) Limited	Wholly owned subsidiary company and common directorship	Yes	Yes	100
Nishat Hospitality (Private) Limited	Wholly owned subsidiary company	Yes	Yes	100
Nishat Power Limited	Common directorship and subsidiary company	Yes	Yes	51.01
Nishat Energy Limited	Shareholding	No	No	25
Pakgen Power Limited	Common directorship and shareholding	Yes	Yes	27.55
Lalpir Power Limited	Common directorship and shareholding	Yes	Yes	28.80
Nishat Paper Products Company Limited	Common directorship and shareholding	Yes	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	Yes	No	None
Nishat Developers (Private) Limited	Common directorship	No	No	None
Nishat Real Estates Development Company (Private) Limited	Common directorship	Yes	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	No	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	Yes	No	None
Nishat Mills Employees Provident Fund Trust	Post-employment benefit plan	Yes	Yes	None
Golf View Land (Private) Limited	Spouse of chief executive officer of the Company is director in Golf View Land (Private) Limited	No	No	None

\*During the year, Lalpir Solar Power (Private) Limited has been wound up.

**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



## Notes to the Financial Statements

For the year ended June 30, 2022

As on 30 June 2022, 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										
<b>Long term investments:</b>										
Nishat USA Inc.	USA	Nishat Mills Limited	2009	3,547	USD 37,500	Investment in shares of subsidiary company	86	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	15,889	None	None	Not applicable
<b>Advance:</b>										
Nishat International FZE	UAE	Nishat Mills Limited	2014	9,070	AED 337,500	Advance for purchase of shares of subsidiary company	None	None	None	Not applicable

**40.1** 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	Foreign currency						
Rupees in thousand										
<b>Long term investments:</b>										
Nishat USA Inc.	USA	Nishat Mills Limited	2009	3,547	USD 37,500	Investment in shares of subsidiary company	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	7,580	None	None	Not applicable
<b>Advance:</b>										
Nishat International FZE	UAE	Nishat Mills Limited	2014	9,070	AED 337,500	Advance for purchase of shares of subsidiary company	None	None	None	Not applicable

**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**

Number of employees as on 30 June	<b>2022</b>	<b>2021</b>
Average number of employees during the year	24,086	20,599
	22,935	19,369

# Notes to the Financial Statements

For the year ended June 30, 2022

43 SEGMENT INFORMATION

	Spinning		Weaving		Dyeing		Home Textile and Terry		Garments		Power Generation		Elimination of inter-segment transactions		Total - Company	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
(Rupees in thousand)																
Revenue from contracts with customers																
External Intersegment	16,672,882	8,202,469	17,290,233	11,644,199	17,405,022	8,364,875	104,057	53,819	115,788,065	-	-	115,788,065	71,431,010			
	9,234,007	24,875,351	17,342,160	10,759,397	12,387,700	743,501	289,887	292,690	693	4,156	11,379,528	6,814,565	(39,821,313)	(26,816,598)	115,788,065	71,431,010
Cost of sales	39,276,540	22,337,437	45,066,729	28,049,630	23,641,842	12,387,700	17,697,492	8,369,031	14,369,381	8,369,031	11,483,585	6,865,404	(39,821,313)	(26,816,598)	98,432,494	(62,131,155)
Gross profit	(1,071,786)	(710,782)	(2,091,934)	(1,036,534)	(1,314,510)	(753,858)	(1,705,653)	(1,148,782)	(1,092,809)	(731,478)	(60,830)	(65,152)	-	-	(7,337,322)	(4,436,566)
Distribution cost	(821,616)	(389,166)	(1,739,272)	(757,606)	(1,098,249)	(216,261)	(357,864)	(852,160)	(863,792)	(583,080)	(60,830)	(65,152)	-	-	(5,665,953)	(3,096,473)
Administrative expenses	(1,071,786)	(710,782)	(2,091,934)	(1,036,534)	(1,314,510)	(753,858)	(1,705,653)	(1,148,782)	(1,092,809)	(731,478)	(60,830)	(65,152)	-	-	(1,671,369)	(1,340,093)
Profit / (loss) before taxation and unallocated income and expenses	5,445,910	1,827,132	3,046,347	1,035,910	665,659	613,851	(256,880)	932,989	1,107,205	505,913	(9,992)	(84,506)	-	-	9,998,249	4,881,289
Unallocated income and expenses:																
Other expenses															(502,014)	(331,796)
Finance income															5,571,415	3,750,188
Finance cost															(2,160,865)	(1,229,179)
Taxation															(2,595,611)	(1,148,032)
Profit after taxation															10,311,674	5,922,470

43.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Dyeing		Home Textile and Terry		Garments		Power Generation		Total - Company	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
(Rupees in thousand)														
Total assets for reportable segments	25,386,936	20,382,345	13,984,643	10,071,614	13,436,058	7,884,050	16,471,284	12,634,317	9,529,041	5,885,327	8,061,122	7,156,366	86,877,084	64,014,019
Unallocated assets:														
Long term investments														35,720,224
Other receivables														9,401,466
Cash and bank balances														4,702,709
Other corporate assets														91,727
Total assets as per statement of financial position	2,306,434	1,404,775	1,893,587	1,243,109	1,402,605	1,059,416	1,505,588	2,044,080	1,153,996	1,117,157	1,920,781	1,575,018	2,191,059	1,055,992
Total liabilities for reportable segments														
Unallocated liabilities:														
Deferred liabilities														45,919,604
Other corporate liabilities														58,833,634
Total liabilities as per statement of financial position														104,753,238

### 43.2 Geographical information

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

	2022	2021
	(Rupees in thousand)	
Europe	35,049,099	22,408,582
America	13,910,074	7,618,856
Asia, Africa and Australia	26,554,846	17,361,115
Pakistan	40,254,046	24,042,457
	115,768,065	71,431,010

**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.

		2022	2021
		(Figures in thousand)	
<b>44 PLANT CAPACITY AND ACTUAL PRODUCTION</b>			
<b>Spinning</b>			
100% plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Kgs.)	98,973	90,821
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Kgs.)	85,580	79,689
<b>Weaving</b>			
100% plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Sq.Mtr.)	365,620	309,458
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Sq.Mtr.)	347,818	295,932
<b>Dyeing and Finishing</b>			
Production capacity for 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Mtr.)	56,400	56,400
Actual production on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Mtr.)	51,567	33,105
<b>Power Plant</b>			
Generation capacity	(MWH)	1,242	989
Actual generation	(MWH)	431	389

### 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.

## Notes to the Financial Statements

For the year ended June 30, 2022

### 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.

## 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:

	2022	2021
Cash at banks - USD	201,401	195,692
Trade debts - USD	65,215,681	22,937,415
Trade debts - Euro	4,467,763	1,652,710
Trade debts - AED	3,288,143	5,840,582
Trade and other payables - USD	(1,705,526)	(2,094,954)
Trade and other payables - Euro	(52,213)	(170,203)
Trade and other payables - JPY	(2,370,216)	(652,985)
Trade and other payables - CHF	(17,977)	-
Net exposure - USD	63,711,556	21,038,153
Net exposure - Euro	4,415,550	1,482,507
Net exposure - AED	3,288,143	5,840,582
Net exposure - JPY	(2,370,216)	(652,985)
Net exposure - CHF	(17,977)	-

The following significant exchange rates were applied during the year:

	2022	2021
<b>Rupees per US Dollar</b>		
Average rate	179.29	159.53
Reporting date rate	202.50	157.60
<b>Rupees per Euro</b>		
Average rate	199.13	189.17
Reporting date rate	212.00	185.80
<b>Rupees per AED</b>		
Average rate	48.85	43.22
Reporting date rate	55.10	42.65
<b>Rupees per JPY</b>		
Average rate	1.51	1.49
Reporting date rate	1.49	1.42
<b>Rupees per CHF</b>		
Average rate	190.59	174.46
Reporting date rate	210.24	168.81

#### 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 593.004 million (2021: Rupees 180.540 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)	
	2022	2021
	(Rupees in thousand)	
PSX (5% increase)	1,018,953	1,806,663
PSX (5% decrease)	(1,018,953)	(1,806,663)

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

## Notes to the Financial Statements

For the year ended June 30, 2022

### 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:

	2022	2021
	(Rupees in thousand)	
<b>Fixed rate instruments</b>		
<b>Financial liabilities</b>		
Long term financing	15,319,295	14,326,300
Short term borrowings	21,474,683	17,503,652
<b>Financial assets</b>		
Term deposit receipts	-	5,075,000
Loans to employees	165,109	265,626
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	24	242
Advances to subsidiary company	4,364,178	7,301,984
<b>Financial liabilities</b>		
Long term financing	1,430	250,525
Short term borrowings	5,255,365	1,214,610

### 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 8.480 million lower / higher (2021: Rupees 55.452 million higher / lower), mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

### b) Credit risk

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

	2022	2021
	(Rupees in thousand)	
Long term investments	31,188,221	44,088,692
Loans and advances	5,035,174	8,043,458
Deposits	177,682	157,470
Trade debts	10,366,408	6,549,252
Other receivables	103,227	85,254
Accrued interest	379,668	28,885
Bank balances	61,269	5,253,293
	47,311,649	64,206,304

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			2022	2021
	Short term	Long term	Agency	(Rupees in thousand)	
<b>Banks</b>					
National Bank of Pakistan	A1+	AAA	PACRA	409	526
Allied Bank Limited	A1+	AAA	PACRA	31	4,533
Askari Bank Limited	A1+	AA+	PACRA	51	46
Bank Alfalah Limited	A1+	AA+	PACRA	917	356
Faysal Bank Limited	A1+	AA	PACRA	3,262	8
Habib Bank Limited	A-1+	AAA	VIS	17,460	18,722
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,288	23,163
JS Bank Limited	A1+	AA-	PACRA	-	24
MCB Bank Limited	A1+	AAA	PACRA	5,707	5,078,905
Samba Bank Limited	A-1	AA	VIS	13	274
Silk Bank Limited	A-2	A -	VIS	68	68
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,097	70,560
United Bank Limited	A-1+	AAA	VIS	4,723	1,710
Al-Baraka Bank (Pakistan) Limited	A-1	A	PACRA	264	268
Bank Islamic Pakistan Limited	A1	A+	PACRA	394	190
Meezan Bank Limited	A-1+	AAA	VIS	21,812	36,469
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	594	352
The Bank of Punjab	A1+	AA+	PACRA	686	285
Soneri Bank Limited	A1+	AA-	PACRA	158	2,470
Summit Bank Limited	A-3	BBB-	VIS	2	257
Industrial and Commercial Bank of China	P-1	A1	Moody's	6	97
MCB Islamic Bank Limited	A1	A	PACRA	166	443
Bank Al-Habib Limited	A1+	AAA	PACRA	1,928	13,412
Citi Bank N.A	P-1	Aa3	Moody's	233	149
Bank of Khyber	A1	A	PACRA	-	6
				61,269	5,253,293
<b>Long term investments</b>					
Adamjee Insurance Company Limited	A++		PACRA	3,245	4,263
Security General Insurance Company Limited	AA+		VIS	372,235	673,603
Alhamra Islamic Stock Fund	AA-		PACRA	10,205	12,661
Nishat (Chunian) Limited	A-2	A	VIS	1,464,155	1,643,947
MCB Bank Limited	A1+	AAA	PACRA	10,824,120	14,067,484
Pakistan Petroleum Limited		Unknown	-	40,506	52,098
D.G. Khan Cement Company Limited	A1+	AA-	PACRA	8,598,388	16,222,749
Pakgen Power Limited	A1	AA	PACRA	1,895,682	2,528,260
Lalpir Power Limited	A1	AA	PACRA	1,394,768	1,953,769
United Bank Limited	A-1+	AAA	VIS	39,934	-
Nishat Paper Products Company Limited	A1	A	PACRA	621,034	491,661
Nishat Hotels and Properties Limited	A2	A-	PACRA	1,364,983	1,460,472
Hyundai Nishat Motor (Private) Limited		Unknown	-	2,863,267	4,374,025
Nishat Dairy (Private) Limited		Unknown	-	485,400	437,400
Nishat Sutas Dairy Limited		Unknown	-	1,210,299	166,300
				31,188,221	44,088,692
				31,249,490	49,341,985



## Notes to the Financial Statements

For the year ended June 30, 2022

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 2022 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 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 2022 and 30 June 2021 was determined as follows:

### At 30 June 2022

	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%	4,388,981	-	0%	5,935,410	-
Up to 30 days	4.26%	30,913	1,318	0.00%	-	-
31 to 60 days	22.98%	12,917	2,968	0.00%	-	-
61 to 90 days	47.15%	403	190	0.00%	-	-
91 to 180 days	82.12%	5,728	4,704	0.00%	-	-
181 to 360 days	81.14%	716	581	0.00%	-	-
Above 360 days	100.00%	5,958	5,958	100.00%	4,412	4,412
		4,445,616	15,719		5,939,822	4,412
Trade debts which are not subject to risk of default		-	-		1,101	-
<b>Total</b>		4,445,616	15,719		5,940,923	4,412

### 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	-	0.00%	-	-
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		-	-		-	-
<b>Total</b>		2,498,651	15,660		4,066,261	-

### 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 2022, the Company had Rupees 37,915.102 million (2021: Rupees 32,361.240 million) available borrowing limits from financial institutions and Rupees 91.727 million (2021: Rupees 5,272.345 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 2022

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
----- (Rupees in thousand) -----						
<b>Non-derivative financial liabilities:</b>						
Long term financing	15,320,725	16,662,468	1,931,530	1,423,722	3,130,176	10,177,040
Trade and other payables	9,707,763	9,707,763	9,707,763	-	-	-
Unclaimed dividend	101,928	101,928	101,928	-	-	-
Short term borrowings	26,730,048	27,821,891	27,436,519	385,372	-	-
Accrued mark-up	376,723	376,723	376,723	-	-	-
<b>Derivative financial liabilities</b>	9,595	9,595	9,595	-	-	-
	52,246,782	54,680,368	39,564,058	1,809,094	3,130,176	10,177,040

#### 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) -----						
<b>Non-derivative financial liabilities:</b>						
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	-	-	-
<b>Derivative financial liabilities</b>	57,429	57,429	57,429	-	-	-
	40,988,850	42,578,952	28,313,276	1,793,979	3,250,652	9,221,045

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.

## Notes to the Financial Statements

For the year ended June 30, 2022

### 45.2 Financial instruments by categories

	FVTPL	Amortised cost	FVTOCI	Total
----- (Rupees in thousand) -----				
<b>As at 30 June 2022</b>				
<b>Assets as per statement of financial position</b>				
Long term investments	-	-	31,188,221	31,188,221
Loans and advances	-	5,035,174	-	5,035,174
Deposits	-	177,682	-	177,682
Trade debts	-	10,366,408	-	10,366,408
Other receivables	57,518	45,709	-	103,227
Accrued interest	-	379,668	-	379,668
Cash and bank balances	-	91,727	-	91,727
	57,518	16,096,368	31,188,221	47,342,107

	Amortized cost	FVTPL	Total
----- (Rupees in thousand) -----			
<b>Liabilities as per statement of financial position</b>			
Long term financing	15,320,725	-	15,320,725
Accrued mark-up	376,723	-	376,723
Short term borrowings	26,730,048	-	26,730,048
Trade and other payables	9,707,763	9,595	9,717,358
Unclaimed dividend	101,928	-	101,928
	52,237,187	9,595	52,246,782

	FVTPL	Amortised cost	FVTOCI	Total
----- (Rupees in thousand) -----				
<b>As at 30 June 2021</b>				
<b>Assets as per statement of financial position</b>				
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

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

2022		
Financial assets	Non-financial assets	Assets as per statement of financial position

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

2022			
Financial assets	Non-financial assets	Assets as per statement of financial position	
Long term investments	31,188,221	4,532,003	35,720,224
Loans and advances	5,035,174	157,605	5,192,779
Deposits and prepayments	177,682	136,897	314,579
Trade debts	10,366,408	-	10,366,408
Other receivables	103,227	9,298,239	9,401,466
Accrued interest	379,668	-	379,668
Cash and bank balances	91,727	-	91,727
	47,342,107	14,124,744	61,466,851

2022		
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position

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

2022			
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position	
Long term financing	15,320,725	-	15,320,725
Accrued mark-up	376,723	-	376,723
Short term borrowings	26,730,048	-	26,730,048
Trade and other payables	9,717,358	2,279,934	11,997,292
Unclaimed dividend	101,928	-	101,928
	52,246,782	2,279,934	54,526,716

## Notes to the Financial Statements

For the year ended June 30, 2022

2021		
Financial assets	Non-financial assets	Assets as per statement of financial position

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

<b>Assets</b>			
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) -----

<b>Liabilities</b>			
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

#### 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.

		2022	2021
Borrowings	Rupees in thousand	42,050,773	33,295,087
Total equity	Rupees in thousand	79,200,943	85,747,779
Total capital employed	Rupees in thousand	121,251,716	119,042,866
Gearing ratio	Percentage	34.68	27.97

The increase in the gearing ratio resulted primarily from increase in borrowings 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 2022	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
<b>Financial assets</b>				
Fair value through other comprehensive income	24,271,003	-	6,917,218	31,188,221
Derivative financial assets	-	57,518	-	57,518
<b>Total financial assets</b>	24,271,003	57,518	6,917,218	31,245,739
<b>Financial liabilities</b>				
Derivative financial liabilities	-	9,595	-	9,595
<b>Total financial liabilities</b>	-	9,595	-	9,595

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

## Notes to the Financial Statements

For the year ended June 30, 2022

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 2022 and 30 June 2021:

<b>Unlisted equity securities</b>	
(Rupees in thousand)	
<b>Balance as at 30 June 2020</b>	3,809,318
Add: Investment made during the year	241,476
Add: Surplus recognized in other comprehensive income	3,552,667
<b>Balance as at 30 June 2021</b>	7,603,461
Add: Investment made during the year	1,276,249
Less: Surplus recognized in other comprehensive income	(1,962,492)
<b>Balance as at 30 June 2022</b>	6,917,218

### 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 2022	30 June 2021		30 June 2022	
(Rupees in thousand)					
<b>Fair value through other comprehensive income</b>					
Nishat Paper Products Company Limited	621,034	491,661	Terminal growth factor	4.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +201.271 million / -148.453 million.
			Risk adjusted discount rate	17.14%	
Nishat Dairy (Private) Limited	485,400	437,400	Terminal growth factor	4.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +64.200 million / - 49.800 million.
			Risk adjusted discount rate	19.32%	
Security General Insurance Company Limited	372,235	673,603	Terminal growth factor	4.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +43.155 million / -32.826 million.
			Risk adjusted discount rate	17.65%	
Nishat Hotels and Properties Limited	1,364,983	1,460,472	Terminal growth factor	4.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +384.179 million / -262.781 million.
			Risk adjusted discount rate	14.14%	
Hyundai Nishat Motor (Private) Limited	2,863,267	4,374,025	Terminal growth factor	4.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +236.803 million / -193.541 million.
			Risk adjusted discount rate	20.94%	
Nishat Sutas Dairy Limited	1,210,299	166,300	Terminal growth factor	4.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +513.547 million / -350.539 million.
			Risk adjusted discount rate	14.22%	

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.



## Notes to the Financial Statements

For the year ended June 30, 2022

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 2022	Level 1	Level 2	Level 3	Total
..... (Rupees in thousand) .....				
Investment properties	-	5,388,378	-	5,388,378
<b>Total non-financial assets</b>	-	5,388,378	-	5,388,378

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

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 2022, 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.

## 48 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2022 (Rupees in thousand)	2021
<b>Loans / advances obtained as per Islamic mode:</b>			
Loans	5 and 9	7,394,470	6,885,008
Advances	7	944,335	1,173,749
<b>Shariah compliant bank deposits / bank balances</b>			
Bank balances	26	23,285	37,722
<b>Profit earned from shariah compliant bank deposits / bank balances</b>			
Profit on deposits with banks	32	-	-
<b>Revenue earned from shariah compliant business</b>		115,768,065	71,431,010
<b>Gain / (loss) or dividend earned from shariah compliant investments</b>			
Dividend income	32.1	139,674	1,500
Unrealized gain / (loss) on remeasurement of investments at FVTOCI		(7,635,954)	4,483,573
<b>Exchange gain earned</b>		735,015	47,183
<b>Mark-up paid on Islamic mode of financing</b>		231,647	187,637
<b>Profits earned or interest paid on any conventional loans / advances</b>			
Profit earned on loan to subsidiary companies		726,411	313,445
Interest paid on loans		1,361,177	744,369
Profit earned on deposits with banks		69,952	119,182
Interest income on loans to employees		8,593	10,002
<b>Relationship with shariah compliant banks</b>			

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

## Notes to the Financial Statements

For the year ended June 30, 2022

### 49 UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2022	2021	2022	2021
	----- (Rupees in thousand) -----			
Total facilities	14,070,000	14,975,000	86,341,000	72,455,000
Utilized at the end of the year	9,139,865	8,764,087	48,425,898	40,093,760
Unutilized at the end of the year	4,930,135	6,210,913	37,915,102	32,361,240

### 50 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 20 September 2022 by the Board of Directors of the Company.

### 51 CORRESPONDING FIGURES

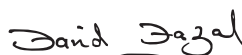
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

### 52 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, 2022**



## 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 2022. 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 and Nishat Commodities (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 2022 has been presented separately. It also includes a brief description of all the subsidiary companies of the Holding Company.

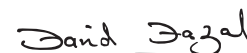
### Clarification to Qualifications in Audit Report

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.

For and on behalf of the Board of Directors



**Mian Umer Mansha**  
Chief Executive Officer



**Farid Noor Ali Fazal**  
Director

20 September 2022  
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 2022, 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 2022, 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 2022 were unaudited. Hence, total assets of Rupees 20,382,951 as at 30 June 2022 and total turnover and net profit of Rupees 57,787,308 and Rupees 1,382,867 respectively for the year ended 30 June 2022 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.

## Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Accounting for equity accounted associates</b></p> <p>Investments in equity-accounted associates amounted to Rupees 40,000 million (20.20% of total assets) as at 30 June 2022.</p> <p>There is a risk that associates are not accounted for and disclosed properly.</p> <p>As such, we have identified the impairment assessment, equity accounting and disclosure for the investments in equity accounted associates as representing key audit matters due to the significance of the balance to the consolidated financial statements as a whole.</p> <p>The Group's management conducts its impairment test to assess the recoverability of the equity accounted associates and considers whether there are indicators of impairment with respect to these investments. Impairment assessments of these investments require significant judgement and there is the risk that valuation of the investments may be incorrect and any potential impairment charge miscalculated.</p> <p>For further information on investments in equity-accounted associates, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Consolidation – Associates note 2.2(b) to the consolidated financial statements.</li> <li>- Critical accounting estimates and judgements note 2.1(c)</li> <li>- Long term investments note 18 to the consolidated financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We perused the supporting documentation and ensured that they are properly accounted for in accordance with International Accounting Standard (IAS) 28 'Investments in Associates and Joint Ventures'.</li> <li>• We ensured proper equity accounting was carried out during the year by looking at the post-acquisition change in the Group's share of net assets of the associates. In particular, we have: <ul style="list-style-type: none"> <li>- Tested additions of investments made during the year.</li> <li>- Checked the accuracy for computation of share of dividend income and profit or loss and other comprehensive income of the associates.</li> </ul> </li> <li>• We assessed the adequacy of the disclosures presented within the consolidated financial statements to ensure they are in accordance with International Financial Reporting Standard (IFRS) 12 'Disclosure of Interests in Other Entities'.</li> <li>• We sent group audit instructions to the respective component auditors to gain comfort on the audit procedures performed by the component auditors over the financial statements of associates.</li> <li>• We evaluated the reasonableness of management's assumptions and estimates used in determining the recoverable values of material investments. We assessed the assumptions and estimates based on our knowledge of the Group and the industries.</li> </ul>
2.	<p><b>Assessment of control and significant influence on investments</b></p> <p>There is a risk that management has made an error in judgement or may have not fully considered all rules, facts and circumstances in assessing whether the</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We tested the design and implementation of key controls around the application of the accounting</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>Group has control or significant influence on its investments which may have significant consequences on the consolidated financial statements.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Consolidation note 2.2 to the consolidated financial statements.</li> <li>- Note 1 and Note 18 to the consolidated financial statements.</li> </ul>	<p>standards and evaluated the significant judgements that management exercised in determining whether the Group controls or have significant influence over the investee companies.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We have tested the consolidation process to assess whether the conclusions reached have been appropriately applied in the preparation of the consolidated financial statements and adequate disclosures have been made in the consolidated financial statements.</li> </ul>
3.	<p><b>Inventory existence and valuation</b></p> <p>Inventory of the textile business of the Group as at 30 June 2022 represented a material position in the consolidated statement of financial position.</p> <p>Inventory is measured at the lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventory as a key audit matter due to its size, representing 21.75% of total assets of the Group as at 30 June 2022, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Inventories note 2.17 to the consolidated financial statements.</li> <li>- Stores, spare parts and loose tools note 20 and Stock-in-trade note 21 to the consolidated financial statements.</li> </ul>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.</li> <li>• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.</li> <li>• We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice.</li> <li>• On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any.</li> <li>• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory.</li> <li>• In the context of our testing of the calculation, we</li> </ul>



Sr. No.	Key audit matters	How the matters were addressed in our audit
		<p>analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs.</p> <ul style="list-style-type: none"> <li>We also made inquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</li> </ul>
<p>4.</p>	<p><b>Capital expenditures</b></p> <p>The textile business of the Group is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Property, plant, equipment and deprecation note 2.7 to the consolidated financial statements.</li> <li>- Property, plant and equipment note 15 to the consolidated financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature.</li> <li>We evaluated the appropriateness of capitalization policies and depreciation rates.</li> <li>We performed tests of details on costs capitalized.</li> <li>We verified the accuracy of management's calculation used for the impairment testing.</li> </ul>
<p>5.</p>	<p><b>Revenue recognition</b></p> <p>We identified recognition of revenue of textile business of the Group as a key audit matter because revenue is one of the key performance indicators and gives rise to an inherent risk that revenue could be subject</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Revenue from contracts with customers note 2.24 to the consolidated financial statements.</li> <li>- Revenue note 30 to the consolidated financial statements.</li> </ul>	<p>effectiveness of key internal controls over recording of revenue.</p> <ul style="list-style-type: none"> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.</li> <li>• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period.</li> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.</li> <li>• We also considered the appropriateness of disclosures in the consolidated financial statements.</li> </ul>

### 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 & COMPANY**

Chartered Accountants

LAHORE

27 September 2022

UDIN: AR2022101688V07P2nuX

## Consolidated Statement of Financial Position

As at June 30, 2022

	Note	2022	2021
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (2021: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
<b>Issued, subscribed and paid-up share capital</b>	3	3,515,999	3,515,999
<b>Reserves</b>	4	109,678,786	104,414,731
<b>Equity attributable to equity holders of the Holding Company</b>		113,194,785	107,930,730
<b>Non-controlling interest</b>		13,762,616	12,741,966
<b>Total equity</b>		126,957,401	120,672,696
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	12,304,450	11,705,985
Lease liabilities	6	1,858,072	1,368,868
Long term security deposits	7	258,410	269,078
Retirement benefit obligation		35,747	23,008
Deferred liabilities	8	4,339,086	2,572,634
		18,795,765	15,939,573
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	14,820,644	11,390,058
Accrued mark-up	10	460,206	269,569
Short term borrowings	11	31,692,994	22,385,156
Current portion of non-current liabilities	12	5,175,398	5,144,607
Unclaimed dividend	13	122,072	115,497
		52,271,314	39,304,887
<b>TOTAL LIABILITIES</b>		71,067,079	55,244,460
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		198,024,480	175,917,156

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



CHIEF EXECUTIVE OFFICER

	Note	2022 (Rupees in thousand)	2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	51,047,970	47,644,512
Intangible assets	16	-	-
Right-of-use assets	17	2,196,882	1,739,404
Long term investments	18	52,382,499	55,330,247
Long term loans	19	471,140	532,541
Long term deposits		310,461	277,579
		106,408,952	105,524,283
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	20	4,961,761	3,307,714
Stock-in-trade	21	43,167,440	25,795,008
Trade debts	22	23,326,877	27,111,194
Loans and advances	23	1,319,242	1,089,975
Advance income tax - net	24	175,731	1,054,299
Short term deposits and prepayments	25	352,165	191,671
Other receivables	26	10,815,393	5,431,355
Accrued interest	27	4,394	13,659
Short term investments	28	5,733,709	-
Cash and bank balances	29	1,758,816	6,397,998
		91,615,528	70,392,873
<b>TOTAL ASSETS</b>		198,024,480	175,917,156



DIRECTOR



CHIEF FINANCIAL OFFICER

**Consolidated Statement of Profit or Loss**

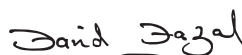
For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
REVENUE	30	165,697,007	104,727,458
COST OF SALES	31	(136,819,482)	(86,066,252)
GROSS PROFIT		28,877,525	18,661,206
DISTRIBUTION COST	32	(9,656,144)	(6,456,276)
ADMINISTRATIVE EXPENSES	33	(2,664,443)	(2,182,075)
OTHER EXPENSES	34	(770,544)	(597,767)
		(13,091,131)	(9,236,118)
		15,786,394	9,425,088
OTHER INCOME	35	3,588,208	2,732,075
PROFIT FROM OPERATIONS		19,374,602	12,157,163
FINANCE COST	36	(2,755,124)	(1,881,452)
		16,619,478	10,275,711
SHARE OF PROFIT FROM ASSOCIATES	18.2	1,667,447	2,848,522
PROFIT BEFORE TAXATION		18,286,925	13,124,233
TAXATION	37	(4,354,397)	(1,918,637)
PROFIT AFTER TAXATION		13,932,528	11,205,596
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		12,304,783	9,896,748
NON-CONTROLLING INTEREST		1,627,745	1,308,848
		13,932,528	11,205,596
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	38	35.00	28.15

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, 2022

	2022	2021
	(Rupees in thousand)	
<b>PROFIT AFTER TAXATION</b>	13,932,528	11,205,596
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurement of retirement benefits of associates - net of tax (Deficit) / surplus arising on remeasurement of investments at fair value through other comprehensive income	(19,273)	20,439
Share of (deficit) / surplus on remeasurement of investments at fair value through other comprehensive income of associates - net of tax	(3,439,620)	389,857
Deferred income tax relating to investments at fair value through other comprehensive income	(1,893,890)	977,284
	(445,750)	302,512
	(5,798,533)	1,690,092
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	164,204	(37,902)
Other comprehensive (loss) / income for the year - net of tax	(5,634,329)	1,652,190
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	8,298,199	12,857,786
<b>SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
EQUITY HOLDERS OF HOLDING COMPANY	6,670,454	11,548,938
NON-CONTROLLING INTEREST	1,627,745	1,308,848
	8,298,199	12,857,786

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, 2022

	Attributable to Equity Holders of the Holding Company													Non-Controlling Interest	Total Equity
	Share Capital	Capital Reserves					Revenue Reserves					Shareholders' Equity			
		Premium on issue of right shares	Fair value reserve FVOCI investments	Exchange Translation Reserve	Statutory Reserve	Capital Redemption Reserve Fund	Maintenance Reserve	Sub Total	General Reserve	Unappropriated Profit	Sub Total		Total Reserves		
5,499,530	7,930,664	224,659	4,182	111,002	-	-	15,375,358	71,163,214	6,298,146	77,461,360	92,836,718	11,606,574	107,959,291		
	-	(579,789)	-	-	-	-	(579,789)	-	2,015,263	2,015,263	1,435,474	-	-	1,435,474	
Adjustments due to equity accounted investee companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	-	-	-	-	-	-	-	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	(67,902)	-	-	-	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	(67,902)	-	-	-	1,631,751	-	9,917,187	9,917,187	11,548,938	11,548,938	1,308,848	12,857,786	
<b>Balance as at 30 June 2021</b>	3,515,999	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	
Transaction with owners - Final dividend for the year ended 30 June 2021 @ Rupees 4.00 per share	-	-	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)	-	(1,406,399)	
Transferred to statutory reserve	-	-	-	6,864	-	-	6,864	-	(6,864)	(6,864)	-	-	-	-	
Transferred to general reserve	-	-	-	-	-	-	-	10,524,000	(10,524,000)	-	-	-	-	-	
Transaction with owners - dividend relating to year 2021 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(607,095)	(607,095)	
Profit for the year	-	-	-	-	-	-	-	-	12,304,783	12,304,783	12,304,783	12,304,783	1,627,745	13,932,528	
Other comprehensive loss for the year	-	(5,779,260)	164,204	-	-	-	(6,615,056)	-	(19,273)	(19,273)	(5,634,329)	(5,634,329)	-	(5,634,329)	
Total comprehensive income for the year	-	(5,779,260)	164,204	-	-	-	(6,615,056)	-	12,285,510	12,285,510	6,670,454	6,670,454	1,627,745	8,298,199	
<b>Balance as at 30 June 2022</b>	3,515,999	3,241,268	350,961	11,046	111,002	1,608,668	10,822,475	86,577,214	12,279,097	98,856,311	109,678,786	113,194,785	13,762,616	126,957,401	

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

*Um Nishat*

CHIEF EXECUTIVE OFFICER

*David Bajal*

DIRECTOR



CHIEF FINANCIAL OFFICER

## Consolidated Statement of Cash Flows

For the year ended June 30, 2022

Note	2022 (Rupees in thousand)	2021	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	39	4,654,625	13,601,745
Finance cost paid		(2,528,391)	(1,933,834)
Income tax paid		(2,055,569)	(1,579,446)
Long term security deposits paid		(10,668)	(2,055)
Exchange gain on forward exchange contracts received		27,313	1,237
Gas infrastructure development cess paid		-	(168,369)
Net increase in retirement benefit obligation		11,053	2,550
Net decrease / (increase) in long term loans		84,516	(211,159)
Net increase in long term deposits		(32,882)	(51,697)
<b>Net cash generated from operating activities</b>		<b>149,997</b>	<b>9,658,972</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		151,497	397,167
Capital expenditure on property, plant and equipment		(7,790,487)	(7,919,907)
Dividends received		2,615,510	2,490,606
Investments made		(10,901,742)	(259,820)
Proceeds from sale of investments		3,767,658	36,021
Interest received		124,551	122,563
<b>Net cash used in investing activities</b>		<b>(12,033,013)</b>	<b>(5,133,370)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		3,734,958	6,744,988
Repayment of long term financing		(3,300,234)	(1,756,252)
Repayment of lease liabilities		(656,013)	(566,179)
Exchange differences on translation of net investments in foreign subsidiaries		164,204	(37,902)
Short term borrowings - net		9,307,838	(1,695,361)
Dividend paid		(2,006,919)	(1,575,625)
<b>Net cash from financing activities</b>		<b>7,243,834</b>	<b>1,113,669</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(4,639,182)</b>	<b>5,639,271</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>6,397,998</b>	<b>758,727</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,758,816</b>	<b>6,397,998</b>

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, 2022

### 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

### NISHAT MILLS LIMITED

Nishat Mills Limited is a public limited Company incorporated in Pakistan under the repealed 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 and FIEDMC, 2 K.M., Jhumra Chiniot Road, Chak Jhumra, Faisalabad.
3	Spinning units and power plant	20 K.M., Sheikhpura Road, Feroze Wattwan.
4	Weaving units and power plant	12 K.M., Faisalabad Road, Sheikhpura.
5	Weaving units, dyeing and finishing unit, processing unit, stitching units and power plants	5 K.M., Nishat Avenue Off 22 K.M., Ferozpur Road, Lahore.
6	Terry unit	7 K.M., Nishat Avenue Off 22 K.M., Ferozpur Road, Lahore.
7	Apparel unit	2 K.M., Nishat Avenue Off 22 K.M., Ferozpur Road, Lahore.
8	Head office	7-Main Gulberg, Lahore.
9	Office	1 <sup>st</sup> Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
10	Registered office	Nishat House, 53-A, Lawrence Road, Lahore.

### NISHAT POWER LIMITED

Nishat Power Limited is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW 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. 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 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% (2021: 48.99%).

### **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 had 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 had primarily agreed on the following matters that are subject to fulfilment of certain terms and conditions mentioned in the Agreements:

- The long outstanding receivables as at 30 November 2020, aggregating to Rupees 14,252.802 million be paid in two instalments. During the current year first instalment of 40% of the aforementioned outstanding amount was received on 06 January 2022, and second instalment of 60% of the aforementioned outstanding amount was received on 30 June 2022. These instalments comprised of 1/3rd cash, 1/3rd in the form of tradeable Ijarah Sukuk, and 1/3rd in the form of tradeable Pakistan Investment Bonds (PIBs).
- Pursuant to Agreements, the Company had agreed that, the 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 remainder of the term of the PPA. Whereas the above stated revised tariff shall be effective subject to notification by Government of Pakistan ('GoP') and payment of first instalment by CPPA-G.

During the current year on payment of first instalment by CPPA-G according to the agreements and the NEPRA decision on revised tariff dated 02 April 2021 and its notification by GoP dated 06 January 2022, the Company has reduced its Capacity Purchase Price (CPP) relating to ROE and ROEDC components, by giving discount (effective from 06 January 2022) to CPPA-G as stated above. Whereas on payment of second instalment as stated above, the discounts became effective and revised tariff has become applicable for remainder of the term of the PPA from 01 July 2022. Accordingly, the aforesaid Agreements become effective as per terms agreed.

- 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 the 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 Company rejected such claims, and discussions were made with the GoP to resolve the dispute. On 12 February 2021, the Company under the Agreements, agreed that the abovementioned dispute will be resolved through arbitration under the Arbitration Submission Agreement between the Company and GoP. During the year, on 15 June 2022, the Company and the GoP have signed the Arbitration Submission Agreement.

- 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 ended on 15 August 2021, consequently, the term of PPA has been extended by 68 days, till 15 August 2035. The disputed

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

amounts have been received during the year. The accounting implications of the same have been detailed under note 22.6 to 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
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#### Manufacturing unit and office

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

1	Nishat Emporium Mall	Shop No. G-26, Nishat Emporium Mall, Abdul Haque Road, Johar Town, Lahore.
2	Swarovski-Emporium Mall	Shop No. KG-05, Ground Floor, Nishat Emporium Mall, Abdul Haque Road, Johar Town, Lahore.
3	Gulberg Galleria	Shop No. 13, Ground Floor U/G1 & L/G2, Gulberg Galleria, 18-Main Boulevard, Gulberg III, Lahore.
4	Packages Mall	Packages Mall, Walton Road, Lahore.
5	Tariq Road	Plot No. 172-5, P.E.C.H.S, Block 2, Tariq Road, Karachi.
6	Wapda Town	Main Boulevard, Johar Town, (Opposite Shaukat Khanum Hospital), Lahore.
7	Fashion Avenue	Fashion Avenue, Shop No. 5-7, College Block, Main Boulevard, Allama Iqbal Town, Lahore.
8	Swarovski Forum Mall	Shop No. 78, Ground Floor, Forum Mall, Clifton, 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., Ferozpur 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.

Sr. No.	Business Units	Address
23	Ocean Mall	Shop No. 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, First Floor, Block 21, F.B. Area, Main Rashid Minhas Road, Karachi.
27	Millennium Mall	Millennium Mall, Main Rashid Minhas Road, Adjacent Drive-In Cinema, Gulshan-e-Iqbal, Karachi.
28	ANB Center	ANB Center, Plot No. 13-V, (Behind PSO Petrol Pump) Jinnah Super Market, F-7 Markaz, Islamabad.
29	F-10	Block No. 7, Malik Arcade, F-10 Markaz, Islamabad.
30	Centaurus Mall	Shop No. 120, 1st Floor, Centaurus Shopping Mall, Jinnah Avenue, Plot No. 1, Blue Area, F-8/G-8, Islamabad.
31	Bahria Town Phase 7	Plaza 155, (Near Shaheen Chowk), Spring North, Phase 7, Bahria Town, Islamabad.
32	PWD	Ground Floor, Plaza No. 10, Main Road, Block A, PWD, Islamabad.
33	World Trade Center	World Trade Center, G.T. Road, Defence Housing Authority, Phase II, Islamabad.
34	Awami Trade Center	Awami Trade Center, Ground Floor, 31-33, G9 Markaz, Islamabad.
35	Adamjee Road	Plot No. 5, Saddar, Adamjee Road, Rawalpindi.
36	Satellite Town	Shop No. 3, Abbas Arcade, 5th Road, Satellite Town, Commercial Market, Rawalpindi.
37	Crystal Mall	Crystal Mall, Main Bosan Road, Multan.
38	Gulshan Market	Factory Outlet, Shop No. 3, Block-S, 100 Feet Road, Gulshan Market, New Multan Colony, Multan.
39	S.P Chowk	Plot No. 1-A, S.P Chowk, Nusrat Road, Multan Cantt, Multan.
40	Masooma	Shop No. 2-3, Masooma Shopping Center, Legacy Tower, Koh-e-Noor City, Jaranwala Road, Faisalabad.
41	D-Ground	1298/B, Chen One Road, Peoples Colony No. 1, Faisalabad.
42	Gulberg Road	Shop No. P-424, Jinnah Colony, Gulberg Road, Faisalabad.
43	The Boulevard Mall	Shop No. 1, Ground Floor, The Boulevard Mall, Near Suzuki Burj Motors, East Canal Road, Faisalabad.
44	Taj Shopping Center	Ground Floor, Taj Shopping Center, (Near National Bank) Govt. Girls College Road, Satellite Town, Gujranwala.
45	Fazal Centre	Hall No. 5, Fazal Centre, G.T. Road, Rahwali Cantt., Gujranwala.
46	Town Branch	JB Tower, Ground Floor, University Road, Peshawar.
47	Cantt Branch	Deans Trade Center, Islamia Road Cantt, Peshawar.
48	Abdullah Mall	Abdullah Mall, Ground Floor, Kutchery Road, Gujrat.
49	Sialkot	97-A, Liberty Market, Aziz Shaheed Road, (Near Silver Spoon Restaurant) Cantt, Sialkot.
50	Bahawalpur	Shop No. 2, Haqqi Centre, (Opposite Commissioner House) Adjacent to DIG House, Bahawalpur.
51	Sargodha	Shop No. 39, Raas Tower, Qasim Park, Opposite MCB Bank, Main University Road, Sargodha.
52	Abbottabad	Mansehra Road, Opposite Faisal Bank, Abbottabad.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

Sr. No.	Business Units	Address
53	Mardan	Afaq Centre, (Opposite Premier Sugar Mills) Nowshera Road, Mardan.
54	Sahiwal	Azaan Heights, Jahaz Chowk, Sahiwal.
55	Swat	Shop No. F-1 & F-2, Swat Trade Center, (Opposite Swat Serena Hotel) Allah Chowk, Saidu Sharif, Swat.
56	Mandi Bahauddin	Shop No. G9, Ground Floor, Hakim Mall, Jail Road, Mandi Bahauddin.
57	Jhelum	Shop No. 1-14, Ground Floor, Adnan Plaza, Jhelum.
58	Boulevard Mall	First Floor A-14, Boulevard Mall, Auto Bhan Road, S.I.T.E., Hyderabad.
59	Burewala	Opposite Imran Petroleum, Near Stadium Road, Multan Road, Burewala.
60	Quetta	Shop No. 1, Ground Floor, Millennium Mall, Gulistan Road, Quetta.
61	Muzaffarabad	Shop No. 1, Ground Floor, Al-Rahim Plaza, Neelum Valley Road (Lower Plate), Muzaffarabad.
62	Sheikhupura	Lower Ground, Khanjee Center, Civil Quarter Road, Sheikhupura.
63	D.G. Khan	Shop No. 32-33, Block No. 15, Traffic Chowk, Dera Ghazi Khan.
64	Rahim Yar Khan	5-Model Town, Near Town Hall, Opposite U Microfinance Bank, Rahim Yar Khan.
65	Lalamusa	Factory Outlet, Lower Ground Floor, City Mall, G.T. Road, Lalamusa.
66	Fair Price Shop Sukheki	Nishat Dairy, Sukheki.
67	Wah Cantt	Shop No. 7-8 Lower Ground & Shop No. 7-8 Ground Floor, City Centre Phase 2, New City, Wah Cantt.
68	Kasur	Chandani Chowk, Plaza No. 216, Near Bank Alfalah, Railway Road, Kasur.
69	Fair Price Shop - Lahore	21 K.M., Ferozepur Road, Lahore.
70	Fair Price Shop – Bhikhi	Nishat Mills Limited, Weaving Unit Bhikhi, Sheikhupura.
71	Fair Price Shop –Faisalabad	Nishat Mills Limited, Nishatabad, Faisalabad.
72	Centaurus – Inplot	Shop No. 315, 3rd Floor, The Centaurus Mall, F-8, Islamabad.
73	WTC – Inplot*	Shop No. 25, Hyperstar Floor, Plot No. 1, Main G.T. Road, DHA Phase 2, Islamabad.
74	DMC – Inplot	D-3, 1st Floor, Dolmen City, Block 4, Scheme 5, Clifton, Karachi.
75	Emporium – Inplot	Ground Floor, G-43, Emporium Mall, Lahore.
76	Swarovski Centaurus	Plot No. 1, Tower A, 16th Floor, The Centaurus Mall, Islamabad.
77	Packages – Inplot	Shop No. 1065, First Floor, Packages Mall, Lahore
78	Crystal Mall – Inplot	Crystal Mall, Chungi No. 9, Bosan Road, Multan.
79	Sargodha – Inplot	Plot No. 39, Raas Tower, Qasim Park, University Road, Sargodha.
80	Nishat Linen Tower	5-A-3, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore.
81	Factory Outlet - Lahore	Karim Block, Allama Iqbal Town, Lahore.
82	The Mall – Karachi	Shop No. 105, Ground Floor, Shanti Nagar, Main Rashid Minhas Road, Opposite Aladin Amusement Park, Karachi.
83	Bahria Town - Rawalpindi	Building 117, Civic Center, Phase 4, Bahria Town, Rawalpindi.

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

\* These stores have been closed during the year.

#### **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 8-A, 9-A and 28-A to 31-A, Mian Mahmood Ali Kasuri Road, Gulberg-III, Lahore. The principal activity of the Company is to carry on the business of hotels, cafes, restaurants and lodging or apartment houses, bakers and confectioners.

#### **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



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

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 principal business of Nishat Linen Trading LLC is to operate retail outlets in UAE for sale of textile and related products. The registered office address of Nishat Linen Trading LLC in U.A.E. is Shop No. SC 128, Dubai Festival City, P.O. Box 28189 Dubai, United Arab Emirates and the retail outlets are located at:

Sr. No.	Business Units	
1	DFC Mall Store	Shop No. SC128, 1st Floor, Dubai Festival City, Dubai
2	Dubai Outlet Store	Shop No. F29 & F30, 1st Floor Outlet Mall, Dubai
3	Oasis Center Store	Shop No. M-101C 1st Floor, Oasis Centre, Dubai
4	Arabian Center Store	Shop No. 1543, Ground Floor, Arabian Centre, Dubai
5	Meena Bazar Store	Shop No. 03(A), Al Esbeq Building, Souk Al Kabeer, Dubai
6	Al Ghurair Mall	Shop No. FC34, 1st Floor, Al Ghurair Centre, Deira, Dubai
7	Mega Mall Sharjah	Shop No. F232 / F233, Mega Mall, Sharjah
8	Sharjah City Centre	Shop No. U-029, 1st Floor, City Centre, Sharjah
9	Sharq Mall	Shop No. RB154–RB155–RB156, 1st Floor, Sharq Mall, Abu Dhabi
10	Al Wahda Mall Store	Shop No. E276, Second Floor, Al Wahda Mall, Abu Dhabi
11	Al Ain Mall Store	Shop No. F-17, Al Ain Mall, Al Ain
12	City Centre Mirdif Store	Shop No. C072, Ground Floor, Dubai
13	City Centre Al Zahia Store	Shop No. B-015, 2nd Floor, City Centre, Al Zahia, Sharjah
14	City Centre Ajman	Shop No. B-016, Ground Floor, City Centre, Ajman

### 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 China Guangzhou Nishat Global Co., Ltd. is to competitively source products for the retail outlets operated by Group companies in Pakistan and the UAE. The registered office of China Guangzhou Nishat Global CO., LTD. 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:

Sr. No.	Business units	Address
1	Head office	5 K.M., Nishat Avenue, Off 22 K.M., Ferozepur Road, Lahore.
2	Registered office	Nishat House, 53-A, Lawrence Road, Lahore.

#### b) Lalpir Solar Power (Private) Limited (wound-up)

Lalpir Solar Power (Private) Limited was a private limited Company incorporated in Pakistan on 19 November 2015 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). It was a wholly owned subsidiary of Nishat Power Limited which is a subsidiary of Nishat Mills Limited. Its registered office was situated at 53-A, Lawrence Road, Lahore. The principal activity of the Company was to build, own, operate and maintain or invest in a solar power project. During the year, the process of members' voluntary winding up was initiated. On 30 June 2022, winding up process has been concluded and final documents have been submitted to SECP whereby no amount was distributable to Nishat Power Limited – Subsidiary Company out of net assets of the Company.

#### c) 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 953.348 million (2021: Rupees 597.422 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:

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

### 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 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 2021:

- Amendments to IFRS 16 'Leases' – Covid-19 related rent concessions extended beyond 30 June 2021
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases'

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized 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 Group**

There are 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.

#### **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 Company's accounting periods beginning on or after 01 July 2022 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.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

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 consolidated financial statements.

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 consolidated financial statements.

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

The 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 2022 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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

Group. Statement of financial position items are translated at the exchange rate at the reporting date and statement of profit or loss items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange translation reserve in consolidated reserves.

### 2.3 Employee benefit

Nishat Mills Limited – Holding Company and Nishat Power Limited, Nishat Linen (Private) Limited and Nishat Hospitality (Private) Limited – Subsidiary Companies operate approved funded provident fund schemes 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.

#### *End of service indemnity - Nishat Linen Trading LLC and Nishat International FZE – Subsidiary Companies*

Provision is made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the applicable Labour Law and is based on current remuneration and their period of service at the end of the reporting year.

#### *Short-term and other long term employee benefits - Nishat Linen Trading LLC and Nishat International FZE – Subsidiary Companies*

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Entity in respect of services provided by employees up to the reporting date.

#### *Accumulating compensated absences - Nishat Hospitality (Private) Limited – Subsidiary Company*

Nishat Hospitality (Private) Limited – Subsidiary Company provides for accumulating compensated absences when the employees render services that increase their entitlement to future compensated absences in accordance with the terms of employment. Under the terms, all employees are entitled to 25 days leave per year. Unavailed leaves for each year can be carried forward for 2 years and utilized at any time by all employees up to the accumulated balance. Provisions are made annually on the basis of unavailed accumulated leaves. The benefit is calculated with reference to last drawn salary and accumulated leave balances of the employees. The management is of the view that actuarial valuation will not result in any material adjustment to these consolidated financial statements. The liability has been accounted for on the basis that all employees leave at the consolidated statement of financial position date. Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

### 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.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

### 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.

#### 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 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.

### 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 'Leases' 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:

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(7,918,485)	(8,467,959)
De-recognition of trade debts	(487,418)	(7,134,685)
Recognition of lease debtor	4,032,082	10,748,829
Decrease in un-appropriated profit at the beginning of the year	(4,853,815)	(5,452,679)
Increase in profit for the year	479,994	598,864
Decrease in un-appropriated profit at the end of the year	(4,373,821)	(4,853,815)

### 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.

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

#### Debt instruments

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

##### Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income

from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

#### **Fair value through other comprehensive income (FVTOCI)**

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

#### **Fair value through profit or loss (FVTPL)**

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

### **Equity instruments**

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

#### **Fair value through other comprehensive income (FVTOCI)**

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

#### **Fair value through profit or loss**

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

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

## **2.13 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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

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 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 1177(I)/2021 dated 13 September 2021 partially modified its previous SRO 985(I)/2019 dated 02 September 2019 and 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 2022 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.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

### 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 1177(I)/2021 dated 13 September 2021 partially modified its previous SRO 985(I)/2019 dated 02 September 2019 and 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 2022 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.

### 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, loyalty card sales, 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



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

recognized over the period when rooms are occupied or services are performed. Revenue from sale of loyalty cards is recognized on a straight line basis over the respective period of validity of loyalty cards. 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.

### 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.

### 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**

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the consolidated 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 consolidated 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 Ijarah contracts**

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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

### 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 (Producing different quality of yarn including dyed yarn and sewing thread using natural and artificial fibres), Weaving (Producing different quality of greige fabric using yarn), Dyeing (Producing dyed fabric using different qualities of greige fabric), Home Textile and Terry (Manufacturing of home textile articles using processed fabric produced from greige fabric and manufacturing of terry and bath products), Garments (Manufacturing of garments using processed fabric), Power Generation (Generation, transmission and distribution of power using gas, oil, steam, coal 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.

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

2022 (Number of Shares)	2021	Note	2022 (Rupees in thousand)	2021
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	235,780	235,780
		3.1		
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:

	2022	2021
	(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	231,815	400
Nishat (Aziz Avenue) Hotels and Properties Limited	342,500	275,000
Nishat Real Estates Development Company (Private) Limited	127,000	-
	30,993,093	30,567,178

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>4 RESERVES</b>			
<b>Composition of reserves is as follows:</b>			
<b>Capital reserves</b>			
Premium on issue of right shares	4.1	5,499,530	5,499,530
Fair value reserve FVTOCI investments - net of deferred income tax	4.2	3,241,268	9,020,528
Exchange translation reserve		350,961	186,757
Statutory reserve	4.3	11,046	4,182
Maintenance reserve		1,608,668	1,608,668
Capital redemption reserve fund	4.4	111,002	111,002
		10,822,475	16,430,667
<b>Revenue reserves</b>			
General		86,577,214	76,053,214
Unappropriated profit		12,279,097	11,930,850
		98,856,311	87,984,064
		109,678,786	104,414,731

**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:

	2022 (Rupees in thousand)	2021
Balance as on 01 July	8,844,120	8,056,768
Adjustment due to equity accounted investee	-	(579,789)
Fair value adjustment on investments held by the Holding Company	(3,439,620)	389,857
Share of fair value reserve of associates	(1,893,890)	977,284
	3,510,610	8,844,120
Add: Deferred income tax on equity investment	(269,342)	176,408
Balance as on 30 June	3,241,268	9,020,528

- 4.3** As required by UAE Federal Law No. (2) of 2015 and the Articles of Association of Nishat Linen Trading LLC - Subsidiary Company, 10% of the profit for the year has to be transferred to a legal reserve until it is equivalent to 50% of paid-up capital of the Subsidiary Company. This reserve is not available for distribution.
- 4.4** An equity accounted associate created the fund for redemption of preference shares. The preference shares were redeemed during the year ended 30 June 2007.

	<b>Note</b>	<b>2022</b> (Rupees in thousand)	<b>2021</b>
<b>5 LONG TERM FINANCING</b>			
<b>From banking companies - secured</b>			
Long term loans	5.1	13,594,803	12,821,438
Long term musharika	5.2	1,875,027	2,125,677
Motor vehicles' loans	5.8	3,801	1,186
		15,473,631	14,948,301
Less: Current portion shown under current liabilities	12	(3,169,181)	(3,242,316)
		12,304,450	11,705,985

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

Lender	2022	2021	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
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(Rupees in thousand)

### 5.1 Long term loans

#### Nishat Mills Limited - Holding Company

Allied Bank Limited	371,805	571,582	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 27 March 2018 and ending on 05 June 2024 (Note 5.3).	-	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	543,054	739,561	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 5.3).	-	Quarterly	First pari passu charge of Rupees 1,334 million (inclusive of 25% margin on all present and future plant and machinery of the Holding Company).
Allied Bank Limited	688,122	869,087	SBP rate for LTFF + 0.25%	Two hundred and twenty unequal installments commenced on 26 January 2020 and ending on 17 September 2026 (Note 5.3).	-	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 Company has already created exclusive charges in the favour of its existing creditors).
Allied Bank Limited	200,444	222,715	SBP rate for LTFF + 0.35%	Sixty unequal installments commenced 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).
	480,062	545,572	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	
	75,000	95,000	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	
Allied Bank Limited	755,506	863,287					
Allied Bank Limited	246,620	716,713	SBP rate for refinance scheme for payment of salaries and wages + 0.50%	Twenty four unequal installments commenced on 01 January 2021 and ending on 16 November 2022 (Note 5.4).	-	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).

Lender	2022	2021	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Askari Bank Limited	301,187	315,989	SBP rate for LTFF + 0.65%	Two hundred and forty unequal installments commenced on 23 February 2022 and ending on 16 July 2027.	-	Quarterly	First pari passu hypothecation 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	136,196	226,101	SBP rate for LTFF + 0.35%	Two hundred and sixty unequal installments commenced on 02 February 2018 and ending on 05 January 2024 (Note 5.3).	-	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	212,650	322,399	SBP rate for LTFF + 0.35%	Two hundred unequal installments commenced on 10 June 2018 and ending on 25 May 2024 (Note 5.3).	-	Quarterly	
Bank Alfalah Limited	112,364	168,547	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commenced on 31 August 2018 and ending on 31 May 2024 (Note 5.3).	-	Quarterly	First pari passu hypothecation charge of Rupees 400 million over all present and future plant and machinery of the Holding Company.
Bank Alfalah Limited	187,278	218,714	SBP rate for LTFF + 0.50%	One hundred unequal installments commenced 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	838,420	761,853	SBP rate for TERF + 1.00%	Sixty unequal installments commencing on 28 August 2022 and ending on 15 July 2027 (Note 5.6).	-	Quarterly	
Faysal Bank Limited	79,438	119,156	SBP rate for LTFF + 0.30%	Twenty unequal installments commenced on 22 November 2018 and ending on 24 May 2024 (Note 5.3).	-	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	207,453	266,725	SBP rate for LTFF + 0.30%	Eighty unequal installments commenced on 18 January 2020 and ending on 05 November 2025 (Note 5.3).	-	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 the favour of existing creditors).



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

Lender	2022	2021	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Habib Bank Limited	229,844	424,904	SBP rate for LTFF + 0.40%	One hundred and eighty unequal installments commenced on 17 September 2017 and ending on 25 November 2023 (Note 5.3).	-	Quarterly	First pari passu hypothecation charge of Rupees 4,000 million on all present and future fixed assets of the Holding Company excluding specific and exclusive charges.
Habib Bank Limited	1,817,072	-	SBP rate for LTFF + 0.75%	Eleven hundred and sixty four unequal installments commencing on 28 November 2023 and ending on 22 April 2032.	-	Quarterly	
Habib Bank Limited	519,726	668,592	SBP rate for LTFF + 0.25%	Twenty unequal quarterly installments commenced on 27 February 2020 and ending on 27 November 2025 (Note 5.3).	-	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).
	141,406	192,827	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 2025.	-	Quarterly	
Habib Metropolitan Bank Limited	661,132	861,419					
	804,684	997,499	SBP rate for LTFF + 0.65%	One hundred unequal installments commenced 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	967,524	842,390	SBP rate for TERF + 0.85%	One hundred and twenty eight unequal installments commencing on 19 July 2023 and ending on 29 July 2031 (Note 5.6).	-	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over plant and machinery of the Holding Company.
National Bank of Pakistan	17,275	39,028	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ending on 03 June 2023 (Note 5.3).	-	Quarterly	First pari passu hypothecation charge of Rupees 534 million on all present and future plant and machinery (excluding plant and machinery of the Holding Company which is under exclusive charges in favour of creditors).
National Bank of Pakistan	800,000	139,545	SBP rate for TERF + 0.50%	One hundred and ninety two unequal installments commencing on 17 September 2023 and ending on 04 October 2031.	-	Quarterly	First pari passu hypothecation 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).

Lender	2022	2021	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Pak Brunei Investment Company Limited	128,313	188,286	SBP rate for LTFF + 0.25%	Three hundred and twenty unequal installments commenced on 30 August 2018 and ending on 28 December 2024 (Note 5.3).	-	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.
Pakistan Kuwait Investment Company (Private) Limited	9,677	35,679	SBP rate for LTFF + 1.00%	One hundred and sixty unequal installments commenced on 11 June 2016 and ending on 26 January 2023 (Note 5.3).	-	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Holding Company with 25% margin.
	8,079	14,807	SBP rate for LTFF + 0.75%	Two hundred and fifty unequal installments commenced on 15 September 2016 and ending on 29 September 2023 (Note 5.3).	-	Quarterly	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).
Pakistan Kuwait Investment Company (Private) Limited	17,756	50,486					
	875,525	981,040	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	53,412	146,755	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced on 30 January 2017 and ending on 07 April 2023 (Note 5.3).	-	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%	Five hundred and seventy five unequal installments commencing on 08 July 2023 and ending on 02 September 2031 (Note 5.6).	-	Quarterly	First pari passu hypothecation charge of Rupees 3,000 million over all present and future plant and machinery (excluding those assets over which exclusive charges has already been created in favour of existing creditors) of the Holding Company.
	2,202,202	1,860,869	SBP rate for TERF + 1.25%		-	Quarterly	
	2,202,202	1,971,849					

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

Lender	2022	2021	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Pakistan Kuwait Investment Company (Private) Limited	309,550	-	SBP rate for LTFF + 0.90%	One hundred and ninety three unequal installments commencing on 29 July 2024 and ending on 08 June 2032.	-	Quarterly	Ranking hypothecation charge of Rupees 667 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.
	1,430	-	3 Month offer KIBOR + 0.90%	Thirty two equal quarterly installments commencing on 30 September 2024 and ending on 28 June 2032.	-	Quarterly	
	310,980	-					

### Nishat Hospitality (Private) Limited - Subsidiary Company

Faysal Bank Limited	6,400	18,523	SBP rate for refinance scheme for payment of salaries and wages + 0.5%	Eight equal installments commenced on 31 March 2021 and ending on 31 December 2022 (Note 5.4).	-	Quarterly	Cross corporate guarantee of Rupees 41.600 million of the Holding Company.
	6,400	18,523					

### Nishat Linen (Private) Limited - Subsidiary Company

Allied Bank Limited	22,591	-	SBP rate for financing power plants using renewable energy + 1.00%	Twenty three quarterly installments commenced on 28 January 2022 and ending on 28 July 2027.	-	Quarterly	Cross corporate guarantee of Rupees 667 million of the Holding Company.
	22,591	-					
	13,594,803	12,821,438					

## 5.2 Long term musharika

### Nishat Mills Limited - Holding Company

Faysal Bank Limited	243,782	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 5.5).	-	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	1,005,729	803,328	SBP rate for ILTFF + 0.70%	Two hundred and sixty five unequal installments commenced on 24 March 2022 and ending on 10 August 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).
	505,401	262,949	SBP rate for islamic renewable energy financing scheme + 0.70%	Ninety unequal installments commencing on 07 July 2022 and ending on 28 February 2028.	-	Quarterly	
	1,754,912	1,773,910					

Lender	2022	2021	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
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(Rupees in thousand)

**Nishat Linen (Private) Limited - Subsidiary Company**

Faysal Bank Limited	83,212	241,059	SBP rate for Islamic refinance scheme for payment of salaries and wages + 0.5%	Eight equal quarterly installments commenced on 30 March 2021 and ending on 31 December 2022 (Note 5.5).	-	Quarterly	Cross corporate guarantee of Rupees 506.667 million of Holding Company.
	83,212	241,059					

**Nishat Power Limited - Subsidiary Company**

Faysal Bank Limited	36,903	110,708	SBP rate for refinance scheme for payment of salaries and wages + 0.5% to 0.75%	Eight equal installments commenced on 31 March 2021 and ending on 31 December 2022 (Note 5.7).	-	Quarterly	Pari passu charge over all the present and future fuel stock / inventory and energy revenue receivables of Nishat Power Limited - Subsidiary Company.
	36,903	110,708					
	1,875,027	2,125,677					

- 5.3** 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.
- 5.4** This long term loan is obtained by the Group companies 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 8.08% (2021: 6.87% to 7.76%) per annum.
- 5.5** 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 7.44% to 8.44% (2021: 7.44% to 8.44%) per annum.
- 5.6** 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 ranging from 2.34% to 2.60% (2021: 2.34% to 2.60%) per annum.
- 5.7** 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.
- 5.8** This represents loan obtained by Nishat International FZE - Subsidiary Company from a bank for purchase of a vehicle at an interest rate of 4.00% (2021: 8.80%) per annum repayable in 48 monthly installments.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>6 LEASE LIABILITIES</b>			
Total lease liabilities		2,596,010	2,049,784
Less: Current portion shown under current liabilities	12	(737,938)	(680,916)
		1,858,072	1,368,868
<b>6.1 Reconciliation of lease liabilities</b>			
Balance as on 01 July		2,049,784	2,266,071
Add: Additions during the year		199,140	342,406
Add: Interest accrued on lease liabilities		260,035	244,750
Add: Impact of lease modifications / renewals		965,049	180,387
Less: Impact of rent concessions		(28,478)	(90,344)
Less: Impact of lease termination		(16,477)	(79,390)
Less: Payments during the period		(916,048)	(794,088)
Add: Currency retranslation		83,005	(20,008)
Balance as on 30 June		2,596,010	2,049,784
<b>6.2 Maturity analysis of lease liabilities is as follows:</b>			
Upto 6 months		487,848	462,607
6-12 months		457,890	393,753
1-2 year		790,817	536,644
More than 2 years		1,399,353	1,200,654
		3,135,908	2,593,658
Less: Future finance cost		(539,898)	(543,874)
Present value of finance lease liabilities		2,596,010	2,049,784

**6.3** Implicit rate against lease liabilities ranges from 7.71% to 16.59% (2021: 7.71% to 14.59%) per annum.

## 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	2022 (Rupees in thousand)	2021
<b>8. DEFERRED LIABILITIES</b>			
Deferred income tax	8.1	4,277,259	2,411,249
Gas Infrastructure Development Cess (GIDC) payable	8.2	-	78,039
Deferred income - Government grant	8.3	58,034	81,409
Accumulating compensated absences		3,793	1,937
		4,339,086	2,572,634

	Note	2022 (Rupees in thousand)	2021
<b>8.1 Deferred income tax</b>			
The liability for deferred taxation originated due to temporary difference relating to:			
<b>Taxable temporary differences on:</b>			
Investments in associates under equity method		4,275,441	3,085,803
Right-of-use assets		610,537	448,930
Equity Investments at FVTOCI		269,342	(176,408)
Accelerated tax depreciation	8.1.3	168,331	148,554
		5,323,651	3,506,879
<b>Deductible temporary difference on:</b>			
Turnover tax carried forward	8.1.4	-	(301,656)
Lease liabilities		(745,018)	(552,889)
Accumulating compensated absences	8.1.5	(1,100)	(561)
Unabsorbed tax depreciation losses	8.1.5	(198,621)	(205,297)
Expected credit loss against debtors		(8,274)	-
Expected credit loss against other advance		(40,095)	-
Others	8.1.5	(53,284)	(35,227)
		(1,046,392)	(1,095,630)
		4,277,259	2,411,249

**8.1.1 Movement in taxable temporary differences and deductible temporary differences during the year is as follows:**

	2022			
	Opening Balance	Recognised in Statement of profit or loss	Recognised in Statement of other comprehensive income	Closing Balance
	Rupees in thousand			
<b>Taxable temporary differences on:</b>				
Investments in associates under equity method	3,085,803	1,189,638	-	4,275,441
Right-of-use assets	448,930	161,607	-	610,537
Accelerated tax depreciation	148,554	19,777	-	168,331
Equity Investments at FVTOCI	(176,408)	-	445,750	269,342
<b>Deductible temporary difference on:</b>				
Turnover tax carried forward	(301,656)	301,656	-	-
Lease liabilities	(552,889)	(192,129)	-	(745,018)
Accumulating compensated absences	(561)	(539)	-	(1,100)
Unabsorbed tax depreciation losses	(205,297)	6,676	-	(198,621)
Others	(35,227)	(18,057)	-	(53,284)
Expected credit loss against debtors	-	(8,274)	-	(8,274)
Expected credit loss against other advance	-	(40,095)	-	(40,095)
	2,411,249	1,420,260	445,750	4,277,259

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

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

**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. Based on the approved business plan, it is probable that sufficient taxable profits will be available for utilization of deferred tax asset. 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 24.600 million (2021: Rupees 30.100 million) in respect of minimum tax paid and available for carry forward under section 113 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** This relates to Nishat Hospitality (Private) Limited, Nishat Linen (Private) Limited and Nishat Commodities (Private) Limited - Subsidiary Companies.

**8.1.4** This was relating to Nishat Linen (Private) Limited - Subsidiary Company.

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

	Note	2022 (Rupees in thousand)	2021
<b>8.2 Gas Infrastructure Development Cess (GIDC) Payable</b>			
Opening balance		1,204,234	-
Gas Infrastructure Development Cess payable at amortized cost		-	1,299,041
Add: Adjustment due to impact of IFRS 9	36	36,096	73,562
Less: Payments made during the year		-	(168,369)
Balance as on 30 June		1,240,330	1,204,234
Less: Current portion shown under current liabilities	12	(1,240,330)	(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 ended 30 June 2021, 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.

	Note	2022 (Rupees in thousand)	2021
<b>8.3 Deferred income - Government grant</b>			
Opening Balance		176,589	-
Add: Government grant recognized during the year		5,406	291,514
Less: Amortized during the year		(96,012)	(114,925)
		85,983	176,589
Less: Current portion shown under current liabilities	12	(27,949)	(95,180)
		58,034	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 obtained loans at mark-up rates that were 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 has obtained these loans as disclosed in note 5 to these 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.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>9 TRADE AND OTHER PAYABLES</b>			
Creditors	9.1	9,150,427	6,317,153
Sindh infrastructure cess payable	9.2	931,309	674,951
Accrued liabilities		2,290,307	1,799,436
Contract liabilities - unsecured	9.1	1,088,619	1,248,442
Securities from contractors - interest free and repayable on completion of contracts	9.3	20,107	19,174
Retention money payable		110,670	68,600
Income tax deducted at source		886	846
Payable to employees provident fund trust		3,826	5,165
Royalty and other payable		79,042	45,667
Fair value of forward exchange contracts		9,595	57,429
Workers' profit participation fund	9.4	875,495	967,594
Workers' welfare fund	9.5	260,361	185,601
		14,820,644	11,390,058
<b>9.1</b> These include amounts due to following related parties:			
<b>Creditors</b>			
D.G. Khan Cement Company Limited - associated company		2,520	383
Security General Insurance Company Limited - associated company		45,880	12,837
Adamjee Insurance Company Limited - associated company		37,010	27,595
Adamjee Life Assurance Company Limited - related party		3,133	-
Hyundai Nishat Motors (Private) Limited - associated company		143	59
Nishat (Chunian) Limited - related party		84,092	75,050
Nishat Dairy (Private) Limited - associated company		587	-
Nishat Hotels and Properties Limited - associated company		1,675	95
		175,040	116,019
<b>Contract liabilities - unsecured</b>			
Nishat (Chunian) Limited - related party		-	10
Nishat Hotels and Properties Limited - associated company		2	-
		2	10
<b>9.2 Sindh infrastructure cess payable</b>			
Balance as on 01 July		674,951	567,973
Add: Provision made during the year		256,358	106,978
Balance as on 30 June		931,309	674,951

- 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 Companies 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.

	<b>2022</b>	<b>2021</b>
	(Rupees in thousand)	
<b>9.4 Workers' profit participation fund</b>		
Balance as on 01 July	967,594	639,524
Add: Provision for the year	719,709	531,986
Add: Interest for the year	36	23,137
Add: Adjustment against prior years	702	-
	1,711,142	1,171,689
Less: Payments during the year	(835,647)	(204,095)
	875,495	967,594

- 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.

	<b>2022</b>	<b>2021</b>
	(Rupees in thousand)	
<b>9.5 Workers' Welfare Fund</b>		
Balance as on 1 July	185,601	153,201
Add: Provision for the year	102,015	32,400
	287,616	185,601
Less: Payment for the year	(27,255)	-
Balance as on 30 June	260,361	185,601

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>10 ACCRUED MARK-UP</b>			
Long term financing		99,240	73,697
Short term borrowings	10.1	360,966	195,872
		460,206	269,569

**10.1** This includes markup of Rupees 6.044 million (2021: Rupees 1.637 million) payable to MCB Bank Limited - associated company.

	Note	2022 (Rupees in thousand)	2021
<b>11 SHORT TERM BORROWINGS</b>			
<b>From banking companies - secured</b>			
<b>Nishat Mills Limited - Holding Company</b>			
State Bank of Pakistan (SBP) refinance	11.1 & 11.3	21,474,683	18,371,589
Other short term finances	11.1 & 11.4	3,681,692	-
Temporary bank overdrafts	11.1, 11.2 & 11.5	1,573,673	346,674
		26,730,048	18,718,263
<b>Nishat Power Limited - Subsidiary Company</b>			
Short term running finances	11.6	3,737,946	3,192,050
Term finances	11.7	750,000	450,000
		4,487,946	3,642,050
<b>Nishat Linen (Private) Limited - Subsidiary Company</b>			
Temporary bank overdrafts	11.9	-	24,843
Other short term finances	11.9 & 11.10	475,000	-
		475,000	24,843
		31,692,994	22,385,156

**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 928.127 million (2021: Rupees 278.182 million) from MCB Bank Limited - associated company, which has been utilized for working capital requirements.

**11.3** The rates of mark-up range from 1.00% to 10.49% (2021: 2.20% to 3.00%) per annum during the year on the balance outstanding.

**11.4** The rates of mark-up range from 7.80% to 14.41% (2021: 1.87% to 8.52%) per annum during the year on the balance outstanding.

**11.5** The rates of mark-up range from 7.47% to 15.31% (2021: 7.05% to 9.28%) 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 10,600.94 million (2021: 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 2.5% 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 7.65% to 15.52% (2021: 7.46% to 12.19%) 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 2,000 million (2021: Rupees 1,400 million). Such facilities have been obtained at mark-up rates ranging from one week to six months KIBOR plus 0.05% to 0.60%, 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 7.54% to 14.99% (2021: 7.55% to 7.72%) per annum.
- 11.8** The main facilities for opening letters of credit and guarantees aggregate Rupees 750 million (2021: Rupees 750 million). The amount utilized at 30 June 2022, for letters of credit was Rupees 135.41 million (2021: Rupees 2.33 million) and for letters of guarantee was Rupees 552.51 million (2021: Rupees 613.000 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 8.70% to 13.20% (2021: 8.54% to 8.84%) per annum during the year on the balance outstanding.
- 11.10** The rate of mark up is 13.90% (2021: Nil) per annum during the year on the balance outstanding.

	Note	2022 (Rupees in thousand)	2021
<b>12 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Current portion of long term financing	5	3,169,181	3,242,316
Current portion of lease liabilities	6	737,938	680,916
Current portion of GIDC payable	8.2	1,240,330	1,126,195
Current portion of deferred income - Government grant	8.3	27,949	95,180
		5,175,398	5,144,607
<b>13 UNCLAIMED DIVIDEND</b>			
		122,072	115,497

#### 14 CONTINGENCIES AND COMMITMENTS

##### a) Contingencies

- i) Guarantees of Rupees 4,045.687 million (2021: Rupees 3,438.360 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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

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, 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 (2021: Rupees 1,173.333 million), Rupees 41.60 million (2021: Rupees 41.60 million) and Rupees 1,750 million (2021: Rupees 1,750) 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 13,356.688 million (2021: Rupees 10,758.912 million) are issued by the 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) Post dated cheques of Rupees 122.180 million (2021: Rupees 122.180 million) are issued by the Holding Company to Sui Northern Gas Pipeline Limited in pursuance of order of Lahore High Court, Lahore in the case of gas infrastructure development cess. Further, post dated cheques of Rupees 2.140 million are issued by the Holding Company to Lahore Electric Supply Company Limited in pursuance of order of Lahore High Court Lahore, Lahore in the case of income tax on electricity bills for the month of July 2021.
- iv) Holding Company's share in contingencies of associates accounted for under equity method is Rupees 10,446.560 million (2021: Rupees 4,137 million).
- v) Guarantees of Rupees 157.350 million (2021: Rupees 107.350 million) are given by the 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.
- vi) The deemed assessment for the tax year 2017 was amended by Deputy Commissioner Inland Revenue (DCIR) through order dated 31 May 2021 issued under sections 122(5) / 214C of the Income Tax Ordinance, 2001, whereby tax demand of Rupees 2,436.967 million was raised on various grounds. Being aggrieved by the order of DCIR, the Nishat Linen (Private) Limited - Subsidiary Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] who vide order dated 13 September 2021 granted significant relief to the Nishat Linen (Private) Limited - Subsidiary Company. Against the order of CIR(A), both the Nishat Linen (Private) Limited - Subsidiary Company and the department have filed cross appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for adjudication. Based on the advice of the legal counsel, Nishat Linen (Private) Limited - Subsidiary Company is hopeful for the favourable outcome of the matter, hence, no provision has been made in these consolidated financial statements.
- vii) Deputy Commissioner Inland Revenue (DCIR) passed order under Sections 11(2) and Section 11(4) of the Sales Tax Act, 1990 and raised tax demand of Rupees 5.885 million (including penalty of Rupees 0.280 million) for adjustment of inadmissible input tax for the tax period from July 2021 to November 2021. Being aggrieved, Nishat Linen (Private) Limited - Subsidiary Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. Subsequent to the reporting date, [CIR(A)] dismissed the appeal and confirmed the demand raised by DCIR. Nishat Linen (Private)

Limited - Subsidiary Company is in the process of filing appeal before Appellate Tribunal Inland Revenue (ATIR). Based on the advice of the legal counsel, Nishat Linen (Private) Limited - Subsidiary Company is hopeful for the favourable outcome of the matter, hence, no provision has been made in these consolidated financial statements.

- viii)** 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'). Subsequent to the year end, on 02 August 2022, the Subsidiary company has received favourable decision from ATIR.

Moreover, 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, Nishat Power Limited - 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 completion. During the prior 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. Later, CIR(A) through its order dated 24 September 2021, has removed the demand in favour of the Nishat Power Limited - Subsidiary Company.

Similarly, during the year in respect of tax periods July 2016 to June 2017, Nishat Power Limited - 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). During the year, the Subsidiary company received favourable decision from CIR(A) and ATIR, against which the department has filed appeal in ATIR which is in pending adjudication.

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

- ix)** 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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

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.

- x) 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 18 March 2019. The Subsidiary Company challenged the authority of NEPRA to take suo moto action before the Islamabad High Court (IHC) wherein, on 01 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.
- xi) 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.

On 12 February 2021, Nishat Power Limited - Subsidiary Company under the Agreements, agreed that the abovementioned dispute will be resolved through arbitration under the Arbitration Submission Agreement between the Subsidiary Company and GoP. During the year, on 15 June 2022, the Subsidiary Company and the GoP have signed the Arbitration Submission Agreement.

Management of Nishat Power Limited - Subsidiary Company 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.

- xii) The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
  - (a) Letter of guarantee of Rupees 11.5 million (2021: Rupees 11.5 million) and Rupees 6.9 million (2021: Rupees Nil) in favour of Director Excise and Taxation, Karachi, under direction of Sindh High Court and Supreme Court of Pakistan respectively, in respect of suit filed for levy of infrastructure cess.
  - (b) Letters of guarantee of Rupees 500 million (2021: Rupees 600 million) in favour of fuel suppliers.
  - (c) Letter of guarantee of Rupees 1.5 million (2021: Rupees 1.5 million) in favour of Punjab Revenue Authority, Lahore.
  - (d) Letter of guarantee of Rupees 1 million (2021: Nil) in favour of Collector of Customs, Lahore and Rupees 31.61 million (2021: Rupees Nil) in favour of Collector of Customs, Karachi under directions of Lahore High Court and Sindh High Court respectively, in respect of suit filed for

concessionary rate of duty under Customs Act, 1969.

- xiii)** The bank has issued the following guarantees on Nishat Hospitality (Private) Limited - Subsidiary Company's behalf in favor of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess amounting to Rupees 1.27 million (2021: Rupees 1.27 million).
- xiv)** Bank guarantee of Rupees 1.900 million (2021: 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.
- xv)** Proceedings under section 122 of the Income Tax Ordinance, 2001 for the tax year 2014 were initiated by Deputy Commissioner Inland Revenue ('DCIR'), who through order dated 31 October 2017, raised a demand of Rupees 1.474 million in respect minimum tax under section 113 on account of disallowances in the light of sections 111 and 174 and disallowed income tax refund amounting to Rupees 14.14 million under section 148 of the Income Tax Ordinance, 2001. Being aggrieved with the impugned order, Nishat Hospitality (Private) Limited - Subsidiary Company preferred an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who via its order dated 13 February 2020, upheld the imposition of minimum tax. Consequently, Nishat Hospitality (Private) Limited - Subsidiary Company has preferred an appeal against the order of CIR(A) before the Appellate Tribunal Inland Revenue ('ATIR') which is pending adjudication. No provision has been recognised in these consolidated financial statements in this respect as, based on the view of legal counsel, the management of the Subsidiary Company is confident of the favourable resolution of this matter.

Simultaneously Nishat Hospitality (Private) Limited - Subsidiary Company also filed a rectification application with the DCIR as a result of which an income tax refund of Rupees 474,557 was created. However, while passing the rectification order dated 13 December 2017, the DCIR disallowed adjustment of income tax collected of Rupees 14.14 million under section 148 of the Ordinance. The Subsidiary Company feeling aggrieved by the order, filed a rectification application before the CIR(A). CIR(A) through order dated 28 January 2022 accepted Nishat Hospitality (Private) Limited - Subsidiary Company's rectification application, however, upheld the treatment of the assessing officer of disallowing adjustment of income tax deducted under section 148 of the Ordinance. The Subsidiary Company has preferred an appeal against the aforementioned appellate order before the ATIR and the appeal has not been fixed for hearing till date. Based on the view of legal counsel, the management of the Subsidiary Company is confident of the favourable resolution of this matter.

- xvi)** Proceedings under section 122 of the Income Tax Ordinance, 2001 for the tax year 2015 were initiated by Deputy Commissioner Inland Revenue ('DCIR'), who through order dated 27 December 2018, disallowed certain expenses amounting to Rupees 100.117 million under section 174 and ordered an addition of Rupees 165.902 million to 'income from other sources' under section 39 of the Income Tax Ordinance, 2001. Being aggrieved with the impugned order, Nishat Hospitality (Private) Limited - Subsidiary Company preferred an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)']. The CIR(A) via its order dated 2 December 2021, has confirmed the disallowance under section 174 to the extent of Rupees 60.385 million whereas the issue under section 39 has been remanded back to the DCIR for re-examination in the light of evidence provided by the Subsidiary Company. The Subsidiary Company further preferred an appeal against the said order before the Appellate Tribunal Inland Revenue which is pending adjudication. No provision has been recognised in these consolidated financial statements in this respect as, based on the view of its legal counsel,



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

the management of the Subsidiary company is confident of the favourable resolution of this matter.

### b) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 2,277.395 million (2021: Rupees 3,469.028 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 2,973.904 million (2021: Rupees 4,451.831 million).
- iii) Outstanding foreign currency forward contracts of the Group are Rupees 1,332.998 million (2021: Rupees 6,400.041 million).

	Note	2022 (Rupees in thousand)	2021
<b>15 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	15.1	45,766,365	41,256,832
Capital work in progress	15.2	4,859,326	6,283,283
Major spare parts and standby equipment	15.3	422,279	104,397
		51,047,970	47,644,512

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)										
<b>At 30 June 2020</b>										
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
Accumulated depreciation	-	9,116	-	-	-	657	277	501	-	10,551
Net book value	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
Disposals:	-	(6,716,338)	(26,395,777)	(789,061)	(266,510)	(491,167)	(327,610)	(519,275)	(26,573)	(35,522,311)
Accumulated impairment	-	(7,562)	-	-	-	(358)	(361)	(347)	-	(6,628)
Net book value	2,719,618	(6,723,900)	(26,395,777)	(789,061)	(266,510)	(491,525)	(327,971)	(519,622)	(26,573)	(35,530,939)
<b>Year ended 30 June 2021</b>										
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	(107,722)	8,249	119,483	(45)	-	21	2,792	105,033	-	235,578
Depreciation charge	-	(20,656)	(24,760)	(45)	-	(257)	(693)	(38,797)	-	(192,930)
Accumulated impairment	-	(814,889)	(2,680,682)	(65,459)	(18,951)	(69,774)	(40,353)	(143,000)	(1,570)	(3,884,678)
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
<b>At 30 June 2021</b>										
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
Accumulated depreciation	-	(22,190)	-	(673)	-	(1,558)	(873)	(1,535)	-	(26,156)
Net book value	2,534,191	14,996,574	58,091,339	1,467,919	464,613	1,179,428	472,719	1,289,621	33,696	80,530,100
Disposals:										
Cost	-	(7,530,540)	(28,946,976)	(854,520)	(285,461)	(561,278)	(365,532)	(557,589)	(28,143)	(39,130,039)
Accumulated depreciation	-	16,550	-	-	-	797	814	1,211	-	19,372
Depreciation charge	-	(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
<b>Year ended 30 June 2022</b>										
Opening 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
Additions	254,390	1,141,683	6,693,695	277,767	67,846	174,725	51,409	235,047	-	8,896,562
Disposals:										
Cost	-	-	(250,840)	-	-	(4,791)	(8,743)	(156,066)	-	(420,440)
Accumulated depreciation	-	-	209,482	-	-	7,404	(1,339)	114,143	-	332,820
Depreciation charge	-	(637,977)	(3,109,953)	(75,039)	(24,820)	(67,759)	(40,656)	(167,354)	(1,212)	(4,324,770)
Accumulated impairment	-	20,505	-	-	-	2,631	137	2,088	-	25,361
Net book value	2,788,581	7,806,795	32,524,146	816,127	222,178	725,544	117,552	761,101	4,341	45,766,365
<b>At 30 June 2022</b>										
Cost	2,788,581	16,138,257	64,534,194	1,745,686	592,459	1,349,362	515,385	1,368,602	33,696	89,006,222
Accumulated depreciation	-	(101,390)	-	(418)	-	(6,189)	(418)	(2,487)	-	(110,484)
Net book value	2,788,581	16,239,647	64,534,194	1,745,686	592,459	1,355,551	515,803	1,371,089	33,696	89,116,706
Disposals:										
Cost	-	(8,351,967)	(31,847,447)	(929,559)	(310,281)	(626,449)	(397,970)	(609,589)	(29,355)	(43,102,617)
Accumulated depreciation	-	(80,885)	-	(281)	-	(3,558)	(399)	(399)	-	(85,123)
Depreciation charge	-	(8,432,852)	(31,847,447)	(929,559)	(310,281)	(630,007)	(398,251)	(609,988)	(29,355)	(43,187,740)
Accumulated impairment	-	(162,601)	-	-	-	-	-	-	-	(162,601)
Net book value	2,788,581	7,806,795	32,524,146	816,127	222,178	725,544	117,552	761,101	4,341	45,766,365
Annual rate of depreciation (%)	-	3.99-10	4-32.9 and number of hours used	10	10	10	30-33	20	20-33	-

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

## 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) .....								
<b>Plant and Machinery</b>								
Air Compressor	2	2,849	1,800	1,049	716	(333)	Negotiation	Electric Engineering (Private) Limited, Lahore.
Air Compressor	2	2,248	1,352	896	803	(93)	Negotiation	Mubashar Brothers, Faisalabad.
Draw Frame	2	6,161	5,468	693	641	(52)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,141	15,571	3,570	2,564	(1,006)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,141	15,576	3,565	2,564	(1,001)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,141	15,577	3,564	2,564	(1,000)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,509	15,962	3,547	2,564	(983)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,509	15,962	3,547	2,564	(983)	Negotiation	Mubashar Brothers, Faisalabad.
Auto Cone Winder	1	25,664	20,783	4,881	3,462	(1,419)	Negotiation	Mubashar Brothers, Faisalabad.
Auto Cone Winder	1	12,832	10,404	2,428	1,731	(697)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,509	15,978	3,531	2,564	(967)	Negotiation	Mubashar Brothers, Faisalabad.
Ring Frame	1	19,141	15,594	3,547	2,564	(983)	Negotiation	Mubashar Brothers, Faisalabad.
Toyota Air Jet Looms	6	14,348	11,930	2,418	8,700	6,282	Negotiation	Gagan Textile, Karachi.
Toyota Air Jet Looms	5	11,957	9,952	2,005	7,250	5,245	Negotiation	Gagan Textile, Karachi.
Kawa Moto Sizing Machine	1	10,832	10,133	699	3,500	2,801	Negotiation	Rafique Textile (Private) Limited, Faisalabad.
		221,982	182,042	39,940	44,751	4,811		
<b>Furniture and fixtures</b>								
A/C Cassette Type 4 Ton Heat & Cool	1	1,530	393	1,137	1,137	-	Insurance Claim	Security General Insurance Company Limited - related party, Lahore .

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
..... (Rupees in thousand) .....								
<b>Vehicles</b>								
Honda Civic LE-17-2379	1	1,916	1,158	758	1,042	284	Company's Policy	Mr. Muhammad Azam, Company's employee, Lahore.
BMW X5 LEF-12-500	1	23,298	18,974	4,324	7,425	3,101	Negotiation	Mr. Najam Aziz Sethi, Lahore.
Suzuki Cultus LEF-17-9140	1	1,276	729	547	731	184	Company's Policy	Mr. Bashir Ahmad Shahid, Company's employee, Lahore.
Honda Civic LEE-19-1703	1	3,513	1,375	2,138	2,178	40	Company's Policy	Mr. Maqsood Ahmad, Company's employee, Lahore.
Honda Civic LEA-17A-3082	1	2,434	1,370	1,064	1,443	379	Company's Policy	Mr. Ali Imran Shah Company's employee, Lahore.
Toyota Corolla LE-17A-6569	1	2,039	1,145	894	1,196	302	Negotiation	Mr. Muhammad Faisal Chaudhary, Lahore.
Honda Civic LEB-17A-2969	1	2,440	1,384	1,056	1,427	371	Company's Policy	Mr. Sulaiman Kayani, Company's employee, Lahore.
Suzuki Swift LEC-17-5776	1	1,360	835	525	773	248	Negotiation	Mr. Kashif Mufti, Lahore.
Honda City LEA-20-1278	1	2,049	519	1,530	2,098	568	Negotiation	Mr. Basharat Elahi, Sialkot.
Toyota Corolla LEA-16A-6927	1	2,292	1,448	844	1,221	377	Negotiation	Mr. Abdul Qadir Khan, Lahore.
Honda Civic LEF-17-5357	1	2,513	1,430	1,083	1,480	397	Negotiation	Mr. Anwar Ahmad, Nankana Sahib.
Hyundai Santa Fe LEA-19-404	1	16,836	7,918	8,918	7,000	(1,918)	Negotiation	Mr. Asim Zulfiqar Ali, Lahore.
Honda Civic LE-17A-1865	1	2,442	1,469	973	1,310	337	Company's Policy	Syed Farid Ali Shah, Company's employee, Lahore.
Honda Civic LEB-18-6622	1	2,491	1,375	1,116	1,516	400	Company's Policy	Mr. Hafeez-ur-Rehman Siddiqui, Company's employee, Lahore.
Honda Civic LEB-17A-3606	1	2,440	1,411	1,029	1,559	530	Company's Policy	Mr. Mujeeb Anwaar, Company's employee, Lahore.
Honda Civic LE-17A-3560	1	2,654	1,578	1,076	1,474	398	Company's Policy	Mr. Ahmad Hammad Ashraf Siddique, Company's employee Lahore.
Honda Civic LE-18-3428	1	2,433	1,371	1,062	1,442	380	Company's Policy	Mr. Arif Munsif, Company's employee, Faisalabad.
Toyota Corolla LEC-18-4752	1	1,888	1,089	799	1,085	286	Company's Policy	Mr. Zaheer Ahmad, Company's employee, Shekhupura.
Honda Civic LEE-18-5243	1	2,591	1,463	1,128	1,512	384	Company's Policy	Mr. Zawwar Iqbal Rao, Company's employee, Lahore.
Suzuki Cultus LE-17A-1859	1	1,277	747	530	727	197	Company's Policy	Mr. Amir Saeed, Company's employee, Lahore.
Honda Civic LE-17A-3060	1	2,727	1,687	1,040	1,455	415	Company's Policy	Mr. Faisal Mushtaq, Company's employee, Lahore.
Lexus LX 570	1	38,836	34,305	4,531	38,500	33,969	Negotiation	Pak Motor Squad
		121,745	84,780	36,965	78,594	41,629		
		75,183	65,605	9,578	27,015	17,437		
		420,440	332,820	87,620	151,497	63,877		

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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>15.1.2 Depreciation and amortization charge</b>			
<b>for the year has been allocated as follows:</b>			
Cost of sales	31	4,047,071	3,580,811
Distribution cost	32	57,678	54,942
Administrative expenses	33	219,812	190,069
Capital work-in-progress		209	10,115
		4,324,770	3,835,937

### 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.	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.	96.15
Spinning units and Power plant	20 K.M., Sheikhpura Road, Feroze Wattwan.	67.12
Weaving units and Power plant	12 K.M., Faisalabad Road, Sheikhpura.	85.53
Weaving units, Dyeing and finishing units, Processing unit, Stitching units and Power plants	5 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	116.39
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.	17.05
Office	7-Main Gulberg, Lahore.	1.12
NL Tower (Retail Outlet)	5/A-3 Gulberg, Lahore.	0.25
Open Plot	20-A-III Gulberg, Lahore.	0.05
Power Plant - Nishat Power Limited - Subsidiary Company	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
Commercial plot	Defence Housing Authority, Lahore.	0.16
		521.96

## 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)								
<b>At 30 June 2020</b>	50,758	320,429	2,022,851	3,327	2,046	41,259	102,070	2,542,740
Add: Additions during the year	12,054	1,698,866	5,151,865	138,307	34,810	180,262	37,178	7,253,342
Less: Transferred to operating fixed assets during the year	(15,008)	(520,207)	(2,598,960)	(31,470)	(23,704)	(186,739)	(129,573)	(3,505,661)
Less: Charged to profit or loss during the year	-	(7,138)	-	-	-	-	-	(7,138)
<b>At 30 June 2021</b>	47,804	1,491,950	4,575,756	110,164	13,152	34,782	9,675	6,283,283
Add: Additions during the year	207,739	1,219,789	3,807,515	244,533	5,348	261,275	81,876	5,828,075
Less: Transferred to operating fixed assets during the year	(254,390)	(1,050,100)	(5,415,911)	(262,195)	(10,132)	(184,876)	(74,371)	(7,251,975)
Less: Charged to profit or loss during the year	-	(57)	-	-	-	-	-	(57)
<b>At 30 June 2022</b>	1,153	1,661,582	2,967,360	92,502	8,368	111,181	17,180	4,859,326

**15.2.1** Advance for purchase of vehicles includes advance of Rupees 6.414 million (2021: Rupees 2.878 million) given to Hyundai Nishat Motor (Private) Limited - associated company.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousand)	
<b>15.3 Major spare parts and standby equipment</b>		
Opening balance	104,397	105,246
Add: Additions during the year	334,355	17,808
	438,752	123,054
Less: Transferred during the year	(16,473)	(18,657)
Closing balance	422,279	104,397

**16 INTANGIBLE ASSETS**

	FRANCHISE FEE	COMPUTER SOFTWARE	Total
	(Rupees in thousand)		
<b>At 30 June 2020</b>			
Cost	9,834	25,178	35,012
Accumulated amortization	(9,834)	(23,919)	(33,753)
Net book value	-	1,259	1,259
<b>Year ended 30 June 2021</b>			
Opening net book value	-	1,259	1,259
Amortization charged	-	(1,259)	(1,259)
Closing net book value	-	-	-
<b>At 30 June 2021</b>			
Cost	9,834	25,178	35,012
Accumulated amortization	(9,834)	(25,178)	(35,012)
Net book value	-	-	-
<b>Year ended 30 June 2022</b>			
Opening net book value	-	-	-
Amortization charged	-	-	-
Closing net book value	-	-	-
<b>At 30 June 2022</b>			
Cost	-	-	-
Accumulated amortization	-	-	-
Net book value	-	-	-
Annual amortization rate (%)	20	20	

**16.1** Intangible assets have been fully amortised till 30 June 2021 and are still in use.

**17 RIGHT-OF-USE ASSETS**

	Land	Buildings	Total
	(Rupees in thousand)		
Reconciliation of net carrying amount of right-of-use assets:			
<b>Balance as on 01 July 2020</b>	19,673	2,011,063	2,030,736
Add: Additions during the year	-	339,233	339,233
Add: Impact of lease modifications / renewals	-	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)
<b>Balance as at 30 June 2021</b>	11,861	1,727,543	1,739,404
Add: Additions during the year	-	199,140	199,140
Add: Impact of lease modifications / renewals	-	965,049	965,049
Less: Impact of lease termination	-	(15,226)	(15,226)
Less: Depreciation for the year	(7,402)	(770,308)	(777,710)
Add: Currency retranslation	2,516	83,709	86,225
<b>Balance as at 30 June 2022</b>	6,975	2,189,907	2,196,882

**Lease of land**

The Nishat International FZE - Subsidiary Company obtained land on lease for warehouse purpose. Lease period is 5 years.

**Lease of buildings**

The Group obtained buildings on lease for godowns and shops. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from three to sixteen years.

	Note	2022 (Rupees in thousand)	2021
<b>17.1 Depreciation charge for the year has been allocated as follows:</b>			
Distribution cost	32	770,308	717,041
Administrative expenses	33	7,402	6,549
		777,710	723,590
<b>18 LONG TERM INVESTMENTS</b>			
Equity instruments	18.1	52,382,499	55,330,247



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>18.1 Equity instruments</b>			
<b>Associates (with significant influence) - under equity method</b>			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2021: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2021: 31.40%)		22,565,622	23,683,395
Lalpir Power Limited - quoted 109,393,555 (2021: 109,393,555) fully paid ordinary shares Rupees 10 each. Equity held 28.80% (2021: 28.80%)		4,899,163	5,013,325
Pakgen Power Limited - quoted 102,524,728 (2021: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2021: 27.55%)		6,600,600	6,443,324
Nishat Paper Products Company Limited - unquoted 11,634,199 (2021: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2020: 25%)		554,222	511,656
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2021: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2021: 12.24%)		328,216	306,768
Hyundai Nishat Motor (Private) Limited - unquoted 113,847,600 (2021: 113,847,600) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2021: 12%)	18.1.1	1,030,261	809,210
Sanifa Agri Services Limited - unquoted 11,591,600 (2021: 6,591,600) fully paid ordinary shares of Rupees 10 each. Equity held 33.12% (2021: 33.33%)	18.1.2	-	-
Nishat Hotels and Properties Limited - unquoted 74,022,917 (2021: 74,022,917) fully paid ordinary shares of Rupees 10 each. Equity held 6.08% (2021: 6.08%)		617,091	556,422
Nishat Sutas Dairy Limited - unquoted 144,254,900 (2021: 16,630,000) fully paid ordinary shares of Rupees 10 each. Equity held 47.53% (2021: 34.46%)		1,189,878	117,682
Security General Insurance Company Limited - unquoted 10,226,244 (2021: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2021: 15.02%)		2,215,280	2,108,012
Equity investments accounted for under equity method		40,000,333	39,549,794

	2022	2021
	(Rupees in thousand)	
<b>Equity instruments</b>		
<b>Fair value through other comprehensive income</b>		
<b>Associated companies (Others)</b>		
Adamjee Insurance Company Limited - quoted 102,809 (2021: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2021: 0.03%)	2,116	2,116
MCB Bank Limited - quoted 88,015,291 (2021: 88,015,291) fully paid ordinary shares of Rupees 10 each. Equity held 7.43% (2021: 7.43%)	12,851,084	12,851,084
	12,853,200	12,853,200
<b>Related party</b>		
Nishat (Chunian) Limited - quoted 32,689,338 (2021: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2021: 13.61%)	378,955	378,955
	18.1.3	
<b>Others</b>		
Alhamra Islamic Stock Fund - quoted 1,121,410 (2021: 1,121,410) units.	3,135	3,135
United Bank Limited - quoted 353,000 (2021: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2021: Nil)	41,333	-
Pakistan Petroleum Limited - quoted 599,998 (2021: 599,998) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2021: 0.02%)	64,409	64,409
	108,877	67,544
	13,341,032	13,299,699
Add: Fair value adjustment	(958,866)	2,480,754
Equity investments classified at fair value through other comprehensive income	12,382,166	15,780,453
	52,382,499	55,330,247

**18.1.1** Investments in Hyundai Nishat Motor (Private) Limited include 4 shares held in the name of nominee directors of the Holding Company.

**18.1.2** This includes 1,600 (2021: 1,600) shares held in the name of chief financial officer of the Holding Company and senior officer of the Holding Company.

**18.1.3** Pursuant to the Scheme of Compromises, Arrangement and Reconstruction (Under Sections 279 to 283 and 285 of the Companies Act, 2017) amongst Nishat (Chunian) Limited and its members and Nishat Chunian Properties (Private) Limited and its members duly sanctioned by Honorable Lahore High Court, Lahore on 29 June 2022, the Holding Company has, subsequent to the reporting period, on 18 August 2022, received 25,497,684 ordinary shares of Nishat Chunian Power Limited as one of the principal objects of the Scheme was to make Nishat (Chunian) Limited and Nishat Chunian Power Limited totally independent of each other by the transfer amongst the members of Nishat (Chunian) Limited of 187,585,820 ordinary shares of Nishat Chunian Power Limited owned by Nishat (Chunian) Limited. Hence, the Holding Company has also become a shareholder of Nishat Chunian Power Limited with effect from 18 August 2022.



	Note	2022 (Rupees in thousand)	2021
<b>19 LONG TERM LOANS</b>			
Considered good:			
Executives - secured	19.1 & 19.2	388,995	441,035
Other employees - secured	19.2	238,127	270,603
		627,122	711,638
Less: Current portion shown under current assets	23		
Executives		85,901	97,851
Other employees		70,081	81,246
		155,982	179,097
		471,140	532,541

**19.1** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 469.580 million (2021: Rupees 445.436 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% (2021: 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	2022 (Rupees in thousand)	2021
Stores	20.1	3,069,511	1,798,256
Spare parts		1,879,347	1,497,981
Loose tools		17,044	15,618
		4,965,902	3,311,855
Less: Provision for slow moving, obsolete and damaged store items	20.2	(4,141)	(4,141)
		4,961,761	3,307,714

**20.1** This includes stores in transit of Rupees 314.474 million (2021: Rupees 276.755 million).

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

	Note	2022 (Rupees in thousand)	2021
Balance as on 01 July		4,141	4,218
Less: Provision reversed during the year	35	-	(77)
Balance as on 30 June		4,141	4,141

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>21 STOCK IN TRADE</b>			
Raw materials		24,309,799	13,129,823
Work in process	21.2	6,364,578	3,044,441
Finished goods	21.5	12,514,128	9,641,809
Less: Provision for slow moving and obsolete stocks		(21,065)	(21,065)
		12,493,063	9,620,744
		43,167,440	25,795,008

**21.1** Stock in trade of Rupees 807.814 million (2021: Rupees 605.335 million) is being carried at net realizable value.

**21.2** This includes stock of Rupees 22.763 million (2021: Rupees 17.961 million) sent to outside parties for processing.

**21.3** Stock in trade includes stock in transit of Rupees 3,194.415 million (2021: Rupees 2,215.892 million).

**21.4** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 8.876 million (2021: Rupees 22.249 million).

**21.5** Finished goods include stock of Rupees 707.640 million (2021: Rupees 705.532 million) which is in the possession of stockists of Nishat Linen (Private) Limited - Subsidiary Company.

	Note	2022 (Rupees in thousand)	2021
<b>22 TRADE DEBTS</b>			
<b>Considered good:</b>			
Secured		13,035,506	20,013,100
Unsecured:			
- Related parties	22.2, 22.3 & 22.4	5,178	6,851
- Other	22.5	10,331,556	7,119,480
		23,372,240	27,139,431
Less: Allowance for expected credit losses	22.7	(45,363)	(28,237)
		23,326,877	27,111,194
<b>22.1 Types of counterparties</b>			
<b>Export</b>			
Corporate		5,734,469	4,050,897
Other		206,454	18,859
		5,940,923	4,069,756
<b>Local</b>			
Corporate		16,164,787	22,467,750
Other		1,266,530	601,925
		17,431,317	23,069,675
		23,372,240	27,139,431

	2022	2021
	(Rupees in thousand)	
<b>22.2</b> This represents amount due from following related parties:		
Adamjee Insurance Company Limited - associated company	-	16
Hyundai Nishat Motor (Private) Limited - associated company	1,630	547
Adamjee Life Assurance Company Limited - associated company	37	18
Nishat Hotels and Properties Limited - associated company	-	2,926
MCB Bank Limited - associated company	1,359	70
MCB Islamic Bank Limited - related party	1,565	-
Nishat Dairy (Private) Limited - associated company	166	-
Nishat Sutas Dairy limited - associated company	360	-
Nishat (Chunian) Limited - related party	61	3,274
	5,178	6,851

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

	2022	2021
	(Rupees in thousand)	
Adamjee Insurance Company Limited - associated company	134	234
Hyundai Nishat Motor (Private) Limited - associated company	3,973	4,833
Adamjee Life Assurance Company Limited - associated company	36	72
Nishat Hotels and Properties Limited - associated company	7,085	1,327
MCB Bank Limited - associated company	7	1,190
MCB Islamic Bank Limited - related party	1,565	-
Nishat Dairy (Private) Limited - associated company	165	-
D.G. Khan Cement Company Limited - associated company	73	-
Nishat Sutas Dairy Limited - associated company	360	-
Nishat (Chunian) Limited - related party	3,832	36,736

**22.4** As at 30 June 2022, trade debts due from related parties amounting to Rupees 2.006 million (2021: Rupees 0.543 million) were pas due but not impaired. The ageing analysis of these trade debts is as follows:

	2022	2021
	(Rupees in thousand)	
Upto 1 month	-	525
1 to 6 months	2,004	16
More than 6 months	2	2
	2,006	543

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

**22.5** Trade receivables of Nishat Power Limited - Subsidiary Company from CAPP-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 19.49% (2021: 11.53% to 18.42%) per annum. Trade debts include unbilled receivables of Rupees 4,574.509 million (2021: Rupees 3,533.134 million).

**22.6** Trade debts of Nishat Power Limited - Subsidiary Company was included an amount of Rupees 816.033 million relating to capacity revenue not acknowledged by NTDC / CPPA -G and the Nishat Power Limited - Subsidiary Company had contested it at various forums including arbitration in the London Court of International Arbitration (LCIA).

On 29 October 2017, the Arbitrator declared his Final Award whereby he ordered NTDC / CPPA-G to pay certain amounts to Nishat Power Limited - Subsidiary Company. 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 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 settled the dispute through the extension period of 68 days treated as "other force majeure event" (OFME) under the PPA. Further, CPPA-G agreed to make certain payments to the 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.

On 30 June 2021, out of the recognised reorganized receivable of Rupees 816.033 million, Nishat Power Limited - Subsidiary Company had written off aggregating Rupees 141.47 million. During the year, pursuant to the provisions of PPA Amendment Agreement as mentioned above the remaining receivables amounts of Rupees 674.563 million have been paid by the CPPA-G.

		2022	2021
		(Rupees in thousand)	
<b>22.7 Allowance for expected credit losses</b>			
Opening balance		28,237	30,590
Add / (Less): Allowance for / (reversal of) expected credit losses	34 & 35	17,126	(2,353)
		45,363	28,237

	Note	2022 (Rupees in thousand)	2021
<b>23 LOANS AND ADVANCES</b>			
<b>Considered good:</b>			
Employees - interest free:			
– Executives		5,045	990
– Other employees		24,294	10,801
		29,339	11,791
Current portion of long term loans	19	155,982	179,097
Advances to suppliers	23.1	647,745	449,356
Letters of credit		3,321	4,586
Other advances	23.1	482,855	340,845
Advance to Sanifa Agri Services Limited - associated company	23.2	-	104,300
		1,319,242	1,089,975
<b>Considered doubtful:</b>			
Advance to Sanifa Agri Services Limited - associated company	23.2	121,500	-
Others		108	108
Less: Expected credit loss against doubtful advances	23.3	(121,608)	(108)
		-	-
		1,319,242	1,089,975

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

	2022 (Rupees in thousand)	2021
<b>Advances to suppliers</b>		
Security General Insurance Company Limited - associated company	300	-
D.G. Khan Cement Company Limited - associated company	-	3,533
<b>Other advances</b>		
Nishat Hotels and Properties Limited - associated company	44	-

**23.2** This represents unsecured amount advanced to Sanifa Agri services Limited - associated company for a period of one year. This advance carries markup at the rate ranging from 8.95% to 13.39% (2021: 8.53% to 12.69%) per annum. During the year, expected credit loss against this advance has been recognised. The maximum aggregate amount advanced to associated company at the end of any month during the year was Rupees 180.600 million (2021: 104.300 million).

	2022 (Rupees in thousand)	2021
<b>23.3 Expected credit loss against doubtful loans and advances</b>		
Opening balance	108	108
Add: Recognised during the year	34	-
	121,608	108



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

		2022	2021
		(Rupees in thousand)	
<b>24 ADVANCE INCOME TAX - NET</b>			
Advance income tax		3,108,415	2,235,684
Provision for taxation		(2,932,684)	(1,181,385)
		175,731	1,054,299
<b>25 SHORT TERM DEPOSITS AND PREPAYMENTS</b>			
Deposits		144,746	59,409
Prepayments		207,419	132,262
		352,165	191,671
<b>26 OTHER RECEIVABLES</b>			
<b>Considered good:</b>			
Export rebate and claims		211,880	124,772
Duty drawback		363,950	1,218,043
Sales tax refundable	26.1	9,471,711	3,307,061
Fair value of forward exchange contracts		57,518	8,672
Workers' profit participation fund receivable	26.2	315,609	583,636
Workers' welfare fund receivable		217,494	151,035
Receivable from employees' provident fund trust		63,081	-
Miscellaneous receivables	26.3	114,150	38,136
		10,815,393	5,431,355

**26.1** This includes sales tax claimable by Nishat Hospitality (Private) Limited - Subsidiary Company from Federal Board of Revenue ('FBR') of Rupees 4.39 million (2021: Rupees 4.39 million), however the same couldn't be claimed as Nishat Hospitality (Private) Limited - subsidiary company now files return with Punjab Revenue Authority ('PRA'). The matter of transfer of balance to PRA is still under negotiation with FBR and the Nishat Hospitality (Private) Limited - subsidiary company's tax consultant are confident that the amount will be adjusted in due course, therefore no provision has been recognized against the above amount in these consolidated financial statements.

**26.2** 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.

**26.3** These include receivable from Security General Insurance Company Limited - associated company on account of insurance claim amounting to Rupees 23.960 million (2021: Rupees Nil)

		2022	2021
	Note	(Rupees in thousand)	
<b>27 ACCRUED INTEREST</b>			
Accrued interest	27.1	4,394	13,659

- 27.1** This includes interest receivable from Sanifa Agri Services Limited - associated company amounting to Rupees 4.089 million (2021: Rupees 2.095 million). This is neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 10.900 million (2021: Rupees 2.095 million).

	Note	2022 (Rupees in thousand)	2021
<b>28 SHORT TERM INVESTMENTS</b>			
<b>At amortized cost</b>			
Investment in Riba Free Certificate	28.1	1,600	-
Investment in Term Deposit Receipts	28.2	31,010	-
<b>At fair value through profit or loss (FVTPL)</b>			
Pakistan Investment Bonds	28.3	2,850,550	-
Government Ijara Sukuk	28.4	2,850,549	-
		5,733,709	-

- 28.1** This represents Riba Free Certificate with maturity period of 6 months and carrying profit at the rate of 4.42% per annum.

- 28.2** This represents term deposit receipts with maturity period of 6 months and carrying profit at the rate of 14.50% per annum.

- 28.3** This represents investment in Pakistan Investment Bonds (PIBs) having face value of Rupees 2,836.00 million. Profit is receivable on half yearly basis, with coupon rate of annualized weighted average yield of 6 months T-bills + 0.70% per annum. These PIBs' issue date is 18 June 2020 having a term of ten years and are maturing on 18 June 2030.

- 28.4** This represents investment in Government of Pakistan Ijara Sukus Bonds (GISs) having face value of Rupees 2,784.50 million. Profit is receivable on half yearly basis, with coupon rate of average yield of 6-months T-bills. These GISs' issue date is 27 April 2022 having a term of five years and are maturing on 27 April 2027.

	Note	2022 (Rupees in thousand)	2021
<b>29 CASH AND BANK BALANCES</b>			
<b>With banks:</b>			
On current accounts	29.1 & 29.2		
Including US\$ 223,486 (2021: US\$ 233,398) and UAE Dirhams 16,893,110 (2021: UAE Dirhams 13,381,880)		1,042,880	1,209,586
Term deposit receipts	29.1 & 29.3	-	5,104,500
On PLS saving accounts	29.1 & 29.4		
Including US\$ 117 (2021: US\$ 117)		656,260	34,281
		1,699,140	6,348,367
<b>Cash in hand</b>			
Including UAE Dirhams 327,454 (2021: UAE Dirhams 485,897)		59,676	49,631
		1,758,816	6,397,998

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

- 29.1** Cash at banks includes balance of Rupees 1,343.317 million (2021: Rupees 5,128.271 million) with MCB Bank Limited - associated company.
- 29.2** Cash at banks includes balance of Rupees 0.227 million (2021: Rupees 0.705 million) with MCB Islamic Bank Limited - related party.
- 29.3** These represent term deposit receipts of Rupees Nil (2021: Rupees 5,075 million) with maturity period of 30 days and carried profit at the rate of 6.80% (2021: 6.80%) per annum with MCB Bank Limited - associated company. Term deposits receipts of one month maturity period with other banking companies which have matured during the year carried profit at the rate of 12.85% (2021: 6.35% to 7.20%) per annum.
- 29.4** Rate of profit on Pak Rupees bank deposits ranges from 1.25% to 13.25% (2021: 5.50% to 7.00%) per annum.

	Note	2022 (Rupees in thousand)	2021
<b>30 REVENUE</b>			
Revenue from contracts with customers:			
-Export sales		75,857,818	47,467,270
-Local sales	30.1	88,706,402	55,599,701
-Processing income	30.2	720,933	636,300
		165,285,153	103,703,271
Export rebate		397,036	228,790
Duty drawback		14,818	795,397
		165,697,007	104,727,458
<b>30.1 Local sales</b>			
Sales	30.1.1	104,646,544	66,241,618
Less: Sales tax		(13,278,558)	(8,147,069)
Less: Discount		(2,661,584)	(2,494,848)
		88,706,402	55,599,701
<b>30.1.1</b> These include sale of Rupees 18,970.538 million (2021: Rupees 12,865.817 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales includes waste sale of Rupees 3,157.189 million (2021: Rupees 2,738.545 million).			
<b>30.2 Processing Income</b>			
Sales		843,492	744,471
Less: Sales tax		(122,559)	(108,171)
		720,933	636,300

30.3 The amount of Rupees 1,055.300 million included in contract liabilities (Note 9) at 30 June 2021 has been recognised as revenue in 2022 (2021: Rupees 561.746 million).

#### 30.4 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		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
	(Rupees in thousand)																		
<b>Region</b>																			
Europe	390,094	280,073	16,614,626	8,297,897	552,631	407,566	11,827,779	9,163,902	5,085,722	4,259,144	-	-	-	-	-	-	-	34,473,842	22,408,582
America	597,876	111,351	9,191,817	666,998	8,091	14,967	3,816,658	3,272,902	8,565,634	3,600,589	-	-	-	-	-	-	-	13,910,076	7,666,807
Asia, Africa, Australia	7,120,649	4,295,139	2,232,982	2,045,855	14,952,303	7,765,384	3,049,457	3,969,523	530,363	337,197	-	-	-	-	-	-	-	27,685,754	18,416,068
Pakistan	37,216,598	25,695,284	6,441,604	5,865,355	6,453,778	3,456,312	14,801,128	9,554,104	203,971	167,945	23,787,131	11,486,321	412,475	246,322	106,660	44,358	89,427,385	56,236,001	
	45,327,197	30,385,847	26,209,029	16,596,105	21,966,803	11,644,199	33,497,022	25,959,431	14,386,690	8,364,875	23,787,131	11,486,321	412,475	246,322	106,660	44,358	165,697,007	104,727,458	
<b>Timing of revenue recognition</b>																			
Products and services transferred at a point in time	45,327,197	30,385,847	26,209,029	16,596,105	21,966,803	11,644,199	33,497,022	25,959,431	14,386,690	8,364,875	20,887,359	8,847,614	412,475	246,322	106,660	44,358	162,887,235	102,086,751	
Products and services transferred over time	-	-	-	-	-	-	-	-	-	-	2,799,772	2,638,707	-	-	-	-	2,799,772	2,638,707	
	45,327,197	30,385,847	26,209,029	16,596,105	21,966,803	11,644,199	33,497,022	25,959,431	14,386,690	8,364,875	23,787,131	11,486,321	412,475	246,322	106,660	44,358	165,697,007	104,727,458	
<b>Major products / service lines</b>																			
Yarn	44,665,046	29,621,073	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,665,046	29,621,073
Comber Noll	172,361	233,809	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	172,361	233,809
Grey Cloth	-	-	-	-	-	-	23,116	1,199	-	-	-	-	-	-	-	-	-	26,232,145	16,597,304
Processed Cloth	-	-	26,209,029	16,596,105	21,966,803	11,644,199	8,217,991	22,645,199	-	-	-	-	-	-	-	-	-	30,184,794	34,289,398
Cosmetics	-	-	-	-	-	-	170,621	159,388	-	-	-	-	-	-	-	-	-	170,621	159,388
Waste	489,790	530,965	-	-	-	-	173,984	121,728	-	-	-	-	-	-	-	-	-	663,774	652,693
Others	-	-	-	-	-	-	37,482	249,155	-	-	-	-	-	-	-	-	-	37,482	249,155
Made Ups	-	-	-	-	-	-	21,693,836	1,759,328	-	-	-	-	-	-	-	-	-	21,693,836	1,759,328
Garments	-	-	-	-	-	-	-	-	14,386,690	8,364,875	-	-	-	-	-	-	-	14,386,690	8,364,875
Towels and Bath Robe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	23,787,131	11,486,321	-	-	-	-	-	3,289,992	1,023,434
Room Rental Services	-	-	-	-	-	-	-	-	-	-	-	-	412,475	246,322	-	-	-	23,787,131	11,486,321
Other Hotel Ancillary Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106,660	44,358	-	412,475	246,322
	45,327,197	30,385,847	26,209,029	16,596,105	21,966,803	11,644,199	33,497,022	25,959,431	14,386,690	8,364,875	23,787,131	11,486,321	412,475	246,322	106,660	44,358	165,697,007	104,727,458	

30.5 Revenue is mainly 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, 2022

	Note	2022 (Rupees in thousand)	2021
<b>31 COST OF SALES</b>			
Raw materials consumed		100,860,999	56,873,417
Processing charges		1,220,083	782,206
Salaries, wages and other benefits	31.1	10,587,611	8,393,421
Stores, spare parts and loose tools consumed		10,475,455	7,822,218
Packing materials consumed		2,555,698	1,936,572
Repair and maintenance		743,088	490,681
Fuel and power		11,003,340	6,131,769
Insurance		353,409	341,551
Other factory overheads		1,165,184	762,165
Depreciation and amortization	15.1.2	4,047,071	3,580,811
		143,011,938	87,114,811
<b>Work-in-process</b>			
Opening stock		3,044,441	2,244,439
Closing stock		(6,364,578)	(3,044,441)
		(3,320,137)	(800,002)
Cost of goods manufactured		139,691,801	86,314,809
<b>Finished goods</b>			
Opening stock		9,641,809	9,393,252
Closing stock		(12,514,128)	(9,641,809)
		(2,872,319)	(248,557)
		136,819,482	86,066,252

**31.1** Salaries, wages and other benefits include provident fund contributions of Rupees 293.380 million (2021: Rupees 235.457 million) and Rupees 1.25 million (2021: Rupees 0.788 million) in respect of provision for compensated absences.

	Note	2022 (Rupees in thousand)	2021
<b>32 DISTRIBUTION COST</b>			
Salaries and other benefits	32.1	1,250,237	1,034,984
Outward freight and shop handling		4,090,177	1,929,363
Sales promotion		1,127,679	902,095
Commission to selling agents		1,055,201	774,117
Royalty	32.2	105,506	84,940
Fuel cost		195,346	140,160
Travelling and conveyance		134,186	30,258
Rent, rates and taxes		22,396	20,427
Postage and telephone		114,640	103,989
Insurance		35,466	25,355
Vehicles' running		29,513	24,857
Entertainment		26,609	19,032
Advertisement		281,185	266,671
Electricity and gas		148,898	101,838
Printing and stationery		14,296	5,641
Repair and maintenance		191,481	217,936
Fee and subscription		5,342	2,630
Depreciation on right-of-use assets	17.1	770,308	717,041
Depreciation	15.1.2	57,678	54,942
		9,656,144	6,456,276

**32.1** Salaries and other benefits include provident fund contributions of Rupees 54.745 million (2021: Rupees 48.239 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 Related / Other	2022	2021
			(Rupees in thousand)	
American and Efir LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	106,944	71,110
Circular Systems S.P.C.	719 S. Los Angeles St. No. 924, Los Angeles, California 90014, United States of America.	Other	266	-

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>33 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	33.1	1,733,113	1,425,800
Vehicles' running		79,401	56,088
Travelling and conveyance		191,222	136,397
Rent, rates and taxes		52,296	40,018
Insurance		22,591	19,829
Entertainment		49,779	33,605
Legal and professional		47,154	30,624
Auditors' remuneration	33.2	22,636	16,868
Advertisement		1,165	594
Postage and telephone		37,120	25,197
Electricity and gas		26,612	25,040
Printing and stationery		32,639	26,578
Repair and maintenance		60,159	61,115
Fee and subscription		23,093	19,540
Depreciation on right-of-use assets	17.1	7,402	6,549
Depreciation	15.1.2	219,812	190,069
Miscellaneous		58,249	68,164
		2,664,443	2,182,075

**33.1** Salaries and other benefits include provident fund contributions of Rupees 64.225 million (2021: Rupees 53.647 million), Rupees 2.290 million (2021: Rupee 0.599 million) in respect of provision for compensated absences and Rupees Nil (2021: Rupees 3.260 million) in respect of retirement benefit - gratuity.

	2022 (Rupees in thousand)	2021
<b>33.2 Auditors' remuneration</b>		
<b>Riaz Ahmad and Company</b>		
Audit fee	6,520	6,090
Half yearly review	1,163	1,057
Other certifications	155	155
Reimbursable expenses	215	195
	8,053	7,497
<b>A.F. Ferguson and Company</b>		
Statutory audit fee	2,847	2,640
Half yearly review	937	892
Tax services	5,327	1,926
Other certification services	162	155
Reimbursable expenses	290	171
	9,563	5,784
<b>Crowe Mak</b>		
Audit fee	5,020	3,501
Reimbursable expenses	-	86
	5,020	3,587
	22,636	16,868

	Note	2022 (Rupees in thousand)	2021
<b>34 OTHER EXPENSES</b>			
Workers' profit participation fund		553,560	398,631
Trade debts written off		-	163,536
Impairment loss on receivable		1,750	-
Expected credit loss against doubtful advance to Sanifa Agri Services Limited - associated company	23.3	121,500	-
Workers' welfare fund		35,559	32,400
Allowance for expected credit loss against trade debts	22.7	17,126	-
Donations	34.1 & 34.2	8,256	3,200
Loss on sale of short term investments		32,793	-
		770,544	597,767

**34.1** The names of donees to whom donation amount exceeded Rupees 1 million is as follows:

Pakistan Textile Council	34.3	3,750	2,500
Mr. Rajesh Kumar		1,000	-

**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	2022 (Rupees in thousand)	2021
<b>35 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividend income	35.1	1,985,516	1,750,744
Profit on deposits with banks		100,297	127,631
Net exchange gain		794,863	25,917
Reversal of allowance for expected credit losses	22.7	-	2,353
Interest income on advance to associated company		14,989	6,290
Others		39,824	-
		2,935,489	1,912,935
<b>Income from non-financial assets</b>			
Gain on sale of property, plant and equipment		63,877	204,237
Scrap sales		442,294	291,815
Rental income		116,819	103,254
Gain on initial recognition of GIDC payable at amortized cost		-	52,766
Rent concessions		28,478	90,344
Gain on termination of leases		1,251	9,983
Reversal of provision for slow moving, obsolete and damaged store items	20.2	-	77
Liabilities written back		-	10,990
Others		-	55,674
		652,719	819,140
		3,588,208	2,732,075



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
<b>35.1 Dividend income</b>			
<b>From related party / associated companies</b>			
MCB Bank Limited - associated company		1,716,298	1,716,298
Nishat (Chunian) Limited - related party		261,515	32,689
Adamjee Insurance Company Limited - associated company		308	257
		1,978,121	1,749,244
<b>Others</b>			
Pakistan Petroleum Limited		2,100	1,500
United Bank Limited		5,295	-
		7,395	1,500
		1,985,516	1,750,744
<b>36 FINANCE COST</b>			
Mark-up on:			
Long term financing		361,889	288,902
Short term borrowings		1,657,047	950,833
Lease liabilities		260,035	244,750
Interest on workers' profit participation fund	9.4	23,137	179
Adjustment due to impact of IFRS 9 on GIDC	8.2	36,096	73,562
Bank charges and commission		416,920	323,226
		2,755,124	1,881,452
<b>37 TAXATION</b>			
Current - for the year		2,932,684	1,181,385
Deferred		1,420,260	740,750
Prior year adjustment		1,453	(3,498)
		4,354,397	1,918,637
<b>38 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
There is no dilutive effect on the basic earnings per share which is based on:			
		2022	2021
Profit attributable to ordinary shareholders of Holding Company	(Rupees in thousand)	12,304,783	9,896,748
Weighted average number of ordinary shares of Holding Company	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	35.00	28.15

	Note	2022 (Rupees in thousand)	2021
<b>39 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		18,286,925	13,124,233
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation and amortization		4,324,561	3,825,822
Depreciation on right-of-use assets		777,710	723,590
Trade debts written off		-	163,536
Reversal of provision for slow moving, obsolete and damaged store items		-	(77)
Allowance for / (reversal of) expected credit loss against trade debts		17,126	(2,353)
Impairment loss on receivable		1,750	-
Expected credit loss against doubtful advance to Sanifa Agri Services Limited - associated company		121,500	-
Loss on sale of short term investments		32,793	-
Net exchange gain		(794,863)	(25,917)
Gain on sale of property, plant and equipment		(63,877)	(204,237)
Dividend income		(1,985,516)	(1,750,744)
Profit on deposits with banks		(100,297)	(127,631)
Interest income on advance to associated company		(14,989)	(6,290)
Share of profit from associates		(1,667,447)	(2,848,522)
Provision for accumulated compensated absences		3,540	1,388
Adjustment due to deemed disposal of equity accounted investee		-	(41,622)
Liabilities written back		-	(10,990)
Finance cost		2,755,124	1,881,452
Gain on initial recognition of GIDC payable at amortized cost		-	(110,431)
Rent concessions		(28,478)	(90,344)
Gain on termination of leases		(1,251)	(9,983)
Working capital changes	39.1	(17,009,686)	(889,135)
		4,654,625	13,601,745
<b>39.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(1,654,047)	(328,097)
- Stock in trade		(17,372,432)	2,572,127
- Trade debts		4,438,061	(3,600,208)
- Loans and advances		(373,774)	(329,963)
- Short term deposits and prepayments		(160,494)	(7,270)
- Other receivables		(5,336,942)	(770,761)
		(20,459,628)	(2,464,172)
Increase in trade and other payables		3,449,942	1,575,037
		(17,009,686)	(889,135)

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

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

	2022					
	Liabilities from financing activities					
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Exchange translation reserve	Total
	(Rupees in thousand)					
<b>Balance as at 01 July 2021</b>	14,948,301	2,049,784	22,385,156	115,497	186,757	39,685,495
Lease liabilities recognized	-	199,140	-	-	-	199,140
Repayment of lease liabilities	-	(916,048)	-	-	-	(916,048)
Financing obtained	3,734,958	-	-	-	-	3,734,958
Repayment of financing	(3,300,234)	-	-	-	-	(3,300,234)
Dividend declared	-	-	-	2,013,494	-	2,013,494
Dividend paid	-	-	-	(2,006,919)	-	(2,006,919)
Short term borrowings - net	-	-	9,307,838	-	-	9,307,838
Exchange differences on translation of net investments in subsidiary companies	-	-	-	-	164,204	164,204
Grant amortisation - net	90,606	-	-	-	-	90,606
Interest accrued on lease liabilities	-	260,035	-	-	-	260,035
Impact of lease modifications / renewals	-	965,049	-	-	-	965,049
Impact of rent concessions	-	(28,478)	-	-	-	(28,478)
Impact of lease termination	-	(16,477)	-	-	-	(16,477)
Currency retranslation	-	83,005	-	-	-	83,005
<b>Balance as at 30 June 2022</b>	<b>15,473,631</b>	<b>2,596,010</b>	<b>31,692,994</b>	<b>122,072</b>	<b>350,961</b>	<b>50,235,668</b>

	2021					
	Liabilities from financing activities					
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Exchange translation reserve	Total
	(Rupees in thousand)					
<b>Balance as at 01 July 2020</b>	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)
Grant amortisation - net	(176,589)	-	-	-	-	(176,589)
Interest accrued on lease liabilities	-	244,750	-	-	-	244,750
Impact of lease modification/renewals	-	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)
<b>Balance as at 30 June 2021</b>	<b>14,948,301</b>	<b>2,049,784</b>	<b>22,385,156</b>	<b>115,497</b>	<b>186,757</b>	<b>39,685,495</b>

	2022	2021
	(Rupees in thousand)	
<b>39.3 Non-cash financing activities</b>		
Lease liabilities recognized	199,140	342,406
Exchange differences on translation of net investments in subsidiary companies	164,204	(37,902)
Grant amortisation - net	90,606	(176,589)
Impact of lease modifications / renewals	965,049	180,387
Impact of rent concessions	(28,478)	(90,344)
Impact of lease termination	(16,477)	(79,390)
Currency retranslation	83,005	(20,008)

#### 40 EVENTS AFTER THE REPORTING PERIOD

**40.1** The Board of Directors of the Nishat Mills Limited - Holding Company has proposed a cash dividend for the year ended 30 June 2022 of Rupees 4.00 per share (2021: Rupees 4.00 per share) at their meeting held on 20 September 2022. The Board of Directors also proposed to transfer Rupees 10,872 million (2021: Rupees 10,524 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 AND EXECUTIVES

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

	Chief Executive Officer		Executives	
	2022	2021	2022	2021
	(Rupees in thousand)			
<b>Managerial remuneration</b>	43,703	37,189	883,652	683,563
<b>Allowances</b>				
Cost of living allowance	-	-	1,226	1,023
House rent	15,726	13,521	228,328	174,176
Conveyance	-	-	1,014	904
Medical	3,932	3,380	75,131	57,482
Utilities	-	-	98,795	75,673
Special allowance	-	-	830	646
Contribution to provident fund trust	-	-	72,462	56,650
Leave encashment	-	-	24,217	18,091
	63,361	54,090	1,385,655	1,068,208
Number of persons	1	1	326	261

**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.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

**41.2** Aggregate amount charged in these consolidated financial statements for meeting fee to five directors (2021: five directors) of the Holding Company was Rupees 1.490 million (2021: Rupees 1.490 million).

**41.3** No remuneration was paid to directors of the Holding Company.

### 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:

	2022	2021
	(Rupees in thousand)	
<b>Associated companies</b>		
Investment made	1,326,249	241,476
Short term loans made	76,300	69,300
Purchase of goods and services	257,488	781,080
Repayment of short term loans	59,100	10,000
Sharing of expenses	1,369	8,100
Sale of goods and services	94,081	282,711
Rental income	6,888	6,035
Purchase of operating fixed assets	85,074	64,227
Sale of operating fixed assets	-	67,270
Rent paid	90,005	80,092
Dividend paid	123,047	122,105
Insurance premium paid	481,879	487,777
Interest income	101,796	40,647
Insurance claims received	117,169	72,620
Profit on term deposit receipt	625	-
Finance cost	19,983	8,230
Commission paid	29,684	-
<b>Other related parties</b>		
Dividend Income	261,515	32,689
Purchase of goods and services	5,496,954	2,440,916
Sale of goods and services	283,546	536,734
Group's contribution to provident fund trust	412,589	338,947

**42.1** Detail of compensation to key management personnel of the Holding Company comprising of chief executive officer and executives is disclosed in note 41.

**42.2** Following are the related parties with whom the Holding 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
		2022	2021	
Nishat Agriculture Farming (Private) Limited	Common directorship	No	No	None
Nishat Dairy (Private) Limited	Common directorship and shareholding	Yes	Yes	12.24
Nishat Sutas Dairy Limited	Common directorship and shareholding	Yes	Yes	47.53
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	Yes	No	None
Security General Insurance Company Limited	Common directorship and shareholding	Yes	Yes	15.02
Nishat Energy Limited	Shareholding	No	No	37.75
Pakgen Power Limited	Common directorship and shareholding	Yes	Yes	27.55
Lalpir Power Limited	Common directorship and shareholding	Yes	Yes	28.80
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	No	No	None
Nishat Real Estates Development Company (Private) Limited	Common directorship	Yes	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	Shareholding	Yes	Yes	33.12
Golf View Land (Private) Limited	Spouse of chief executive officer of the Holding Company is Director on the Board of Golf View Land (Private) Limited	No	No	None
Employees Provident Fund Trusts	Post-employment benefit plans	Yes	Yes	None

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

### 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 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 Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018 ('Regulations') formulated for this purpose.

	2022	2021
<b>44 NUMBER OF EMPLOYEES</b>		
Number of employees as on 30 June	27,760	23,907
Average number of employees during the year	26,423	22,732

		2022	2021
(Figures in thousand)			
<b>45 PLANT CAPACITY AND ACTUAL PRODUCTION</b>			
<b>a) Holding Company - Nishat Mills Limited</b>			
<b>Spinning</b>			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Kgs.)	98,973	90,821
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Kgs.)	85,580	79,689
<b>Weaving</b>			
100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Sq. Mtr)	365,620	309,458
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Sq. Mtr)	347,818	295,932
<b>Dyeing and Finishing</b>			
Production capacity for 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Mtr)	56,400	56,400
Actual production on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts)	(Mtr)	51,567	33,105
<b>Power Plant</b>			
Generation capacity	(MWH)	1,242	989
Actual generation	(MWH)	431	389
<b>Processing, Stitching, Apparel and Terry</b>			
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>b) Subsidiary Company - Nishat Power Limited</b>			
Installed capacity [Based on 8,760 hours (2021: 8,760 hours)]	(MWH)	1,711	1,711
Actual energy delivered	(MWH)	794	523
<b>c) Subsidiary Company - Nishat Hospitality (Private) Limited</b>		<b>Total rooms available</b>	
Nishat Suites		31,754	31,753
Average occupancy		81%	57%

#### 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.
- b)** Output produced by the plant of Nishat Power Limited - Subsidiary Company is dependent on the load demanded by CPPA-G and plant availability.



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

	Spinning		Weaving		Dyeing		Home Textile and Terry		Garments		Power Generation		Hotel		Elimination of inter-segment transactions		Total - Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	45,327,197	30,385,847	26,209,029	16,586,105	21,966,603	11,644,198	33,497,022	25,959,431	14,388,690	8,364,875	23,787,131	11,486,321	521,135	290,880	-	-	165,697,007	104,727,458
External Intersegment	9,244,674	12,848,059	18,857,701	11,453,525	1,725,633	743,501	291,648	297,290	683	4,156	11,379,828	6,814,965	-	765	(41,498,878)	(32,161,861)	-	-
Cost of sales	54,571,871	43,233,906	45,066,730	28,049,630	23,692,436	12,387,700	33,788,671	26,256,721	14,389,383	8,369,031	35,166,659	18,300,306	521,135	291,445	(41,498,878)	(32,161,861)	165,697,007	104,727,458
Gross profit	(45,421,801)	(38,909,870)	(38,412,907)	(25,977,186)	(21,661,673)	(11,033,997)	(29,025,628)	(20,088,433)	(12,189,388)	(7,131,640)	(31,242,238)	(14,837,120)	(365,745)	(269,787)	41,498,878	32,161,861	(136,819,482)	(86,066,252)
Distribution cost	9,150,070	4,323,936	6,653,823	2,072,444	2,030,763	1,353,703	4,763,043	6,188,288	2,200,015	1,237,391	3,924,421	3,453,786	155,300	21,658	-	-	28,877,525	18,661,206
Administrative expenses	(970,293)	(599,155)	(1,739,272)	(757,608)	(1,098,249)	(595,743)	(4,984,538)	(3,928,659)	(863,782)	(575,703)	-	(358,899)	-	(59,989)	-	-	(9,656,144)	(6,456,276)
Profit / (loss) before taxation and unallocated income and expenses	(458,731)	(891,628)	(352,662)	(278,828)	(216,261)	(171,847)	(949,250)	(773,169)	(229,017)	(148,388)	(385,718)	(358,899)	(62,804)	(59,989)	-	-	(2,664,443)	(2,182,073)
Taxation	(1,429,024)	(990,991)	(2,091,934)	(1,036,534)	(1,314,510)	(767,590)	(5,933,788)	(4,701,258)	(1,092,009)	(724,101)	(385,718)	(358,899)	(62,804)	(59,989)	-	-	(12,320,587)	(8,638,351)
Profit after taxation	7,721,046	3,332,955	4,561,889	1,035,910	716,253	586,113	(1,170,745)	1,487,030	1,107,206	513,290	3,528,703	3,104,887	92,586	(37,330)	-	-	16,556,388	10,022,855
Unallocated income and expenses:																		
Other expenses																		
Other income																		
Finance cost																		
Share of profit from associates																		
Taxation																		
Profit after taxation																		
Reconciliation of reportable segment assets and liabilities																		
Total assets for reportable segments	29,035,215	24,257,885	13,984,643	10,071,614	13,436,058	7,883,110	24,989,283	19,717,909	9,529,041	5,885,327	8,088,646	38,562,808	1,820,648	1,255,855	100,905,514	105,644,508		
Unallocated assets:																		
Long term investments																		
Short term investment																		
Other receivables																		
Cash and bank balances																		
Other corporate assets																		
Total assets as per consolidated statement of financial position																		
Total liabilities for reportable segments	3,129,939	1,500,552	1,933,567	1,243,109	1,402,605	1,067,200	4,385,108	3,325,100	1,153,996	1,115,098	1,927,982	6,353,665	703,630	58,134	14,616,837	14,662,868		
Unallocated liabilities:																		
Deferred liabilities																		
Other corporate liabilities																		
Total liabilities as per consolidated statement of financial position																		

	Spinning		Weaving		Dyeing		Home Textile and Terry		Garments		Power Generation		Hotel		Elimination of inter-segment transactions		Total - Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total assets for reportable segments	29,035,215	24,257,885	13,984,643	10,071,614	13,436,058	7,883,110	24,989,283	19,717,909	9,529,041	5,885,327	8,088,646	38,562,808	1,820,648	1,255,855	100,905,514	105,644,508		
Unallocated assets:																		
Long term investments																		
Short term investment																		
Other receivables																		
Cash and bank balances																		
Other corporate assets																		
Total assets as per consolidated statement of financial position																		
Total liabilities for reportable segments	3,129,939	1,500,552	1,933,567	1,243,109	1,402,605	1,067,200	4,385,108	3,325,100	1,153,996	1,115,098	1,927,982	6,353,665	703,630	58,134	14,616,837	14,662,868		
Unallocated liabilities:																		
Deferred liabilities																		
Other corporate liabilities																		
Total liabilities as per consolidated statement of financial position																		

46.2 Geographical information  
The Group's revenue from external customers by geographical location is detailed below:

	2022	2021
Europe	34,473,842	22,406,352
Asia, Africa and Australia	27,885,754	18,416,068
America	13,910,076	7,666,807
Pakistan	89,427,335	56,236,001
	165,697,007	104,727,458

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.

	2022	2021
	(Rupees in thousand)	
<b>Summarised statement of financial position</b>		
Current assets	24,865,351	21,958,021
Current liabilities	5,276,730	4,738,890
Net current assets	19,588,621	17,219,131
Non-current assets	8,504,939	8,828,036
Non-current liabilities	-	36,903
Net non-current assets	8,504,939	8,791,133
Net assets	28,093,560	26,010,264
Accumulated non-controlling interest	13,762,616	12,741,966
<b>Summarised statement of comprehensive income</b>		
Revenue	23,684,340	11,432,571
Profit for the year	3,322,606	2,681,134
Other comprehensive income	-	-
Total comprehensive income	3,322,606	2,681,134
Profit allocated to non-controlling interest	1,627,745	1,308,848
Dividend paid to non-controlling interest	607,095	173,456
<b>Summarised cash flows</b>		
Cash flows from operating activities	6,722,297	1,928,789
Cash used in investing activities	(6,152,924)	(105,526)
Cash used in financing activities	(1,310,851)	(316,807)
Net (decrease) / increase in cash and cash equivalents	(741,478)	1,506,456

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

### 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), Swiss Franc (CHF) and CNY. 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:

	2022	2021
Cash at banks - USD	223,603	233,515
Cash in hand and at banks - AED	17,220,564	13,867,777
Trade debts - USD	65,262,261	22,937,415
Trade debts - Euro	4,467,763	1,652,710
Trade debts - AED	10,244,433	9,642,554
Trade and other payables - USD	(2,151,639)	(2,519,879)
Trade and other payables - Euro	(735,806)	(170,203)
Trade and other payables - AED	(2,327,092)	(9,029,257)
Trade and other payables - JPY	(2,370,216)	(652,985)
Trade and other payables - CHF	(17,977)	-
Trade and other payables - CNY	(54,597)	-
Net exposure - USD	63,334,225	20,651,051
Net exposure - Euro	3,731,957	1,482,507
Net exposure - AED	25,137,905	14,481,074
Net exposure - JPY	(2,370,216)	(652,985)
Net exposure - CHF	(17,977)	-
Net exposure - CNY	(54,597)	-

	2022	2021
The following significant exchange rates were applied during the year:		
<b>Rupees per US Dollar</b>		
Average rate	179.29	159.53
Reporting date rate	202.50	157.60
<b>Rupees per Euro</b>		
Average rate	199.13	189.17
Reporting date rate	212.00	185.80
<b>Rupees per AED</b>		
Average rate	48.85	43.22
Reporting date rate	55.10	42.65
<b>Rupees per JPY</b>		
Average rate	1.51	1.49
Reporting date rate	1.49	1.42
<b>Rupees per CHF</b>		
Average rate	190.59	174.46
Reporting date rate	210.24	168.81
<b>Rupees per CNY</b>		
Average rate	28.04	-
Reporting date rate	31.50	-

#### Sensitivity Analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED, JPY, CHF and CNY with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 749.621 million (2021: Rupees 207.337 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)	
	2022	2021
	(Rupees in thousand)	
PSX (5% increase)	519,622	771,424
PSX (5% decrease)	(519,622)	(771,424)

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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

### 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, advance to associated company, 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:

	2022	2021
	(Rupees in thousand)	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Short term investment	5,733,709	-
Loans to employees	165,109	265,626
Term deposit receipts	-	5,104,500
<b>Financial liabilities</b>		
Long term financing	15,472,201	14,837,321
Short term borrowings	21,474,683	18,371,589
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	656,260	34,281
Advance to Sanifa Agri Services Limited - associated company	-	104,300
Trade debts - overdue	3,967,436	11,802,542
<b>Financial liabilities</b>		
Long term financing	1,430	110,980
Short term borrowings	10,218,311	4,013,567

### 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 55.960 million lower / higher (2021: Rupees 78.166 million higher / lower) mainly as a result of lower / higher interest expense on floating rate financial instruments. This analysis is prepared assuming the amount of financial instruments outstanding at reporting date were outstanding for the whole year.

### b) Credit risk

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

Investments	12,382,166	15,780,453
Loans and advances	1,139,316	1,168,574
Deposits	455,207	336,988
Trade debts	23,326,877	27,111,194
Other receivables	171,668	46,808
Accrued interest	4,394	13,659
Short term investments	5,733,709	-
Bank balances	1,699,140	6,348,367
	44,912,477	50,806,043

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			2022	2021
	Short term	Long term	Agency	(Rupees in thousand)	
<b>Banks</b>					
National Bank of Pakistan	A1+	AAA	PACRA	1,317	1,434
Allied Bank Limited	A1+	AAA	PACRA	64	4,549
Askari Bank Limited	A1+	AA+	PACRA	77	61
Bank Alfalah Limited	A1+	AA+	PACRA	12,849	12,087
Faysal Bank Limited	A1+	AA	PACRA	7,535	15,811
Habib Bank Limited	A-1+	AAA	VIS	18,448	19,585
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,408	23,163
JS Bank Limited	A1+	AA-	PACRA	-	24
MCB Bank Limited	A1+	AAA	PACRA	1,426,573	6,026,704
Samba Bank Limited	A1+	AAA	VIS	14	274
Silk Bank Limited	A-1	AA	VIS	68	68
Standard Chartered Bank (Pakistan) Limited	A-2	A -	PACRA	36,562	80,265
United Bank Limited	A1+	AAA	VIS	4,894	1,790
Al Baraka Bank (Pakistan) Limited	A-1+	AAA	PACRA	264	268
Citi Bank N.A.	P-1	Aa3	Moody's	288	203
Bank Islami Pakistan Limited	A1	A+	PACRA	403	191
Meezan Bank Limited	A-1+	AAA	VIS	21,852	36,573
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	596	352
The Bank of Punjab	A1+	AA+	PACRA	701	297
Soneri Bank Limited	A1+	AA-	PACRA	169	2,470
Summit Bank Limited	A-3	BBB-	VIS	2	257
Industrial and Commercial Bank of China	P-1	A1	Moody's	6	114
MCB Islamic Bank Limited	A1	A	PACRA	245	705
HAB Bank		Unknown	-	4,496	5,961
Bank of China	P-1	A1	Moody's	23,864	4,913
Habib Bank AG Zurich, UAE		Unknown	-	55,912	53,957
ICBC Standard Bank	P-2	A3	Moody's	78,395	42,788
Bank Al-Habib Limited	A1+	AAA	PACRA	2,133	13,496
Burj Bank Limited		Unknown	-	-	1
The Bank of Khyber	A1	A	PACRA	5	6
				1,699,140	6,348,367
<b>Investments</b>					
Adamjee Insurance Company Limited		AA+	PACRA	3,245	4,263
Alhamra Islamic Stock Fund		AA-	PACRA	10,205	12,661
Nishat (Chunian) Limited	A	A-2	VIS	1,464,156	1,643,947
United Bank Limited	A-1+	AAA	VIS	39,934	-
MCB Bank Limited	A1+	AAA	PACRA	10,824,120	14,067,484
Pakistan Petroleum Limited		Unknown	-	40,506	52,098
Riba Free Certificate	A-1+	AA+	PACRA	1,600	-
Term deposit receipts	A-1+	AA-	PACRA	31,010	-
Pakistan Investment Bonds		Not available		2,850,550	-
Government Ijara Sukuk		Not available		2,850,549	-
				18,115,875	15,780,453
				19,815,015	22,128,820

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 22.

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 2022 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 2022, the Group had Rupees 54,727.266 million (2021: Rupees 58,213.768 million) available borrowing / financing limits from financial institutions and Rupees 1,758.816 million (2021: Rupees 6,397.998 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 2022:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
----- (Rupees in thousand) -----						
<b>Non-derivative financial liabilities</b>						
Long term financing	15,473,631	16,819,545	2,062,943	1,427,909	3,137,008	10,191,685
Long term security deposits	258,410	258,410	-	-	-	258,410
Trade and other payables	11,650,553	11,650,553	11,650,553	-	-	-
Unclaimed dividend	122,072	122,072	122,072	-	-	-
Short term borrowings	31,692,994	33,132,944	32,747,572	385,372	-	-
Accrued mark-up	460,206	460,207	460,207	-	-	-
<b>Derivative financial liabilities</b>						
	9,595	9,595	9,595	-	-	-
	59,667,461	62,453,326	47,052,942	1,813,281	3,137,008	10,450,095

**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) -----						
<b>Non-derivative financial liabilities:</b>						
Long term financing	14,948,301	16,198,322	1,767,748	1,829,938	3,379,591	9,221,045
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	-	-	-
<b>Derivative financial liabilities</b>	57,429	57,429	57,429	-	-	-
	46,295,060	47,902,754	33,153,214	1,879,826	3,379,591	9,490,123

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) -----				
<b>As at 30 June 2022</b>				
<b>Assets as per consolidated statement of financial position</b>				
Investments	-	-	12,382,166	12,382,166
Loans and advances	-	1,139,316	-	1,139,316
Deposits	-	455,207	-	455,207
Trade debts	-	23,326,877	-	23,326,877
Other receivables	57,518	114,150	-	171,668
Accrued interest	-	4,394	-	4,394
Short term investments	5,701,099	32,610	-	5,733,709
Cash and bank balances	-	1,758,816	-	1,758,816
	5,758,617	26,831,370	12,382,166	44,972,153

	FVTPL	Amortized cost	Total
----- (Rupees in thousand) -----			
<b>Liabilities as per consolidated statement of financial position</b>			
Long term financing	-	15,473,631	15,473,631
Long term security deposits	-	258,410	258,410
Trade and other payables	9,595	11,650,553	11,660,148
Short term borrowings	-	31,692,994	31,692,994
Unclaimed dividend	-	122,072	122,072
Accrued mark-up	-	460,206	460,206
	9,595	59,657,866	59,667,461



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

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

#### Liabilities as per consolidated statement of financial position

Long term financing	-	14,948,301	14,948,301
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	46,237,631	46,295,060

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

2022		
Financial assets	Non-financial assets	Assets as per consolidated statement of financial position

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

<b>Assets</b>			
Investments	12,382,166	40,000,333	52,382,499
Loans and advances	1,139,316	651,066	1,790,382
Deposits and prepayments	455,207	207,419	662,626
Trade debts	23,326,877	-	23,326,877
Other receivables	171,668	10,643,725	10,815,393
Accrued interest	4,394	-	4,394
Cash and bank balances	1,758,816	-	1,758,816
	39,238,444	51,502,543	90,740,987

2022		
Financial liabilities	Non-financial liabilities	Liabilities as per consolidated statement of financial position

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

<b>Liabilities</b>			
Long term financing	15,473,631	-	15,473,631
Long term security deposits	258,410	-	258,410
Trade and other payables	11,660,148	3,160,496	14,820,644
Short term borrowings	31,692,994	-	31,692,994
Unclaimed dividend	122,072	-	122,072
Accrued mark-up	460,206	-	460,206
	59,667,461	3,160,496	62,827,957

2021		
Financial assets	Non-financial assets	Assets as per consolidated statement of financial position

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

<b>Assets</b>			
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) -----

<b>Liabilities</b>			
Long term financing	14,948,301	-	14,948,301
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
	46,295,060	3,082,599	49,377,659

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

### 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'.

		2022	2021
Borrowings	Rupees in thousand	47,166,625	37,333,457
Total equity	Rupees in thousand	126,957,401	120,672,696
Total capital employed	Rupees in thousand	174,124,026	158,006,153
Gearing ratio	Percentage	27.09	23.63

### 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 2022	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
<b>Financial assets</b>				
Fair value through other comprehensive income	12,382,166	-	-	12,382,166
Derivative financial assets	-	57,518	-	57,518
<b>Total financial assets</b>	12,382,166	57,518	-	12,439,684
<b>Financial liabilities</b>				
Derivative financial liabilities	-	9,595	-	9,595
<b>Total financial liabilities</b>	-	9,595	-	9,595

Recurring fair value measurements At 30 June 2021	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
<b>Financial assets</b>				
Fair value through other comprehensive income	15,780,453	-	-	15,780,453
Derivative financial assets	-	8,672	-	8,672
<b>Total financial assets</b>	15,780,453	8,672	-	15,789,125
<b>Financial liabilities</b>				
Derivative financial liabilities	-	57,429	-	57,429
<b>Total financial liabilities</b>	-	57,429	-	57,429

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

For the year ended June 30, 2022

### 51 UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2022	2021	2022	2021
	----- (Rupees in thousand) -----			
Total facilities	15,750,000	15,832,350	112,846,940	83,747,869
Utilized at the end of the year	9,985,135	8,766,417	58,119,674	25,534,101
Unutilized at the end of the year	5,764,865	7,065,933	54,727,266	58,213,768

### 52 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 20 September 2022 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, 2022

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
4,607	1	100	169,660	0.05
4,253	101	500	1,142,716	0.33
1,455	501	1,000	1,176,737	0.33
1,820	1,001	5,000	4,603,258	1.31
417	5,001	10,000	3,168,658	0.90
177	10,001	15,000	2,275,792	0.65
111	15,001	20,000	1,996,917	0.57
71	20,001	25,000	1,676,241	0.48
42	25,001	30,000	1,182,130	0.34
34	30,001	35,000	1,113,174	0.32
21	35,001	40,000	810,653	0.23
15	40,001	45,000	641,909	0.18
32	45,001	50,000	1,576,442	0.45
19	50,001	55,000	1,005,929	0.29
13	55,001	60,000	751,431	0.21
7	60,001	65,000	444,998	0.13
7	65,001	70,000	486,400	0.14
14	70,001	75,000	1,021,290	0.29
5	75,001	80,000	394,201	0.11
7	80,001	85,000	581,598	0.17
4	85,001	90,000	351,608	0.10
5	90,001	95,000	463,877	0.13
19	95,001	100,000	1,878,699	0.53
3	100,001	105,000	309,100	0.09
6	105,001	110,000	649,825	0.18
5	110,001	115,000	565,797	0.16
5	115,001	120,000	585,342	0.17
5	120,001	125,000	606,856	0.17
5	125,001	130,000	640,600	0.18
4	130,001	135,000	532,722	0.15
4	135,001	140,000	549,381	0.16
2	140,001	145,000	285,942	0.08
9	145,001	150,000	1,335,012	0.38
3	150,001	155,000	460,000	0.13
6	155,001	160,000	952,858	0.27
2	160,001	165,000	324,160	0.09
2	165,001	170,000	334,100	0.10
1	170,001	175,000	174,700	0.05
3	175,001	180,000	531,115	0.15
1	190,001	195,000	195,000	0.06
6	195,001	200,000	1,197,100	0.34
1	200,001	205,000	201,062	0.06
1	215,001	220,000	218,575	0.06
1	220,001	225,000	225,000	0.06
1	230,001	235,000	231,815	0.07
2	235,001	240,000	475,000	0.14
2	240,001	245,000	486,000	0.14
3	245,001	250,000	750,000	0.21
1	255,001	260,000	259,000	0.07
1	265,001	270,000	268,000	0.08

## Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2022

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
2	270,001	275,000	546,400	0.16
3	275,001	280,000	836,879	0.24
1	285,001	290,000	290,000	0.08
1	290,001	295,000	294,394	0.08
1	295,001	300,000	300,000	0.09
1	300,001	305,000	302,500	0.09
2	305,001	310,000	612,592	0.17
1	310,001	315,000	313,170	0.09
1	325,001	330,000	326,842	0.09
1	330,001	335,000	333,000	0.09
1	340,001	345,000	342,500	0.10
3	345,001	350,000	1,047,174	0.30
3	355,001	360,000	1,070,800	0.30
5	365,001	370,000	1,832,251	0.52
1	370,001	375,000	373,285	0.11
1	385,001	390,000	388,800	0.11
1	395,001	400,000	400,000	0.11
1	435,001	440,000	440,000	0.13
1	455,001	460,000	455,800	0.13
1	460,001	465,000	462,992	0.13
2	495,001	500,000	1,000,000	0.28
2	510,001	515,000	1,027,471	0.29
1	545,001	550,000	548,443	0.16
1	555,001	560,000	556,805	0.16
1	570,001	575,000	572,815	0.16
1	590,001	595,000	593,280	0.17
1	595,001	600,000	600,000	0.17
1	600,001	605,000	601,700	0.17
1	610,001	615,000	612,427	0.17
1	620,001	625,000	624,500	0.18
1	660,001	665,000	664,500	0.19
1	665,001	670,000	668,500	0.19
1	670,001	675,000	675,000	0.19
1	680,001	685,000	684,595	0.19
1	690,001	695,000	693,022	0.20
1	695,001	700,000	700,000	0.20
1	800,001	805,000	804,520	0.23
2	830,001	835,000	1,669,400	0.47
1	840,001	845,000	840,427	0.24
1	845,001	850,000	850,000	0.24
1	855,001	860,000	860,000	0.24
1	925,001	930,000	930,000	0.26
1	980,001	985,000	982,356	0.28
1	995,001	1,000,000	1,000,000	0.28
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	1,095,001	1,100,000	1,100,000	0.31
1	1,105,001	1,110,000	1,105,944	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

## Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2022

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
1	1,190,001	1,195,000	1,190,828	0.34
1	1,295,001	1,300,000	1,300,000	0.37
2	1,310,001	1,315,000	2,624,000	0.75
1	1,345,001	1,350,000	1,346,900	0.38
1	1,375,001	1,380,000	1,380,000	0.39
1	1,385,001	1,390,000	1,386,531	0.39
1	1,450,001	1,455,000	1,451,500	0.41
1	1,475,001	1,480,000	1,477,074	0.42
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	1,690,001	1,695,000	1,692,780	0.48
1	1,945,001	1,950,000	1,946,841	0.55
1	2,175,001	2,180,000	2,176,118	0.62
1	2,410,001	2,415,000	2,415,000	0.69
1	2,475,001	2,480,000	2,477,545	0.70
1	2,485,001	2,490,000	2,488,299	0.71
1	2,655,001	2,660,000	2,656,000	0.76
1	2,810,001	2,815,000	2,814,900	0.80
1	2,935,001	2,940,000	2,939,871	0.84
1	2,995,001	3,000,000	3,000,000	0.85
1	3,245,001	3,250,000	3,250,000	0.92
1	3,335,001	3,340,000	3,338,999	0.95
1	3,485,001	3,490,000	3,488,454	0.99
1	3,500,001	3,505,000	3,504,707	1.00
1	3,995,001	4,000,000	4,000,000	1.14
1	4,370,001	4,375,000	4,372,707	1.24
1	4,880,001	4,885,000	4,885,000	1.39
1	5,255,001	5,260,000	5,256,831	1.50
1	6,450,001	6,455,000	6,450,913	1.83
1	9,865,001	9,870,000	9,869,800	2.81
1	10,885,001	10,890,000	10,886,947	3.10
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
<b>13,345</b>			<b>351,599,848</b>	<b>100.00</b>



## Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2022

Sr. No.	Categories of Shareholders	Shares Held	Percentage
1	<b>DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN</b>	88,667,588	25.22
2	<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>	30,993,093	8.82
3	<b>NIT AND ICP</b>	85,203	0.02
4	<b>Banks Development Financial Institutions, Non banking Financial Institutions</b>	29,023,741	8.25
5	<b>Insurance Companies</b>	13,421,170	3.82
6	<b>Modarabas And Mutual Funds</b>	28,206,486	8.02
7	<b>Shareholders Holding 5% or above</b>	177,714,710	50.54
8	<b>General Public</b>		
	Local	100,141,290	28.48
	Foreign	4,465,036	1.27
9	<b>Others</b>		
	Foreign Companies	21,420,000	6.09
	Investment Companies	835,886	0.24
	Joint Stock Companies	19,858,945	5.65
	Provident / Pension Funds And Miscellaneous	14,481,410	4.12

## Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2022

Sr. Categories of Shareholders No.	Shares Held	Percentage
<b>I) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>		
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	231,815	0.07
NISHAT (AZIZ AVENUE) HOTELS AND PROPERTIES LIMITED	342,500	0.10
NISHAT REAL ESTATES DEVELOPMENT COMPANY (PRIVATE) LIMITED	127,000	0.04
<b>II) MUTUAL FUNDS:</b>		
PRUDENTIAL STOCKS FUND LTD (03360)	23,500	0.01
PRUDENTIAL STOCKS FUND LIMITED	110	0.00
SAFEWAY MUTUAL FUND LIMITED	13	0.00
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	2,477,545	0.70
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	55,000	0.02
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	835,000	0.24
CDC - TRUSTEE ATLAS STOCK MARKET FUND	2,656,000	0.76
CDC - TRUSTEE MEEZAN BALANCED FUND	86,427	0.02
CDC - TRUSTEE ALFALAH GHP VALUE FUND	104,000	0.03
CDC - TRUSTEE AKD INDEX TRACKER FUND	41,047	0.01
CDC - TRUSTEE AKD OPPORTUNITY FUND	50,000	0.01
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	400,000	0.11
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	355,300	0.10
CDC - TRUSTEE MEEZAN ISLAMIC FUND	2,488,299	0.71
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	371	0.00
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1,692,780	0.48
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1,477,074	0.42
CDC - TRUSTEE NBP STOCK FUND	2,176,118	0.62
CDC - TRUSTEE NBP BALANCED FUND	137,300	0.04
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	455,800	0.13
CDC - TRUSTEE APF-EQUITY SUB FUND	160,000	0.05
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	347,174	0.10
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFI FUND	601,700	0.17
CDC - TRUSTEE APIF - EQUITY SUB FUND	237,500	0.07
CDC - TRUSTEE HBL MULTI - ASSET FUND	8,000	0.00
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	30,000	0.01
CDC - TRUSTEE ALFALAH GHP STOCK FUND	366,535	0.10
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	154,900	0.04
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,946,841	0.55
CDC - TRUSTEE ABL STOCK FUND	693,022	0.20
CDC - TRUSTEE LAKSON EQUITY FUND	294,394	0.08
CDC - TRUSTEE NBP SARMAYA IZAFI FUND	115,900	0.03
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	54,048	0.02

## Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2022

Sr. Categories of Shareholders No.	Shares Held	Percentage
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	41,400	0.01
CDC - TRUSTEE HBL PF EQUITY SUB FUND	18,500	0.01
CDC - TRUSTEE KSE MEEZAN INDEX FUND	512,471	0.15
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	5,000	0.00
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	612,427	0.17
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	6,400	0.00
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	30,000	0.01
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	59,900	0.02
CDC - TRUSTEE AWT ISLAMIC STOCK FUND	43,000	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	3,338,999	0.95
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	14,551	0.00
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	500	0.00
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	18,000	0.01
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	804,520	0.23
CDC - TRUSTEE AWT STOCK FUND	18,153	0.01
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	365,100	0.10
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	20,000	0.01
CDC-TRUSTEE NITPF EQUITY SUB-FUND	14,500	0.00
CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	85,281	0.02
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	26,700	0.01
CDC - TRUSTEE FAYSAL MTS FUND - MT	159,858	0.05
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	75,700	0.02
CDC - TRUSTEE LAKSON TACTICAL FUND	36,581	0.01
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	10,099	0.00
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	95,400	0.03
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	46,626	0.01
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	116,200	0.03
DCCL - TRUSTEE AKD ISLAMIC STOCK FUND	75,000	0.02
CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	27,500	0.01
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	198,600	0.06
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	275,000	0.08
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	25,000	0.01
CDC - TRUSTEE ALFALAH CONSUMER INDEX EXCHANGE TRADED FUND	45,305	0.01
CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	200,000	0.06
CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	99,259	0.03
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	18,600	0.01
CDC - TRUSTEE AGPF EQUITY SUB-FUND	12,800	0.00

## Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2022

Sr. Categories of Shareholders No.		Shares Held	Percentage
<b>III) DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN</b>			
1.	MIAN UMER MANSHA	DIRECTOR / CHIEF EXECUTIVE OFFICER	44,292,572 12.60
2.	MIAN HASSAN MANSHA	DIRECTOR / CHAIRMAN	44,372,016 12.62
3.	MR. MAHMOOD AKHTAR	DIRECTOR	500 0.00
4.	MR. FARID NOOR ALI FAZAL	DIRECTOR	500 0.00
5.	MRS. SARA AQEEL	DIRECTOR	1,500 0.00
6.	MRS. MEHAK ADIL	DIRECTOR	500 0.00
<b>IV) EXECUTIVES</b>			
	MR. MAQSOOD AHMAD		500 0.00
<b>V) PUBLIC SECTOR, COMPANIES AND CORPORATIONS</b>			
	JOINT STOCK COMPANIES		19,858,945 5.65
<b>VI) SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY</b>			
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
<b>VII) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS</b>			
1.	INVESTMENT COMPANIES		835,886 0.24
2.	INSURANCE COMPANIES		13,421,170 3.82
3.	FINANCIAL INSTITUTIONS		29,023,741 8.25
4.	MODARABAS COMPANIES		131,858 0.04
5.	PENSION / PROVIDENT FUNDS		14,481,410 4.12

### INFORMATION UNDER LISTING REGULATION NO. 5.19.11 (XII) OF PAKISTAN STOCK EXCHANGE LIMITED RULE BOOK AS ON JUNE 30, 2022

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 2022 کو اختتام شدہ سال کے لئے کیلئے نشاط ملز لمیٹڈ ("ہولڈنگ کمپنی") اور اس کی ماتحت کمپنیوں (مجموعی گروپ کے طور پر) کے مجموعی مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے پر خوش ہیں۔ مجموعی مالیاتی گوشوارے نشاط ملز لمیٹڈ، نشاط پاور لمیٹڈ، نشاط لینن (پرائیویٹ) لمیٹڈ، نشاط ہاسٹلٹی (پرائیویٹ) لمیٹڈ، نشاط یو ایس اے انکارپوریٹڈ، نشاط لینن ٹریڈنگ ایل ایل سی، نشاط انٹرنیشنل ایف زیڈ ای، چائنا گوانگ ڈونشا گلوبل کمپنی لمیٹڈ اور نشاط کموڈٹیز (پرائیویٹ) لمیٹڈ کے مالی گوشواروں پر مشتمل ہیں۔

ہولڈنگ کمپنی نے بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز اینڈ پریکٹس ایکٹ 2017 کے تقاضوں کے مطابق اپنے الگ مالی گوشواروں کے ساتھ ساتھ مجموعی مالی گوشواروں کو بھی منسلک کیا ہے۔ ڈائریکٹرز رپورٹ میں نشاط ملز لمیٹڈ کی کارکردگی پر 30 جون 2022 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 مجموعی 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 مجموعی مالی حسابات تیار کرنے کے لیے سبسڈیری کمپنی کے غیر آڈٹ شدہ مالی گوشواروں کا استعمال کیا ہے۔

منجانب بورڈ آف ڈائریکٹرز

David Jozal

فرید نور علی فضل  
ڈائریکٹر

Umar Manshar

میاں عمر منشا  
چیف ایگزیکٹو آفیسر

لاہور

20 ستمبر 2022

## ڈائریکٹرز کی رپورٹ

تنوع ہماری سرمایہ کاری کی پالیسی کے کلیدی عناصر میں سے ایک ہے۔ کمپنی ڈیٹنم فیہرک کا ایک نیا یونٹ لگا کر اپنی مصنوعات کے مرکب کو مزید متنوع بنانے کا ارادہ رکھتی ہے۔ یہ گارنٹنس ڈویژن کو خام مال فراہم کرنے کے ساتھ ساتھ برآمدی منڈی میں فروخت میں اضافہ کرے گا۔

### 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 کمپنی اپنے Terms of reference کے مطابق سرمایہ کے حساب سے اندرونی کنٹرول سسٹم کا جائزہ لیتی ہے۔

### ڈائریکٹرز کا مشاہرہ

یورڈ 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۔

کمپنی کے چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کے معاوضے کے لیے کمپنی کے مالیاتی بیانات کو نوٹ 38 ملاحظہ کریں۔

### شیر ہولڈنگ کا مراسلہ

30 جون 2022 تک شیر 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

David Jozal

فرید نور علی فضل  
ڈائریکٹر

Umm maisha

میاں عمر شفا  
چیف ایگزیکٹو آفیسر

لاہور

20 ستمبر 2022

- 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۔
- 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 اور اگر کوئی فرق ہے تو اس کے متعلق مناسب طور پر مطلع کیا گیا ہے۔
- 5- اندرونی کنٹرول کا نظام مستحکم ہے اور اس کے موثر انداز میں نفاذ اور نگرانی کی جارہی ہے۔
- 6- کمپنی کے کام جاری رکھنے کی اہلیت پر کوئی شبہات نہیں ہیں۔
- 7- کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کا مینڈیل ڈیپاچر نہیں ہوا، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے درج ہے۔
- 8- ریٹائرمنٹ بینیفٹ فنڈ کے سلسلے میں سرمایہ کاری کی قیمت: پروویڈنٹ فنڈ: 30 جون، 2022 کو ان آڈٹ شدہ 4,572.669 ملین روپے، (2021 میں 4,407.174 ملین روپے آڈٹ شدہ)

### متعلقہ فریقوں کے ساتھ لین دین

کمپنی نے لسٹنگ ریگولیشن آف پاکستان سٹاک ایکسچینج اور 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:

کمند ڈیویڈنڈ اور سرمایہ حاصل کرنے کے لیے نشاٹ سوتاس ڈیری لمیٹڈ (ایک منسلک کمپنی) میں مزید 1,000 ملین روپے تک کی ایکویٹی سرمایہ کاری کی جائے گی۔

### 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 2023 کو ختم ہونے والے سال کے لیے خود کو دوبارہ ترقی 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 ترقی کی منظوری لیں۔

### ضمنی واقعات

20 ستمبر 2022 کو ہونے والی میٹنگ میں کمپنی کے بورڈ آف ڈائریکٹرز نے 41 روپے فی شیئر نقد ڈیویڈنڈ دینے کی سفارش کی ہے۔ اس کے علاوہ 30 جون 2022 اور 20 ستمبر 2022 کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی مادی تبدیلیاں اور وعدے نہیں ہوئے۔

### مستقبل کے امکانات

اس وقت ملک کو تباہ کن سیلابوں کا سامنا ہے جس نے کپاس کی زیادہ تر فصل کو تباہ کر دیا ہے۔ لہذا، مالی سال 2022-23 کے دوران خام مال کی دستیابی تشویش کی ایک بڑی وجہ ہوگی۔ اس طرح کی صورتحال سے ہماری پیداوار میں خلل پڑنے کی توقع ہے۔ اس سے ہمارے منافع پر منفی اثر پڑے گا۔

ہم توقع کرتے ہیں کہ توانائی کی زیادہ قیمت بھی اگلے مالی سال کے دوران ایک بڑا مسئلہ ہوگا۔ یہ برآمدی منڈی میں مقابلہ کرنے کی ہماری صلاحیت کو منفی طور پر متاثر کر سکتا ہے۔

## ڈائریکٹرز کی رپورٹ (جاری ہے)

### بورڈ کمپٹیاں

#### آڈٹ کمیٹی

آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کی طے کردہ شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے۔ زیر غور 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 / چیئر پرسن)	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۔ زیر غور سال کے دوران، انسانی وسائل و مشاہرہ کمیٹی کا ایک اجلاس ہوا، حاضری کی پوزیشن اس طرح تھی:

نمبر شمار	ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
1	میاں عمر نشا (رکن)	1
2	مسز سارہ عتیق (رکن / چیئر پرسن)	1
3	جناب محمود اختر (رکن)	1

#### بورڈ آف ڈائریکٹرز کے اجلاس

زیر جائزہ سال کے دوران، کمیٹی 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 نشا (چیف ایگزیکٹو آفیسر)	5
2	میاں حسن نشا (چیئر مین)	5
3	سید زاہد حسین	5
4	جناب محمود اختر	5
5	جناب فرید نور علی فضل	5
6	مسز سارہ عتیق	5
7	مسز مہک عادل	4

#### ڈائریکٹرز کا بیان

کارپوریٹ اور مالی رپورٹنگ کے فریم ورک سے متعلق ڈائریکٹرز کا بیان مندرجہ ذیل ہے:



### کیونٹی ویلفیئر اسکیمیں

کیونٹی کے ساتھ مشغولیت CSR سرگرمیوں کے اہم عناصر میں سے ایک ہے۔ ماحولیات کے عالمی دن کے موقع پر صفائی کی ایک سرگرمی کا انعقاد کیا گیا تاکہ ہمارے ملازمین اور مقامی کمیونٹی کو اپنے ارد گرد کو صاف رکھنے کی اہمیت کے بارے میں آگاہ کیا جاسکے۔ نیز، ہم نے اپنے انتظامی اور پیداواری ملازمین کے لیے اقوام متحدہ کی خواتین کے تعاون سے صفائی بنیاد پر تشدد کے اوپر ایک ہفتہ طویل ترقی سیشن منعقد کیا گیا۔

کمپنی نے مینوفیکچرنگ سہولیات کے قریب رہنے والے کارکنوں، ان کے خاندانوں اور عام لوگوں کے لیے ملیریا، ٹائیٹنڈ، ڈیٹنگی، آنکھوں کی بینائی اور پولیو کے قطرے پلانے کے لیے میڈیکل کمپ کا اہتمام کیا۔ کمپنی نے اپنی ملوں میں مستند ڈاکٹروں کی نگرانی میں ڈیپنریاں بھی قائم کی ہیں جو ایمبولینسز سے لیس ہیں۔

### مساوی مواقع فراہم کرنے والا آجر

کمپنی نے حال ہی میں صفائی مساوات کو فروغ دینے اور کام کی جگہ پر خواتین کو بااختیار بنانے کے لیے اقوام متحدہ (UN) خواتین کے ساتھ ایک MOU پر دستخط کیے ہیں۔ ہم نے کام کرنے والی ماؤں کو ریلیف فراہم کرنے کے لیے اپنے دفاتر اور ملوں میں اپنی ڈے کیئر سہولیات کو بڑھایا اور اپ گریڈ کیا ہے۔ ہم معذوروں اور اقلیتوں کو روزگار اور کیریئر میں ترقی کے یکساں مواقع بھی فراہم کرتے ہیں۔

### پیشہ ورانہ حفاظت اور صحت

کمپنی عالمی معیار کے پیشہ ورانہ صحت اور حفاظت کے معیارات کو برقرار رکھتی ہے کیونکہ ہم اپنے ملازمین کی فلاح و بہبود کو اولین ذمہ داری سمجھتے ہیں۔ ہم اپنی تمام پیداواری سہولیات پر ایبل ڈاکٹروں کی زیر نگرانی اندرون خانہ ڈیپنریوں کی سہولت فراہم کرتے ہیں۔ کمپنی ایمبولینسز اور فائر فائٹنگ آلات کی بھی مالک ہے اور اسے چلاتی ہے۔ کمپنی کی زیادہ تر پیداواری سہولیات ISO - 9001 اور SA-8000 تصدیق شدہ ہیں جو ملازمین کے لیے بہترین کام کے حالات کو یقینی بناتی ہیں۔

### فضلی کی سائیکلنگ

ہم سمجھتے ہیں کہ فضلی کی سائیکلنگ ماحول کے تحفظ کے لیے ایک اہم سرگرمی ہے۔ وائٹ ٹریڈ پائٹس، کاشن ری سائیکلنگ پائٹس، آئل ری سائیکلنگ مشینوں اور کاسٹک ری کوریو پائٹس کے علاوہ، کمپنی نے حال ہی میں اوپن اینڈ یارن کی پیداواری سہولیات میں سرمایہ کاری کی ہے جو دو سالہ بنانے کے لیے اسپانگ ویٹ کا استعمال کرتی ہے۔

### صارفین کے تحفظ کے اقدامات

کمپنی خام مال کی خریداری سے لے کر پیداواری عمل اور سپلائی چین کے صارفین کے تحفظ کی ذمہ داری لیتی ہے جب تک ہمارا سامان صارفین تک پہنچ نہیں جاتا۔ ہم نے اس بات کو یقینی بنانے کے لیے اپنے صارفین کے تحفظ کے بین الاقوامی معیار کے مطابق مختلف سرٹیفیکیشنز بھی حاصل کی ہیں۔ اس طرح کے سرٹیفیکیشنز میں، C-TPAT، SEDEX اور Oeko Tex Standards 100، SA-8000، WRAP سرٹیفیکیشن شامل ہیں۔

### کارپوریٹ گورننس

#### بہترین کارپوریٹ گورننس

ڈائریکٹرز اچھی کارپوریٹ گورننس کے پابند ہیں اور سڈیکمینیٹر (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)

### 5- نشاط لینن ٹریڈنگ ایل ایل سی

نشاط لینن ٹریڈنگ ایل ایل سی دہنی 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 ریشیل آؤٹ لٹس اور گوداموں کے ذریعہ تجارت میں مصروف ہے۔ ذیلی ادارہ نے اپنی تجارتی کارروائی مئی 2011 میں شروع کی تھی اور اس وقت متحدہ عرب امارات میں 14 ریشیل دکانیں چل رہی ہیں۔

### 6- نشاط انٹرنیشنل ایف زیڈ ای

یہ نشاط ملز لمیٹڈ کا مکمل ملکیتی ماتحت ادارہ ہے۔ متحدہ عرب امارات کے قوانین کے مطابق جبیل علی فری زون، دہنی 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۔ سہ ماہی 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۔

### 7- چائے گوانگ ڈونشا گلوبل کمپنی لمیٹڈ

چائے گوانگ ڈونشا گلوبل کمپنی لمیٹڈ جمہوریہ چین کی غیر ملکی سرمایہ دارانہ کاروباری اداروں کے متعلقہ قوانین و ضوابط کے مطابق غیر ملکی سرمایہ کاری کمرشل انٹر پرائزز "FICE" کے نام سے چین کے گوانگ ڈونشا یو سیسو میں انکارپوریٹڈ ہے۔ چائے گوانگ ڈونشا 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 کارروائی جنوری 2014 میں شروع کی تھی۔

### 8- نشاط یو ایس اے انکارپوریٹڈ

ماتحت ادارہ ایک کارپوریشن سروس کمپنی ہے جو ریاست نیویارک میں ہے۔ یہ کمپنی کا مکمل ملکیتی ذیلی ادارہ ہے اور اسے 10 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۔

### 9- لال بیروسولر پاور (پرائیویٹ) لمیٹڈ

لال بیروسولر پاور (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ کمپنی تھی جو 09 نومبر 2015 کو پاکستان میں انکارپوریٹ کی گئی تھی۔ یہ نشاط پاور لمیٹڈ کا مکمل ملکیتی ذیلی ادارہ تھی جو نشاط ملز لمیٹڈ کا ماتحت ادارہ تھی۔ ذیلی کمپنی، سینٹرل پاور پراجیکٹ 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 کو رضا کارانہ طور پر ختم کر دیا گیا ہے۔

### کارپوریٹ سماجی ذمہ داری

کمپنی کی طرف سے کارپوریٹ سماجی ذمہ داری کے اقدام کا مختصر خلاصہ درج ذیل ہے:

### ماحولیاتی حفاظت

کمپنی کاربن کے اخراج کو کم کرنے، حیاتیاتی تنوع کو برقرار رکھنے اور موسمیاتی تبدیلیوں کا مقابلہ کرنے کی کوشش میں باقاعدگی سے درخت لگاتی ہے۔ حال ہی میں، کمپنی نے WWF کے ساتھ 2,000 مزید درخت لگانے کے لیے تعاون کیا۔ کمپنی روایتی سے قابل تجدید توانائی کے ذرائع کی طرف منتقل ہونے کے عمل میں ہے۔ اس وقت سولر پاور پلانٹس سے 4.34 میگا واٹ بجلی پیدا کی جا رہی ہے اور 9.86 میگا واٹ کے منصوبے حصول اور تنصیب کے مراحل میں ہیں۔ کمپنی ماحولیاتی استحکام اور سستی توانائی کو یقینی بنانے کے لیے مزید شش توانائی کے پلانٹ حاصل کرنے کے لیے پرعزم ہے۔ کمپنی نے صاف پانی کے ذرائع کو محفوظ رکھنے کے لیے فصلے کے پانی کو خارج ہونے سے لے کر ٹریٹ کرنے کے لیے ایفیلوٹنٹ وائرٹریٹمنٹ پلانٹ بھی قائم کیے ہیں۔

رہیں۔ اس عرصے کے دوران کپاس کے علاوہ رنگوں اور کیمیکلز، پالٹیسٹر، اسپنڈیکس اور دیگر درآمدی رییشوں کی قیمتوں میں بھی کافی اضافہ ہوا۔

ایک اور چیلنج جس کا خاص طور پر ویلیو ایڈڈ طبقہ کو سامنا کرنا پڑا، وہ انتہائی پریشان کن جہازوں کا شیڈول تھا، جس نے مالی سال 2022 کے دوران درآمد اور برآمد کی ترسیل کے اوقات میں غیر معمولی اضافہ کیا۔ اس مسئلہ نے نہ صرف عالمی سپلائی چین کو متاثر کیا بلکہ شیٹنگ لاگت میں بھی نمایاں اضافہ کیا۔

مالی سال 2022 میں امریکی ڈالر کے مقابلے پاکستانی روپے کی ریکارڈ 28.49 فیصد کمی نے نیکسائل کے برآمد کنندگان کو عارضی ریلیف دیا، کیونکہ انہیں شیمٹس پر روپے کی قدر میں کمی کا فائدہ ملا جن کے لیے خام مال پہلے ہی حاصل کر لیا گیا تھا۔ تاہم، بعد کے آرڈرز کے لیے اگلی لاگت بھی بڑھ گئی۔

یوکرین میں روسی جنگ، جو مالی سال 2022 کی تیسری سہ ماہی میں شروع ہوئی تھی، نے مارکیٹوں میں اتار چڑھاؤ لایا ہے۔ تیل، گیس اور ایشیائے خورد و نوش کی قیمتوں میں خطرناک حد تک اضافہ ہوا ہے۔

### سہڈیری کمپنیاں

کمپنی نے بین الاقوامی مالیاتی رپورٹنگ معیارات اوکیئیز ایکٹ 2017 کے تقاضوں کے مطابق علیحدہ اور مستحکم مالی گوشوارے بھی منسلک کر دیئے ہیں۔ نشاط ملز لمیٹڈ کی تمام ذیلی کمپنیوں کی ایک مختصر وضاحت ذیل میں ہے۔

### 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 خمیر کلاں، تحصیل پٹوکی، ضلع قصور، پنجاب، پاکستان میں ایندھن سے چلنے والے 200 میگا واٹ پاور سٹیشن کی تعمیر کرے، اس کو استعمال میں لائے اور اس کی دیکھ بھال ہے۔ ماتحت ادارہ نے اپنی 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 نیکسائل اور دیگر مصنوعات کی فروخت کے لئے ریٹیل دکانوں کو چلانے اور نیکسائل کی مینوفیکچرنگ سہولیات میں نیکسائل کی اشیاء تیار کر کے فروخت کرنا ہیں۔ ذیلی ادارہ نے اپنی کارروائی جولائی 2011 میں شروع کی تھی اور اس وقت پاکستان میں ای اسٹورز سمیت 106 ریٹیل شاپس کام کر رہی ہیں۔

### 3- نشاط ہاسٹیلٹی (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 کارروائیاں 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، کونکے، بلڈنگ میٹریل سمیت اجناس کی تجارت کا کاروبار جاری رکھے۔ ماتحت ادارہ نے مارچ 2016 میں اپنی کارروائیاں شروع کیں۔

## ڈائریکٹرز کی رپورٹ (جاری ہے)

### 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 جاسکتا ہے کہ ہمارے بیشتر صارفین کی مالی حیثیت مضبوط ہے اور ہمارے تمام صارفین کے ساتھ ہمارے دیرینہ کاروباری تعلقات ہیں۔ ہم اپنے صارفین کے ذریعہ عدم کارکردگی کی توقع نہیں کرتے ہیں۔ لہذا، کریڈٹ رسک کم ہے۔

### لیویڈیٹی کا خطرہ

یہ بینکوں اور مالیاتی اداروں کی طرف سے عہد کردہ کریڈٹ سہولیات کے ذریعہ فنڈز کی فراہمی کی وجہ سے کم سے کم سطح پر 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 گیسٹرنگ 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 ہیں برآمدی فروخت کے لئے پائیدار نمو فراہم کرتا ہے۔ طلب کو پیدا کرنے کا محرک ہے۔
- متنوع پراڈکٹ پورٹ فولیو دنیا بھر میں ٹیکسٹائل کے خریداروں کے لیے پرکشش 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 کی آبادی میں اضافہ مناسب افرادی قوت کا ایک ذریعہ ہے اور ٹیکسٹائل کی مصنوعات کی طلب کو پیدا کرنے کا محرک ہے۔

### ٹیکسٹائل کی صنعت کا جائزہ

پاکستان میں ٹیکسٹائل کے شعبے نے مالی سال 2021-22 میں بہت اچھی کارکردگی کا مظاہرہ کیا۔ گزشتہ مالی سال کے مقابلے ٹیکسٹائل کی برآمدات میں 25.52 فیصد اضافہ ہوا ہے۔ مالی سال 2021 میں ٹیکسٹائل کی برآمدات 15.40 بلین ڈالر تھیں جو کہ مالی سال 2022 میں 19.33 بلین ڈالر کی اب تک کی سب سے زیادہ ہونے والی برآمدات کی سطح تک پہنچ گئیں۔

ٹیکسٹائل سیکٹر نے 19.33 بلین ڈالر کی برآمدات کا ہدف حاصل کیا جسکی وجہ دنیا بھر میں ٹیکسٹائل مصنوعات کی زیادہ مانگ اور کاروباری افراد کی اپنی پیداواری صلاحیتوں کو بڑھانے کے لیے بھاری سرمایہ کاری ہے جس نے انہیں صارفین کی ضروریات کو پورا کرنے کے قابل بنایا۔

مالی سال 2022 میں ٹیکسٹائل مصنوعات کی زیادہ مانگ کا ایک اہم عنصر، Covid-19 کی زیادہ تر پابندیوں میں نرمی تھی۔ پہلی سہ ماہی کے اختتام تک امریکہ اور یورپ میں آبادی کی اکثریت کو مکمل طور پر ویکسین دے دی گئی، جس سے لوگوں کو محفوظ ماحول میں آزادانہ نقل و حرکت کرنے میں مدد ملی۔ عالمی معیشت آہستہ آہستہ Covid-19 وبائی امراض سے بحال ہوئی اور کمپنیوں نے صحت مند نتائج شائع کیے۔

مالی سال 2022 میں تمام برانڈز سے فیشن بلوساٹ کی مانگ میں اضافے کے باوجود، پاکستان میں ٹیکسٹائل سیکٹر کا ویلیو ایڈڈ طبقہ اس صورتحال سے بھرپور فائدہ نہیں اٹھا سکا جس کی بنیادی وجہ خام مال کی آسمان کو چھوتی قیمتیں تھیں۔ روٹی کے اسپاٹ ریٹ 22,800 روپے فی من کی بلند ترین سطح پر پہنچ گئے۔ امریکہ اور دیگر خطوں میں بھی روٹی کی قیمتیں بلند

### سڑجک 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۔ سڑجک رسک کو تمام خطرات میں سب سے اہم سمجھا جاتا ہے۔ تمام کاروباری ڈویژنوں کے سربراہ بین الاقوامی اور مقامی سطح پر موجود خطرات سے نمٹنے کے لئے ایک مربوط نقطہ نظر بنانے کے لئے باقاعدہ وقفوں سے ملتے ہیں۔

### کاروباری خطرات

کمپنی کو درج ذیل کاروباری خطرات کا سامنا ہے:

### کپاس کی فراہمی اور قیمت

روئی کی فراہمی اور قیمتیں مقامی اور بین الاقوامی منڈیوں کی ضرورت اور طلب میں اتار چڑھاؤ 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 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 میں کو وسیع کرنے، معیار پر کھنکھوتہ کئے 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 رہتا تو بین الاقوامی منڈی میں مقابلہ کرنے کی صلاحیت پر منفی اثرات مرتب کر سکتا ہے۔ کمپنی نے شمسی توانائی کے ساتھ ساتھ کولڈ، فرنس آئل، بائیو ماس اور ڈیزل جیسے متنوع ایندھنوں 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 کئے 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 لئے 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 کرنسیوں کے استعمال سے پیدا ہونے والے خطرے سے دوچار ہے جو کہ امریکی ڈالر، عرب اماراتی درہم (اے ای ڈی)، یورو، جاپانی ین (جے پی وائے) اور سوئس فرانک 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 بینکنس سے پیدا ہوتا ہے۔ مقررہ شرح پر مالیاتی آلات کمپنی کو فیئر ویلیو شرح سود کے خطرے سے دوچار کر دیتے ہیں۔

## ڈائریکٹرز کی رپورٹ (جاری ہے)

قروخت کے ہدف کو عبور کر لیا۔

ملک میں غیر یقینی معاشی حالات اور عالمی معیشتوں کی ترقی میں سست روی کی وجہ سے انتظامیہ کو مالی سال 2023 میں مزید چیلنجز کا سامنا ہے۔ سب سے بڑا مسئلہ خام مال کی قیمتوں کا ہوگا جو آنے والے مہینوں میں مقامی کپاس کی قلت، مہنگائی اور پاک روپے کی بے مثال گراوٹ کی وجہ سے بڑھنے کا امکان ہے۔

### گھریلو ٹیکسٹائل (Home Textile)

ہوم ٹیکسٹائل ڈویژن نے مالی سال 2021-22 کے دوران اچھی کارکردگی کا مظاہرہ کیا۔ ڈویژن کی ٹاپ لائن میں گزشتہ مالی سال کے مقابلے میں رواں مالی سال کے دوران 23.76 فیصد اضافہ ہوا۔ تاہم، خام مال اور شپنگ کے اخراجات میں غیر معمولی اضافے نے ہمارے تیار شدہ سامان کی پیداواری لاگت میں اضافہ کیا۔ ڈویژن اس اضافی لاگت کا صرف کچھ حصہ ہی اپنے صارفین کو منتقل کرنے میں کامیاب رہا جس کی وجہ سے ڈویژن کا منافع متاثر ہوا۔

ٹیری یونٹ کو پچھلے مالی سال کے دوران پیداوار میں شامل کیا گیا تھا اور اس کے امیدوار نتائج سامنے آرہے ہیں۔

### گارمنٹس

گارمنٹس ڈویژن نے رواں مالی سال کے دوران منافع میں غیر معمولی اضافہ کیا۔ گارمنٹس کی فروخت میں رواں سال کے دوران 6.227 بلین (79.77%) روپے کا گزشتہ سال کے مقابلے میں غیر معمولی اضافہ ہوا۔ اس کی بنیادی وجہ معیاری مصنوعات فراہم کر کے صارفین کے ساتھ قریبی تعلقات استوار کرنا تھا۔ نتیجتاً، ڈویژن کے منافع میں نمایاں اضافہ ہوا۔

انتظامیہ مستقبل میں اپنی مصنوعات کی مانگ میں اضافے کی پیش گوئی کرتی ہے۔ پیداوار کو مزید بڑھانے کے لیے ایک نئی پیداواری سہولت کے قیام کا منصوبہ جاری ہے جس سے بڑی تعداد میں بلا واسطہ اور بالواسطہ روزگار کے مواقع پیدا ہوں گے۔

### پاور جنریشن

توانائی سب سے بڑا چیلنج رہا کیونکہ موجودہ مالی سال کے دوران کونکے اور تیل کی قیمتوں میں کئی گنا اضافہ ہوا۔ مزید برآں، حکومت پاکستان نے ایکسپورٹ اور اینڈر سیکٹر کے کپٹیو پاور پلانٹس کے لیے گیس کی رعایتی شرح 6.5 امریکی ڈالر فی ایم ایم بی ٹی یو سے 9 امریکی ڈالر فی ایم ایم بی ٹی یو کر دی۔ مزید یہ کہ مطلوبہ مقدار میں گیس بھی دستیاب نہیں تھی۔ کپٹیو کو اپنے کپٹیو پاور پلانٹس کے لیے گیس کی کھپت کی ضرورت کی صرف نصف RLNG ملی۔ سپنگ ڈویژن، ساہیانوالہ کی توانائی کی ضروریات ایک نئے اوپن اینڈ یارن یونٹ کے شروع ہونے کے بعد بڑھی ہیں، لہذا 5.8 میگا واٹ وارٹسٹا ڈوئل فیول پاور انجن کے حصول کا منصوبہ زیر غور ہے۔ اسی طرح ویسٹ ہیٹ ریکوری بولمر اور ایگزیکٹو کے ساتھ 4 میگا واٹ کے دو گیس انجنوں کا حصول اور 1 میگا واٹ ڈیزل انجن کی دستیابی کے بعد ہوم ٹیکسٹائل ڈویژن کی تولیہ مینوفیکچرنگ سہولت کی بڑھتی ہوئی طلب کو پورا کیا جاسکے گا۔ گارمنٹس ڈویژن کی توسیع کا عمل بھی جاری ہے۔ جس کیلئے انتظامیہ نے 1 میگا واٹ ڈیزل انجن حاصل کرنے کا منصوبہ بنایا ہے۔

### خطرات اور مواقع

تشاؤ ملز لمیٹڈ کا روہار کے معمول کے دوران رسک لیتا اور مواقع پیدا کرتا ہے۔ مسابقت رکھنے اور پائیدار کاروباری کامیابی کو یقینی بنانے کے لئے رسک لینا ضروری ہے۔ ہماری رسک اینڈ مواقع مینجمنٹ کا دارو مدار بہتر طریقے سے سنبھالنے کے ماحول کے منور 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:

### تخصیصات (Appropriations)

کمپنی کے بورڈ آف ڈائریکٹرز نے 40% نقد ڈیویڈنڈ (2021:40%) اور 8,906 ملین روپے (2021:4,516 ملین روپے) کی عام ریزرو میں منتقل کرنے کی سفارش کی ہے۔

### سیکٹ تجزیہ

#### کٹائی (Spinning)

بین الاقوامی منڈی میں خام روئی کی قیمتوں میں مالی سال 2022 کے دوران امریکا چین تجارتی معاندے، تیز تجارت اور دنیا کے بیشتر حصوں میں Covid-19 کی بہتر صورتحال، جس کی وجہ سے طلب میں تیزی آئی، کی وجہ سے مسلسل اضافہ ہوا۔ بین الاقوامی کپاس کے رجحانات، کپاس کی کم پیداوار اور سیزن کے آغاز میں اسپنرز کی جانب سے تیز خریداری کے باعث مقامی کپاس کی قیمتوں میں بھی اضافہ ہوا۔ مقامی اور بین الاقوامی کپاس کی قیمتوں میں تیزی کا رجحان رہا۔ جب فصل کی کٹائی کا سیزن شروع ہوا تو کمپنی نے فوری طور پر خام روئی کی خریداری شروع کر دی کیونکہ انتظامیہ کو اندازہ تھا کہ وقت گزرنے کے ساتھ ساتھ قیمت میں اضافہ ہوگا۔

مقامی سوت کی قیمتیں خام روئی کی قیمتوں کے رجحان کی پیروی کرتی رہیں اور مانگ میں اضافے اور ہندوستان سے سوت کی درآمد پر پابندی کی وجہ سے اوپر کی طرف چڑھیں۔ تاہم، سوتی دھاگے کی عالمی مانگ کم رہی۔ لہذا، مقامی مارکیٹ میں سوت کی قیمتیں روئی کی قیمتوں کے ساتھ ساتھ نہیں بڑھیں۔ چین میں Covid-19 کی 5 ویں لہر (سوتی دھاگے کی مرکزی منڈی)، عالمی توانائی بحران، سپلائی چین لاجسٹک مشکلات اور عالمی افراط زر کی وجہ سے صورتحال مزید خراب ہوئی جس نے صارفین کو خرچ کرنے سے روک دیا، جس کے نتیجے میں بڑے خوردہ فروشوں کی طرف سے ٹیکسٹائل مصنوعات کی مانگ میں کمی آئی۔

کمپنی نے سوتی دھاگے کی مانگ کی حرکیات پر غور کرنے کے بعد برآمدی منڈی کے مقابلے میں اپنی پیداوار کا بڑا حصہ مقامی مارکیٹ میں فروخت کیا۔ حکمت عملی کے نتیجے میں رواں سال میں اچھا منافع ہوا۔

#### بائی (Weaving)

خام مال کی قیمت میں اضافے کے نتیجے میں گرے کپڑوں کی قیمتوں میں تقریباً 40 فیصد اضافہ ہوا۔ مالی سال 2022 کی پہلی تین سہ ماہیوں کے دوران فیکٹری کی مانگ مستحکم رہی۔ خام مال کی بڑھتی ہوئی لاگت اور لاجسٹکس کے متوقع مسائل کی وجہ سے صارفین نے سپلائی چین کو بھرتے ہوئے اپنی قلیل مدتی ضروریات سے زیادہ آرڈرز دیے۔ ہم نے تکنیکی فیکٹری کی فروخت میں سب سے زیادہ تیزی دیکھی۔ ورک ویز کا کاروبار بھی مستحکم رہا۔ فیشن فیکٹری کی مانگ میں غیر معمولی اضافہ دیکھا گیا۔ تاہم، گھریلو ٹیکسٹائل کے لیے گریٹ کپڑوں کی فروخت گزشتہ سال کے مقابلے میں کم ہوئی جب دنیا کی زیادہ تر آبادی لاک ڈاؤن کی وجہ سے گھروں میں مقیم تھی۔

ستمبر 2021 میں، ہم نے 130 بلکل نئی Tsudakoma ماڈل NEO 001 وسیع چوڑائی (280 سینٹی میٹر اور 340 سینٹی میٹر) کی لومز پر مشتمل ویونگ مل سے مصنوعات کی تیاری شروع کی۔ اس پراجیکٹ نے ہمیں مصنوعات کے تنوع کے لحاظ سے بڑی پلک فراہم کی ہے اور اسے 63 انچ کے گریٹ کپڑے کی تیاری کے لیے دوہری چوڑائی چلانے کے لیے بھی استعمال کیا جاسکتا ہے۔ مزید، ہم جدید ترین ٹیکنالوجیز میں سرمایہ کاری جاری رکھنے کے لیے کمپنی کی حکمت عملی کے مطابق اپنی پرانی 2005 / 2006 ماڈل والی لومز کو تبدیل کرنے کا ارادہ رکھتے ہیں۔

#### رنگائی (Dyeing)

30 جون 2022 کو ختم ہونے والے مالی سال کے دوران ڈائینگ ڈویژن کا منافع مستحکم رہا۔ انتظامیہ خام مال کی آسان چھوٹی قیمت اور انتہائی غیر مستحکم مارکیٹ کے منفی اثرات کو کم کرنے میں کامیاب رہی۔ پہلی سہ ماہی میں نسبتاً سست آغاز کے باوجود، ڈویژن نے سال کے باقی حصوں میں نمایاں کارکردگی کا مظاہرہ کیا۔ نتیجتاً، ڈویژن نے اپنے سالانہ

## ڈائریکٹرز کی رپورٹ (جاری ہے)

موجودہ سال میں مالیاتی لاگت میں 931.186 ملین روپے کا اضافہ ہوا جس کی وجہ قرض کی اوسط لاگت میں اضافہ اور قلیل مدتی قرضے ہیں جو ورکنگ کپٹل کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے حاصل کیے گئے تھے۔

بہتر منافع کی وجہ سے کمپنی کا انٹرنسٹ کوریج ریشو 6.75 گنا سے 6.97 گنا تک بڑھ گیا۔ پچھلے پانچ سالوں کی انٹرنسٹ کوریج کا جائزہ اس بات کی نشاندہی کرتا ہے کہ کمپنی اچھی مالی حالت میں ہے اور اسے قرض لینے کے حوالے سے کسی اہم خطرات کا سامنا نہیں ہے۔

کمپنی نے 12.907 بلین روپے کا قبل از ٹیکس منافع (PBT) کمایا جو اس کی پوری تاریخ میں سب سے زیادہ ہے۔ پی بی ٹی میں 5.836 بلین روپے (82.53%) کا اضافہ ہوا جو پچھلے سال 7.071 بلین روپے تھی۔ پی بی ٹی ٹو بیلنز 9.90 فیصد سے بڑھ کر 11.15 فیصد ہو گیا جو کہ 1.25 فیصد کا اضافہ ہے۔ موثر ورکنگ کپٹل مینجمنٹ، لاگت میں کمی کی حکمت عملی اور متنوع سرمایہ کاری پورٹ فولیو اس قابل ذکر منافع کی وجہ تھے۔

کمپنی کی بائٹ لائن میں 4.389 بلین روپے (74.11%) کا اضافہ ہوا۔ فنانس ایکٹ، 2022-23 میں سپر ٹیکس کے نفاذ کی وجہ سے پچھلے سال کے مقابلے میں موجودہ سال میں فروخت کے بعد ٹیکس کے بعد منافع میں صرف 0.62 فیصد کا معمولی اضافہ ریکارڈ کیا گیا۔ کمپنی نے سپر ٹیکس کے لیے 801.397 ملین روپے کی پروویژن بک کی۔

### اساسہ جات میں سرمایہ کاری

کمپنی کا خیال ہے کہ اس کی مالی طاقت اور مستقبل میں کیش فلو اس کی مینوفیکچرنگ سہولیات کی اپ گریڈیشن اور توسیع پر منحصر ہیں۔ انتظامیہ نے رواں سال میں فلسفہ کپٹل اخراجات پر 7.203 بلین روپے خرچ کیے جو پچھلے سال کے اسی عرصے میں 7.616 بلین روپے تھے۔ بڑے منصوبوں میں 4,320 روٹرز کے اوپن اینڈ یارن اسپننگ پونٹ اور 130 سوڈا کو ماییز جیٹ لومز کے ویونگ پونٹ کی پیداوار کا آغاز شامل ہیں۔

### ورکنگ کپٹل مینجمنٹ

موجودہ مالی سال کے دوران کمپنی کی قلیل مدتی مالیاتی صحت بہت زیادہ فروخت کے حجم کی وجہ سے مالیاتی ضروریات میں اضافے کے باوجود مستحکم رہی۔ خام مال کی فروخت کی پیشین گوئی اور مارکیٹ کی حرکیات کو مد نظر رکھتے ہوئے اسٹاک اور انونٹری کی خریداری کی وجہ سے موجودہ تناسب 1.39 پر کوئی تبدیلی نہیں ہوئی جبکہ فوری تناسب 0.76 سے گزر کر 0.57 پر آ گیا۔

### فی شیئر آمدنی

گزشتہ سال کے مقابلے میں فی حصص آمدنی (EPS) میں 12.49 روپے (74.17%) کا غیر معمولی اضافہ ریکارڈ کیا گیا۔ یہ پچھلے سال کے اسی عرصے میں 16.84 روپے فی حصص کے مقابلے میں رواں سال میں 29.33 روپے فی حصص تک بڑھ گیا۔

نشاط گروپ ("گروپ") پاکستان کے ایک بڑے اور معروف تجارت کاروں میں سے ایک ہے۔ یہ قومی معیشت کے 12 بڑے مختلف شعبوں میں کام کر رہا 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 لیے ریٹیل دوکانوں کو چلانے، اپنی اور دوسروں کی مینوفیکچرنگ سہولیات میں ٹیکسٹائل کی اشیاء تیار کر کے فروخت کرنا ہے۔

مالی سال کے دوران ان دونوں ٹیکسٹائل کمپنیوں کی مالی کارکردگی بہت بہترین رہی۔ کنسولیدیشن فی حصص آمدنی (ای پی ایس) میں 11.12 روپے (54.83%) اضافہ ہوا جو 20.28 روپے سے بڑھ کر 31.40 روپے تک چاٹھی۔ پچھلے پانچ سال کا جائزہ بتاتا ہے کہ مالی سال 2022 کے دوران مجموعی ای پی ایس سب سے زیادہ تھی۔



## ڈائریکٹرز کی رپورٹ

### ڈائریکٹرز کی رپورٹ

نشاط ملز لمیٹڈ (کمپنی) کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ کے ساتھ مالی بیانات اور اس پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### مالی کارکردگی

کمپنی نے رواں مالی سال کے دوران بے مثال مالی کارکردگی ریکارڈ کی۔ آمدنی اور منافع دونوں میں نمایاں اضافہ ہوا۔ گزشتہ سال کے اسی عرصے کے مقابلے میں رواں سال کے دوران بعد از ٹیکس منافع میں 74.11 فیصد کا اضافہ ہوا۔ بنیادی وجہ مارکیٹنگ کی بہتر حکمت عملیاں اور متنوع پروڈکٹ کس کی وجہ سے ٹاپ لائن میں اضافہ تھا۔

مالی جھلکیاں	2022 روپے (000)	2021 روپے (000)
آمدنی	115,768,065	71,431,010
مجموعی منافع	17,335,571	9,317,855
EBITDA	18,358,269	11,137,991
فرسودگی (Depreciation)	3,290,619	2,838,310
مالی لاگت	2,160,365	1,229,179
ڈیویڈنڈ آمدنی	3,328,797	2,722,637
قبل از ٹیکس منافع	12,907,285	7,070,502
بعد از ٹیکس منافع	10,311,674	5,922,470

ریونیو میں 44.337 بلین روپے (62.07%) کا اضافہ ہوا، جو پچھلے سال کے اسی عرصے میں 71.431 بلین روپے سے بڑھ کر رواں سال میں 115.768 بلین روپے ہو گیا، جو تاریخی طور پر سب سے زیادہ ہے۔ تمام کاروباری سیکٹرز نے اپنی فروخت کے حجم میں اضافے اور سازگار قیمتوں کے ساتھ آمدنی کی اس بے مثال نمو میں حصہ لیا۔ برآمدی فروخت امریکی ڈالر میں بھی 132.224 بلین امریکی ڈالر (جون 2022: 442.215 بلین امریکی ڈالر، جون 2021: 289.991 بلین امریکی ڈالر) سے بڑھی۔ گزشتہ 5 سالوں میں کمپنی کی فروخت میں 115 فیصد اضافہ ہوا ہے۔

مجموعی منافع 8.018 بلین روپے (86.05%) بڑھ کر گزشتہ سال کے مقابلے میں 9.318 بلین روپے سے رواں سال میں 17.336 بلین روپے ہو گیا۔ کمپنی نے خام روٹی کی قیمتوں میں زبردست اضافے، RLNG کی شرح میں اضافے، گیس کی سپلائی کی بندش، عالمی سپلائی چین میں خلل اور Covid-19 کی وبا جیسے چیلنجوں کے باوجود یہ شاندار نتائج حاصل کیے۔

بہتر آپریشنل نفع اور دیگر آمدنی میں اضافوں نے فنانسنگ کی ضروریات کو پورا کرنے کے لیے کافی فنڈز فراہم کیے۔ کمپنی نے رواں سال میں 18.358 بلین روپے کا EBITDA حاصل کیا جو گزشتہ سال کے مقابلے میں 7.220 بلین روپے (64.83%) زیادہ ہے۔

ڈیویڈنڈ کی آمدنی اس سال بھی نقد بہاؤ کا اہم ذریعہ رہی۔ یہ پچھلے سال میں 2.723 بلین روپے سے 3.329 بلین روپے تک پہنچ گئی۔ کمپنی نے اپنے پورٹ فولیو کو مزید مضبوط اور متنوع بنانے کے لیے بالترتیب 127,624,900 اور 353,000 حصص حاصل کر کے نشاط سوتاس ڈیری لمیٹڈ اور یونائیٹڈ بینک لمیٹڈ میں مزید ایکویٹی سرمایہ کاری کی۔

## 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, 2022 (Friday), at 10:15 A.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 \_\_\_\_\_ 2022

Signed by the said member \_\_\_\_\_

in presence of \_\_\_\_\_

Please  
affix  
revenue  
stamp  
Rs. 50

Signature(s) of Member(s)

Signature of witness .....

Signature of witness .....

Name .....

Name .....

Address .....

Address .....

.....

.....

CNIC # .....

CNIC # .....

Please quote:

Folio No.	Shares held	CDC A/C. No.

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time to holding the annual general meeting.

**AFFIX  
CORRECT  
POSTAGE**

The Company Secretary

**NISHAT MILLS LIMITED**

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

# پراکسی فارم

میں / ہم کسی / مسماۃ \_\_\_\_\_ ساکن \_\_\_\_\_ ضلع \_\_\_\_\_

بحیثیت ممبر کمپنی، کسی / مسماۃ \_\_\_\_\_ ساکن \_\_\_\_\_ کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں

کسی / مسماۃ \_\_\_\_\_ ساکن \_\_\_\_\_ کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ

اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ ۲۸ اکتوبر ۲۰۲۲ء (جمعہ) بوقت صبح 10:15 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۔

پچاس روپے کی ریونیو سٹیپ  
چسپاں کریں

دستخط بتاریخ \_\_\_\_\_ دن \_\_\_\_\_ 2022ء

گواہ کوائف

دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

دستخط: \_\_\_\_\_  
(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

گواہ کوائف

دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

فولیو نمبر: \_\_\_\_\_  
سی ڈی سی کھانا نمبر: \_\_\_\_\_  
حصص کی تعداد: \_\_\_\_\_

اہم: پراکسی فارم، کمپنی کے رجسٹرڈ آفس، نشاط ہاؤس، 53-A، لارنس روڈ، لاہور، میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔

**AFFIX  
CORRECT  
POSTAGE**

The Company Secretary

**NISHAT MILLS LIMITED**

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





**REGISTERED OFFICE:**

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